

OCCUPATIONAL THERAPY COMPACT COMMISSION

FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

SEPTEMBER 30, 2024



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OCCUPATIONAL THERAPY COMPACT COMMISSION

TABLE OF CONTENTS

SEPTEMBER 30, 2024

Independent Accountants' Review Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-5
Financial Statements:	
Statement of Net Position	6
Statement of Revenue, Expenses, and Change in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9-11



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Independent Accountants' Review Report

Board of Directors
Occupational Therapy Compact Commission
Falls Church, VA

We have reviewed the accompanying financial statements of Occupational Therapy Compact Commission (OTCC), which comprise the statement of net position as of September 30, 2024, and the related statements of revenue, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of OTCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3 to 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us and we do not express an opinion, a conclusion, nor provide any assurance on it.

A handwritten signature in black ink that reads "Matthew, Carter and Boye". The signature is written in a cursive, flowing style.

Fairfax, Virginia
July 16, 2025

OCCUPATIONAL THERAPY COMPACT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

The following is a discussion and analysis of the Occupational Therapy Compact Commission's (OTCC) financial performance for the year ended September 30, 2024. This overview and analysis is required by accounting principles generally accepted in the United States of America (U.S. GAAP) in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34).

Financial Highlights

The operating revenues of OTCC were solely from two grantors, receiving funds in quarterly installments from both the American Occupational Therapy Association (AOTA) and the National Board for Certification in Occupational Therapy (NBCOT). Both grantors pledged \$150,000 each in support. As of September 30, 2024, OTCC had cash in the amount of \$226,998.

The operating expenses of OTCC were \$187,470, which was an increase of \$130,372 or 228% from the prior year. This is due primarily to FY2024 being the first full year that OTCC was in operation. OTCC contracted with Association and Society Management International, Inc. (ASMI) to provide Secretariat and Executive Director services to the OTCC beginning June 1, 2023. In addition to the ASMI Management Fee and a corresponding increase to other standard operating expenses, OTCC incurred higher legal service expenses compared to the prior year, due to the Council of State Governments (CSG) covering many of OTCC's legal service expenses in FY2023, under a Memorandum of Agreement.

The net position of OTCC increased from \$150,808 to \$299,298 at close of FY2024.

Overview of the Financial Statements

The financial statements include Management's discussion and analysis, which is intended as an introduction to OTCC's financial statements. OTCC's basic financial statements comprise of the following components: 1) statement of net position, 2) statement of revenue, expenses, and changes in net position, 3) statement of cash flows, and 4) notes to the financial statements. Together, Management's discussion and analysis, and the financial statements, are prepared in accordance with U.S. GAAP as prescribed by the Governmental Accounting Standards Board (GASB).

The Occupational Therapy Compact (OTC) is an agreement among participating U.S. states to work together in developing the necessary interstate licensure data system that will allow for rapid verification of practitioners' good standing among member states.

The financial statements of OTCC report information using accounting methods similar to those used by private sector companies. These statements are presented on an accrual basis of accounting and offer short and long-term financial information about the activities of OTCC.

The statement of net position presents OTCC's assets and liabilities as of fiscal year-end.

The statement of revenue, expenses, and changes in net position present information on how OTCC's assets changed as a result of the year's operations.

The statement of cash flows presents information on how OTCC's cash changed as a result of the fiscal year's activity.

OCCUPATIONAL THERAPY COMPACT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Financial Analysis

The following presents condensed financial information on the operations of OTCC as of and for the years ended September 30, 2024 and 2023:

	2024	2023
Total assets	\$ 301,998	\$ 188,308
Total liabilities	(2,700)	(1,540)
Total net position	<u>\$ 299,298</u>	<u>\$ 186,768</u>
Operating revenues	\$ -	\$ -
Operating expenses	<u>187,470</u>	<u>58,637</u>
Operating loss	(187,470)	(58,637)
Non-operating revenue	<u>300,000</u>	<u>245,405</u>
Change in net position	<u>\$ 112,530</u>	<u>\$ 186,768</u>

Events Affecting Future Operations

The OTCC expects to begin issuing privileges to practice no sooner than Q4 of FY2025. As of April 2025, there are currently 32 states who are members of the interstate compact. The rate at which member states are onboarded and their home licensees are allowed to request privileges to practice is unknown and depends on numerous state and federal-level factors that impact each state's readiness.

Fees paid to the state

The OTCC did not collect fees on behalf of states in FY24.

Fees paid to the OTCC

The OTCC did not collect fees from OTC applicants in FY24.

Major expense categories

Management fees and professional fees are the major expense categories.

Economic Factors

Positive external impacts

Key developments in FY24 enhanced OTCC's efforts to issue privileges to practice.

1. Development of CompactConnect, the national data system necessary for states to upload licensees' data and for licensees to submit applications to receive privileges to practice. CompactConnect's development started in FY24, and development extended beyond FY24. At no point during FY24 was CompactConnect operating for its intended purposes. However, beginning the development of this data system was a necessary step in moving the OTC forward to become externally impactful.
2. States joined the OTC via enacting OT Compact legislation in FY24.
 - a. Minnesota
 - b. Rhode Island
 - c. Vermont

OCCUPATIONAL THERAPY COMPACT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Projected legislative action

Throughout the 2025 legislative sessions, there are 10 states expected to introduce legislation. This represents 38% of states which are not yet part of the OTC.

Roadblocks to full participation by member states

Some states do not meet the OTC requirements to become member states because they do not have a continuing education requirement, which is a requirement to be eligible for states to join the OTC. Some states are fully eligible and have introduced the legislation during their legislative sessions only to have the OTC voted down by their Senate and/or House for reasons that are largely rooted in misunderstanding the language of the legislation. Some states are fully eligible; however, they have not introduced legislation because there is some degree of opposition, or lobbyists are unable to secure a congressional sponsor to introduce the bill.

Operationalizing the OTC in states which have enacted the legislation has proven to be a challenge because they are required to upload their licensees' data into the commission's database, which is in development as of May 2024. This system is not yet operational; therefore, states are unable to issue privileges to practice. The data system, CompactConnect, is expected to be developed as a minimally viable product by the end of calendar year 2025.

Potential negative impacts

One requirement of the OTC is for states to conduct Federal Bureau of Investigation (FBI) criminal background checks (CBCs). Some states have integrated this requirement into their licensure application process. Some states experience challenges integrating this requirement because they are unable to get permission from the FBI to conduct the CBCs for the purposes of issuing compact privileges to practice. The OTCC along with other compact commissions and national organizations supports the States Handling Access to Reciprocity (SHARE) Act, filed to the U.S. Congress. This act, once passed by Congress, will require CBC information to be shared by the FBI to the state licensing board administrators. If Congress does not pass the SHARE Act, this has potential negative impacts on the OTC in that some states will continue to experience challenges integrating FBI CBCs into their licensure processes, which is a requirement of the OTC.

Request for information

Informational requests related to the content of this financial report should be addressed to:

Executive Director
OT Compact Commission
201 Park Washington Ct.
Falls Church, VA 22046

OCCUPATIONAL THERAPY COMPACT COMMISSION

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

ASSETS

CURRENT ASSETS

Cash	\$ 226,998
Grants receivable	75,000
Total Current Assets	<u>\$ 301,998</u>

TOTAL ASSETS

\$ 301,998

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 2,700
Total Current Liabilities	<u>\$ 2,700</u>

TOTAL LIABILITIES

\$ 2,700

NET POSITION

NET POSITION

Unrestricted	<u>\$ 299,298</u>
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TOTAL NET POSITION

\$ 299,298

See accompanying notes to the financial statements.

OCCUPATIONAL THERAPY COMPACT COMMISSION

STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

OPERATING REVENUE	\$ <u>-</u>
OPERATING EXPENSES	
Management fees	\$ 150,000
Professional fees	23,339
Travel	5,377
Insurance	4,993
Office expenses	1,213
Supplies	1,500
Dues and subscriptions	<u>1,048</u>
Total Operating Expenses	<u>\$ 187,470</u>
NET OPERATING LOSS	\$ (187,470)
NON-OPERATING REVENUE	
Grant income	<u>\$ 300,000</u>
CHANGE IN NET POSITION	\$ 112,530
NET POSITION - BEGINNING OF YEAR	<u>186,768</u>
NET POSITION - END OF YEAR	<u><u>\$ 299,298</u></u>

See accompanying notes to the financial statements.

OCCUPATIONAL THERAPY COMPACT COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

CASH FLOWS - OPERATING ACTIVITIES

Payments to vendors and service providers \$ (186,310)

Net Cash Flows - Operating Activities \$ (186,310)

CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES

Proceeds from grants \$ 262,500

Net Cash Flows - Noncapital Financing Activities \$ 262,500

NET CHANGE IN CASH **\$ 76,190**

CASH, BEGINNING OF YEAR 150,808

CASH, END OF YEAR \$ 226,998

**RECONCILIATION OF NET OPERATING LOSS TO
NET CASH - OPERATING ACTIVITIES**

Net operating loss \$ (187,470)

Changes in Operating Assets and Liabilities:

Accounts payable and accrued expenses 1,160

Net Cash Flows - Operating Activities \$ (186,310)

There were no non-cash investing and financing activities
for the year ended September 30, 2024.

See accompanying notes to the financial statements.

OCCUPATIONAL THERAPY COMPACT COMMISSION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 1. Reporting Entity

The Occupational Therapy Compact Commission (OTCC or the Organization) was established in August 2022, pursuant to the terms of the Occupational Therapy Compact (the OTC). The OTCC was established as the governing entity charged with fulfilling the objectives of the OTC, including enhancing the mobility of occupational therapy practitioners, both occupational therapists (OTs) and occupational therapy assistants (OTAs).

Membership is based on states' enacting the OTC legislation. Each member state is limited to one appointed voting commissioner. Some states have appointed alternate delegates to vote by proxy when an appointed voting commissioner is unable, for whatever reason, to cast a vote. Nonetheless, each state, whether by appointed commissioner or by alternate delegate, only has one vote for each voting item necessary to conduct commission business.

The OTCC was established as a joint government agency of the member states to fulfill objectives through a means of joint cooperative action among the member states. This is accomplished by developing a comprehensive process that facilitates the exchange of information in the areas of licensure and investigative authority of member state occupational therapy licensing boards and providing for mutual recognition of occupational therapy and occupational therapy assistant licenses by all member states, and through the issuance of privileges to practice, thereby enhancing the portability and mobility of licenses and ensuring and promoting public protection.

Note 2. Summary of Significant Accounting Policies

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. OTCC accounts for its operations as an enterprise fund. The significant accounting policies are described herein.

Measurement Focus, Basis of Accounting and Presentation

OTCC utilizes the accrual method of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred. OTCC's financial statements are reported using economic resource measurement focus.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OCCUPATIONAL THERAPY COMPACT COMMISSION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 2. Summary of Significant Accounting Policies (Concluded)

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets - This category presents cumulative resources used to acquire depreciable and nondepreciable capital assets. Net Investment in Capital Assets is intended to reflect the portion of net position which is associated with nonliquid capital assets less outstanding capital asset related debt. OTCC had no items classified as net investment in capital assets.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restriction imposed by law through constitutional provisions or enabling legislation. OTCC had no items which were classified as restricted net position.

Unrestricted Net Position - This category represents the net position of OTCC, which is not restricted for any project or other purpose.

Revenue Recognition

Privilege to practice revenue (license fees) is the expected primary source of revenue and will be derived from fees charged by OTCC to occupational therapy practitioners who are seeking to become licensed in a state that is a member of the OTC. Privilege to practice revenue will be recognized as operating revenue.

Grants and contributions are reported as revenue in the year in which contributions are received and/or unconditional promises are made. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Grants and contributions are considered to be available for general operations unless specifically restricted by the donor.

Concentrations

During the year ended September 30, 2024, OTCC received 100% of its total revenue from two grantors. These two entities have provided funding to support the startup and initial operations of OTCC. Their continued support is anticipated until the Organization becomes fully operational and is able to issue privileges to practice. If a significant reduction in these sources of revenue occurs it may affect the future operations of OTCC.

Note 3. Cash

OTCC maintains its cash with one financial institution. OTCC manages deposit concentration risk by placing cash with a financial institution believed to be creditworthy.

Note 4. Grants Receivable

Grants receivable represent amounts awarded to OTCC from grantors. Management reviews the list of outstanding receivables periodically to determine if any of the balances are not collectible; if an account is not collectible, appropriate adjustments are made. As a result of these reviews, an allowance is made for all doubtful accounts and recorded as bad debt expense in the period the estimate is made. The grants receivable balance was \$75,000 as of September 30, 2024, and there was no bad debt expense during the year ended September 30, 2024. Additionally, all remaining grant receivable balances are due within one year.

OCCUPATIONAL THERAPY COMPACT COMMISSION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 5. Management Fees and Related Party Transactions

The Organization has engaged Association and Society Management International, Inc. (ASMI) for the period from June 1, 2023 to September 30, 2026 to provide customary professional management services to OTCC. ASMI provides secretariat and executive director services, management services, and office space under the terms of the management agreement. Management fees incurred for the year ended September 30, 2024 totaled \$150,000.

Note 6. Contingencies

The Organization received revenue from grants. The ultimate determination of amounts received under these programs often is based on allowable costs reported to the grantor. In some instances, the grantor may reserve the right to audit the expenses. Until the final settlement is reached with each grantor, there exists a contingency to refund any amount received for costs deemed unallowable in an audit conducted by a grantor.

Note 7. Subsequent Events

OTCC has evaluated events through July 16, 2025, the date the financial statements were available to be issued. OTCC is not aware of any material subsequent event that requires recognition or disclosure in these financial statements.