

American Academy of Pediatrics

**Federal Awards
Supplemental Information
June 30, 2014**

American Academy of Pediatrics

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Directors
American Academy of Pediatrics

We have audited the basic financial statements of American Academy of Pediatrics (the "Academy") as of and for the year ended June 30, 2014 and have issued our report thereon dated September 19, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to September 19, 2014.

The accompanying schedule of expenditures of federal awards and schedule of expenditures of federal awards provided to subrecipients are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Plante & Moran, PLLC

October 16, 2014

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
American Academy of Pediatrics

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Academy of Pediatrics (the "Academy"), which comprise the basic statement of financial position as of June 30, 2014 and the related basic statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Academy of Pediatrics' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Directors
American Academy of Pediatrics

Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Academy of Pediatrics' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alante & Morse, PLLC

September 19, 2014

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance**

Independent Auditor's Report

To the Board of Directors
American Academy of Pediatrics

Report on Compliance for Each Major Federal Program

We have audited American Academy of Pediatrics' (the "Academy") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. American Academy of Pediatrics' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of American Academy of Pediatrics' major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about American Academy of Pediatrics' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of American Academy of Pediatrics' compliance.

To the Board of Directors
American Academy of Pediatrics

Opinion on Each Major Federal Program

In our opinion, American Academy of Pediatrics complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of American Academy of Pediatrics is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered American Academy of Pediatrics' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2014-001 to be a material weakness.

The American Academy of Pediatrics' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. American Academy of Pediatrics' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

To the Board of Directors
American Academy of Pediatrics

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 16, 2014

American Academy of Pediatrics

Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass-through Entity Identifying Number	Federal Expenditures
Research and Development Cluster:			
U.S. Department of Health and Human Services -			
Maternal and Child Health Federal Consolidated Programs:			
Direct Awards:	93.110		
MCH Research Network Programs			\$ 365,616
Healthy Tomorrows Partnership for Children			58,782
Child Care			346,772
Bright Futures Pediatric Implementation			1,111,582
Supplement to Bright Futures Pediatric Implementation - Young Investigators Award			134,037
Supplement to Bright Futures Pediatric Implementation - Early Childhood System			168,633
Medical Home Capacity Building for Children with Special Health Care Needs			9,510
Supplement to Medical Home Capacity Building for Children with Special Health Care Needs			2,613
Alliance for Information on Maternal and Child Health Program			156,154
Genetics in Primary Care			579,732
Primary Care Drug Therapeutics CER in a Pediatric EHR Network			1,041,170
Medical Home Capacity Building for Children with Special Health Care Needs			606,583
Supplement to Medical Home Capacity Building for Children with Special Health Care Needs - HTPCP			127,284
Supplement to Medical Home Capacity Building for Children with Special Health Care Needs - EHDI			112,738
Coordinating Center for Access to Services for Children and Youths with Epilepsy			256,795
Pass-through from Boston University Medical Center - The Catalyst Center - National Center for Health Insurance and Financing for Children and Youth with Special Healthcare Needs		4500001372	28,880
Total Maternal and Child Health Federal Consolidated Programs			5,106,881
Direct Awards -			
ARRA - Maternal and Child Health (MCH) Pediatric Research Network Program	93.419		821,788
Agency for Healthcare Research and Quality -			
Research on Healthcare Costs, Quality, and Outcomes:			
Direct Awards - National Center for Pediatric Practice Based Research and Learning	93.226		143,764
Direct Award - Asthma Mobile App Development, Dissemination and Evaluation			95,520

American Academy of Pediatrics

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass-through Entity Identifying Number	Federal Expenditures
Research and Development Cluster:			
U.S. Department of Health and Human Services -			
Agency for Healthcare Research and Quality -			
Research on Healthcare Costs, Quality, and Outcomes (Continued):			
Pass-through from Medical College of Wisconsin			
CHIPRA Pediatric Healthcare Quality Measures in Program Centers of Excellence		1384154	\$ 351,296
Pass-through from Children's Hospital of Philadelphia			
Informing Policy to Implement Pediatric Family Engagement in Meaningful Use Stage 3		32-0230914	<u>97,472</u>
Total Agency for Healthcare Research and Quality			688,052
Centers for Disease Control and Prevention -			
National Center for Immunization and Respiratory Diseases -			
Direct awards:			
Childhood Immunization Support Program	93.185		191,334
Increasing Adolescent Immunization Rates through Pediatric Partnerships			<u>185,244</u>
Total Centers for Disease Control and Prevention			376,578
National Institutes of Health -			
National Cancer Institute:			
Direct awards:			
Adolescent Smoking Cessation in Pediatric Primary Care	93.393		271,634
Supplement to Adolescent Smoking Cessation in Pediatric Primary Care			149,532
Pass-through from Massachusetts General Hospital:			
Changing Pediatric Office Systems Nationally to Address Parental Tobacco Use		221371	<u>198,739</u>
Total National Cancer Institute			619,905
National Heart, Lung and Blood Institute -			
Pass-through from University of Michigan -			
Brief Motivational Interviewing for Body Mass Index Reduction	93.837	3000949043	<u>88,724</u>
Total Research and Development Cluster			7,701,928
U.S. Department of Health and Human Services:			
Administration for Children and Families -			
Office of Head Start -			
Direct awards:			
National Center on Health	93.600		2,126,230
National Center on Health			<u>2,477,981</u>
Total Office of Head Start			4,604,211

See Notes to Schedule of Expenditures
of Federal Awards.

American Academy of Pediatrics

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued):			
Centers for Medicare and Medicaid Services -			
Pass-through from Health Management Associates -			
Medicaid and Children's Health Insurance Programs -			
Children's Health Insurance Program Reauthorization Act: Sect 401(D)	93.767	HMA 3001	\$ 311,411
Medicaid and Children's Health Insurance Programs - Children's Health Insurance Program Reauthorization Act: Sect 401(D)		HMA 3001	<u>124,633</u>
Total Centers for Medicare and Medicaid Services			436,044
Centers for Disease Control and Prevention:			
Direct awards:			
Public Health Program to Enhance Health & Development in Infants and Children	93.283		592,699
Supplement to Public Health Program to Enhance Health & Development in Infants and Children - Disaster Preparedness			178,382
Public Health Conference for Birth Defects and Developmental Disabilities			21,376
Pass-through from National Association of County and City Health Officials Medical Countermeasures Guideline Development		2012 - 11081	<u>64,675</u>
			857,132
Direct awards:			
Office for State, Tribal, Local and Territorial Support PPHF 2013: OSTLTS Partnerships CBA of the Public Health System	93.292		86,586
PPHF 2013: OSTLTS Partnerships CBA of the Public Health System	93.524		1,082,144
National Center for Chronic Disease Prevention and Health Promotion Priority 7 - School Health Services	93.938		275,916
Pass-through from the American Lung Association - Providing Technical Assistance for Effective Tobacco Cessation Policies	93.945	761100	<u>21,753</u>
Total Centers for Disease Control and Prevention			2,323,531
U.S. Agency for International Development -			
Foreign Assistance for Programs Overseas:			
Pass-through from Save the Children Federation, Inc.	98.001	84031622-C	101,897
Pass-through from Jhpiego Corporation Survive and Thrive Global Domestic Alliance		13-SBA-025	140,847
Pass-through from Jhpiego Corporation Survive and Thrive Global Domestic Alliance		13-SBA-025	<u>70,000</u>
Total U.S. Agency for International Development			312,744
U.S. Department of Justice -			
Office for Victims of Crime:			
Action Partnerships for National Membership	16.582		<u>143,905</u>
Total expenditures of federal awards			<u><u>\$ 15,522,363</u></u>

See Notes to Schedule of Expenditures
of Federal Awards.

American Academy of Pediatrics

Schedule of Expenditures of Federal Awards Provided to Subrecipients Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass-through Entity Identifying Number	Amount provided to subrecipients
Research and Development Cluster:			
U.S. Department of Health and Human Services -			
Maternal and Child Health Federal Consolidated Programs:			
Direct awards -	93.110		
MCH Research Network Programs			\$ 49,838
Supplement to Bright Futures Pediatric Implementation -			
Young Investigators Award			134,037
Genetics in Primary Care			16,850
Primary Care Drug Therapeutics CER in a Pediatric EHR Network			510,165
Medical Home Capacity Building for Children with Special			
Health Care Needs			41,735
Coordinating Center for Access to Services for Children and			
Youths with Epilepsy			45,434
			<hr/>
Total Maternal and Child Health Federal			798,059
Consolidated Programs			
Agency for Healthcare Research and Quality -			
Research on Healthcare Costs, Quality, and Outcomes -			
Direct awards - National Center for Pediatric Practice Based			
Research and Learning	93.226		52,549
Pass-through from Children's Hospital of Philadelphia			
Informing Policy to Implement Pediatric Family Engagement		32-0230914	
in Meaningful Use Stage 3			12,477
			<hr/>
Total Agency for Healthcare Research			65,026
and Quality			
Centers for Disease Control and Prevention:			
National Center for Immunization and Respiratory Diseases			
Direct awards -			
Increasing Adolescent Immunization Rates through	93.185		
Pediatric Partnerships			27,000
			<hr/>
Total Centers for Disease Control and			27,000
Prevention			
National Institutes of Health -			
National Cancer Institute -			
Direct awards:			
Adolescent Smoking Cessation in Pediatric Primary	93.393		
Care			63,061
Supplement to Adolescent Smoking Cessation in Pediatric			
Primary Care			1,661
			<hr/>
Total National Cancer Institute			64,722
Total Research and Development Cluster			954,807

American Academy of Pediatrics

Schedule of Expenditures of Federal Awards Provided to Subrecipients (Continued) Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass-through Entity Identifying Number	Amount provided to subrecipients
U.S. Department of Health and Human Services:			
Administration for Children and Families -			
Office of Head Start -			
Direct awards:			
National Center on Health	93.600		\$ 959,167
National Center on Health			<u>1,410,514</u>
Total Office of Head Start			2,369,681
Centers for Disease Control and Prevention:			
Direct awards:			
Public Health Program to Enhance Health & Development in Infants and Children	93.283		6,833
Office for State, Tribal, Local and Territorial Support:			
PPHF 2013: OSTLTS Partnerships CBA of the Public Health System	93.292		27,890
PPHF 2013: OSTLTS Partnerships CBA of the Public Health System	93.524		61,420
National Center for Chronic Disease Prevention and Health Promotion - Priority 7 - School Health Services	93.938		<u>9,552</u>
Total Centers for Disease Control and Prevention			<u>105,695</u>
Total expenditures of federal awards provided to subrecipients			<u><u>\$ 3,430,183</u></u>

American Academy of Pediatrics

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of American Academy of Pediatrics under programs of the federal government for the year ended June 30, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-122, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of American Academy of Pediatrics, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of American Academy of Pediatrics. Pass-through entity identifying numbers are presented where available.

Note 2 - Adjustments and Transfers

During the year ended June 30, 2014, there were no transfers of grant overpayments.

Note 3 - Loans Outstanding

Of the federal expenditures presented in the Schedule, there were no loans or loan guarantees outstanding at June 30, 2014.

Note 4 - Noncash Assistance

The grantee neither received nor disbursed federal awards in the form of nonmonetary assistance for the year ended June 30, 2014.

American Academy of Pediatrics

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.524	Capacity Building Assistance for Strong Provider Recommendation for HPV
93.600	Head Start - National Center on Health

Dollar threshold used to distinguish between type A and type B programs: \$465,671

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

American Academy of Pediatrics

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014

Section III - Federal Program Audit Findings

Reference Number	Finding
2014-001	<p>Program Name - Head Start - National Center on Health</p> <p>Pass-through Entity - None</p> <p>Finding Type - Material weakness</p> <p>Criteria - Grantees must establish and implement procedures for the ongoing monitoring of their subrecipients. If deficiencies are noted in the subrecipient's operations, the grantee must assist the subrecipient in developing plans for addressing the identified problems.</p> <p>Condition - The Academy did not properly follow up with subrecipients after noting findings in the subrecipients' single audit reports.</p> <p>Questioned Costs - None</p> <p>Context - The Head Start program has five subrecipients, four of which had findings reported in their single audit reports for the fiscal year ended in 2013. There were no questioned costs related to these findings.</p> <p>Cause and Effect - Subrecipient monitoring procedures in place were not effective in following up with subrecipients regarding findings on their single audit report. Insufficient monitoring can result in misstated expenses on the Academy's schedule of federal expenditures.</p> <p>Recommendation - The Academy should implement controls to ensure follow-up is completed with all subrecipients who have findings on their single audit reports.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Academy has updated its written procedures and notified appropriate staff. A centralized folder has been created to maintain all the subrecipient audits. A signature line has been added to our proposal checklist to document the audit review. All review documentation will be saved in our grant software for each subrecipient audit review. If any findings are applicable to our project, a review process will be initiated and documented.</p>