Audited Consolidated Financial Statements and Supplementary Information

THE AMERICAN OCCUPATIONAL THERAPY ASSOCIATION, INC. & CONTROLLED ENTITIES

June 30, 2013

The American Occupational Therapy Association, Inc. & Controlled Entities

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Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
The American Occupational Therapy Association, Inc. & Controlled Entities

We have audited the accompanying consolidated financial statements of The American Occupational Therapy Association, Inc. & Controlled Entities (the Association), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American Occupational Therapy Association, Inc. & Controlled Entities (the Association) as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tate & Tryon

Washington, DC
September 23, 2013

The American Occupational Therapy Association, Inc. & Controlled Entities

Consolidated Statements of Financial Position

June 30,	2013	2012
Assets		
Cash and cash equivalents - Note B	**$ 2,414,050**	$ 2,269,828
Investments - Notes B & C	**3,369,467**	3,024,304
Accounts receivable, net	**1,105,602**	946,134
Prepaid expenses and other assets - Notes G & I	**455,893**	490,176
Inventory, net	**1,738,742**	1,414,370
Property and equipment, net - Notes D & G	**10,829,800**	10,532,573
Assets restricted for student scholarships - Notes C & H	**258,982**	286,492
Total assets	**$ 20,172,536**	$ 18,963,877
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses - Note I	**$ 1,896,467**	$ 1,722,531
Deferred revenue	**4,158,914**	3,986,738
Note payable - Note G	**10,241,825**	9,806,653
Tenant security deposits	**123,279**	101,696
Total liabilities	**16,420,485**	15,617,618
Net assets		
Unrestricted	**3,403,580**	2,989,173
Temporarily restricted - Note H	**276,373**	284,988
Permanently restricted - Note H	**72,098**	72,098
Total net assets	**3,752,051**	3,346,259
Commitments and contingencies - Note J	**-**	-
Total liabilities and net assets	**$ 20,172,536**	$ 18,963,877

See notes to the consolidated financial statements.

The American Occupational Therapy Association, Inc. & Controlled Entities

Consolidated Statements of Activities

Year Ended June 30,	2013	2012
Unrestricted activities		
Revenue		
Membership dues	**$ 6,903,124**	$ 6,467,206
Conferences	**3,274,934**	2,894,267
Books and publications	**1,786,664**	1,877,289
Subscriptions and advertising	**1,489,629**	1,773,606
Rental income	**1,417,959**	1,431,655
Accreditation fees	**1,359,250**	1,267,834
Continued education fees	**809,678**	877,875
Other	**599,251**	533,219
Royalties	**480,557**	474,537
Investment income (loss) - Note C	**281,010**	(68,155)
Grants and contracts	**91,888**	107,216
Contributions	**9,007**	7,184
	18,502,951	17,643,733
Net assets released from restrictions	**234,484**	276,934
Total revenue	**18,737,435**	17,920,667
Expense		
Program services		
Professional development	**4,666,348**	4,504,821
Publications	**4,002,792**	4,330,408
Advocacy and public awareness	**2,084,576**	1,893,679
Membership	**1,336,529**	1,172,102
Total program expenses	**12,090,245**	11,901,010
Supporting services		
Management and general	**3,118,833**	2,647,918
Building operations	**1,916,711**	2,053,741
Governance	**1,197,239**	1,079,081
Total supporting expenses	**6,232,783**	5,780,740
Total expense	**18,323,028**	17,681,750
Change in unrestricted net assets	**414,407**	238,917
Temporarily Restricted Net Assets		
Contributions	**208,084**	259,494
Investment income - Note C	**17,785**	1,992
Net assets released from restrictions	**(234,484)**	(276,934)
Change in temporarily restricted net assets	**(8,615)**	(15,448)
Change in net assets	**405,792**	223,469
Net assets, beginning of year	**3,346,259**	3,122,790
Net assets, end of year	**$ 3,752,051**	$ 3,346,259

See notes to the consolidated financial statements.

The American Occupational Therapy Association, Inc. & Controlled Entities

Consolidated Statements of Cash Flows

Year Ended June 30,	2013	2012
Cash Flows From Operating Activities		
Change in net assets	**$ 405,792**	$ 223,469
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	**795,693**	791,916
Bad debt	**78,024**	103,700
Net (gain) loss on investments	**(235,448)**	125,507
Change in assets and liabilities:		
Accounts receivable	**(237,492)**	(132,972)
Prepaid expenses and other assets	**34,283**	(114,140)
Inventory	**(324,372)**	72,001
Accounts payable and accrued expenses	**173,936**	238,579
Deferred revenue	**172,176**	193,693
Total adjustments	**456,800**	1,278,284
Net cash flows from operating activities	**862,592**	1,501,753
Cash Flows From Investing Activities		
Proceeds from sales of investments	**1,263,114**	268,672
Purchases of investments	**(1,372,829)**	(368,166)
Purchases of property and equipment	**(1,092,920)**	(1,397,509)
Change in assets restricted for student scholarships	**27,510**	23,397
Change in tenant security deposits	**21,583**	(11,367)
Net cash flows from investing activities	**(1,153,542)**	(1,484,973)
Cash Flows From Financing Activities		
Proceeds from advance on note payable	**586,331**	-
Principal payments on note payable	**(151,159)**	(171,449)
Net cash flows from financing activities	**435,172**	(171,449)
Net change in cash and cash equivalents	**144,222**	(154,669)
Cash and cash equivalents, beginning of year	**2,269,828**	2,424,497
Cash and cash equivalents, end of year	**$ 2,414,050**	$ 2,269,828

Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	**$ 485,834**	$ 585,016
Cash paid during the year for income taxes	**$ 161,500**	$ 143,582

See notes to the consolidated financial statements.
Certain 2012 amounts have been reclassified for comparative purposes.

A. Organization and Summary of Significant Accounting Policies

Organization: The American Occupational Therapy Association, Inc. (AOTA), established in 1917, is a national professional organization representing occupational therapy practitioners and students. The mission of AOTA is to advance the quality, availability, use, and support of occupational therapy through standard-setting, advocacy, education, and research on behalf of its members and the public. AOTA advances occupational therapy as the preeminent profession in promoting the health, productivity, and quality of life of individuals and society through the therapeutic application of occupation. AOTA serves the interest of its members, represents the profession to the public, and promotes access to occupational therapy services. AOTA's programs are implemented through volunteers and staff activities including practice, research, education and training, publications, legislative and regulatory affairs, public affairs and membership.

The Fund to Promote Awareness of Occupational Therapy (the Fund) was established in 2002 to disseminate educational information and otherwise promote public awareness of the need for, uses of, and value of occupational therapy.

The American Occupational Therapy Association Political Action Committee (the PAC) is a segregated fund that was created pursuant to the Federal Election Campaign Act and is regulated by the Federal Election Commission.

Income taxes: AOTA is exempt from income taxes on its exempt purpose activities under Section 501 (c) (6) of the Internal Revenue Code (IRC). However, AOTA may be subject to tax on its unrelated business income which consists primarily of advertising revenue and rental income. AOTA has recorded income tax expense totaling $84,836 and $143,582 at June 30, 2013 and 2012, respectively. The Fund is exempt from income taxes on its exempt activities under the provisions of Section 501(c)(3) and is not a private foundation, under Section 509(a)(1) of the IRC. The PAC is subject to federal income taxes on its interest and other non-exempt income under IRS Section 527(f).

Each organization believes that it has appropriate support for income tax positions taken. Therefore, management has not identified uncertain income tax positions. At a minimum, the June 30, 2010 through 2013 tax years are open for examination by taxing authorities.

Principles of consolidation: The consolidated financial statements include the accounts of AOTA, the Fund and the PAC (collectively referred to as the Association). All significant intra-entity transactions are eliminated in consolidation.

Basis of accounting: The consolidated financial statements are prepared on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Use of estimates: Preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less. All cash and investments managed by outside advisors are considered investments regardless of liquidity.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts receivable: Accounts receivable is presented at carrying amount less an estimated allowance for doubtful accounts. The Association's management periodically reviews the status of all accounts receivable balances for collectability. The Association records an allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance totaled $155,000 and $154,000 as of June 30, 2013 and 2012, respectively. Receivables are written off when deemed uncollectible. Bad debt expense amounted to $78,024 and $103,700 for the years ended June 30, 2013 and 2012, respectively.

Inventory: Inventory consists principally of books and supplies held for resale which are carried at the lower of cost or market value. Cost is determined using the first-in, first-out method. Based on a review of items held in stock, management establishes a provision for inventory determined to be non-salable. This allowance for obsolescence totaled $106,000 and $99,000 as of June 30, 2013 and 2012, respectively.

Deferred financing costs: The Association incurred financing costs relating to re-negotiating a note payable (see Note G). These deferred financing costs are included in prepaid expenses and other assets in the consolidated statements of financial position.

Assets restricted for student scholarships: Assets restricted for student scholarships consists of an investment account holding the accumulated earnings of the Association's permanently restricted net assets (see Note H).

Deferred revenue: Deferred revenue primarily consists of membership dues, exhibit booth registrations, and subscriptions revenue received in advance of the period in which they are earned. The Association records accounts receivable and deferred revenue when membership dues renewal invoices are sent. There were $783,430 and $589,314 in membership dues renewals recorded in both accounts receivable and deferred revenue as of June 30, 2013 and 2012, respectively.

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organizations are classified as follows:

Unrestricted net assets – Unrestricted net assets include those net assets whose use is not restricted by donors.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met by actions of the Association. The temporarily restricted net assets of AOTA are restricted to provide scholarships to students who wish to take occupational therapy courses. Net assets of the PAC are restricted solely for PAC activities.

Permanently restricted net assets – Permanently restricted net assets are restricted in perpetuity by the donor with the related investment income earned to be used for educational programs.

Revenue recognition: Membership dues, subscriptions, publications, conferences and seminar fees are recognized as income in the period to which the dues relate, event or program is held, or publications are delivered.

Contributions: Contributions are recorded as unrestricted, temporarily, or permanently restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets when the restriction expires.

A. Organization and Summary of Significant Accounting Policies - Continued

Allocation of expenses: The costs of providing various programs and other activities are summarized on a functional basis in the statements of activities. Accordingly, certain management and general costs have been allocated among the programs and supporting services benefited.

Subsequent events: Subsequent events have been evaluated through September 23, 2013, which is the date the consolidated financial statements were available to be issued.

B. Concentration of Credit Risk

Credit risk: The maximum limit insured by the FDIC is $250,000 per depositor per financial institution and the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act made the $250,000 FDIC limit permanent.

The Association maintains demand deposits, some but not all of which are non-interesting bearing, and money market funds at financial institutions. The Association also invests its available cash in overnight repurchase agreements backed by government-sponsored enterprises and in short-term investments with other domestic depositories. The Association evaluates its cash position regularly and purchases investments after consideration of institutional stability, diversity of investments, business relationship, rate of return, and term. The uninsured portions of these accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss for the Association. However, the Organization has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

Market value risk: The Association also invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in conditions could materially affect investment balances and the amounts reported in the consolidated financial statements.

C. Investments

In accordance with generally accepted accounting principles, the Association uses the following prioritized input levels to measure the fair value of financial instruments. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes;

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

C. INVESTMENTS - CONTINUED

Investments and assets held for student scholarships, measured at fair value on a recurring basis, consist of the following at June 30,:

2013	Fair Value	Level 1	Level 2	Level 3
Investments				
Money market funds	$ 234,935	$ 234,935	$ -	$ -
Corporate bonds and U.S. government obligations	393,050		393,050	
Mutual funds - fixed income	512,052	512,052		
Mutual funds - equities	720,800	720,800		
Mutual funds - other	29,778	29,778		
Marketable equity securities	1,478,852	1,478,852		
	$ 3,369,467	$ 2,976,417	$ 393,050	$ -
Assets restricted for student scholarships				
Money market funds	$ 16,169	$ 16,169	$ -	$ -
Corporate bonds and U.S. government obligations	74,656		74,656	
Mutual funds - fixed income	42,102	42,102		
Mutual funds - equities	48,197	48,197		
Mutual funds - other	4,764	4,764		
Marketable equity securities	73,094	73,094		
	$ 258,982	$ 184,326	$ 74,656	$ -

2012	Fair Value	Level 1	Level 2	Level 3
Investments				
Money market funds	$ 421,639	$ 421,639	$ -	$ -
Corporate bonds and U.S. government obligations	361,220		361,220	
Mutual funds - fixed income	603,390	603,390		
Mutual funds - equities	385,971	385,971		
Mutual funds - other	38,798	38,798		
Marketable equity securities	1,213,286	1,213,286		
	$ 3,024,304	$ 2,663,084	$ 361,220	$ -
Assets restricted for student scholarships				
Money market funds	$ 8,790	$ 8,790	$ -	$ -
Corporate bonds and U.S. government obligations	77,137		77,137	
Mutual funds - fixed income	74,274	74,274		
Mutual funds - equities	26,719	26,719		
Mutual funds - other	6,208	6,208		
Marketable equity securities	93,364	93,364		
	$ 286,492	$ 209,355	$ 77,137	$ -

C. INVESTMENTS - CONTINUED

Investments classified within Level 1 include money market funds, mutual funds, and marketable equity securities which were valued based on quoted prices for identical assets in active markets. Investments classified in Level 2 were valued by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors used a market approach to obtain pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security. Management believes the estimated fair values of asset classified in Level 2 to be a reasonable approximation of the exit price for these investments.

Investment income consists of the following for the year ended June 30,:

2013	Unrestricted	Temporarily Restricted	Total
Net gain on investments	$ 223,599	$ 11,849	$ 235,448
Interest and dividends	57,411	5,936	63,347
	$ 281,010	**$ 17,785**	**$ 298,795**

2012	Unrestricted	Temporarily Restricted	Total
Interest and dividends	$ 52,893	$ 6,451	$ 59,344
Net loss on investments	(121,048)	(4,459)	(125,507)
	$ (68,155)	**$ 1,992**	**$ (66,163)**

Investment management fees were $25,466 and $23,988 for the years ended June 30, 2013 and 2012, respectively.

D. Property and Equipment

Acquisitions of property and equipment equal to or greater than $1,000 are capitalized at cost. Furniture and equipment are depreciated using the straight-line method over an estimated useful life of three to ten years, while building and improvements are depreciated or amortized over an estimated useful life of ten to fifty years.

Property and equipment consists of the following at June 30,:

	2013	2012
Building and improvements	$ 14,777,938	$ 14,308,067
Land	1,310,175	1,310,175
Furniture and equipment	1,888,493	1,274,388
Artwork	20,960	15,521
	17,997,566	16,908,151
Less accumulated depreciation and amortization	(7,167,766)	(6,375,578)
	$ 10,829,800	**$ 10,532,573**

E. Transactions with Foundation

AOTA is related to the American Occupational Therapy Foundation, Inc. (the Foundation) through common board members. The Foundation is an organization exempt from payment of income taxes under Section 501(c)(3) of the IRC. Since AOTA does not have the ability to appoint a controlling interest of members on the Foundation's board, its financial statements have not been included in these consolidated statements.

Of the total AOTA members' fees, 2% are contributed to the Foundation. The members' fees are earned by AOTA and then contributed to the Foundation. For the years ended June 30, 2013 and 2012, the total contribution was $138,063 and $129,743, respectively.

AOTA and the Foundation have an agreement that provides for certain administrative services to be performed by AOTA on behalf of the Foundation. AOTA also pays for expenses such as postage, and telephone for which it is reimbursed. Additionally, the Foundation leases office space from AOTA. A portion of these administrative services and office space are provided below their fair market value. For the years ended June 30, 2013 and 2012, management estimated the in-kind contribution portion to be approximately $58,000 and $69,000, respectively.

The amount due to the Foundation totaled $14,102 and $6,807 at June 30, 2013 and 2012, respectively.

F. Line of Credit

The Association has a short-term secured line-of-credit agreement in the amount of $1,000,000. There were no outstanding borrowings under this line-of-credit at June 30, 2013 and 2012. The short-term agreement has an interest rate at the bank's prime rate of 5% at June 30, 2013.

G. Note Payable

In March 2013 the Association re-negotiated the terms of its note payable by increasing the principal amount to $10,280.383. At that time, the Association took an advance on the increase in the principal amount of approximately $586,000 to enhance its cash reserves. The note, which is secured by the headquarters building, bears an interest rate of 4.75% over 75 months with the balance due at the end of the term. Monthly principal and interest payments on the note payable approximate $54,617. The outstanding balance of the note was $10,241,825 and $9,806,653 at June 30, 2013 and 2012, respectively.

Future principal maturities of the note payable are as follows:

Year Ending June 30,	Amount
2014	$ 165,762
2015	173,924
2016	181,181
2017	191,408
2018	200,832
Thereafter	9,328,718
	$ 10,241,825

H. Permanently Restricted Net Assets

The Association's permanently restricted net assets consist of a permanently restricted contribution totaling $72,098 from E.K. Wise, the investment income from which is temporarily restricted to provide scholarships to students who wish to take courses in occupational therapy in an accredited school of occupational therapy. As required by generally accepted accounting principles, net assets associated with permanently restricted net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Association has interpreted UPMIFA (Uniform Prudent Management of Institutional Funds Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

H. PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Association and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Association.
- The investment policies of the Association.

Return Objectives and Risk Parameters

The Board of Directors of the Association has adopted investment and spending policies for endowment assets with a goal to preserve the principal while generating investment income for scholarships. Under these policies, as approved by the Board of Directors, assets are invested in U.S. Government securities or securities fully secured by the U.S. Government.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which asset growth, excusive on contributions and withdrawals should grow in the long run and earn returns which are comparable to the long term returns on equity and fixed income asset classes. In addition, asset growth exclusive of contributions and withdrawals should exceed the rate of inflation in order to preserve the purchasing power of assets.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Investment income may be withdrawn on an annual basis from the portfolio to provide scholarships. Withdrawals from the E.K. Wise Fund shall be limited to no more than 5% of the Fund balance. It is anticipated that approximately $26,000 may be withdrawn on an annual basis for such scholarships. In establishing this policy, the Association considered the long-term expected return, which is consistent with the Association's objective to maintain the purchasing power of the assets held in perpetuity or for a specified term.

H. Permanently Restricted Net Assets - Continued

Changes in permanently restricted net assets consist of the following for the year ended June 30, 2013:

	Temporarily Restricted	Permanently Restricted	Total
Permanently restricted net assets, July 1, 2012	$ 195,778	$ 72,098	$ 267,876
Interest and dividends	5,936		5,936
Net gain on investments	11,849		11,849
	17,785	-	17,785
Appropriations	(26,678)	-	(26,678)
Permanently restricted net assets, June 30, 2013	**$ 186,885**	**$ 72,098**	**$ 258,983**

Changes in permanently restricted net assets consist of the following for the year ended June 30, 2012:

	Temporarily Restricted	Permanently Restricted	Total
Permanently restricted net assets, July 1, 2011	$ 219,322	$ 72,098	$ 291,420
Interest and dividends	6,451		6,451
Net loss on investments	(4,459)		(4,459)
	1,992	-	1,992
Appropriations	(25,536)	-	(25,536)
Permanently restricted net assets, June 30, 2012	**$ 195,778**	**$ 72,098**	**$ 267,876**

I. Retirement Plans

Defined contribution plan: The Association maintains a defined contribution 401(k) plan (the Plan). Under the terms of the Plan, all employees who meet minimum service requirements are eligible to participate. The Plan permits voluntary employee contributions and provides for a fully vested non-elective employer contribution equal to 3% of eligible employee compensation. Employer contributions to the Plan were $195,540 and $170,684 for the years ended June 30, 2013 and 2012, respectively.

Executive retirement plan: The Association established a 457(b) plan during 2009 for certain qualifying executives. The balance in the 457(b) plan as of June 30, 2013 and 2012 was $52,853 and $50,248, respectively. Assets related to the plan are invested in mutual funds held by the Association and are included as a component of prepaid expenses and other assets in the consolidated statements of financial position. The corresponding liability is included as a component of accounts payable and accrued liabilities on the consolidated statements of financial position.

J. Commitments and Contingencies

Tenant leases: The Association leases a portion of its headquarters building to tenants under non-cancelable lease agreements requiring fixed monthly payments over various terms. The leases expire on various dates through May 31, 2021. The Association recorded rental income of $1,417,959 and $1,431,655 for the years ended June 30, 2013 and 2012, respectively.

Future minimum lease receipts are as follows:

Year Ending June 30,	Amount
2014	$ 1,534,362
2015	1,369,692
2016	1,251,852
2017	1,163,203
2018	1,141,731
Thereafter	1,510,360
	$ 7,971,200

Hotel commitments: The Association has entered into several agreements with hotels for room accommodations at future meetings and conventions. Many of these agreements contain clauses whereby the Association may be liable for liquidated damages in the event of cancellation.

Contract services: The Association has an agreement with Outsourced Partners International (OPI) through December 31, 2013 for accounting and financial services. Should the Association cancel the contract prior to the end of the agreement, it may be liable for termination fees.

Employment agreement: The Association has an employment agreement with its executive director which expires in October 2015. Absent the Association's election not to renew the employment agreement, the agreement provides for a severance payment for termination without cause equal to one year's base salary.

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Independent Auditor's Report on the Supplementary Information

To the Board of Directors
The American Occupational Therapy Association, Inc. & Controlled Entities

We have audited the consolidated financial statements of The American Occupational Therapy Association, Inc. & Controlled Entities as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon dated September 23, 2013, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on the following pages is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Tate & Tryon

Washington, DC
September 23, 2013

The American Occupational Therapy Association, Inc. & Controlled Entities

Consolidating Statement of Financial Position

June 30, 2013

	AOTA	Fund	PAC	Eliminations	Total
Assets					
Cash and cash equivalents	$ 2,315,677	$ 8,885	$ 89,488	$ -	**$ 2,414,050**
Investments	3,369,467				**3,369,467**
Accounts receivable, net	1,105,602	56,224		(56,224)	**1,105,602**
Prepaid expenses and other assets	455,893				**455,893**
Inventory, net	1,738,742				**1,738,742**
Property and equipment, net	10,829,800				**10,829,800**
Assets restricted for student scholarships	258,982				**258,982**
Total assets	$ 20,074,163	$ 65,109	$ 89,488	$ (56,224)	**$ 20,172,536**
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	$ 1,952,691	$ -	$ -	$ (56,224)	**$ 1,896,467**
Deferred revenue	4,158,914				**4,158,914**
Note payable	10,241,825				**10,241,825**
Tenant security deposits	123,279				**123,279**
Total liabilities	16,476,709	-	-	(56,224)	**16,420,485**
Net assets					
Unrestricted	3,338,471	65,109			**3,403,580**
Temporarily restricted	186,885		89,488		**276,373**
Permanently restricted	72,098				**72,098**
Total net assets	3,597,454	65,109	89,488	-	**3,752,051**
Total liabilities and net assets	$ 20,074,163	$ 65,109	$ 89,488	$ (56,224)	**$ 20,172,536**

The American Occupational Therapy Association, Inc. & Controlled Entities

Consolidating Statement of Activities

Year Ended June 30, 2013

	AOTA	Fund	PAC	Eliminations	Total
Unrestricted activities					
Revenue					
Membership fees	$ 6,903,124	$ -	$ -	$ -	**$ 6,903,124**
Conferences	3,272,934	2,000			**3,274,934**
Books and publications	1,786,664				**1,786,664**
Subscriptions and advertising	1,489,629				**1,489,629**
Rental income	1,417,959				**1,417,959**
Accreditation fees	1,359,250				**1,359,250**
Continuing education fees	809,678				**809,678**
Other	599,251				**599,251**
Royalties	415,726	64,831			**480,557**
Investment income	280,998	12			**281,010**
Grant and contracts	91,888				**91,888**
Contributions		9,007			**9,007**
	18,427,101	75,850	-	-	**18,502,951**
Net assets released from restrictions	26,678		207,806		**234,484**
Total revenue	18,453,779	75,850	207,806	-	**18,737,435**
Expense					
Programs					
Professional development	4,666,348				**4,666,348**
Publications	4,002,792				**4,002,792**
Advocacy and public awareness	1,858,431	18,339	207,806		**2,084,576**
Membership	1,336,529				**1,336,529**
Total program expense	11,864,100	18,339	207,806	-	**12,090,245**
Supporting services					
Management and general	3,085,528	33,305			**3,118,833**
Building operations	1,916,711				**1,916,711**
Governance	1,197,239				**1,197,239**
Total supporting expense	6,199,478	33,305	-	-	**6,232,783**
Total expense	18,063,578	51,644	207,806	-	**18,323,028**
Change in unrestricted net assets	390,201	24,206	-	-	**414,407**
Temporarily restricted net assets					
Contributions			208,084		**208,084**
Investment income	17,785				**17,785**
Net assets released from restrictions	(26,678)		(207,806)		**(234,484)**
Change in temporarily restricted net assets	(8,893)	-	278	-	**(8,615)**
Change in net assets	381,308	24,206	278	-	**405,792**
Net assets, beginning of year	3,216,146	40,903	89,210	-	**3,346,259**
Net assets, end of year	$ 3,597,454	$ 65,109	$ 89,488	$ -	**$ 3,752,051**

The American Occupational Therapy Association, Inc. & Controlled Entities

Schedule of Consolidated Functional Expense

Year Ended June 30, 2013

	Programs								
	Professional Development	Publications	Advocacy and Public Awareness	Membership	Total	Management and General	Building Operations	Governance	Total
Salaries	$ 1,721,125	$ 1,202,595	$ 854,659	$ 367,248	$ 4,145,627	$ 1,806,591	$ 41,352	$ 603,838	**$ 6,597,408**
Employee benefits and payroll taxes	295,127	204,634	144,612	64,345	708,718	366,196	7,394	105,519	**1,187,827**
Total salaries, employee benefits and payroll taxes	2,016,252	1,407,229	999,271	431,593	4,854,345	2,172,787	48,746	709,357	**7,785,235**
Outsourced and outside services	1,280,699	485,670	525,217	293,690	2,585,276	711,560	41,179	194,965	**3,532,980**
Travel and meetings	437,101	29,299	111,931	4,718	583,049	61,551	568	179,003	**824,171**
Depreciation and amortization	52,248	36,466	25,894	11,184	125,792	56,304	595,215	18,382	**795,693**
Postage and shipping	23,328	629,812	8,656	84,700	746,496	5,136	21	3,086	**754,739**
Cost of goods sold	220,874	473,681	4,392		698,947	1,894			**700,841**
Building operations					-		672,359		**672,359**
Advertising, marketing and promotion	87,676	317,488	17,543	145,602	568,309	3,975		435	**572,719**
Graphics and printing	90,843	458,208	26,626	29,480	605,157	(46,767)	143	5,897	**564,430**
Interest					-	205	485,630		**485,835**
Bank fees and finance charges	53,808	17,743	9,628	174,582	255,761	11,703	263	5,465	**273,192**
Computer services	61,485	22,037	74,143	59,062	216,727	31,295	702	10,217	**258,941**
PAC contributions			203,560		203,560				**203,560**
Other	47,664	14,673	34,018	11,445	107,800	44,632	34	4,849	**157,315**
Insurance	61,395	8,560	6,079	2,625	78,659	13,218	15,799	32,670	**140,346**
AOTF 2% contribution	138,063				138,063				**138,063**
Telephone	28,412	13,269	19,954	5,237	66,872	18,189	408	15,423	**100,892**
Income taxes		34,783			34,783		50,053		**84,836**
Bad debt expense	3,387	24,505		50,132	78,024				**78,024**
Maintenance and repairs	20,407	17,894	8,286	3,579	50,166	18,017	3,768	5,971	**77,922**
Supplies	19,780	7,408	4,637	27,755	59,580	6,770	1,694	8,337	**76,381**
Books, subscription and staff training	7,926	4,067	4,741	1,145	17,879	8,364	129	3,182	**29,554**
Scholarship - EK Wise	15,000				15,000				**15,000**
Total expenses before allocation of management and general	4,666,348	4,002,792	2,084,576	1,336,529	12,090,245	3,118,833	1,916,711	1,197,239	18,323,028
Allocation of management and general	958,393	820,525	428,140	274,502	2,481,560	(3,118,833)	391,379	245,894	**-**
	$ 5,624,741	$ 4,823,317	$ 2,512,716	$ 1,611,031	$ 14,571,805	$ -	$ 2,308,090	$ 1,443,133	**$ 18,323,028**