

**AMERICAN ACADEMY
OF PEDIATRICS
FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

JUNE 30, 2015 AND 2014

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
 FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015	4
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014	5
STATEMENTS OF CHANGES IN NET ASSETS	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
 SUPPLEMENTARY INFORMATION	
REPORT LETTER	26
DEPARTMENTAL REVENUE AND EXPENSES BY TYPE	27
CONTRACTS AND GRANTS INFORMATION	28
SCHEDULE OF FRINGE BENEFITS	32
SCHEDULE OF FRINGE BENEFITS	40

Independent Auditor's Report

To the Board of Directors
American Academy of Pediatrics

Report on the Financial Statements

We have audited the accompanying financial statements of American Academy of Pediatrics, which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Academy of Pediatrics as of June 30, 2015 and 2014 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
American Academy of Pediatrics

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015 on our consideration of American Academy of Pediatrics' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Academy of Pediatrics' internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 22, 2015

American Academy of Pediatrics
STATEMENTS OF FINANCIAL POSITION

ASSETS	<u>2015</u>	<u>2014</u>
Cash & cash equivalents	\$ 8,069,134	\$ 10,393,265
Receivables		
Publications and supplements, net of allowance of \$42,709 in 2015 and \$23,484 in 2014	1,786,231	1,371,081
Contracts and grants	3,624,006	3,252,285
Pledges receivable, net of allowance of \$5,000 in 2015 and 2014	991,404	1,442,251
Royalties	905,764	994,393
Advertising	363,548	251,748
Other	1,548,351	1,223,172
Publication inventories, net of reserve for obsolescence of \$320,000 in 2015 and \$415,000 in 2014	1,501,091	1,383,466
Prepaid expenses	2,809,568	2,729,244
Investments	63,303,874	58,239,650
Property and equipment, net	<u>29,697,971</u>	<u>23,376,334</u>
TOTAL ASSETS	<u>\$ 114,600,942</u>	<u>\$ 104,656,889</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable, trade	\$ 2,569,993	\$ 2,563,707
Chapter dues payable	744,146	719,844
Accrued expenses	3,656,532	3,276,817
Accrued salary & related expenses	8,500,190	9,080,378
Deferred revenues		
Membership dues	15,638,030	15,723,167
Pediatrics subscription fees	4,873,431	4,554,824
Pediatrics in Review subscriptions fees and Pediatrics Review and Education Program enrollment fees	4,352,743	4,257,263
Contracts and grants	6,677,730	4,341,607
Meetings	2,514,711	2,429,224
Other	2,460,757	1,975,544
Annuity payment liability	143,743	151,413
Capital lease obligations	339,879	150,882
Loan Payable	<u>8,400,000</u>	<u>-</u>
TOTAL LIABILITIES	60,871,885	49,224,670
Net assets		
Unrestricted		
Board-designated		
Sections	2,946,123	2,956,043
Venture Capital	5,400,603	4,413,122
Neonatal Resuscitation Program	200,000	200,000
Friends of Children	3,096,222	2,985,702
Tomorrow's Children Fund - Board Designated Endowment	883,811	885,115
Undesignated	<u>34,545,823</u>	<u>37,221,421</u>
Total Unrestricted	<u>47,072,582</u>	<u>48,661,403</u>
Temporarily Restricted	3,988,193	4,231,920
Permanently Restricted	<u>2,668,282</u>	<u>2,538,896</u>
TOTAL NET ASSETS	<u>53,729,057</u>	<u>55,432,219</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 114,600,942</u>	<u>\$ 104,656,889</u>

The accompanying notes are an integral part of these statements.

**American Academy of Pediatrics
STATEMENT OF ACTIVITIES
Year ended June 30, 2015**

	Unrestricted 2015	Temporarily Restricted 2015	Permanently Restricted 2015	Total 2015
Revenue, Gains and Other Support:				
Membership Dues	\$ 24,947,946	\$ -	\$ -	\$ 24,947,946
NCE and Meetings	6,110,795	-	-	6,110,795
Contracts and grants	21,276,238	-	-	21,276,238
Advertising	5,217,375	-	-	5,217,375
Royalties	3,090,852	-	-	3,090,852
Manuals and Publications	13,407,350	-	-	13,407,350
Subscriptions	18,839,890	-	-	18,839,890
Continuing Education	6,538,413	-	-	6,538,413
Investment income, net	1,012,426	74,602	-	1,087,028
Contributions	1,229,304	5,930,758	129,386	7,289,448
Release from Restrictions	6,249,071	(6,249,071)	-	-
Other Income	1,524,716	-	-	1,524,716
Total revenue, gains and other support	109,444,376	(243,711)	129,386	109,330,051
Expenses:				
Program services:				
Meeting and Convention Services	5,474,846	-	-	5,474,846
Medical Journals and eLearning	11,367,329	-	-	11,367,329
Contracts and Grants	17,469,595	-	-	17,469,595
Education:				
Continuing Medical Education	3,872,601	-	-	3,872,601
Life Support	3,315,976	-	-	3,315,976
Public Education	4,652,684	-	-	4,652,684
Administration	811,192	-	-	811,192
Federal Affairs	3,693,577	-	-	3,693,577
State and Chapter Affairs	4,285,943	-	-	4,285,943
Membership Services	2,395,138	-	-	2,395,138
Marketing and Publications	9,615,183	-	-	9,615,183
Child Health & Wellness	5,070,427	-	-	5,070,427
Research	1,896,290	-	-	1,896,290
Pediatric Practice	3,681,104	-	-	3,681,104
Subspecialty Pediatrics	7,209,791	-	-	7,209,791
Supporting activities:				
Membership Services	1,377,577	-	-	1,377,577
Customer Service:				
Meeting and Convention Services	1,850,541	-	-	1,850,541
Marketing and Publications	-	-	-	-
Medical Journals and eLearning	527,318	-	-	527,318
Customer Service Center	3,029,279	-	-	3,029,279
Management and general:				
Executive Director, Board, PR, International and HR	8,737,114	-	-	8,737,114
Fundraising	1,766,950	-	-	1,766,950
Information Technology	6,655,756	-	-	6,655,756
Finance and Administrative Services	2,727,722	-	-	2,727,722
Total expenses	111,483,933	-	-	111,483,933
Change in net assets due to operations	(2,039,557)	(243,711)	129,386	(2,153,882)
Net Realized and Unrealized Gain/(Loss)	450,736	(16)	-	450,720
Changes in net assets	(1,588,821)	(243,727)	129,386	(1,703,162)
Beginning Net Assets	48,661,403	4,231,920	2,538,896	55,432,219
Ending Net Assets	\$ 47,072,582	\$ 3,988,193	\$ 2,668,282	\$ 53,729,057

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENT OF ACTIVITIES
Year ended June 30, 2014

	Unrestricted 2014	Temporarily Restricted 2014	Permanently Restricted 2014	Total 2014
Revenue, Gains and Other Support:				
Membership Dues	\$ 24,034,530	\$ -	\$ -	\$ 24,034,530
NCE and Meetings	5,624,199	-	-	5,624,199
Contracts and grants	20,308,290	-	-	20,308,290
Advertising	5,038,135	-	-	5,038,135
Royalties	3,269,502	-	-	3,269,502
Manuals and Publications	13,248,075	-	-	13,248,075
Subscriptions	18,241,945	-	-	18,241,945
Continuing Education	7,277,991	-	-	7,277,991
Investment income, net	1,734,898	93,474	-	1,828,372
Contributions	1,356,155	7,614,071	204,593	9,174,819
Release from Restrictions	7,405,827	(7,405,827)	-	-
Other Income	1,904,203	-	-	1,904,203
Total revenue, gains and other support	109,443,750	301,718	204,593	109,950,061
Expenses:				
Program services:				
Meeting and Convention Services	5,363,201	-	-	5,363,201
Medical Journals and eLearning	14,023,795	-	-	14,023,795
Contracts and Grants	16,551,188	-	-	16,551,188
Education:				
Continuing Medical Education	4,364,186	-	-	4,364,186
Life Support	3,432,416	-	-	3,432,416
Public Education	413,204	-	-	413,204
Administration	1,248,640	-	-	1,248,640
Federal Affairs	3,420,422	-	-	3,420,422
State and Chapter Affairs	3,890,442	-	-	3,890,442
Membership Services	2,604,942	-	-	2,604,942
Marketing and Publications	8,812,367	-	-	8,812,367
Child Health & Wellness	5,308,378	-	-	5,308,378
Research	1,605,023	-	-	1,605,023
Pediatric Practice	4,151,817	-	-	4,151,817
Subspecialty Pediatrics	6,217,661	-	-	6,217,661
Supporting activities:				
Membership Services	1,376,986	-	-	1,376,986
Customer Service:				
Meeting and Convention Services	1,888,541	-	-	1,888,541
Marketing and Publications	1,570,078	-	-	1,570,078
Medical Journals and eLearning	930,335	-	-	930,335
Customer Service Center	1,601,078	-	-	1,601,078
Management and general:				
Executive Director, Board, PR, International and HR	9,761,250	-	-	9,761,250
Fundraising	1,816,616	-	-	1,816,616
Information Technology	5,960,337	-	-	5,960,337
Finance and Administrative Services	3,361,921	-	-	3,361,921
Total expenses	109,674,824	-	-	109,674,824
Change in net assets due to operations	(231,074)	301,718	204,593	275,237
Net Realized and Unrealized Gain/(Loss)	3,908,635	204,984	-	4,113,619
Changes in net assets	3,677,561	506,702	204,593	4,388,856
Beginning Net Assets	44,983,842	3,725,218	2,334,303	51,043,363
Ending Net Assets	\$ 48,661,403	\$ 4,231,920	\$ 2,538,896	\$ 55,432,219

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENT OF CHANGES IN NET ASSETS
Two years ended June 30, 2015

American Academy of Pediatrics
STATEMENTS OF CHANGES IN NET ASSETS
Two years ended June 30, 2015

	Board Designated						Undesignated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Sections	Venture Capital	Neonatal Resuscitation Program	Friends of Children	Tomorrow's Children	Reserves					
Balance at June 30, 2013	<u>\$ 2,707,915</u>	<u>\$ 4,013,139</u>	<u>\$ 268,639</u>	<u>\$ 2,588,280</u>	<u>\$ 831,953</u>	<u>\$ 19,248,365</u>	<u>\$ 15,325,551</u>	<u>\$ 44,983,842</u>	<u>\$ 3,725,218</u>	<u>\$ 2,334,303</u>	<u>\$ 51,043,363</u>
Increase in net assets							3,677,561	3,677,561	506,702	204,593	4,388,856
Designations	<u>248,128</u>	<u>399,983</u>	<u>(68,639)</u>	<u>397,422</u>	<u>53,162</u>	<u>(19,248,365)</u>	<u>18,218,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2014	<u>\$ 2,956,043</u>	<u>\$ 4,413,122</u>	<u>\$ 200,000</u>	<u>\$ 2,985,702</u>	<u>\$ 885,115</u>	<u>\$ -</u>	<u>\$ 37,221,421</u>	<u>\$ 48,661,403</u>	<u>\$ 4,231,920</u>	<u>\$ 2,538,896</u>	<u>\$ 55,432,219</u>
(Decrease) increase in net assets							(1,588,821)	(1,588,821)	(243,727)	129,386	(1,703,162)
Designations	<u>(9,920)</u>	<u>987,481</u>	<u>-</u>	<u>110,520</u>	<u>(1,304)</u>	<u>-</u>	<u>(1,086,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2015	<u>\$ 2,946,123</u>	<u>\$ 5,400,603</u>	<u>\$ 200,000</u>	<u>\$ 3,096,222</u>	<u>\$ 883,811</u>	<u>\$ -</u>	<u>\$ 34,545,823</u>	<u>\$ 47,072,582</u>	<u>\$ 3,988,193</u>	<u>\$ 2,668,282</u>	<u>\$ 53,729,057</u>

The accompanying notes are an integral part of this statement.

American Academy of Pediatrics
STATEMENTS OF CASH FLOWS
Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
(Decrease) Increase in net assets	\$ (1,703,162)	\$ 4,388,856
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation and amortization	3,518,102	3,610,649
Provision for bad debt expense	31,223	19,927
Loss on disposal of equipment	3,077	2,204
Net realized and unrealized gains on investments	(450,720)	(4,113,619)
Permanently restricted contributions	(129,386)	(204,593)
Change in assets and liabilities		
Receivables	(715,597)	(406,169)
Publication inventories	(117,625)	274,864
Prepaid expenses	(80,324)	399,107
Annuity payment liability	(7,670)	(42,037)
Accounts payable, trade	6,286	508,028
Accrued expenses	379,715	232,611
Accrued Salary and Related Expenses	(580,188)	793,696
Deferred revenues	3,235,773	401,448
Net cash provided by operating activities	3,389,504	5,864,972
Cash flows from investing activities		
Purchases of property and equipment	(9,524,022)	(1,266,909)
Proceeds from maturities and sales of investments	2,471,985	103,337,116
Purchases of investments	(7,085,489)	(106,105,497)
Net cash used in investing activities	(14,137,526)	(4,035,290)
Cash flows from financing activities		
Permanently restricted contributions	129,386	204,593
Cash received on behalf of chapters	4,775,939	4,426,642
Cash remitted to chapters	(4,751,637)	(4,292,002)
Cash received from long-term loan	8,400,000	-
Principal payments on capital lease obligations	(129,797)	(132,541)
Net cash provided by financing activities	8,423,891	206,692
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,324,131)	2,036,374
Cash and cash equivalents at beginning of year	10,393,265	8,356,891
Cash and cash equivalents at end of year	<u>\$ 8,069,134</u>	<u>\$ 10,393,265</u>
Supplemental schedules of non-cash financing activities		
Capital lease obligations incurred for the acquisition of office equipment	<u>\$ 318,794</u>	<u>\$ 17,949</u>
Long term loan entered into for the purchase of land	<u>\$ 8,400,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The American Academy of Pediatrics (the Academy) is a professional organization whose purpose is the attainment of optimal physical, mental and social health for all infants, children and young adults through education, advocacy, research and service.

A summary of significant accounting policies follows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less when purchased. Substantially all of the Academy's cash, which exceeds federally insured limits, is deposited in one financial institution. The Academy has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

Receivables

Receivables are amounts due from members, donors, and customers, net of allowances for uncollectible amounts. The Academy determines its allowances by considering a number of factors, including the length of time accounts receivable are past due, the Academy's previous collection history, the member, donor, or customer's current ability to pay its obligation to the Academy, and the condition of the general economy as a whole. The Academy sets up an allowance for receivables when they become uncollectible, and payments subsequently received on such receivables are credited to the appropriate allowance for uncollectible amounts.

Prepaid Expenses

Costs incurred for meetings and educational programs to be held in subsequent fiscal years are deferred and expensed in the years to which they apply.

**NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Investments

Investments are measured at fair value in the accompanying statements of financial position. Net realized gains or losses on sales of securities are based on first-in, first-out (FIFO) cost. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Management considers gains and losses on investments, both realized and unrealized, as nonoperating income or expense. These gains and losses are segregated from operating revenues and expenses on the statements of activities.

The Academy's investments are exposed to various risks, such as interest rates, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments could occur in the near future and materially affect the amounts reported in the financial statements.

Publication Inventories

Publication inventories consist of program manuals and publications primarily held for resale or use in educational programs. Inventories are recorded on the FIFO method at lower of cost or market.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation computed on the straight-line method over the useful lives of the assets ranging from 3 to 50 years. Amortization on assets under capital lease is included with depreciation expense on owned assets. Amortization on these assets is computed over the life of the lease. Leasehold improvements are amortized over the shorter of the lease or the useful life of the improvements.

**NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Fair Value of Financial Instruments

A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

Financial Instruments – The fair values of financial instruments, including cash equivalents, accounts receivable, accounts payable and accrued expenses, approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments.

Investments – Investments are recorded at fair value in the accompanying financial statements. Fair value is determined based on the fair value measurement principles described in Note D.

Revenue Recognition

An unconditional promise of a contribution (pledge or gift) from a donor is recognized at the time of receipt of the promise. Gifts of cash and other assets are presented as unrestricted support unless received with donor stipulations limiting the use of the donated assets. Contributions to be received after one year are initially recorded at fair value. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Membership dues are billed on anniversary dates. Billings are due upon receipt. These dues are recognized as revenue over the membership period.

Nonmember subscription fees for PEDIATRICS, the Academy's periodical, cover a 12-month period and are billed on their respective subscription anniversary dates. The fees are deferred and recognized as revenue over the subscription period.

Manuals and Publications revenues are recognized when the order is shipped.

Contracts and grants received are deferred until the related costs are incurred. To the extent reimbursable costs exceed cash received, a receivable is recorded from the grantor or contractor.

Meeting fees, advertising revenue, royalties and continuing education revenue are recognized in the year in which they are earned.

**NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Split-Interest Agreements

The Academy manages a number of charitable gift annuities for which the Academy has received contributions in exchange for a promise to pay fixed amounts for a specific period of time to the donor, individuals or organizations specified by the donor. The assets received by the Academy are included in its general investments and valued at fair value. The annuity payment liability is recorded at the present value of future cash flows.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Academy maintains its books and records in accordance with the principles and practices of fund accounting. This is the procedure by which resources are classified into funds established according to their nature and purpose and on the existence of donor-imposed restrictions. Accordingly, net assets of the Academy are reported as follows:

Unrestricted - Those resources over which The Executive Board has discretionary control. These include any designated amounts the Board has set aside for a particular purpose. The Board has resolved that the Academy shall maintain certain operating fund balances as follows:

Sections Fund - Sections are subspecialty medical groups of the Academy. Certain amounts are designated to be used by various sections based on section dues collected and budgeted and actual expenditures.

Venture Capital Fund - This fund can only be used for programs that have the potential to generate income to the Academy. Program income replenishes amounts transferred from this fund. Additionally, after the Fund is replenished, 5% of program revenue is transferred to this fund annually.

Neonatal Resuscitation Program Fund - The contract, effective July 1, 2010, with American Heart Association (AHA) has designated \$200,000 for use by the Neonatal Resuscitation Program. The designated amount will remain \$200,000 until this program incurs a net loss in any given year, which would result in a reduction of the designated amount. The agreement that governs the program requires that 12.5% of net sales of manuals, publications and educational programming related to the Neonatal Resuscitation Program are paid to AHA in each year.

**NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Friends of Children Fund - Represents amounts designated for Friends of Children Fund that have not yet been expended.

Tomorrow's Children Fund - Represents amounts designated as Tomorrow's Children Fund Endowment.

Reserves Fund - Reserve Funds are included in undesignated funds, beginning in 2014.

Temporarily Restricted Net Assets - Those resources subject to donor-imposed restrictions that will be satisfied either by the actions of the Academy or passage of time. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Temporarily restricted net assets consist of donor-imposed restrictions. Temporarily restricted net assets include the following categories: For the year ended June 30, 2015, time and purpose restrictions related to pledges receivable in the amount of \$824,000; purpose restrictions related to the endowment investments held in the amount of \$1,001,804; and amounts restricted for specific programs in the amount of \$2,162,389. For the year ended June 30, 2014, time restrictions related to pledges receivable in the amount of \$1,181,217; purpose restrictions related to the endowment investments of \$1,028,954; and amounts restricted for specific programs in the amount of \$2,021,749.

Permanently Restricted Net Assets - Those resources subject to donor-imposed restrictions that stipulate that the principal of these endowments be permanently invested by the Academy. The donors of these resources have permitted the Academy to use all of the income earned for unrestricted or temporarily restricted purposes.

Subsequent Events

The Academy has evaluated subsequent events through September 22, 2015, the date the financial statements were available to be issued.

**NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING
 POLICIES – Continued**

Upcoming Accounting Change

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Academy’s year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Academy has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2015 and 2014 include the following:

	<u>2015</u>	<u>2014</u>
Pledges receivable due in		
Less than one year	\$ 887,431	\$ 1,131,453
One year to five years	110,306	318,100
Five years to ten years	<u>4,000</u>	<u>4,000</u>
	1,001,737	1,453,553
Less allowance	5,000	5,000
Less unamortized discount	5,333	6,302
Pledges receivable, net	<u>\$ 991,404</u>	<u>\$ 1,442,251</u>

Pledges receivable are discounted at rates ranging from 0.54% to 2% as of June 30, 2015 and 2014.

NOTE C – ACCOUNTS RECEIVABLE

Changes in the Academy’s allowance for uncollectible amounts for publications and supplements receivables are as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 23,484	\$ 27,425
Bad debt expense	31,223	19,927
Accounts written-off	<u>(11,998)</u>	<u>(23,868)</u>
Ending balance	<u>\$ 42,709</u>	<u>\$ 23,484</u>

NOTE D – FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.

The following tables present information about the Academy’s assets measured at fair value on a recurring basis at June 30, 2015 and 2014, and the valuation techniques used by the Academy to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Academy has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. The Academy uses no Level 3 inputs.

NOTE D - FAIR VALUE MEASUREMENTS – Continued

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Academy's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following tables set forth by level, within the fair value hierarchy, the Academy's financial assets that were accounted for at fair value on a recurring basis as of June 30, 2015 and 2014. As required by US GAAP, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Academy's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

Description	Fair Values as of June 30, 2015	Fair Value Measurements		
		Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money Market Funds	\$ 505,845	\$ 505,845	\$ -	\$ -
Equity Securites				
U.S. Large Cap Growth	5,939,788	5,939,788	-	-
U.S. Large Cap Value	26,194,507	26,194,507	-	-
U.S. Small/Mid-Cap Growth	61,212	61,212	-	-
U.S. Small/Mid-Cap Value	2,749,559	2,749,559	-	-
Fixed Income Mutual Funds	27,852,963	27,852,963	-	-
	<u>\$ 63,303,874</u>	<u>\$ 63,303,874</u>	<u>\$ -</u>	<u>\$ -</u>

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

NOTE D - FAIR VALUE MEASUREMENTS – Continued

Description	Fair Values as of June 30, 2014	Recurring Fair Value Measurements as of Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money Market Funds	\$ 452,112	\$ 452,112	\$ -	\$ -
Fixed Income Securities				
Corporate Bonds	10,807	-	10,807	-
Equity Securities				
U.S. Large-Cap Growth	8,364,512	8,364,512	-	-
U.S. Large-Cap Value	17,111,812	17,111,812	-	-
U.S. Small/Mid-Cap Growth	51,634	51,634	-	-
U.S. Small/Mid-Cap Value	7,687,435	7,687,435	-	-
Other Mutual Funds				
Fixed Income Mutual Funds	24,561,338	24,561,338	-	-
	<u>\$ 58,239,650</u>	<u>\$ 58,228,843</u>	<u>\$ 10,807</u>	<u>\$ -</u>

Level 1 Inputs

Fair values of the Academy's money market funds, equity securities and other mutual funds were based on quoted market prices.

Level 2 Inputs

For the year ended June 30, 2014, estimated fair values of the Academy's corporate bonds were based on similar investments that are traded on the secondary market.

At June 30, 2015, approximately 55 percent of the Academy's investments were held in three individual securities, BMO TCH Core Plus Bond Fund, BMO Pyrford International Stock Fund and BMO Short-Term Income Fund.

At June 30, 2014, approximately 46 percent of the Academy's investments were held in two individual securities, BMO TCH Core Plus Bond Fund and BMO Pyrford International Stock Fund. The Academy does not believe it is exposed to any significant credit risk on investments.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Land and improvements	\$13,122,466	\$4,622,466
Building and improvements	20,648,655	20,590,071
Building equipment	396,111	396,111
Office equipment	19,231,260	18,333,213
Furniture and fixtures	3,425,124	3,372,240
Construction in progress	332,970	1,025,263
	<u>57,156,586</u>	<u>48,339,364</u>
Less accumulated depreciation	<u>27,458,615</u>	<u>24,963,030</u>
	<u>\$29,697,971</u>	<u>\$23,376,334</u>

NOTE F - AGENCY FUND

Chapter dues are billed and collected by the Academy on behalf of many of its chapters and subsequently remitted to the respective chapters. Cash includes chapter dues collected, but not yet remitted, of \$744,146 and \$719,844 as of June 30, 2015 and 2014, respectively.

NOTE G - ENDOWMENT

Endowment

The Academy's endowment consists of approximately 16 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on existences or absences of donor-imposed restrictions.

NOTE G - ENDOWMENT - Continued

Interpretation of Relevant Law

The Board of Directors of the Academy interpreted the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Academy classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment and (2) the original value of subsequent gifts to the permanent endowment. The 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 Academy. In accordance with UPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment funds
3. General economic conditions
4. The expected total return from income and the appreciation of investments
5. Other resources of the Academy
6. The investment policies of the Academy

Return Objectives and Risk Parameters

The Academy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs. Endowment assets include those assets of donor-restricted funds that the Academy must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Academy expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

NOTE G - ENDOWMENT - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Academy has a policy of appropriating for distribution each year no greater than 5% of its endowment fund's fair value over the prior four quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Academy considered the long-term expected return on its endowment. Accordingly, over the long term, the Academy expects the current spending policy to allow its endowment to grow at an average of 1% annually. This is consistent with the Academy's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Academy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Academy targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Academy to retain as a fund of perpetual duration. As of June 30, 2015 and 2014, there were no deficiencies.

American Academy of Pediatrics
 NOTES TO FINANCIAL STATEMENTS
 Years Ended June 30, 2015 and 2014

NOTE G - ENDOWMENT – Continued

Endowment net asset composition by type of fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 883,811	\$ -	\$ -	\$ 883,811
Donor-restricted endowment funds	<u>-</u>	<u>1,001,804</u>	<u>2,668,282</u>	<u>3,670,086</u>
Total Funds	<u>\$ 883,811</u>	<u>\$ 1,001,804</u>	<u>\$ 2,668,282</u>	<u>\$ 4,553,897</u>

Changes in endowment net assets for the year ended June 30, 2015:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 885,115</u>	<u>\$ 1,028,954</u>	<u>\$ 2,538,896</u>	<u>\$ 4,452,965</u>
Investment return:				
Investment income	16,418	74,602	-	91,020
Net gain (realized and change in unrealized)	<u>5,536</u>	<u>(16)</u>	<u>-</u>	<u>5,520</u>
Total Investment Return	<u>21,954</u>	<u>74,586</u>	<u>-</u>	<u>96,540</u>
Contributions	-	-	129,386	129,386
Appropriation of endowment assets for expenditure	(23,258)	(101,455)		(124,713)
Other charges:				
Investment fees	<u>-</u>	<u>(281)</u>	<u>-</u>	<u>(281)</u>
Endowment net assets, end of year	<u>\$ 883,811</u>	<u>\$ 1,001,804</u>	<u>\$ 2,668,282</u>	<u>\$ 4,553,897</u>

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

NOTE G - ENDOWMENT – Continued

Endowment net asset composition by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 885,115	\$ -	\$ -	\$ 885,115
Donor-restricted endowment funds	<u>-</u>	<u>1,028,954</u>	<u>2,538,896</u>	<u>3,567,850</u>
Total Funds	<u>\$ 885,115</u>	<u>\$ 1,028,954</u>	<u>\$ 2,538,896</u>	<u>\$ 4,452,965</u>

Changes in endowment net assets for the year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 831,953</u>	<u>\$ 855,222</u>	<u>\$ 2,334,303</u>	<u>\$ 4,021,478</u>
Investment return:				
Investment income	31,283	93,474	-	124,757
Net gain (realized and change in unrealized)	<u>58,960</u>	<u>204,984</u>	<u>-</u>	<u>263,944</u>
	<u>90,243</u>	<u>298,458</u>	<u>-</u>	<u>388,701</u>
Contributions	-	-	204,593	204,593
Appropriation of endowment assets for expenditure	(33,317)	(117,446)	-	(150,763)
Investment fees	<u>(3,764)</u>	<u>(7,280)</u>	<u>-</u>	<u>(11,044)</u>
Endowment net assets, end of year	<u>\$ 885,115</u>	<u>\$ 1,028,954</u>	<u>\$ 2,538,896</u>	<u>\$ 4,452,965</u>

NOTE H - INCOME TAXES

The Academy is a not-for-profit Illinois corporation organized for scientific and educational purposes and has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Academy has been classified as an organization that is not a private foundation, as defined in Section 509(a) of the IRC. As such, the Academy is only subject to taxation on its unrelated business income less related expenses under Section 512 of the IRC.

The Academy's unrelated business income results from advertising revenue and other non-member revenue. For the years ended June 30, 2015 and 2014, the Academy's unrelated business expenses exceeded unrelated business income. As a result, no provision for income taxes is necessary.

Management has analyzed the tax positions taken by the Academy and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2012.

NOTE I - RETIREMENT PLAN

The Academy maintains a defined contribution retirement plan covering substantially all full-time employees. The plan contains a 401(k) provision that allows employees to make contributions to the plan on a pretax basis, subject to limitations established by the IRC. The Academy contributes an amount equal to the participant's contributions, up to 3% of the participant's compensation \$1 for \$1 and an additional \$.50 on the \$1 for the contributions from 3% to 6%. In addition, the Academy may make discretionary contributions to the plan up to an amount equal to 5% to 10% of the aggregate annual compensation of all employees, less any forfeitures of nonvested employees' accounts. The Academy made 7% discretionary contributions for the year ended June 30, 2015 and 7% for the year ended June 30, 2014 amounting to \$2,449,073 and \$2,392,034 in 2015 and 2014, respectively. Total Academy contributions were \$3,590,136 and \$3,562,139 for the years ended June 30, 2015 and 2014, respectively.

NOTE I - RETIREMENT PLAN - Continued

Effective July 1, 2008, the Academy adopted a 457(f) deferred compensation plan (the 457(f) Plan). The Executive Director shall have a fully vested, nonforfeitable interest in his deferred compensation if the Academy dissolves or if he (1) dies, (2) becomes disabled, or (3) is terminated from employment for reasons other than set forth in the employment agreement.

Effective October 1, 2008, the Academy adopted a 457(b) nonqualified deferred compensation plan. The Executive Director, Associate Executive Directors, Department Directors and employees in equivalent positions are eligible to defer compensation and receive employer discretionary contributions into the plan. All participant deferrals and employer credits are 100% vested immediately. Amounts under the 457(b) plan may only be distributed upon a qualifying distribution, which includes separation from service, death, disability or an unforeseeable emergency.

NOTE J - OPERATING LEASE

The Academy leases office space in Washington, D.C. under a noncancelable, renewable lease that expires in June 2023. Rent expense is recognized on a straight-line basis. In addition to monthly rental payments, the Academy must also pay its proportionate share of real estate taxes on the leased space. The total minimum rental commitments as of June 30, 2015 under this lease, excluding real estate taxes, are due as follows:

Years Ending June 30:

2016	\$ 604,946
2017	620,115
2018	635,621
2019	660,902
2020	677,418
Thereafter	<u>2,135,626</u>
Total	<u><u>\$5,334,628</u></u>

Rental expense amounted to \$1,030,171 and \$909,227 for the years ended June 30, 2015 and 2014, respectively.

NOTE K - CAPITAL LEASES

The Academy has leasehold interests on certain office equipment under agreements that expire at various dates through May 2018. The cost of the leased assets was \$527,040 and \$458,447, and accumulated amortization was \$117,536 and \$245,594 as of June 30, 2015 and 2014, respectively.

The following is a schedule of the future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2015:

	2016	\$	130,378
	2017		123,872
	2018		<u>101,767</u>
Total minimum lease payments			356,017
Less amount representing interest			<u>16,138</u>
Total capital lease obligations		\$	<u>339,879</u>

The Academy also has various maintenance contracts on certain of these capital leases that are expensed on a monthly basis.

NOTE L – DEBT

On February 20, 2015, the Academy entered into a term loan agreement with FirstMerit Bank to borrow up to \$15,000,000 to purchase land. On February 27, 2015, \$8,400,000 was borrowed and is outstanding at June 30, 2015. The outstanding balance on this loan is secured by all assets of the Academy. The term loan matures on February 20, 2020 with principal payments beginning upon the sale of the current building. Interest is charged at the Eurocurrency Rate plus one percent. The interest rate at June 30, 2015 was 1.184 percent. Under the agreement, the Academy is subject to various financial covenants.

NOTE M – SUBSEQUENT EVENTS

On July 29, 2015, the Academy entered into a construction contract with a general contractor to design and build its new headquarters office building. Total costs have not been determined, but a fixed fee of \$600,000 is included for supervisory costs and a retainage/contingency ranging from 5 to 10 percent.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

To the Board of Directors
American Academy of Pediatrics

We have audited the accompanying financial statements of American Academy of Pediatrics (the "Academy") as of and for the years ended June 30, 2015 and 2014 and have issued our report thereon dated September 22, 2015, 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. The supplementary information is presented for purposes of additional information and is not a required part of the 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

September 22, 2015

American Academy of Pediatrics
DEPARTMENTAL REVENUE AND EXPENSES BY TYPE
Year ended June 30, 2015

	Executive Director, Board, development public relations and human resources	Federal affairs	State and chapter affairs	Information technology	Finance	Membership	Marketing and publications	Public education	Education administration
Revenues									
Membership dues	\$ 28,082	\$ -	\$ 19,875	\$ -	\$ -	\$24,183,457	\$ -	\$ 5,387	\$ -
Administrative income	-	-	-	-	-	-	-	-	-
NCE and FOP	-	-	-	-	-	-	-	-	-
Contracts and grants	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	39,671	1,281,248	-
Royalties	-	-	10,716	-	-	608,570	443,171	69,297	-
Manuals and publications	-	-	-	-	-	1,459,166	5,559,875	873,766	63,244
Subscriptions	-	-	-	-	-	-	5,088,065	526,199	-
Continuing education	-	51,175	-	-	-	-	-	-	-
Contributions	1,355,258	-	100	-	5,912,101	753	-	150	-
Release from Restrictions	399,375	-	294,044	-	(6,272,048)	525,627	555,000	1,419,641	-
Net investment income	-	-	-	-	1,087,028	-	-	-	-
Other income	203,939	197,069	181,111	50	(959,527)	122,251	570,858	112,434	463,881
	<u>1,986,654</u>	<u>248,244</u>	<u>505,846</u>	<u>50</u>	<u>(232,446)</u>	<u>26,899,824</u>	<u>12,256,640</u>	<u>4,288,122</u>	<u>527,125</u>
Expenses									
Salaries	4,585,756	1,563,886	2,099,610	2,861,405	1,472,355	1,432,270	5,028,505	1,696,542	347,472
Temporary help	87,363	2,842	17,557	12,665	10,790	27,906	39,996	9,275	-
Fringe benefits	1,946,993	490,900	740,685	954,152	491,609	523,170	1,811,456	520,097	100,371
Travel and meetings	796,519	189,406	348,184	11,881	4,485	309,133	407,928	145,854	38,549
Meals	350,375	140,537	120,990	3,251	1,686	195,475	22,022	60,796	9,555
Printing	(155,783)	19,156	45,254	3,692	6,077	209,913	3,484,059	707,740	98,693
Postage and freight	40,110	9,913	8,428	18,892	11,796	169,342	677,881	299,014	591
Software	69,341	22,086	3,352	513,265	143,492	4,005	10,635	45,518	884
Audit and legal	14,059	-	54,334	264	266,552	4,045	33,024	-	21,326
Building and utilities	419,818	1,118,913	248,094	1,027,741	178,836	178,628	707,966	216,881	59,543
Supplies	135,659	68,553	22,163	15,177	3,918	8,350	21,412	25,678	930
Support of other organizations	262,995	-	-	-	-	-	-	-	-
Telephone	46,408	37,475	9,943	276,575	4,992	8,508	19,791	5,421	1,350
Commissions	-	-	-	-	-	-	5,066	278,198	-
Consultant and honoraria	1,322,679	22,605	177,320	956,796	6,930	325,016	585,809	363,438	131,700
Insurance	-	-	-	-	333,376	-	-	-	-
Miscellaneous	581,772	7,305	390,029	-	(209,172)	376,954	316,230	278,232	228
Contracts and grants	-	-	-	-	-	-	-	-	-
	<u>10,504,064</u>	<u>3,693,577</u>	<u>4,285,943</u>	<u>6,655,756</u>	<u>2,727,722</u>	<u>3,772,715</u>	<u>13,171,780</u>	<u>4,652,684</u>	<u>811,192</u>
	<u>\$ (8,517,410)</u>	<u>\$ (3,445,333)</u>	<u>\$ (3,780,097)</u>	<u>\$ (6,655,706)</u>	<u>\$ (2,960,168)</u>	<u>\$23,127,109</u>	<u>\$ (915,140)</u>	<u>\$ (364,562)</u>	<u>\$ (284,067)</u>
Realized/Unrealized Gain/(Loss)	-	-	-	-	450,720	-	-	-	-
Net Income (Expense)	<u>\$ (8,517,410)</u>	<u>\$ (3,445,333)</u>	<u>\$ (3,780,097)</u>	<u>\$ (6,655,706)</u>	<u>\$ (2,509,448)</u>	<u>\$23,127,109</u>	<u>\$ (915,140)</u>	<u>\$ (364,562)</u>	<u>\$ (284,067)</u>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
DEPARTMENTAL REVENUE AND EXPENSES BY TYPE - CONTINUED
Year ended June 30, 2015

	Continuing medical education	Life support	e-Learning & Medical journals	Meeting and convention services	Child Health and Wellness	Research	Pediatric Practice	Subspecialty Pediatrics	Contracts and grants	Total
Revenues										
Membership dues	\$ -	\$ -	\$ -	\$ -	\$ 151,004	\$ -	\$ 75,599	\$ 484,542	\$ -	\$ 24,947,946
Administrative income	45,402	-	-	-	-	-	-	-	-	45,402
NCE and FOP	-	-	-	6,110,795	-	-	-	-	-	6,110,795
Contracts and grants	-	-	-	-	-	-	-	-	21,276,238	21,276,238
Advertising	-	-	3,359,276	537,180	-	-	-	-	-	5,217,375
Royalties	-	1,092,226	390,714	396,616	17,289	-	2,000	60,253	-	3,090,852
Manuals and publications	-	2,201,950	490,797	-	-	-	983,052	1,775,500	-	13,407,350
Subscriptions	-	-	13,215,341	-	-	-	10,285	-	-	18,839,890
Continuing education	3,054,948	3,151,453	58,689	-	26,456	-	-	150,290	-	6,493,011
Contributions	-	210	-	-	4,725	-	4,104	12,047	-	7,289,448
Release from Restrictions	43,335	270,479	459,104	435,300	793,086	-	127,103	949,954	-	-
Net investment income	-	-	-	-	-	-	-	-	-	1,087,028
Other income	8,528	(414,353)	207,226	439,842	65,817	16,803	89,549	219,238	-	1,524,716
	<u>3,152,213</u>	<u>6,301,965</u>	<u>18,181,147</u>	<u>7,919,733</u>	<u>1,058,377</u>	<u>16,803</u>	<u>1,291,692</u>	<u>3,651,824</u>	<u>21,276,238</u>	<u>109,330,051</u>
Expenses										
Salaries	1,110,702	929,404	1,982,819	1,194,521	2,442,061	1,020,219	1,610,290	2,764,436	-	34,142,253
Temporary help	2,291	58,940	4,378	791	4,042	7,086	113	69,182	-	355,217
Fringe benefits	374,612	318,375	760,406	458,377	1,024,479	350,698	632,232	967,175	-	12,465,787
Travel and meetings	606,288	216,262	348,749	3,182,767	436,122	45,114	303,448	1,300,312	-	8,691,001
Meals	1,151,197	73,289	74,110	1,134,900	143,241	11,066	109,224	627,353	-	4,229,067
Printing	255,645	261,791	3,120,325	288,787	41,136	20,180	244,592	319,864	-	8,971,121
Postage and freight	14,331	83,400	893,635	52,778	6,256	25,924	8,284	67,109	-	2,387,684
Software	575	2,756	21,973	7,896	9,643	-	11,988	1,049	-	868,458
Audit and legal	-	11,982	47,848	229	2,490	660	-	2,784	-	459,597
Building and utilities	148,856	140,454	307,637	225,518	535,883	208,399	218,322	308,738	-	6,250,227
Supplies	20,975	18,188	22,236	125,015	41,508	47,456	101,763	143,527	-	822,508
Support of other organizations	-	-	-	-	-	3,000	-	-	-	265,995
Telephone	4,011	8,735	9,212	145,090	25,888	5,026	13,286	16,973	-	638,684
Commissions	-	-	449,625	215,571	-	-	-	-	-	948,460
Consultant and honoraria	69,495	467,531	3,085,891	115,988	348,961	125,826	385,684	501,853	-	8,993,522
Insurance	-	-	-	28,431	-	-	-	-	-	361,807
Miscellaneous	113,623	724,869	238,485	148,728	8,717	25,636	41,878	119,436	-	3,162,950
Contracts and grants	-	-	-	-	-	-	-	-	17,469,595	17,469,595
	<u>3,872,601</u>	<u>3,315,976</u>	<u>11,367,329</u>	<u>7,325,387</u>	<u>5,070,427</u>	<u>1,896,290</u>	<u>3,681,104</u>	<u>7,209,791</u>	<u>17,469,595</u>	<u>111,483,933</u>
	<u>\$ (720,388)</u>	<u>\$ 2,985,989</u>	<u>\$ 6,813,818</u>	<u>\$ 594,346</u>	<u>\$ (4,012,050)</u>	<u>\$ (1,879,487)</u>	<u>\$ (2,389,412)</u>	<u>\$ (3,557,967)</u>	<u>\$ 3,806,643</u>	<u>\$ (2,153,882)</u>
Realized/Unrealized Gain/(Loss)	-	-	-	-	-	-	-	-	-	450,720
Net Income (Expense)	<u>\$ (720,388)</u>	<u>\$ 2,985,989</u>	<u>\$ 6,813,818</u>	<u>\$ 594,346</u>	<u>\$ (4,012,050)</u>	<u>\$ (1,879,487)</u>	<u>\$ (2,389,412)</u>	<u>\$ (3,557,967)</u>	<u>\$ 3,806,643</u>	<u>\$ (1,703,162)</u>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
DEPARTMENTAL REVENUE AND EXPENSES BY TYPE
Year ended June 30, 2014

	Executive Director, Board, development public relations and human resources	Federal affairs	State and chapter affairs	Information technology	Finance	Membership	Marketing and publications	Public education	Education administration
Revenues									
Membership dues	\$ 32,880	\$ -	\$ 20,431	\$ -	\$ -	\$23,270,569	\$ -	\$ -	\$ -
Administrative income	-	-	-	-	-	-	-	-	-
NCE and FOP	-	-	-	-	-	-	-	-	-
Contracts and grants	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	170,056	-	-
Royalties	28,613	-	-	-	-	676,709	473,590	1,473	-
Manuals and publications	-	-	-	-	-	1,464,793	5,383,375	851,836	61,676
Subscriptions	-	-	-	-	-	-	-	-	-
Continuing education	-	37,475	-	-	-	-	-	-	-
Contributions	1,602,449	-	-	-	7,558,034	617	(4,000)	-	-
Release from Restrictions	422,081	-	340,983	-	(7,431,864)	332,972	1,425,000	460,675	-
Net investment income	-	-	-	-	1,828,372	-	-	-	-
Other income	272,712	291,824	184,998	50	(809,368)	96,903	756,527	-	493,453
	<u>2,358,735</u>	<u>329,299</u>	<u>546,412</u>	<u>50</u>	<u>1,145,174</u>	<u>25,842,563</u>	<u>8,204,548</u>	<u>1,313,984</u>	<u>555,129</u>
Expenses									
Salaries	5,446,617	1,395,180	1,864,805	2,853,024	1,524,956	2,609,637	3,625,357	-	715,437
Temporary help	45,233	1,219	13,170	-	11,310	37,186	15,380	-	-
Fringe benefits	2,298,910	430,696	676,917	923,343	516,176	951,832	1,220,177	-	177,372
Travel and meetings	876,612	212,161	242,301	14,318	6,120	353,404	366,974	2,978	43,285
Meals	309,752	160,193	130,638	2,875	1,974	158,877	19,255	357	11,229
Printing	(139,728)	28,462	51,600	4,922	4,531	165,029	3,115,387	328,505	105,107
Postage and freight	44,249	13,013	8,078	15,853	13,048	178,436	716,057	56,453	1,296
Software	53,098	24,132	584	386,057	125,827	7,279	82,792	-	1,542
Audit and legal	62,370	-	9,324	-	108,576	3,250	17,749	-	8,431
Building and utilities	548,078	995,828	269,480	1,123,845	186,813	383,490	483,315	-	62,187
Supplies	155,983	74,508	18,545	25,860	3,479	9,690	12,929	151	3,466
Support of other organizations	390,799	-	-	-	-	-	-	-	-
Telephone	57,210	36,534	10,049	204,384	5,257	33,192	15,793	-	2,951
Commissions	-	-	-	-	-	-	15,633	-	-
Consultant and honoraria	1,182,052	45,040	240,326	405,856	12,060	343,360	379,610	20,012	116,200
Insurance	-	-	-	-	339,862	-	-	-	-
Miscellaneous	246,631	3,456	354,625	-	501,932	348,344	296,037	4,748	137
Contracts and grants	-	-	-	-	-	-	-	-	-
	<u>11,577,866</u>	<u>3,420,422</u>	<u>3,890,442</u>	<u>5,960,337</u>	<u>3,361,921</u>	<u>5,583,006</u>	<u>10,382,445</u>	<u>413,204</u>	<u>1,248,640</u>
	<u>\$ (9,219,131)</u>	<u>\$ (3,091,123)</u>	<u>\$ (3,344,030)</u>	<u>\$ (5,960,287)</u>	<u>\$ (2,216,747)</u>	<u>\$20,259,557</u>	<u>\$ (2,177,897)</u>	<u>\$ 900,780</u>	<u>\$ (693,511)</u>
Realized/Unrealized Gain/(Loss)	-	-	-	-	4,113,619	-	-	-	-
Net Income (Expense)	<u>\$ (9,219,131)</u>	<u>\$ (3,091,123)</u>	<u>\$ (3,344,030)</u>	<u>\$ (5,960,287)</u>	<u>\$ 1,896,872</u>	<u>\$20,259,557</u>	<u>\$ (2,177,897)</u>	<u>\$ 900,780</u>	<u>\$ (693,511)</u>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
DEPARTMENTAL REVENUE AND EXPENSES BY TYPE - CONTINUED
Year ended June 30, 2014

	Continuing medical education	Life support	e-Learning & Medical journals	Meeting and convention services	Child Health and Wellness	Research	Pediatric Practice	Subspecialty Pediatrics	Contracts and grants	Total
Revenues										
Membership dues	\$ -	\$ -	\$ -	\$ -	\$ 141,979	\$ -	\$ 68,261	\$ 500,410	-	\$ 24,034,530
Administrative income	130,033	-	-	-	-	-	-	-	-	130,033
NCE and FOP	-	-	-	5,624,199	-	-	-	-	-	5,624,199
Contracts and grants	-	-	-	-	-	-	-	-	20,308,290	20,308,290
Advertising	-	-	4,614,764	253,315	-	-	-	-	-	5,038,135
Royalties	6,806	1,308,813	495,510	210,300	50	-	-	67,638	-	3,269,502
Manuals and publications	-	2,360,983	569,395	-	-	-	1,296,146	1,259,871	-	13,248,075
Subscriptions	-	-	18,236,455	-	-	-	5,490	-	-	18,241,945
Continuing education	3,575,993	3,337,433	248,210	-	37,030	-	41,850	-	-	7,277,991
Contributions	-	-	-	-	3,601	-	4,872	9,246	-	9,174,819
Release from Restrictions	65,762	236,362	754,737	545,000	1,007,666	-	46,141	1,794,485	-	-
Net investment income	-	-	-	-	-	-	-	-	-	1,828,372
Other income	20,464	(471,380)	108,707	345,791	287,075	-	43,260	153,154	-	1,774,170
	<u>3,799,058</u>	<u>6,772,211</u>	<u>25,027,778</u>	<u>6,978,605</u>	<u>1,477,401</u>	<u>-</u>	<u>1,506,020</u>	<u>3,784,804</u>	<u>20,308,290</u>	<u>109,950,061</u>
Expenses										
Salaries	1,042,958	962,313	3,416,054	1,239,947	2,346,500	807,330	1,852,681	2,388,462	-	34,091,258
Temporary help	5,238	24,724	49,859	12,792	1,638	708	-	45,973	-	264,430
Fringe benefits	365,518	313,474	1,243,175	436,948	972,805	298,194	721,327	767,902	-	12,314,766
Travel and meetings	797,479	290,119	402,476	2,996,776	527,610	45,595	285,411	1,155,349	-	8,618,968
Meals	1,376,085	70,132	84,065	1,110,569	155,592	10,118	113,215	484,028	-	4,198,954
Printing	324,298	262,755	4,009,257	423,688	73,904	12,452	378,621	497,131	-	9,645,921
Postage and freight	19,822	55,663	1,368,516	86,699	7,502	16,087	4,456	24,807	-	2,630,035
Software	5,884	1,158	22,359	5,101	875	1,868	36,172	563	-	755,291
Audit and legal	-	3,000	40,520	652	2,037	-	5,044	3,930	-	264,883
Building and utilities	155,629	156,116	507,866	242,318	549,324	217,657	260,325	247,540	-	6,389,811
Supplies	18,274	24,428	43,070	123,178	64,645	65,689	76,306	188,390	-	908,591
Support of other organizations	-	-	-	-	-	3,000	-	-	-	393,799
Telephone	6,399	12,534	16,627	126,860	29,535	6,863	25,787	20,927	-	610,902
Commissions	-	-	747,718	143,166	-	-	-	-	-	906,517
Consultant and honoraria	80,980	537,222	2,638,739	419,574	332,377	103,818	333,186	250,740	-	7,441,152
Insurance	-	-	-	30,451	-	-	-	-	-	370,313
Miscellaneous	165,622	718,778	363,829	(146,977)	244,034	15,644	59,286	141,919	-	3,318,045
Contracts and grants	-	-	-	-	-	-	-	-	16,551,188	16,551,188
	<u>4,364,186</u>	<u>3,432,416</u>	<u>14,954,130</u>	<u>7,251,742</u>	<u>5,308,378</u>	<u>1,605,023</u>	<u>4,151,817</u>	<u>6,217,661</u>	<u>16,551,188</u>	<u>109,674,824</u>
	<u>\$ (565,128)</u>	<u>\$ 3,339,795</u>	<u>\$ 10,073,648</u>	<u>\$ (273,137)</u>	<u>\$ (3,830,977)</u>	<u>\$ (1,605,023)</u>	<u>\$ (2,645,797)</u>	<u>\$ (2,432,857)</u>	<u>\$ 3,757,102</u>	<u>\$ 275,237</u>
Realized/Unrealized Gain/(Loss)	-	-	-	-	-	-	-	-	-	4,113,619
Net Income (Expense)	<u>\$ (565,128)</u>	<u>\$ 3,339,795</u>	<u>\$ 10,073,648</u>	<u>\$ (273,137)</u>	<u>\$ (3,830,977)</u>	<u>\$ (1,605,023)</u>	<u>\$ (2,645,797)</u>	<u>\$ (2,432,857)</u>	<u>\$ 3,757,102</u>	<u>\$ 4,388,856</u>

See report of independent certified public accountants regarding supplemental information.

**American Academy of Pediatrics
CONTRACTS GRANT INFORMATION
Year Ended June 30, 2015**

	Over/(Under) Expended Balance June 30, 2014	Contracts and Grants Received	Revenue Recognized	Over/(Under) Expended Balance June 30, 2015
Nongovernmental:				
<u>Office of the Executive Director</u>				
FAMRI - Admin Core	\$ (737,643)	\$ 1,936,357	\$ 10,067	\$ 1,208,781
FAMRI - Measurement	(141,076)	76,183	(1,322)	(66,215)
FAMRI - Datasets	(121,926)	(178,599)	(12,695)	(313,220)
FAMRI - Building the Field	(339,038)	1,593	(67)	(337,512)
FAMRI - Nanotechnology	50,081	(240,974)	41	(190,852)
FAMRI - CSCNA/DUST	(37,715)	(21,643)	-	(59,358)
FAMRI - VEST	(14,420)	(102,679)	(21,196)	(138,295)
FAMRI - RISSK	(28,760)	(53,655)	22,318	(60,097)
FAMRI - ECIG	(3,990)	(38,588)	(655)	(43,233)
Richmond Center of Excellence for Children (FAMRI) - CORE	-	(2,571,495)	314,501	(2,256,994)
Richmond Center of Excellence for Children (FAMRI) - MEAS	-	-	66,879	66,879
Richmond Center of Excellence for Children (FAMRI) - DATA	-	-	315,719	315,719
Richmond Center of Excellence for Children (FAMRI) - BTF	-	-	253,465	253,465
Richmond Center of Excellence for Children (FAMRI) - NANO	-	-	235,414	235,414
Richmond Center of Excellence for Children (FAMRI) - VEST	-	-	22,347	22,347
Richmond Center of Excellence for Children (FAMRI) - RISKK	-	-	31,894	31,894
Richmond Center of Excellence for Children (FAMRI) - ECIG	-	-	124,870	124,870
Eliminating Children's Exposure to Tobacco (Legacy)	(41,261)	(141,249)	141,249	(41,261)
Asking the Right Questions? Clinicians and Tobacco Cessation in the Clinical Encounter	(125,085)	-	125,085	-
Adolescent Health Consortium	-	(700,000)	429,325	(270,675)
Subtotal Office of the Executive Director	(1,540,833)	(2,034,749)	2,057,239	(1,518,343)
<u>International Office</u>				
Vaccine Awareness - UNF	(64,238)	-	64,238	-
Immunization Advocacy - Gates	(326,886)	-	326,886	-
Survive & Thrive GDA - Laerdal/ACNM	(278,226)	-	184,887	(93,339)
Inter-professional Study of Oral Health Promotion in Primary Care	-	-	-	-
NCD Child - Astra Zeneca/ Charities Aid Foundation	(32,118)	-	32,118	-
NCD Child - Astra Zeneca/ Charities Aid Foundation	-	(70,000)	69,507	(493)
NCD Child - Astra Zeneca/ Charities Aid Foundation	-	(410,000)	25,425	(384,575)
NCD Child - Medtronic	(33,198)	-	33,198	-
Helping 100,000 Babies Survive and Thrive	-	(604,808)	80,028	(524,780)
NCD Child - UNICEF PCA	-	(36,000)	33,052	(2,948)
Survive and Thrive GDA - Secretariat	-	(50,000)	-	(50,000)
Survive and Thrive GDA - Website Development	-	(100,000)	2,914	(97,086)
NCD Child - Pfizer	-	(20,000)	2,803	(17,197)
NCD Child - Novo Nordisk	-	(60,000)	4,554	(55,446)
Subtotal International Office	(734,666)	(1,350,808)	859,610	(1,225,864)
<u>Department of Federal Affairs</u>				
Food Safety & Health Issues	42,828	(53,200)	10,372	-
Subtotal Department of Federal Affairs	42,828	(53,200)	10,372	-
<u>Department of Community, Chapter and State Affairs</u>				
CATCH Planning Grants	(54,688)	-	(600)	(55,288)
CATCH Program (A)	(65,688)	-	26,502	(39,186)
Chapter Maintenance of Certification Network (A)	(2,862)	-	2,441	(421)
CATCH Program (B)	(61,283)	-	33,131	(28,152)
CATCH Grant Awards	(49,719)	-	35,460	(14,259)
CATCH Grant Awards 2011-2013	(67,049)	-	37,864	(29,185)
CATCH Programs Pfizer 2012 - 2014	(97,565)	-	37,649	(59,916)
CATCH Programs Pfizer 2013 - 2015	(96,646)	-	76,030	(20,616)
CATCH Programs Pfizer 2014 - 2016	(20,000)	(130,000)	-	(150,000)
CATCH Program (C)	(19,220)	-	19,220	-
Healthy Active Living Obesity Prevention	(162,673)	-	96,162	(66,511)
Teen Safe Driving Program	(172)	172	-	-
Accelerating Improved Care for Children with Asthma Program	(155,942)	-	150,538	(5,404)
CQN Asthma Project GSK	-	(332,935)	216,885	(116,050)
CQN ADHD Pfizer	-	(1,200,000)	199,439	(1,000,561)
Community-Pediatric Partnerships for Child Well-being	-	(149,452)	28,955	(120,497)
Subtotal Department of Community, Chapter and State Affairs	(853,507)	(1,812,215)	959,676	(1,706,046)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANT INFORMATION - CONTINUED
Year Ended June 30, 2015

	Over/(Under) Expended Balance June 30, 2014	Contracts and Grants Received	Revenue Recognized	Over/(Under) Expended Balance June 30, 2015
Nongovernmental - Continued:				
<u>Department of Communications</u>				
Vaccine Advocacy Campaign	\$ (255,378)	\$ -	\$ 99,921	\$ (155,457)
Subtotal Department of Communications	(255,378)	-	99,921	(155,457)
<u>Department of Membership</u>				
Bruton Lectureship	(11,668)	(173)	-	(11,841)
Subtotal Department of Membership	(11,668)	(173)	-	(11,841)
<u>Department of Education</u>				
HBB Newborn Resuscitation - Africa	-	-	-	-
eQIPP - Growth Hormone Module	14,970	(14,970)	-	-
Helping Babies Breathe	(559,058)	-	130,362	(428,696)
EQIPP: Judicious Use of Antibiotics	(123,991)	-	120,741	(3,250)
Helping Babies Breathe (RMHC)	-	(239,654)	6,359	(233,295)
Subtotal Department of Education	(668,079)	(254,624)	257,462	(665,241)
<u>Department of Community & Speciality Pediatrics</u>				
Medical Home Program (Private)	(165,327)	-	64,670	(100,657)
D-PIP Qualitative Interviews	(4,304)	4,304	-	-
Connected Kids	-	3,449	(3,449)	-
St. Christopher's Foundation for Children	(13,784)	-	13,784	-
Medical Home Chapter Champions Program on Asthma, Allergy and Anaphylaxis	(93,065)	(8,000)	139,741	38,676
Early Literacy Toolkit Revision	-	(100,000)	100,000	-
Practice Improvement to Address Adolescent Substance Use	-	(368,559)	142,989	(225,570)
Development of a P-5 Obesity Prevention Policy Agenda	-	(224,990)	80,371	(144,619)
Virtual Reality Motivational Interviewing Full Module	-	-	7,757	7,757
Subtotal Department of Community & Speciality Pediatrics	(276,480)	(693,796)	545,863	(424,413)
<u>Department of Research</u>				
Secondary Sexual Characteristic in Boys	(3,031)	-	3,031	-
Measuring Physicians' Opinions of CER to Strengthen Its Role in Patient-Centered Care	-	(65,484)	65,484	-
Subtotal Department of Research	(3,031)	(65,484)	68,515	-
<u>Department of Practice</u>				
Children's Dental Campaign II - supplement	21,317	(292,143)	180,996	(89,830)
Oral Health Training	(3,056)	-	3,056	-
Inter-Professional Study of Oral Health Promotion in Primary Care	-	(15,000)	2,916	(12,084)
Campaign fo Dental Health	-	(189,115)	35,600	(153,515)
Pediatric Integrative Medicine Summit II	-	(24,500)	24,500	-
Subtotal Department of Practice	18,261	(520,758)	247,068	(255,429)
<u>Department of Subspecialty Pediatrics</u>				
Brett Ratner Memorial	(9,099)	(104)	2,729	(6,474)
Comparison of Immunization QI Dissemination Strategies	-	(23,318)	23,318	-
Helping Babies Survive Program: Beta Testing and Evaluation of Educational Validity	(13,605)	-	-	(13,605)
QI Innovation: Improving Access to Care for Children and Youth with Endo Needs	-	(360,000)	42,116	(317,884)
Perinatal Research Conference	-	(194,250)	158,172	(36,078)
Perinatal Research Conference	-	(288,750)	2,100	(286,650)
Subtotal Department of Subspecialty Pediatrics	(22,704)	(866,422)	228,435	(660,691)
TOTAL NON-GOVERNMENTAL	(4,305,257)	(7,652,229)	5,334,161	(6,623,325)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANT INFORMATION - CONTINUED
Year Ended June 30, 2015

	Over/(Under) Expended Balance June 30, 2014	Contracts and Grants Received	Revenue Recognized	Over/(Under) Expended Balance June 30, 2015
GOVERNMENTAL:				
<u>Office of the Executive Director</u>				
Adolescent Smoking Cessation in Pediatric Primary Care	\$ -	\$ (204,292)	\$ 204,292	\$ -
Changing Pediatric Office Systems Nationally to Address Parental Tobacco Use	-	(199,479)	199,479	-
Providing Technical Assistance for Effective Tobacco Cessation Policies	(1,080)	(27,769)	28,849	-
Providing Technical Assistance for Effective Tobacco Cessation Policies	-	(40,685)	40,685	-
Subtotal Office of the Executive Director	(1,080)	(472,225)	473,305	-
<u>Department of Community, Chapter and State Affairs</u>				
Healthy Tomorrow's Partnership	-	(8,503)	8,503	-
Medical Home - Healthy Tomorrows Project	-	(7,443)	7,443	-
Medical Home - Healthy Tomorrows Project	-	(173,470)	173,470	-
Subtotal Department of Community, Chapter and State Affairs	-	(189,416)	189,416	-
<u>Office of International Affairs</u>				
Pediatric Disaster Course Program - Honduras	-	(11,463)	11,463	-
Survive and Thrive GDA - MCSP/Jhpiego/Save the Children	-	(369,828)	369,828	-
Subtotal Office of International Affairs	-	(381,291)	381,291	-
<u>Department of Education</u>				
MCHIP Helping Babies Breathe	-	982	(982)	-
Grand Challenge for Development - Transitions	-	(50,880)	50,880	-
Subtotal Department of Education	-	(49,898)	49,898	-
<u>Department of Community & Specialty Pediatrics</u>				
Healthy Child Care Partnership	-	(330,317)	330,317	-
Bright Futures Pediatric Implementation	-	(1,036,535)	1,036,535	-
Bright Futures - Young Investigators Award Supplement	-	(130,052)	130,052	-
Bright Futures Pediatric Implementation	-	(195,962)	195,962	-
Bright Futures - Early Childhood System	-	(92,395)	92,395	-
Program to Enhance Health & Development of Infants and Children	-	(239,305)	239,305	-
Program to Enhance Health & Development of Infants and Children - Disaster Preparedness	-	(35,866)	35,866	-
Medicaid and Children's Health Insurance Programs: Children's Health Insurance Program Reauthorization Act: Sect 401(D)	(24,275)	-	24,275	-
Medicaid and Children's Health Insurance Programs: Children's Health Insurance Program Reauthorization Act: Sect 401(D)	2,817	(276,119)	273,302	-
Genetics in Primary Care	-	(35,273)	35,273	-
Priority 7 - School Health Services (SHS)	-	(270,648)	270,648	-
Priority 7 - School Health Services (SHS)	-	(4,955)	4,955	-
National Center on Health	-	17,160	(17,160)	-
National Center on Health	-	(1,784,869)	1,784,869	-
National Center on Health	-	(3,924,787)	3,924,787	-
OVC Action Partnerships for National Membership	-	(45,613)	45,613	-
Adolescent Reproductive Sexual Health	911	(22,888)	21,977	-
Collaborative Regional Networks Survey	(8,310)	(2,500)	10,810	-
Medical Home Capacity Building for CSHCN	-	(32,162)	32,162	-
Medical Home - EHDI	-	(2,202)	2,202	-
Medical Home Implementation for Children with Special Health Care Needs	-	(628,136)	628,136	-
Medical Home - EHDI	-	(186,314)	186,314	-
Public Health Program to Enhance the Health and Development of Children	-	(78,647)	78,647	-

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANT INFORMATION - CONTINUED
Year Ended June 30, 2015

	Over/(Under) Expended Balance June 30, 2014	Contracts and Grants Received	Revenue Recognized	Over/(Under) Expended Balance June 30, 2015
<i>Department of Community & Specialty Pediatrics - Continued</i>				
Fetal Alcohol Spectrum Disorders: Prevention, Early Identification and Management	\$ -	\$ (158,271)	\$ 158,271	\$ -
Delay	-	(149,177)	149,177	-
Legacy for Children Primary Care Pilot	-	(130,858)	130,858	-
Improving Ped Community's Readiness and Response to Seasonal and Pandemic Influenza	-	(138,683)	138,683	-
Improve Monitoring and Screening of Developmental Delays through Learn the Signs	-	(62,048)	62,048	-
PPHF 2013: OSTLTS Partnerships CBA of the PHS (NCBDDD - EHI Capacity in Pediatrics)	-	(83,662)	83,662	-
PPHF 2013: OSTLTS Partnerships CBA of the PHS (CISP)	-	(120,469)	120,469	-
Reducing Infant Mortality	-	(3,556)	3,556	-
Providers' Clinical Support System for Opioid Therapies	-	(3,865)	3,865	-
Transition to Medication Self-Management for Youth with ASD & Co-Occurring ADHD	-	(109,082)	109,082	-
Evidence-based childhood obesity treatment: Improving access and systems of care	-	(14,219)	14,219	-
Outreach and Education to Health Care Providers on Substance Use Project 4: Agency for Health Care Administration Center on Healthy, Resilient Children	-	(703)	703	-
	-	(49,653)	-	(49,653)
<i>Subtotal Department of Community & Specialty Pediatrics</i>	(28,857)	(10,362,631)	10,341,835	(49,653)
<i>Department of Research</i>				
MCH Research Network Program	-	(78,128)	78,128	-
MCH Research Network Program	-	(326,846)	326,846	-
Addressing Parental Smoking by Changing Pediatric Office Systems	30	-	-	30
Adolescent Smoking Cessation in Pediatric Primary Care	-	(71,452)	71,452	-
Primary Care Drug Therapeutics CER in a Pediatric EHR Network	-	(314,005)	314,005	-
Primary Care Drug Therapeutics CER in a Pediatric EHR Network	-	(706,036)	706,036	-
National Center for Pediatric Practice Based Research & Learning	-	(16,753)	16,753	-
National Center for Pediatric Practice Based Research & Learning	-	(65,261)	65,261	-
Informing Policy to Implement Pediatric Family Engagement in Meaningful Use Stage 3	(1,668)	(75,935)	77,603	-
<i>Subtotal Department of Research</i>	(1,638)	(1,654,416)	1,656,084	30
<i>Department of Practice</i>				
Childhood Immunization Support Program	-	(39,573)	39,573	-
IHS CONACH Activities	(4,782)	(65,490)	65,490	(4,782)
Alliance for Information on Maternal and Child Health Program	-	(73,699)	73,699	-
Increasing Adolescent Immunization Rates through Pediatric Partnerships	-	(58,905)	58,905	-
Increasing Adolescent Immunization Rates through Pediatric Partnerships	-	(131,796)	131,796	-
Asthma Mobile App Development, Dissemination and Evaluation	-	(87,479)	87,479	-
Building Capacity of the PHS to Improve Population Health through National, Nonprofit Organizations	-	(71,243)	71,243	-
HPV	-	(117,856)	117,856	-
National Center for Health Insurance and Financing for CYSHCN	-	(4,312)	4,312	-
National Center for Health Insurance and Financing for CYSHCN	-	(43,175)	43,175	-
PPHF 2014: Improving Immunization Rates & Enhancing Dis Prev through P'ships w/ Providers	-	(446,543)	446,543	-
Alliance for Innovation on Maternal and Child Health (AIM)	-	(72,576)	72,576	-
<i>Subtotal Department of Practice</i>	(4,782)	(1,212,647)	1,212,647	(4,782)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANT INFORMATION - CONTINUED
Year Ended June 30, 2015

	Over/(Under) Expended Balance June 30, 2014	Contracts and Grants Received	Revenue Recognized	Over/(Under) Expended Balance June 30, 2015
<i>Department of Subspecialty Pediatrics</i>				
CHIPRA Pediatric Healthcare Quality Measures Program Centers for Excellence (PMCoE)	\$ -	\$ (233,341)	\$ 233,341	\$ -
Coordinating Center for Access to Services for Children and Youths with Epilepsy	-	(145,289)	145,289	-
Coordinating Center for Access to Services for Children and Youths with Epilepsy	-	(655,142)	655,142	-
Pediatric Emergency and Disaster Preparedness	-	(15,000)	15,000	-
Children's EHR Format Enhancement	-	(3,068)	3,068	-
Meeting the Environmental Health Needs of Children	-	(526,091)	526,091	-
Reducing Diagnostic Errors in Primary Care Pediatrics	-	(59,670)	59,670	-
<i>Subtotal Department of Subspecialty Pediatrics</i>	<u>-</u>	<u>(1,637,601)</u>	<u>1,637,601</u>	<u>-</u>
TOTAL GOVERNMENTAL	<u>(36,357)</u>	<u>(15,960,125)</u>	<u>15,942,077</u>	<u>(54,405)</u>
TOTAL CONTRACT & GRANTS	<u>\$ (4,341,614)</u>	<u>\$ (23,612,354)</u>	<u>\$ 21,276,238</u>	<u>\$ (6,677,730)</u>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANTS INFORMATION
Year ended June 30, 2014

	Over (under) expended balance June 30, 2013	Contracts and grants received	Revenue recognized	Over (under) expended balance June 30, 2014
Nongovernmental:				
<u>Office of the Executive Director</u>				
FAMRI - Admin Core	\$ (699,084)	\$ (527,218)	\$ 488,659	\$ (737,643)
FAMRI - Measurement	(92,031)	(66,215)	17,170	(141,076)
FAMRI - Datasets	(103,261)	(313,221)	294,556	(121,926)
FAMRI - Building the Field	(275,907)	(337,512)	274,381	(339,038)
FAMRI - Nanotechnology	54,788	(190,852)	186,144	50,080
FAMRI - CSCNA	(23,788)	(59,358)	45,431	(37,715)
FAMRI - VEST	(16,622)	(138,294)	140,496	(14,420)
FAMRI - RISSK	(23,082)	(60,097)	54,420	(28,759)
FAMRI - ECIG	10,850	(43,233)	28,393	(3,990)
Exposure to Tobacco- RCE	31,835	(31,835)	-	-
Eliminating Children's Exposure to Tobacco (Legacy)	-	(180,513)	139,252	(41,261)
Asking the Right Questions? Clinicians and Tobacco Cessation in the Clinical Encounter	(192,450)	-	67,365	(125,085)
Subtotal Office of the Executive Director	(1,328,752)	(1,948,348)	1,736,267	(1,540,833)
<u>International Office</u>				
Vaccine Awareness - UNF	(28,016)	-	28,016	-
Vaccine Awareness - UNF	(89,171)	-	89,171	-
Vaccine Awareness - UNF	-	(125,000)	60,762	(64,238)
Immunization Advocacy	(164,185)	(501,797)	339,096	(326,886)
Immunization Advocacy	-	(318,050)	39,824	(278,226)
Immunization Advocacy	-	(50,000)	17,882	(32,118)
Immunization Advocacy	-	(35,000)	1,803	(33,197)
Subtotal International Office	(281,372)	(1,029,847)	576,554	(734,665)
<u>Department of Federal Affairs</u>				
Food Safety & Health Issues	66,626	(145,075)	121,277	42,828
Subtotal Department of Federal Affairs	66,626	(145,075)	121,277	42,828
<u>Department of Community, Chapter and State Affairs</u>				
CATCH Planning Grants	(102,404)	-	47,716	(54,688)
CATCH Program (A)	(130,833)	-	65,145	(65,688)
Milk PEP	(7,945)	-	7,945	-
CATCH Implementation grants	(4,222)	-	4,222	-
Chapter Maintenance of Certification Network	(2,861)	-	-	(2,861)
CATCH Program (B)	(117,166)	(796)	56,679	(61,283)
CATCH Grant Awards	(84,496)	-	34,777	(49,719)
CATCH Grant Awards 2011-2013	(157,584)	-	90,535	(67,049)
CATCH Programs Pfizer 2012 - 2014	(317,705)	-	220,140	(97,565)
CATCH Programs Pfizer 2013 - 2015	-	(150,000)	53,354	(96,646)
CATCH Programs Pfizer 2014 - 2016	-	(20,000)	-	(20,000)
Transforming Pediatric Residency Training	(41,755)	-	41,755	-
Children's Dental Campaign II	18,315	(25,000)	6,685	-
CATCH Program (C)	(59,362)	-	40,142	(19,220)
Healthy Active Living Obesity Prevention	(292,194)	268,393	23,801	-
Healthy Active Living Obesity Prevention	-	(268,393)	105,720	(162,673)
Teen Safe Driving Program	(22,819)	(137,000)	159,647	(172)
Accelerating Improved Care for Children with Asthma Program	(535,132)	(116,929)	496,119	(155,942)
Subtotal Department of Community, Chapter and State Affairs	(1,858,163)	(449,725)	1,454,382	(853,506)
<u>Department of Communications</u>				
Protect Tomorrow II	(391,388)	388,408	2,980	-
Vaccine Advocacy Campaign	-	(388,408)	133,030	(255,378)
Subtotal Department of Communications	(391,388)	-	136,010	(255,378)
<u>Department of Membership</u>				
Bruton Lectureship	(11,344)	(321)	-	(11,665)
Subtotal Department of Membership	(11,344)	(321)	-	(11,665)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANTS INFORMATION - CONTINUED
Year ended June 30, 2014

	Over (under) expended balance June 30, 2013	Contracts and grants received	Revenue recognized	Over (under) expended balance June 30, 2014
Nongovernmental - Continued				
<u>Department of Education</u>				
NeoReviews/PIR On-Line	\$ (68,334)	\$ -	\$ 68,334	\$ -
Pediatric Leadership Alliance	(2,957)	-	2,957	-
HBB Newborn Resuscitation - Africa	-	(6,584)	6,584	-
eQIPP - Growth Hormone Module	(12,312)	-	27,282	14,970
Helping Babies Breathe	-	(600,000)	40,942	(559,058)
EQIPP: Judicious Use of Antibiotics	-	(149,700)	25,708	(123,992)
Subtotal Department of Education	(83,603)	(756,284)	171,807	(668,080)
Medical Home Program (Private)	(184,583)	-	19,257	(165,326)
D-PIP Qualitative Interviews	(4,304)	-	-	(4,304)
Obesity Funding - Beyond the Toolkit	(39,429)	-	39,429	-
Connected Kids	(6,090)	(3,449)	9,539	-
St. Christopher's Foundation for Children	(14,191)	(15,000)	15,407	(13,784)
Medical Home Chapter Champions Program on Asthma, Allergy and Anaphylaxis	-	(100,000)	6,935	(93,065)
Subtotal Department of Community & Specialty Pediatrics	(248,597)	(118,449)	90,567	(276,479)
<u>Department of Research</u>				
Secondary Sexual Characteristic in Boys - Pfizer	(7,225)	-	4,194	(3,031)
Subtotal Department of Research	(7,225)	-	4,194	(3,031)
<u>Department of Practice</u>				
Children's Dental Campaign II - supplement	(42,853)	(113,377)	177,546	21,316
Oral Health Training	-	(6,862)	3,806	(3,056)
Comparison of Immunization QI Dissemination Strategies	-	(40,590)	40,590	-
Inter-Professional Study of Oral Health Promotion in Primary Care	-	(31,500)	31,500	-
Subtotal Department of Practice	(42,853)	(192,329)	253,442	18,260
<u>Department of Subspecialty Pediatrics</u>				
Brett Ratner Memorial	(8,848)	(251)	-	(9,099)
Helping Babies Survive Program	(69,032)	-	55,428	(13,604)
Subtotal Department of Subspecialty Pediatrics	(77,880)	(251)	55,428	(22,703)
TOTAL NON-GOVERNMENTAL	\$ (4,264,551)	\$ (4,640,629)	\$ 4,599,928	\$ (4,305,252)
GOVERNMENTAL:				
<u>Office of the Executive Director</u>				
Adolescent Smoking Cessation in Pediatric Primary Care	\$ -	\$ (271,634)	\$ 271,634	\$ -
Changing Pediatric Office Systems Nationally to Address Parental Tobacco Use	-	(198,739)	198,739	-
Using Health Outcomes in Establishing the Effectiveness of Clinical Preventative Services	-	(1,475)	1,475	-
Providing Technical Assistance for Effective Tobacco Cessation Policies	-	(22,833)	21,753	(1,080)
Subtotal Office of the Executive Director	-	(494,681)	493,601	(1,080)
<u>Department of Community, Chapter & State Affairs</u>				
Healthy Tomorrow's Partnership	-	(58,782)	58,782	-
Medical Home - Healthy Tomorrow's Partnership	-	(127,285)	127,285	-
Subtotal Department of Community, Chapter & State Affairs	-	(186,067)	186,067	-
<u>Office of International Affairs</u>				
Survive and Thrive GDP	-	(140,847)	140,847	-
Survive and Thrive GDP - Jhpiego Burma	-	(70,000)	70,000	-
Pediatric Disaster Course Program - Honduras	-	(19,317)	19,317	-
Subtotal Office of International Affairs	-	(230,164)	230,164	-
<u>Department of Education</u>				
MCHIP - Helping Babies Breathe	-	(101,897)	101,897	-
Subtotal Department of Education	-	(101,897)	101,897	-

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANTS INFORMATION
Year ended June 30, 2014

	Over (under) expended balance June 30, 2013	Contracts and grants received	Revenue recognized	Over (under) expended balance June 30, 2014
GOVERNMENTAL - Continued				
<u><i>Department of Community & Specialty Pediatrics</i></u>				
Healthy Child Care Partnership	\$ -	\$ (346,772)	\$ 346,772	\$ -
Bright Futures Pediatric Implementation	-	(1,111,582)	1,111,582	-
Bright Futures - Young Investigators Award Supplement	-	(134,037)	134,037	-
Bright Futures - Early Childhood System	-	(168,633)	168,633	-
National Center for CSHCN	-	(9,510)	9,510	-
Early Hearing Diagnosis & Intervention	-	(2,613)	2,613	-
Program to Enhance Health & Development of Intants and Children	-	(592,699)	592,699	-
Program to Enhance Health & Development of Intants and Children - Disaster Preparedness	-	(178,382)	178,382	-
Medicaid and Children's Health Insurance Programs: Children's Health Insurance Program Reauthorization Act: Sect 401(D)	(120,760)	(214,925)	311,411	(24,274)
Medicaid and Children's Health Insurance Programs: Children's Health Insurance Program Reauthorization Act: Sect 401(D)	-	(121,816)	124,633	2,817
Genetics in Primary Care	-	(579,732)	579,732	-
Priority 7 - School Health Services (SHS)	-	(275,916)	275,916	-
National Center on Health	-	(2,126,230)	2,126,230	-
National Center on Health	-	(2,477,981)	2,477,981	-
Public Health Conference for Birth Defects and Developmental Disabilities	-	(21,376)	21,376	-
OVC Action Partnerships for National Membership	(3,349)	(140,556)	143,905	-
Adolescent Reproductive Sexual Health	-	(116,126)	117,037	911
Medical Countermeasures Guideline Development	-	(64,675)	64,675	-
Collaborative Regional Networks Survey	-	(22,500)	14,190	(8,310)
Medical Home Capacity Building for CSHCN	-	(606,583)	606,583	-
Medical Home - EHDI	-	(112,738)	112,738	-
Subtotal Department of Committees & Sections	(124,109)	(9,425,382)	9,520,635	(28,856)
<u><i>Department of Research</i></u>				
MCH Research Network Program	-	(365,616)	365,616	-
Body Mass Index 2	-	(88,724)	88,724	-
Addressing Parental Smoking by Changing Pediatric Office Systems	30	-	-	30
Adolescent Smoking Cessation in Pediatric Primary Care	-	(149,532)	149,532	-
ARRA - MCH Pediatric Research Network Program	-	(821,788)	821,788	-
Mount Sinai Collaboration for Advancing Pediatric Quality Measures	-	-	-	-
Primary Care Drug Therapeutics CER in a Pediatric EHR Network	-	(1,041,170)	1,041,170	-
National Center for Pediatric Practice Based Research & Learning	-	(143,764)	143,764	-
Informing Policy to Implement Pediatric Family Engagement in Meaningful Use Stage 3	-	(99,140)	97,473	(1,667)
Subtotal Department of Research	30	(2,709,734)	2,708,067	(1,637)
<u><i>Department of Practice</i></u>				
Childhood Immunization Support Program	-	(191,334)	191,334	-
IHS CONACH Activities	(38,761)	-	33,979	(4,782)
Alliance for Information on Maternal and Child Health Program	-	(156,154)	156,154	-
CHIPRA Pediatric Healthcare Quality Measures in Program Centers of Excellence	-	(236,443)	236,443	-
CHIPRA Pediatric Healthcare Quality Measures in Program Centers of Excellence	-	(114,853)	114,853	-
Increasing Adolescent Immunization Rates through Pediatric Partnerships	-	(185,244)	185,244	-
Asthma Mobile App Development, Dissemination and Evaluation	-	(95,520)	95,520	-
Building Capacity of the PHS to Improve Population Health through National, Nonprofit Organizations	-	(86,586)	86,586	-
Capacity Building Assistance for Strong Provider Recommendation for HPV	-	(1,082,143)	1,082,143	-
National Center for Health Insurance and Financing for CYSHCN	-	(28,880)	28,880	-
Subtotal Department of Practice	(38,761)	(2,177,157)	2,211,136	(4,782)
<u><i>Department of Subspecialty Pediatrics</i></u>				
Coordinating Center for Access to Services for Children and Youths with Epilepsy	-	(256,795)	256,795	-
Subtotal Department of Subspecialty Pediatrics	-	(256,795)	256,795	-
TOTAL GOVERNMENTAL	\$ (162,840)	\$ (15,581,877)	\$ 15,708,362	\$ (36,355)
TOTAL CONTRACT & GRANTS	\$ (4,427,391)	(20,222,506)	20,308,290	(4,341,607)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
SCHEDULE OF FRINGE BENEFITS
Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Traditional fringe benefits		
Retirement	\$ 3,590,136	\$ 3,562,139
Health insurance	5,391,865	5,196,215
FICA	2,439,482	2,453,757
Life and accidental death	87,762	82,467
Disability	75,881	75,354
Working parent benefit	66,118	50,225
Tuition/Professional Development	357,582	406,548
Health insurance waiver	52,600	45,766
Unemployment	57,561	103,087
EAP	23,213	20,298
Comp time payout	-	(17,500)
Dental	228,046	236,128
Business Travel Insurance	18,021	20,232
Health Initiatives	16,306	16,077
Vision	5,552	5,149
Adoption	-	-
Lactation	5,666	5,599
	<u>12,415,791</u>	<u>12,261,541</u>
Total traditional fringe benefits		
Other employee-related expenses		
Employee activities	49,996	53,225
	<u>49,996</u>	<u>53,225</u>
Total fringe benefits	<u><u>\$12,465,787</u></u>	<u><u>\$12,314,766</u></u>

See report of independent certified public accountants regarding supplemental information.