

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

**JUNE 30, 2013 AND 2012**

{ Financial Statements }

plante  
moran

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## Report of Independent Certified Public Accountants

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 statement of financial position as of June 30, 2013 and 2012, 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 audit 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, 2013 and 2012, 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013 on our consideration of the American Academy of Pediatrics internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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*

October 15, 2013

**American Academy of Pediatrics**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
Cash & cash equivalents	\$ 8,356,891	\$ 6,065,337
Receivables		
Publications and supplements, net of allowance of \$27,425 in 2013 and \$41,942 in 2012	1,737,845	2,617,096
Contracts and grants	2,597,662	2,558,956
Pledges receivable	1,176,744	1,172,956
Royalties	1,116,880	1,695,329
Advertising , net of allowance of \$0 in 2013 and \$687 in 2012	524,392	659,180
Other	995,165	1,000,018
Publication inventories, net of reserve for obsolescence of \$473,000 in 2013 and \$337,000 in 2012	1,658,330	1,725,827
Prepaid expenses	3,128,351	2,731,597
Investments	51,357,649	46,230,704
Property and equipment, net	<u>25,704,328</u>	<u>27,372,702</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 98,354,237</u></u>	<u><u>\$ 93,829,702</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable, trade	\$ 2,055,679	\$ 2,298,069
Chapter dues payable	585,204	667,395
Accrued expenses	3,044,206	2,497,141
Accrued salary & related expenses	8,286,682	9,478,676
Deferred revenues		
Membership dues	15,073,550	14,470,748
Pediatrics subscription fees	4,321,197	4,381,039
Pediatrics in Review subscriptions fees and Pediatrics Review and Education Program enrollment fees	4,144,676	4,313,995
Contracts and grants	4,427,391	4,878,578
Meetings	2,195,301	2,038,368
Other	2,718,066	2,097,439
Annuity payment liability	193,450	193,839
Capital lease obligations	<u>265,472</u>	<u>102,833</u>
<b>TOTAL LIABILITIES</b>	47,310,874	47,418,120
Net assets		
Unrestricted		
Board-designated		
Sections	2,707,915	2,456,490
Venture Capital	4,013,139	3,584,703
Neonatal Resuscitation Program	268,639	268,746
Friends of Children	2,588,280	2,402,715
Tomorrow's Children Fund	831,953	719,268
Reserves	19,248,365	15,647,910
Undesignated	<u>15,325,551</u>	<u>15,845,473</u>
Total Unrestricted	44,983,842	40,925,305
Temporarily Restricted	3,725,218	3,402,212
Permanently Restricted	<u>2,334,303</u>	<u>2,084,065</u>
<b>TOTAL NET ASSETS</b>	<u>51,043,363</u>	<u>46,411,582</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 98,354,237</u></u>	<u><u>\$ 93,829,702</u></u>

The accompanying notes are an integral part of these statements.

**American Academy of Pediatrics**  
**STATEMENTS OF ACTIVITIES**  
**Year ended June 30, 2013**

	Unrestricted 2013	Temporarily Restricted 2013	Permanently Restricted 2013	Total 2013
<b>Revenue, Gains and Other Support:</b>				
Membership Dues	22,901,166	\$ -	\$ -	\$ 22,901,166
NCE and FOP Conferences and Meetings	5,180,220	-	-	5,180,220
Contracts and grants	17,303,016	-	-	17,303,016
Advertising	5,207,317	-	-	5,207,317
Royalties	3,018,392	-	-	3,018,392
Manuals and Publications	15,625,774	-	-	15,625,774
Subscriptions	17,940,137	-	-	17,940,137
Continuing Education	6,632,420	-	-	6,632,420
Investment income	1,984,448	107,263	-	2,091,711
Contributions	1,070,773	6,678,744	250,238	7,999,755
Release from Restrictions	6,611,373	(6,611,373)	-	-
Other Income	1,909,966	-	-	1,909,966
<b>Total revenue, gains and other support</b>	<b>105,385,002</b>	<b>174,634</b>	<b>250,238</b>	<b>105,809,874</b>
<b>Expenses:</b>				
<b>Program services:</b>				
Meeting and Convention Services	4,868,153	-	-	4,868,153
Medical Journals and eLearning	14,487,925	-	-	14,487,925
Contracts and Grants	14,339,168	-	-	14,339,168
<b>Education:</b>				
Continuing Medical Education	3,968,431	-	-	3,968,431
Life Support	3,125,429	-	-	3,125,429
Public Education	326,320	-	-	326,320
Administration	1,432,103	-	-	1,432,103
Federal Affairs	3,267,596	-	-	3,267,596
State and Chapter Affairs	3,840,890	-	-	3,840,890
Membership Services	1,480,951	-	-	1,480,951
Marketing and Publications	9,259,951	-	-	9,259,951
Child Health & Wellness	4,443,503	-	-	4,443,503
Research	1,609,658	-	-	1,609,658
Pediatric Practice	5,532,457	-	-	5,532,457
Subspecialty Pediatrics	5,078,066	-	-	5,078,066
<b>Supporting activities:</b>				
Membership Services	2,398,774	-	-	2,398,774
<b>Customer Service:</b>				
Meeting and Convention Services	1,739,071	-	-	1,739,071
Marketing and Publications	1,651,457	-	-	1,651,457
Medical Journals and eLearning	899,325	-	-	899,325
Customer Service Center	1,453,920	-	-	1,453,920
<b>Management and general:</b>				
Executive Director, Board, PR, International and HR	9,694,507	-	-	9,694,507
Fundraising	1,762,438	-	-	1,762,438
Information Technology	5,709,476	-	-	5,709,476
Finance and Administrative Services	3,065,783	-	-	3,065,783
<b>Total expenses</b>	<b>105,435,352</b>	<b>-</b>	<b>-</b>	<b>105,435,352</b>
<b>Change in net assets due to operations</b>	<b>(50,350)</b>	<b>174,634</b>	<b>250,238</b>	<b>374,522</b>
Net Realized and Change Unrealized Gain	4,108,887	148,372	-	4,257,259
<b>Changes in net assets</b>	<b>4,058,537</b>	<b>323,006</b>	<b>250,238</b>	<b>4,631,781</b>
Beginning Net Assets	40,925,305	3,402,212	2,084,065	46,411,582
Ending Net Assets	44,983,842	3,725,218	2,334,303	51,043,363

The accompanying notes are an integral part of these statements.

**American Academy of Pediatrics**  
**STATEMENTS OF ACTIVITIES**  
**Year ended June 30, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	2012	2012	2012	2012
<b>Revenue, Gains and Other Support:</b>				
Membership Dues	\$ 22,301,439	\$ -	\$ -	\$ 22,301,439
NCE and SCME Conferences and Meetings	5,458,167	-	-	5,458,167
Contracts and Grants	14,424,104	-	-	14,424,104
Advertising	5,985,598	-	-	5,985,598
Royalties	3,775,343	-	-	3,775,343
Manuals and Publications	18,463,963	-	-	18,463,963
Subscriptions	17,410,609	-	-	17,410,609
Continuing Education	5,349,272	-	-	5,349,272
Investment Income	1,804,410	101,401	-	1,905,811
Contributions	1,015,022	5,633,379	113,084	6,761,485
Release from Restrictions	6,304,880	(6,304,880)	-	-
Other Income	2,236,564	-	-	2,236,564
<b>Total revenue, gains and other support</b>	<b>104,529,371</b>	<b>(570,100)</b>	<b>113,084</b>	<b>104,072,355</b>
<b>Expenses:</b>				
<b>Program services:</b>				
Meeting and Convention Services	4,861,183	-	-	4,861,183
Medical Journals and eLearning	14,985,596	-	-	14,985,596
Contracts and Grants	11,669,528	-	-	11,669,528
Education:				
Continuing Medical Education	4,623,443	-	-	4,623,443
Life Support	3,529,277	-	-	3,529,277
Public Education	426,088	-	-	426,088
Administration	1,862,448	-	-	1,862,448
Federal Affairs	3,206,140	-	-	3,206,140
State and Chapter Affairs	3,936,828	-	-	3,936,828
Membership Services	1,660,551	-	-	1,660,551
Marketing and Publications	8,298,235	-	-	8,298,235
Child Health & Wellness	4,179,458	-	-	4,179,458
Research	1,647,134	-	-	1,647,134
Pediatric Practice	4,788,908	-	-	4,788,908
Subspecialty Pediatrics	4,709,623	-	-	4,709,623
<b>Supporting activities:</b>				
Membership Services	2,472,260	-	-	2,472,260
Customer Service:				
Meeting and Convention Services	1,749,275	-	-	1,749,275
Marketing and Publications	736,403	-	-	736,403
Medical Journals and eLearning	292,707	-	-	292,707
Customer Service Center	1,455,685	-	-	1,455,685
Management and general:				
Executive Director, Board, PR, International and HR	9,883,524	-	-	9,883,524
Fundraising	1,529,821	-	-	1,529,821
Information Technology	5,684,820	-	-	5,684,820
Finance and Administrative Services	2,735,623	-	-	2,735,623
<b>Total expenses</b>	<b>100,924,558</b>	<b>-</b>	<b>-</b>	<b>100,924,558</b>
<b>Change in net assets due to operations</b>	<b>3,604,813</b>	<b>(570,100)</b>	<b>113,084</b>	<b>3,147,797</b>
Net Realized and Change in Unrealized (Loss)/Gain	(1,265,124)	35,488	-	(1,229,636)
<b>Change in net assets</b>	<b>2,339,689</b>	<b>(534,612)</b>	<b>113,084</b>	<b>1,918,161</b>
<b>Beginning Net Assets</b>	<b>38,585,616</b>	<b>3,936,824</b>	<b>1,970,981</b>	<b>44,493,421</b>
<b>Ending Net Assets</b>	<b>\$ 40,925,305</b>	<b>\$ 3,402,212</b>	<b>\$ 2,084,065</b>	<b>\$ 46,411,582</b>

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, 2013**

	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, 2011	<u>\$ 1,977,493</u>	<u>\$ 2,844,500</u>	<u>\$ 290,613</u>	<u>\$ 2,319,547</u>	<u>\$ 718,402</u>	<u>\$ 17,209,444</u>	<u>\$ 13,225,617</u>	<u>\$ 38,585,616</u>	<u>\$ 3,936,824</u>	<u>\$ 1,970,981</u>	<u>\$ 44,493,421</u>
Increase (Decrease) in net assets							2,339,689	2,339,689	(534,612)	113,084	1,918,161
Designations	<u>478,997</u>	<u>740,203</u>	<u>(21,867)</u>	<u>83,168</u>	<u>866</u>	<u>(1,561,534)</u>	<u>280,167</u>	<u>-</u>	<u>-</u>		<u>-</u>
Balance at June 30, 2012	<u>\$ 2,456,490</u>	<u>\$ 3,584,703</u>	<u>\$ 268,746</u>	<u>\$ 2,402,715</u>	<u>\$ 719,268</u>	<u>\$ 15,647,910</u>	<u>\$ 15,845,473</u>	<u>\$ 40,925,305</u>	<u>\$ 3,402,212</u>	<u>\$ 2,084,065</u>	<u>\$ 46,411,582</u>
Increase in net assets							4,058,537	4,058,537	323,006	250,238	4,631,781
Designations	<u>251,425</u>	<u>428,436</u>	<u>(107)</u>	<u>185,565</u>	<u>112,685</u>	<u>3,600,455</u>	<u>(4,578,459)</u>	<u>-</u>	<u>-</u>		<u>-</u>
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>

The accompanying notes are an integral part of this statement.



**American Academy of Pediatrics**  
**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2013 and 2012**

	2013	2012
Cash flows from operating activities		
Increase in net assets	4,631,781	1,918,161
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	3,366,402	2,744,744
Provision for bad debt expense	31,587	96,140
Loss on disposal of equipment	40,734	20,582
Net realized and change in unrealized (gains) loss on investments	(4,257,276)	1,229,636
Permanently restricted contributions	(250,238)	(113,084)
Change in assets and liabilities		
Receivables	1,523,260	(1,447,070)
Publication inventories	67,497	44,992
Prepaid expenses	(396,754)	(29,924)
Annuity payment liability	(389)	(18,843)
Accounts payable, trade	(242,390)	983,606
Accrued expenses	547,065	3,961
Accrued salary and related expenses	(1,191,994)	370,783
Deferred revenues	700,014	1,522,267
Net cash provided by operating activities	4,569,299	7,325,951
Cash flows from investing activities		
Purchases of property and equipment	(1,458,117)	(4,804,032)
Proceeds from maturities and sales of investments	6,995,229	22,646,358
Purchases of investments	(7,864,898)	(27,280,701)
Net cash used in investing activities	(2,327,786)	(9,438,375)
Cash flows from financing activities		
Permanently restricted contributions	250,238	113,084
Cash received on behalf of chapters	4,109,620	4,279,457
Cash remitted to chapters	(4,191,811)	(4,479,976)
Principal payments on capital lease obligations	(118,006)	(115,607)
Net cash provided by (used in) financing activities	50,041	(203,042)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,291,554	(2,315,466)
Cash and cash equivalents at beginning of year	6,065,337	8,380,803
Cash and cash equivalents at end of year	8,356,891	6,065,337
Supplemental schedules of non-cash financing activities		
Capital lease obligations incurred for the acquisition of office equipment	280,646	59,670

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 (GAAPUSA) 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***

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 three 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. Costs incurred for the purchase of internal use software are capitalized.

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

***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, inventories, prepaid expenses and accrued liabilities, 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 C.

***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 are recognized in the year in which they are earned.

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

***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 principals 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**

*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* - Represents amounts designated for specific future needs of the Academy.

*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, 2013, time restrictions related to pledges receivable in the amount of \$1,176,744; purpose restrictions related to the endowment investments held in the amount of \$855,222; and amounts restricted for specific programs in the amount of \$1,693,252. For the year ended June 30, 2012, time restrictions related to pledges receivable in the amount of \$1,172,956; purpose restrictions related to the endowment investments of \$706,918; and amounts restricted for specific programs in the amount of \$1,522,338.

*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.

***Endowment***

GAAPUSA addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA was enacted in Illinois effective June 30, 2009. A key component of UPMIFA is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. In addition, GAAPUSA requires new disclosure about an organization's donor-restricted and board-designated endowment funds. The objective of this disclosure is to provide information so that financial statement users can understand the net asset classification, net asset composition, changes in net asset compositions, spending policy and related investment policy pertaining to the Academy's endowment funds.

***Subsequent Events***

American Academy of Pediatrics  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 2013

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The Academy has evaluated subsequent events through October 15, 2013, the date the financial statements were available to be issued.

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**NOTE B - PLEDGES RECEIVABLE**

Pledges receivable as of June 30, 2013 and 2012, include the following:

	<u>2013</u>	<u>2012</u>
Pledges receivable due in		
Less than one year	\$ 1,130,713	\$ 1,188,836
One year to five years	101,496	32,000
Five years to ten years	<u>13,750</u>	<u>20,000</u>
	1,245,959	1,240,836
Less allowance	(61,075)	(61,075)
Less unamortized discount	<u>(8,140)</u>	<u>(6,805)</u>
Pledges receivable, net	<u>\$ 1,176,744</u>	<u>\$ 1,172,956</u>

Pledges receivable are discounted at rates ranging from .69% to 6% as of June 30, 2013 and 2012.

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**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>2013</u>	<u>2012</u>
Beginning balance	\$ 42,629	\$ 350,028
Bad debt expense	31,587	96,140
Accounts written-off	<u>(46,791)</u>	<u>(403,539)</u>
Ending balance	<u>\$ 27,425</u>	<u>\$ 42,629</u>

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#### **NOTE D – FAIR VALUE MEASUREMENTS**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provides 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 and liabilities measured at fair value on a recurring basis at June 30, 2013 and 2012, 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.

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 Academy measures investments at fair value on a recurring basis. The fair value of money market funds, U.S. Large-Cap Growth, U.S. Large-Cap Value, U.S. Small/Mid-Cap Growth, U.S. Small/Mid-Cap Value, Real Estate and Other Mutual Funds are based primarily on Level 1 inputs as described above. The fair value of Corporate Bonds and Preferred Securities are based primarily on Level 2 inputs as described above.



American Academy of Pediatrics  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013

**NOTE D - FAIR VALUE MEASUREMENTS – Continued**

The following tables set forth by level, within the fair value hierarchy, the Academy’s financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2013 and 2012. As required by GAAPUSA, 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, 2013	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)
<b>Assets</b>				
Money Market Funds	\$ 2,662,184	\$ 2,662,184	\$ -	\$ -
Fixed Income Securities				
Corporate Bonds	216,394	-	216,394	-
Equity Securities				
U.S. Large-Cap Growth	1,170,726	1,170,726	-	-
U.S. Large-Cap Value	3,249,023	3,249,023	-	-
U.S. Small/Mid-Cap Growth	2,374,195	2,374,195	-	-
U.S. Small/Mid-Cap Value	7,190,233	7,190,233	-	-
Real Estate	751,060	751,060	-	-
Preferred Securities	8,461,606	-	8,461,606	-
Other Mutual Funds				
Equity Mutual Funds	20,345,974	20,345,974	-	-
Fixed Income Mutual Funds	4,936,254	4,936,254	-	-
	<u>\$ 51,357,649</u>	<u>\$ 42,679,649</u>	<u>\$ 8,678,000</u>	<u>\$ -</u>

American Academy of Pediatrics  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 2013

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**NOTE D - FAIR VALUE MEASUREMENTS – Continued**

Description	Fair Values as of June 30, 2012	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)
<b>Assets</b>				
Money Market Funds	\$ 1,029,382	\$ 1,029,382	\$ -	\$ -
Fixed Income Securities				
Corporate Bonds	592,756	-	592,756	-
Equity Securities				
U.S. Large-Cap Growth	572,392	572,392	-	-
U.S. Large-Cap Value	3,125,471	3,125,471	-	-
U.S. Small/Mid-Cap Growth	1,832,463	1,832,463	-	-
U.S. Small/Mid-Cap Value	6,070,236	6,070,236	-	-
Global	17,351	17,351	-	-
Real Estate	703,620	703,620	-	-
Preferred Securities	9,061,710	-	9,061,710	-
Other Mutual Funds				
Equity Mutual Funds	18,565,641	18,565,641	-	-
Fixed Income Mutual Funds	4,659,682	4,659,682	-	-
	<u>\$ 46,230,704</u>	<u>\$ 36,576,238</u>	<u>\$ 9,654,466</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

Estimated fair values of the Academy's corporate bonds and preferred securities were based on similar investments that are traded on the secondary market.

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**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2013 and 2012, consists of the following:

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 4,640,041	\$ 4,640,041
Building and improvements	20,438,771	20,471,389
Building equipment	401,088	339,532
Office equipment	17,983,314	17,300,457
Furniture and fixtures	5,385,610	5,040,114
Construction in progress	<u>523,650</u>	<u>716,302</u>
	49,372,474	48,507,835
Less accumulated depreciation	<u>(23,668,146)</u>	<u>(21,135,133)</u>
	<u>\$ 25,704,328</u>	<u>\$ 27,372,702</u>

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**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 \$585,204, and \$667,395 as of June 30, 2013 and 2012, respectively.

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**NOTE G - ENDOWMENT**

Endowment

The Academy's endowment consists of approximately 15 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 GAAPUSA, 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 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, 2013, there was a \$773 deficiency in one of the new endowments. There were no such deficiencies as of June 30, 2012.

American Academy of Pediatrics  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 2013

**NOTE G - ENDOWMENT – Continued**

Endowment net asset composition by type of fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 831,952	\$ -	\$ -	\$ 831,952
Donor-restricted endowment funds	<u>-</u>	<u>855,222</u>	<u>2,334,303</u>	<u>3,189,525</u>
Total Funds	<u>\$ 831,952</u>	<u>\$ 855,222</u>	<u>\$ 2,334,303</u>	<u>\$ 4,021,477</u>

Changes in endowment net assets for the year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 719,271</u>	<u>\$ 706,918</u>	<u>\$ 2,084,065</u>	<u>\$ 3,486,885</u>
Investment return:				
Investment income	37,763	107,266	-	145,029
Net gain (realized and change in unrealized)	<u>50,461</u>	<u>148,372</u>	<u>-</u>	<u>198,833</u>
	<u>88,224</u>	<u>255,638</u>	<u>-</u>	<u>343,862</u>
Contributions	-	-	250,238	250,238
Transfers to create board designated endowments	45,541	-	-	45,541
Appropriation of endowment assets for expenditure	(16,256)	(98,323)	-	(114,579)
Investment fees	<u>(4,827)</u>	<u>(9,011)</u>	<u>-</u>	<u>(13,838)</u>
Endowment net assets, end of year	<u>\$ 831,953</u>	<u>\$ 855,222</u>	<u>\$ 2,334,303</u>	<u>\$ 3,952,568</u>

American Academy of Pediatrics  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 2013

**NOTE G - ENDOWMENT - Continued**

Endowment net asset composition by type of fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 719,271	\$ -	\$ -	\$ 719,271
Donor-restricted endowment funds	<u>-</u>	<u>706,918</u>	<u>2,084,065</u>	<u>2,790,983</u>
Total Funds	<u>\$ 719,271</u>	<u>\$ 706,918</u>	<u>\$ 2,084,065</u>	<u>\$ 3,510,254</u>

Changes in endowment net assets for the year ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 718,405</u>	<u>\$ 702,771</u>	<u>\$ 1,970,981</u>	<u>\$ 3,392,157</u>
Investment return:				
Investment income	34,825	101,401	-	136,226
Net (loss)/gain (realized and change in unrealized)	<u>(16,892)</u>	<u>35,488</u>	<u>-</u>	<u>18,596</u>
	<u>17,933</u>	<u>136,889</u>	<u>-</u>	<u>154,822</u>
Contributions	-	-	113,084	113,084
Transfers to create board designated endowments	23,369	-	-	23,369
Appropriation of endowment assets for expenditure	(36,402)	(125,482)	-	(161,884)
Investment fees	<u>(4,034)</u>	<u>(7,260)</u>	<u>-</u>	<u>(11,294)</u>
Endowment net assets, end of year	<u>\$ 719,271</u>	<u>\$ 706,918</u>	<u>\$ 2,084,065</u>	<u>\$ 3,486,885</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, 2013 and 2012 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, 2013, 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 2010.

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#### **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, 2013 and 8% for the year ended June 30, 2012 amounting to \$2,276,710 and \$2,435,848, in 2013 and 2012, respectively. Total Academy contributions were \$3,453,828 and \$3,264,125 for the years ended June 30, 2013 and 2012, 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.

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**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, 2013, under this lease, excluding real estate taxes, are due as follows:

Years Ending June 30:

2014	\$ 419,430
2015	590,227
2016	604,946
2017	620,115
2018	635,621
Thereafter	<u>3,473,946</u>
Total	<u>\$ 6,344,285</u>

Rental expense amounted to \$785,870 and \$729,954 for the years ended June 30, 2013 and 2012, respectively.

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**NOTE K - CAPITAL LEASES**

The Academy has leasehold interests on certain office equipment under agreements that expire at various dates through April 2016. The cost of the leased assets was \$456,912 and \$400,002, and accumulated amortization was \$138,075 and \$272,500 as of June 30, 2013 and 2012, 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, 2013:

Years Ending June 30:

2014	\$ 136,836
2015	118,562
2016	<u>19,497</u>
Total minimum lease payments	274,895
Less amount representing interest	<u>(9,423)</u>
Total capital lease obligations	<u><u>\$ 265,472</u></u>

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

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**NOTE L - RECLASSIFICATIONS**

For comparability, the 2012 financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used in 2013. The Academy split the 2012 Committees and Sections expense of \$8,889,081 into two new categories – Child Health & Wellness and Subspecialty Pediatrics with expenses of \$4,179,458 and \$4,709,623, respectively.

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SUPPLEMENTARY INFORMATION



**Plante & Moran, PLLC**

10 South Riverside Plaza  
9th Floor  
Chicago, IL 60606  
Tel: 312.207.1040  
Fax: 312.207.1066  
plantemoran.com

Auditor's Report on Additional Information

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 year ended June 30, 2013, and have issued our report thereon dated October 15, 2013, which contained an unqualified 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*

October 15, 2013

**American Academy of Pediatrics**  
**DEPARTMENTAL REVENUE AND EXPENSES BY TYPE**  
**Year ended June 30, 2013**

	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
<b>Revenues</b>									
Membership dues	\$ 32,731	\$ -	\$ 21,455	\$ -	\$ -	\$ 22,150,837	\$ -	\$ -	\$ -
Administrative income	-	-	-	-	-	-	-	-	-
NCE and FOP	-	-	-	-	-	-	-	-	-
Contracts and grants	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	124,127	-	-
Royalties	21,083	-	-	-	-	467,633	310,411	-	-
Manuals and publications	-	-	-	-	-	1,133,585	6,188,174	995,812	63,145
Subscriptions	-	-	-	-	-	-	-	-	-
Continuing education	-	51,200	-	-	-	-	-	-	-
Contributions	1,271,199	-	-	-	6,711,141	21,976	-	-	-
Release from Restrictions	361,874	-	249,472	-	(6,618,489)	250,859	2,078,833	225,000	-
Net investment income	-	-	-	-	2,091,711	-	-	-	-
Other income	177,766	233,513	175,782	250	(675,158)	137,087	747,424	-	625,899
	<u>1,864,653</u>	<u>284,713</u>	<u>446,709</u>	<u>250</u>	<u>1,509,205</u>	<u>24,161,977</u>	<u>9,448,969</u>	<u>1,220,812</u>	<u>689,044</u>
<b>Expenses</b>									
Salaries	5,249,538	1,456,006	1,814,395	2,318,951	1,528,795	2,460,561	3,383,178	-	733,007
Temporary help	29,737	2,259	17,560	449,686	-	43,619	7,949	-	8,098
Fringe benefits	2,197,143	452,774	656,591	711,749	551,664	926,058	1,176,070	-	213,401
Travel and meetings	918,893	164,576	252,358	24,029	10,433	345,046	374,559	-	60,278
Meals	348,864	128,778	110,225	2,774	2,497	114,671	19,348	-	29,337
Printing	(112,292)	26,522	53,886	6,336	2,410	245,682	3,395,707	313,040	197,701
Postage and freight	43,992	11,198	8,491	14,700	11,659	148,770	770,651	2,585	1,598
Software	56,432	21,168	752	509,061	118,596	5,506	29,272	-	1,657
Audit and legal	27,951	-	22,486	-	105,224	6,130	2,914	-	-
Building and utilities	469,191	857,433	250,173	1,116,041	180,375	370,256	466,382	-	60,042
Supplies	164,359	90,020	20,358	15,175	5,281	10,693	9,616	-	4,813
Support of other organizations	335,023	-	-	-	-	-	-	-	-
Telephone	58,006	35,157	18,979	153,727	4,562	38,012	14,546	-	3,406
Commissions	-	-	-	-	-	-	7,430	-	-
Consultant and honoraria	1,122,442	20,825	270,468	387,247	28,755	280,773	908,207	-	118,160
Insurance	336,671	-	-	-	-	-	-	-	-
Miscellaneous	210,995	880	344,168	-	515,532	337,868	345,579	10,695	605
	<u>11,456,945</u>	<u>3,267,596</u>	<u>3,840,890</u>	<u>5,709,476</u>	<u>3,065,783</u>	<u>5,333,645</u>	<u>10,911,408</u>	<u>326,320</u>	<u>1,432,103</u>
	<u>\$ (9,592,292)</u>	<u>\$ (2,982,883)</u>	<u>\$ (3,394,181)</u>	<u>\$ (5,709,226)</u>	<u>\$ (1,556,578)</u>	<u>\$ 18,828,332</u>	<u>\$ (1,462,439)</u>	<u>\$ 894,492</u>	<u>\$ (743,059)</u>
Net Realized and Change in Unrealized Gain	-	-	-	-	4,257,259	-	-	-	-
Net (Expense) Income	<u>\$ (9,592,292)</u>	<u>\$ (2,982,883)</u>	<u>\$ (3,394,181)</u>	<u>\$ (5,709,226)</u>	<u>\$ 2,700,681</u>	<u>\$ 18,828,332</u>	<u>\$ (1,462,439)</u>	<u>\$ 894,492</u>	<u>\$ (743,059)</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, 2013**

	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
<b>Revenues</b>										
Membership dues	\$ -	\$ -	\$ -	\$ -	\$ 141,349	\$ -	\$ 76,395	\$ 478,399		\$ 22,901,166
Administrative income	48,879	-	-	-	-	-	-	-		48,879
NCE and FOP	-	-	-	5,180,220	-	-	-	-		5,180,220
Contracts and grants	-	-	-	-	-	-	-	-	17,303,016	17,303,016
Advertising	-	-	4,862,688	220,502	-	-	-	-		5,207,317
Royalties	4,939	1,374,145	514,935	239,644	-	-	881	84,721		3,018,392
Manuals and publications	-	2,952,291	878,373	-	-	-	1,265,406	2,148,988		15,625,774
Subscriptions	-	-	17,940,137	-	-	-	-	-		17,940,137
Continuing education	3,608,197	2,560,159	236,150	-	22,454	-	37,800	116,460		6,632,420
Contributions	-	5,750	17,000	150	2,868	-	6,575	(36,904)		7,999,755
Release from Restrictions	35,539	87,518	929,638	658,500	574,194	-	171,846	995,216		-
Net investment income	-	-	-	-	-	-	-	-		2,091,711
Other income	24,099	(588,117)	98,100	645,458	156,055	370	33,087	69,472		1,861,087
	<u>3,721,653</u>	<u>6,391,746</u>	<u>25,477,021</u>	<u>6,944,474</u>	<u>896,920</u>	<u>370</u>	<u>1,591,990</u>	<u>3,856,352</u>	<u>17,303,016</u>	<u>105,809,874</u>
<b>Expenses</b>										
Salaries	1,007,194	883,736	3,237,843	1,152,880	2,115,293	793,231	2,167,166	1,889,650		32,191,424
Temporary help	21,877	36,597	40,865	37,085	5,164	7,834	-	11,297		719,627
Fringe benefits	359,127	306,649	1,144,602	411,443	833,157	319,150	793,450	527,412		11,580,440
Travel and meetings	678,344	200,040	403,919	2,942,635	375,409	58,749	335,699	1,096,074		8,241,041
Meals	1,194,451	73,722	80,084	1,004,245	111,866	14,631	152,801	475,331		3,863,625
Printing	314,334	323,663	4,117,753	276,497	43,547	17,104	470,069	374,449		10,066,408
Postage and freight	23,878	59,780	1,326,036	65,858	12,843	23,687	7,666	15,522		2,548,914
Software	391	2,228	137,578	1,682	573	4,927	14,263	445		904,531
Audit and legal	-	12,830	32,732	3,489	1,469	-	7,374	2,308		224,907
Building and utilities	150,583	144,137	480,332	236,737	490,339	220,152	260,180	220,152		5,972,505
Supplies	21,955	21,675	71,522	88,905	86,269	55,713	64,318	86,827		817,499
Support of other organizations	-	-	-	-	-	3,000	-	-		338,023
Telephone	8,076	11,903	17,714	114,827	24,478	5,614	31,257	15,734		555,998
Commissions	-	-	750,703	117,787	-	-	-	-		875,920
Consultant and honoraria	87,580	185,737	3,230,784	99,390	161,604	15,664	1,141,127	236,206		8,294,969
Insurance	10,491	-	-	35,676	-	-	-	-		382,838
Miscellaneous	90,150	862,732	314,783	18,088	181,492	70,202	87,087	126,659		3,517,515
Contracts and grants	-	-	-	-	-	-	-	-	14,339,168	14,339,168
	<u>3,968,431</u>	<u>3,125,429</u>	<u>15,387,250</u>	<u>6,607,224</u>	<u>4,443,503</u>	<u>1,609,658</u>	<u>5,532,457</u>	<u>5,078,066</u>	<u>14,339,168</u>	<u>105,435,352</u>
	<u>\$ (246,778)</u>	<u>\$ 3,266,317</u>	<u>\$ 10,089,771</u>	<u>\$ 337,250</u>	<u>\$ (3,546,583)</u>	<u>\$ (1,609,288)</u>	<u>\$ (3,940,467)</u>	<u>\$ (1,221,714)</u>	<u>\$ 2,963,848</u>	<u>\$ 374,522</u>
Net Realized and Change in Unrealized Gain	-	-	-	-	-	-	-	-	-	4,257,259
Net (Expense) Income	<u>\$ (246,778)</u>	<u>\$ 3,266,317</u>	<u>\$ 10,089,771</u>	<u>\$ 337,250</u>	<u>\$ (3,546,583)</u>	<u>\$ (1,609,288)</u>	<u>\$ (3,940,467)</u>	<u>\$ (1,221,714)</u>	<u>\$ 2,963,848</u>	<u>\$ 4,631,781</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, 2012**

	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
<b>Revenues</b>									
Membership dues	\$ 30,615	-	\$ 21,549	\$ -	\$ -	\$ 21,597,954	\$ -	\$ -	\$ -
Administrative income	-	-	-	-	-	-	-	-	-
NCE and FOP	-	-	-	-	-	-	-	-	-
Contracts and grants	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	207,005	-	-
Royalties	27,662	-	-	-	-	263,403	602,152	-	-
Manuals and publications	-	-	-	-	-	1,511,546	5,038,310	917,489	54,695
Subscriptions	-	-	-	-	-	-	-	-	-
Continuing education	-	-	17,000	-	-	-	-	-	-
Contributions	1,087,780	303	1,830	-	5,623,161	2,122	-	-	-
Release from Restrictions	415,206	-	404,193	-	(6,334,086)	272,077	1,611,665	3,645	10,125
Net investment income	-	-	-	-	1,905,811	-	-	-	-
Other income	253,746	181,953	272,655	50	(758,974)	128,811	1,219,748	-	1,674,605
	<u>1,815,009</u>	<u>182,256</u>	<u>717,227</u>	<u>50</u>	<u>435,912</u>	<u>23,775,913</u>	<u>8,678,880</u>	<u>921,134</u>	<u>1,739,425</u>
<b>Expenses</b>									
Salaries	5,206,424	1,516,800	1,839,506	2,314,714	1,508,868	2,442,474	3,384,174	-	741,759
Temporary help	21,935	1,033	18,958	180,127	8,384	114,835	27,841	-	1,292
Fringe benefits	2,192,144	441,428	604,487	683,868	518,154	939,481	1,186,758	-	212,979
Travel and meetings	802,771	198,098	287,388	31,682	6,355	354,438	126,706	-	47,807
Meals	299,970	85,274	204,207	8,237	3,229	125,150	17,595	547	12,979
Printing	(65,145)	18,340	50,568	15,752	2,749	421,367	2,591,232	342,540	305,119
Postage and freight	64,403	20,129	8,239	10,345	11,478	183,232	371,450	67,491	343,768
Software	49,500	23,041	1,929	338,486	112,965	5,753	6,936	-	1,736
Audit and legal	36,018	-	33,255	3,901	121,508	7,508	29,891	-	700
Building and utilities	605,964	769,651	241,988	1,602,013	162,016	359,644	374,068	-	115,438
Supplies	143,237	69,160	25,715	17,275	4,330	18,326	10,792	-	5,229
Support of other organizations	342,835	-	-	-	-	-	-	-	-
Telephone	65,522	38,168	18,878	147,408	4,388	41,265	13,596	-	3,325
Commissions	-	-	-	-	-	-	23,072	-	-
Consultant and honoraria	1,204,959	20,766	134,858	331,012	9,010	281,203	492,961	5,000	70,818
Tax	-	-	-	-	-	-	-	-	-
Insurance	299,930	-	-	-	-	-	-	-	-
Miscellaneous	142,878	4,252	466,852	-	262,189	293,820	377,566	10,510	(501)
Contracts and grants	-	-	-	-	-	-	-	-	-
	<u>11,413,345</u>	<u>3,206,140</u>	<u>3,936,828</u>	<u>5,684,820</u>	<u>2,735,623</u>	<u>5,588,496</u>	<u>9,034,638</u>	<u>426,088</u>	<u>1,862,448</u>
	<u>\$ (9,598,336)</u>	<u>(3,023,884)</u>	<u>\$ (3,219,601)</u>	<u>\$ (5,684,770)</u>	<u>\$ (2,299,711)</u>	<u>\$ 18,187,417</u>	<u>\$ (355,758)</u>	<u>\$ 495,046</u>	<u>\$ (123,023)</u>
Net Realized and Change in Unrealized Loss	-	-	-	-	(1,229,636)	-	-	-	-
Net (Expense) Income	<u>\$ (9,598,336)</u>	<u>(3,023,884)</u>	<u>\$ (3,219,601)</u>	<u>\$ (5,684,770)</u>	<u>\$ (3,529,347)</u>	<u>\$ 18,187,417</u>	<u>\$ (355,758)</u>	<u>\$ 495,046</u>	<u>\$ (123,023)</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, 2012**

	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
<b>Revenues</b>										
Membership dues	\$ -	\$ -	\$ -	\$ -	\$ 139,897	\$ -	\$ 74,360	\$ 437,064		\$ 22,301,439
Administrative income	102,431	-	-	-	-	-	-	-		102,431
NCE and FOP	-	-	-	5,458,167	-	-	-	-		5,458,167
Contracts and grants	-	-	-	-	-	-	-	-	14,424,104	14,424,104
Advertising	-	-	5,467,490	311,103	-	-	-	-		5,985,598
Royalties	19,461	2,023,898	494,766	236,590	-	-	(1,500)	108,911		3,775,343
Manuals and publications	-	6,777,338	1,166,950	-	-	-	1,405,714	1,591,921		18,463,963
Subscriptions	-	-	17,410,609	-	-	-	-	-		17,410,609
Continuing education	3,700,962	1,408,991	222,319	-	-	-	-	-		5,349,272
Contributions	-	13,825	10	158	4,398	-	5,787	22,111		6,761,485
Release from Restrictions	117,101	216,362	901,697	851,674	231,640	-	77,280	1,221,421		-
Net investment income	-	-	-	-	-	-	-	-		1,905,811
Other income	14,960	(1,656,569)	111,688	362,544	188,835	8,173	52,365	79,543		2,134,133
	<u>3,954,915</u>	<u>8,783,845</u>	<u>25,775,529</u>	<u>7,220,236</u>	<u>564,770</u>	<u>8,173</u>	<u>1,614,006</u>	<u>3,460,971</u>	<u>14,424,104</u>	<u>104,072,355</u>
<b>Expenses</b>										
Salaries	1,067,981	880,519	2,915,543	1,137,133	2,104,479	808,556	2,172,572	1,304,735		31,346,237
Temporary help	14,160	3,961	47,099	4,125	4,218	-	-	50,103		498,071
Fringe benefits	391,620	281,640	1,021,723	433,714	755,466	365,961	757,423	411,789		11,198,635
Travel and meetings	789,658	180,886	409,401	2,974,989	362,464	47,620	299,313	942,528		7,862,104
Meals	1,480,591	54,808	78,368	940,887	98,733	7,264	105,750	405,698		3,929,287
Printing	377,199	635,323	4,058,980	325,817	60,529	25,352	515,967	603,575		10,285,264
Postage and freight	26,900	73,444	1,398,097	88,587	8,526	31,724	79,965	135,973		2,923,751
Software	-	5,150	4,399	58	940	3,542	9,718	365		564,518
Audit and legal	-	13,492	10,203	2,546	3,110	4,140	7,474	680		274,426
Building and utilities	128,405	124,402	373,990	198,583	361,698	186,421	212,413	123,424		5,940,118
Supplies	47,952	26,548	95,667	92,553	59,145	47,310	82,252	131,113		876,604
Support of other organizations	-	-	-	-	4,167	3,000	-	-		350,002
Telephone	7,675	10,581	18,452	85,138	24,124	5,671	30,430	14,575		529,196
Commissions	-	-	987,071	93,842	-	-	-	-		1,103,985
Consultant and honoraria	118,094	153,527	3,286,524	136,110	172,761	25,939	651,986	250,241		7,345,769
Tax	-	-	-	-	-	-	-	-		-
Insurance	12,965	-	-	21,463	-	-	-	-		334,358
Miscellaneous	160,243	1,084,996	572,786	74,913	159,098	84,634	(136,355)	334,824		3,892,705
Contracts and grants	-	-	-	-	-	-	-	-	11,669,528	11,669,528
	<u>4,623,443</u>	<u>3,529,277</u>	<u>15,278,303</u>	<u>6,610,458</u>	<u>4,179,458</u>	<u>1,647,134</u>	<u>4,788,908</u>	<u>4,709,623</u>	<u>11,669,528</u>	<u>100,924,558</u>
	<u>\$ (668,528)</u>	<u>\$ 5,254,568</u>	<u>\$ 10,497,226</u>	<u>\$ 609,778</u>	<u>\$ (3,614,688)</u>	<u>\$ (1,638,961)</u>	<u>\$ (3,174,902)</u>	<u>\$ (1,248,652)</u>	<u>2,754,576</u>	<u>\$ 3,147,797</u>
Net Realized and Change in Unrealized Loss	-	-	-	-	-	-	-	-	-	(1,229,636)
Net (Expense) Income	<u>\$ (668,528)</u>	<u>\$ 5,254,568</u>	<u>\$ 10,497,226</u>	<u>\$ 609,778</u>	<u>\$ (3,614,688)</u>	<u>\$ (1,638,961)</u>	<u>\$ (3,174,902)</u>	<u>\$ (1,248,652)</u>	<u>2,754,576</u>	<u>\$ 1,918,161</u>

See report of independent certified public accountants regarding supplemental information.



American Academy of Pediatrics  
CONTRACTS AND GRANTS INFORMATION  
Year ended June 30, 2013

		Over (under) expended balance June 30, 2012	Contracts and grants received	Revenue recognized	Over (under) expended balance June 30, 2013	
<b><u>Nongovernmental:</u></b>						
<b><u>Office of the Executive Director</u></b>						
10	618201	FAMRI - Admin Core	\$ (784,577)	\$ (348,144)	\$ 433,637	\$ (699,084)
10	618202	FAMRI - Measurement	(49,175)	(81,128)	38,272	(92,031)
10	618203	FAMRI - Datasets	(75,193)	(304,595)	276,527	(103,261)
10	618204	FAMRI - Building the Field	(149,271)	(394,085)	267,449	(275,907)
10	618205	FAMRI - Nanotechnology	(22,539)	(239,071)	316,398	54,788
10	618206	FAMRI - CSCNA	(34,390)	(117,630)	128,232	(23,788)
10	618207	FAMRI - VEST	(28,064)	(157,509)	168,951	(16,622)
10	618208	FAMRI - RISSK	(49,327)	(93,838)	120,083	(23,082)
10	618209	FAMRI - ECIG	-	-	10,850	10,850
10	638200	Exposure to Tobacco- RCE	-	(216,048)	247,883	31,835
10	741300	Asking the Right Questions? Clinicians and Tobacco Cessation in the Clinical Encounter	-	(199,994)	7,544	(192,450)
		<b>Subtotal Office of the Executive Director</b>	<b>(1,192,536)</b>	<b>(2,152,042)</b>	<b>2,015,826</b>	<b>(1,328,752)</b>
<b><u>International Office</u></b>						
10	722200	Vaccine Awareness - UNF	(181,080)	-	153,064	(28,016)
10	722201	Vaccine Awareness - UNF	-	(150,000)	60,829	(89,171)
10	723200	Immunization Advocacy	(170,444)	(461,774)	468,033	(164,185)
		<b>Subtotal International Office</b>	<b>(351,524)</b>	<b>(611,774)</b>	<b>681,926</b>	<b>(281,372)</b>
<b><u>Department of Federal Affairs</u></b>						
12	715200	Food Safety & Health Issues	(65,971)	-	132,597	66,626
		<b>Subtotal Department of Federal Affairs</b>	<b>(65,971)</b>	<b>-</b>	<b>132,597</b>	<b>66,626</b>
<b><u>Department of Community, Chapter and State Affairs</u></b>						
13	186700	CATCH - Residents' Grants	(710)	-	710	-
13	225200	CATCH Planning Grants	(123,681)	-	21,277	(102,404)
13	257300	CATCH Program (A)	(163,769)	-	32,936	(130,833)
13	631300	Milk PEP	(27,658)	-	19,713	(7,945)
13	646300	CATCH Implementation grants	(11,427)	-	7,205	(4,222)
13	649200	Chpater Maintenance of Certification Network	(5,852)	-	2,991	(2,861)
13	672300	CATCH Program (B)	(150,238)	-	33,072	(117,166)
13	677200	Pediatrics Residency Training Grant	(228)	-	228	-
13	690300	CATCH Grant Awards	(135,533)	-	51,037	(84,496)
13	690301	CATCH Grant Awards 2011-2013	(278,907)	(400,000)	203,618	(475,289)
13	692200	Transforming Pediatric Residency Training	(126,443)	(115,020)	199,708	(41,755)
13	695301	Children's Dental Campaign II	-	(26,320)	44,635	18,315
13	701200	CATCH Program (C )	(153,983)	-	94,621	(59,362)
13	705200	Healthy Active Living Obesity Prevention	(154,404)	(250,000)	112,210	(292,194)
13	716200	Teen Safe Driving Program	-	(130,992)	108,173	(22,819)
13	728200	Accelerating Improved Care for Children with Asthma Program	(842,916)	(400,745)	708,529	(535,132)
		<b>Subtotal Department of Community, Chapter and State Affairs</b>	<b>(2,175,749)</b>	<b>(1,323,077)</b>	<b>1,640,663</b>	<b>(1,858,163)</b>
<b><u>Department of Communications</u></b>						
16	684301	Protect Tomorrow II	(461,176)	-	69,788	(391,388)
		<b>Subtotal Department of Communications</b>	<b>(461,176)</b>	<b>-</b>	<b>69,788</b>	<b>(391,388)</b>
<b><u>Department of Membership</u></b>						
21	246700	Bruton Lectureship	(10,947)	(397)	-	(11,344)
		<b>Subtotal Department of Membership</b>	<b>(10,947)</b>	<b>(397)</b>	<b>-</b>	<b>(11,344)</b>
<b><u>Department of Education</u></b>						
40	103300	NeoReviews/PIR On-Line	(72,222)	-	3,888	(68,334)
40	124300	Neonatal Imaging Website	(43,854)	-	43,854	-
40	237300	Pediatric Leadership Alliance	(3,326)	-	369	(2,957)
40	643200	Global MRP - Laerdal Foundation	(10,882)	-	10,882	-
40	667200	Pedialink Musculoskeletal Disorders (B)	(28)	-	28	-
40	717200	HBB Newborn Resuscitation - Africa	-	(30,280)	30,280	-
40	725300	eQIPP - Growth Hormon Module	(124,812)	-	112,500	(12,312)
		<b>Subtotal Department of Education</b>	<b>(255,124)</b>	<b>(30,280)</b>	<b>201,801</b>	<b>(83,603)</b>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics  
CONTRACTS AND GRANTS INFORMATION - CONTINUED  
Year ended June 30, 2013

		Over (under) expended balance June 30, 2012	Contracts and grants received	Revenue recognized	Over (under) expended balance June 30, 2013	
<b><u>Nongovernmental - Continued</u></b>						
<b><u>Department of Community &amp; Specialty Pediatrics</u></b>						
50	218700	Medical Home Program (Private)	(184,583)	-	-	(184,583)
50	623200	D-PIP Qualitative Interviews	(4,304)	-	-	(4,304)
50	693300	Healthy Living Grant (B)	(3,815)	-	3,815	-
50	707200	Obesity Funding - Beyond the Toolkit	(75,527)	-	36,098	(39,429)
50	708300	Picker Institute's Always Events	(19,863)	(9,210)	29,073	-
50	730300	Be Our Voice Program	-	(2,144)	2,144	-
50	740200	Connected Kids	-	(6,090)	-	(6,090)
50	744200	St. Christopher's Foundation for Children	-	(17,965)	3,774	(14,191)
		<b>Subtotal Department of Community &amp; Specialty Pediatrics</b>	<b>(288,092)</b>	<b>(35,409)</b>	<b>74,904</b>	<b>(248,597)</b>
<b><u>Department of Research</u></b>						
51	632300	Secondary Sexual Characteristic in Boys - Pfizer	(9,290)	-	2,065	(7,225)
		<b>Subtotal Department of Research</b>	<b>(9,290)</b>	<b>-</b>	<b>2,065</b>	<b>(7,225)</b>
<b><u>Department of Practice</u></b>						
55	695305	Children's Dental Campaign II - supplement	-	(78,256)	35,403	(42,853)
55	721200	Oral Health Training	(23,958)	6,861	17,097	-
55	736300	Comparison of Immunization QI Dissemination Strategies	-	(75,183)	75,183	-
		<b>Subtotal Department of Practice</b>	<b>(23,958)</b>	<b>(146,578)</b>	<b>127,683</b>	<b>(42,853)</b>
<b><u>Department of Subspecialty Pediatrics</u></b>						
57	236200	Environmental Health Handbook	(16,905)	-	16,905	-
57	245700	Brett Ratner Memorial	(9,785)	(299)	1,236	(8,848)
57	746200	Helping Babies Survive Program	-	(75,000)	5,968	(69,032)
		<b>Subtotal Department of Subspecialty Pediatrics</b>	<b>(26,690)</b>	<b>(75,299)</b>	<b>24,109</b>	<b>(77,880)</b>
		<b>TOTAL NON-GOVERNMENTAL</b>	<b>\$ (4,861,057)</b>	<b>\$ (4,374,856)</b>	<b>\$ 4,971,362</b>	<b>\$ (4,264,551)</b>
<b>GOVERNMENTAL:</b>						
<b><u>Office of the Executive Director</u></b>						
10	694805	Development of Model EHR Format for Children - 5	(271)	271	-	-
10	694807	Development of Model EHR Format for Children - 7	(439)	439	-	-
10	694808	Development of Model EHR Format for Children - 8	(534)	534	-	-
10	694809	Development of Model EHR Format for Children - 9	-	(24,876)	24,876	-
10	697100	Adolescent Smoking Cessation in Pediatric Primary Care Changing Pediatric Office Systems Nationally to Address Parental	-	(341,668)	341,668	-
10	739100	Tobacco Use Using Health Outcomes in Establishing the Effectiveness of Clinical	-	(68,301)	68,301	-
10	743500	Preventative Services	-	(18,476)	18,476	-
		<b>Subtotal Office of the Executive Director</b>	<b>(1,244)</b>	<b>(452,077)</b>	<b>453,321</b>	<b>-</b>
<b><u>Department of Community, Chapter &amp; State Affairs</u></b>						
13	259106	Healthy Tomorrow's Partnership	-	(177,629)	177,629	-
		<b>Subtotal Department of Community, Chapter &amp; State Affairs</b>	<b>-</b>	<b>(177,629)</b>	<b>177,629</b>	<b>-</b>
<b><u>Office of International Affairs</u></b>						
19	742100	Survive and Thrive GDP	-	(45,151)	45,151	-
		<b>Subtotal Office of International Affairs</b>	<b>-</b>	<b>(45,151)</b>	<b>45,151</b>	<b>-</b>
<b><u>Department of Education</u></b>						
40	689801	Addressing Parental Smoking by Changing Pediatric Office Systems	30	-	-	30
40	712100	MCHIP - Helping Babies Breathe	-	(27,429)	27,429	-
		<b>Subtotal Department of Education</b>	<b>30</b>	<b>(27,429)</b>	<b>27,429</b>	<b>30</b>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics  
CONTRACTS AND GRANTS INFORMATION - CONTINUED  
Year ended June 30, 2013

		Over (under) expended balance June 30, 2012	Contracts and grants received	Revenue recognized	Over (under) expended balance June 30, 2013	
<b>GOVERNMENTAL - Continued</b>						
<u>Department of Community &amp; Speciality Pediatrics</u>						
50	601110	Healthy Child Care Partnership	-	(360,604)	360,604	-
50	627105	Bright Futures Pediatric Implementation	-	(731,935)	731,935	-
50	627106	Bright Futures - Young Investigators Award Supplement	-	(140,101)	140,101	-
50	627107	Bright Futures - Promoting Healthy Weight Mobile Messaging Supplement	-	(19,362)	19,362	-
50	627110	Bright Futures - Early Childhood System	-	(196,222)	196,222	-
50	648100	National Center for CSHCN	-	(659,682)	659,682	-
50	654100	Early Hearing Diagnosis & Intervention	-	(120,848)	120,848	-
50	680100	Program to Enhance Health & Development of Intants and Children Program to Enhance Health & Development of Intants and Children -	-	(454,124)	454,124	-
50	680101	Disaster Preparedness	-	(225,466)	225,466	-
50	698100	Medical Home for Children Exposed to or Victimized by Violence	-	(124,709)	124,709	-
50	709100	Medicaid and Children's Health Insurance Programs: Children's Health	(10,645)	(335,227)	225,112	(120,760)
50	711100	Genetics in Primary Care	-	(757,262)	757,262	-
50	713103	Transition Services in Adolescent Health - Healthy and Ready to Work	-	(6,000)	6,000	-
50	714100	Priority 7 - School Health Services (SHS)	-	(260,422)	260,422	-
50	719100	National Center on Health	-	(1,347,290)	1,347,290	-
50	719102	National Center on Health	-	(2,374,088)	2,374,088	-
50	720500	Disaster Outreach and Collaboration for Kids	-	(5,988)	5,988	-
50	726100	National Collaborative for Innovation in Quality Measurement	-	(1,157)	1,157	-
50	727100	Nurse Triage Line	-	(83)	83	-
50	729100	Motivational Interviewing VR Simulation for Clinicians to Prevent and Manage Pediatric Obesity	-	(31,257)	31,257	-
50	733100	Public Health Conference for Birth Defects and Developmental Disabilities	-	(8,624)	8,624	-
50	734100	OVC Action Partnerships for National Membership	-	(63,508)	60,159	(3,349)
50	737500	Adolescent Reproductive Sexual Health	-	(9,850)	9,850	-
50	738100	Medical Countermeasures Guideline Development	-	(125,324)	125,324	-
		<b>Subtotal Department of Committees &amp; Sections</b>	<b>(10,645)</b>	<b>(8,359,133)</b>	<b>8,245,669</b>	<b>(124,109)</b>
<u>Department of Research</u>						
51	224119	Improvement in Children's Health Care in Pediatric Practice	-	(66,372)	66,372	-
51	224120	MCH Research Network Program	-	(326,984)	326,984	-
51	657100	Body Mass Index 2	-	(258,689)	258,689	-
51	658100	CEASE	-	(26,989)	26,989	-
51	687100	Translating an Effective Teen Driving Program for Parents to Primary Care	-	(34,012)	34,012	-
51	697101	Adolescent Smoking Cessation in Pediatric Primary Care	-	(148,432)	148,432	-
51	700800	ARRA - MCH Pediatric Research Network Program	-	(1,170,089)	1,170,089	-
51	710100	Mount Sinai Collaboration for Advancing Pediatric Quality Measures	-	(16,059)	16,059	-
51	731100	Primary Care Drug Therapeutics CER in a Pediatric EHR Network	-	(347,724)	347,724	-
51	732100	National Center for Pediatric Practice Based Research & Learning	-	(79,482)	79,482	-
		<b>Subtotal Department of Research</b>	<b>-</b>	<b>(2,474,832)</b>	<b>2,474,832</b>	<b>-</b>
<u>Department of Practice</u>						
55	685100	Childhood Immunization Support Program	-	(195,504)	195,504	-
55	699500	GLIDES	-	(17,738)	17,738	-
55	702500	IHS CONACH Activities	-	(81,977)	43,216	(38,761)
55	706100	Alliance for Information on Maternal and Child Health Program	-	(185,581)	185,581	-
55	718500	QI Module to Integrate Oral Health in Primary Care	-	(32,176)	32,176	-
55	724100	CHIPRA Pediatric Healthcare Quality Measures in Program Centers of Excellence	-	22,155	(22,155)	-
55	724102	CHIPRA Pediatric Healthcare Quality Measures in Program Centers of Excellence	-	(293,465)	293,465	-
55	735100	Increasing Adolescent Immunization Rates through Pediatric Partnerships	-	(61,983)	61,983	-
55	745100	5th International Meeting on Indigenous Child Health	-	(94,452)	94,452	-
		<b>Subtotal Department of Practice</b>	<b>-</b>	<b>(940,721)</b>	<b>901,960</b>	<b>(38,761)</b>
<u>Department of Subspecialty Pediatrics</u>						
57	219500	EPA Purchase Order	(5,662)	-	5,662	-
		<b>Subtotal Department of Subspecialty Pediatrics</b>	<b>(5,662)</b>	<b>-</b>	<b>5,662</b>	<b>-</b>
<b>TOTAL GOVERNMENTAL</b>		<b>\$ (17,521)</b>	<b>\$ (12,476,972)</b>	<b>\$ 12,331,653</b>	<b>\$ (162,840)</b>	
<b>TOTAL CONTRACT &amp; GRANTS</b>		<b>\$ (4,878,578)</b>	<b>(16,851,828)</b>	<b>17,303,015</b>	<b>(4,427,391)</b>	

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics  
**CONTRACTS AND GRANTS INFORMATION**  
Year Ended June 30, 2012

		Over (Under) Expended Balance June 30, 2011	Contracts and Grants Received	Revenue Recognized	Over (Under) Expended Balance June 30, 2012	
<b><u>Nongovernmental:</u></b>						
<b><u>Office of the Executive Director</u></b>						
10	618200	Richmond Center of Excellence for Children	\$ (860,527)	\$ 906,064	\$ (45,537)	\$ -
10	618201	FAMRI - Admin Core	-	(1,251,142)	466,565	(784,577)
10	618202	FAMRI - Measurement	-	(66,681)	17,506	(49,175)
10	618203	FAMRI - Datasets	-	(303,877)	228,684	(75,193)
10	618204	FAMRI - Building the Field	-	(239,980)	90,709	(149,271)
10	618205	FAMRI - Nanotechnology	-	(320,520)	297,981	(22,539)
10	618206	FAMRI - CSCNA	-	(117,630)	83,240	(34,390)
10	618207	FAMRI - VEST	-	(139,655)	111,591	(28,064)
10	618208	FAMRI - RISSK	-	(94,079)	44,752	(49,327)
10	638200	Exposure to Tobacco- RCE	8,409	(170,185)	161,776	-
10	675300	Childhood Obesity - NICHQ	2,264	(110,754)	108,490	-
10	722200	Vaccine Awareness - UNF	-	(200,000)	18,920	(181,080)
10	723200	Immunization Advocacy - Gates Foundation	-	(455,629)	285,185	(170,444)
		<b><i>Subtotal Office of the Executive Director</i></b>	<b>(849,854)</b>	<b>(2,564,068)</b>	<b>1,869,862</b>	<b>(1,544,060)</b>
<b><u>International Office</u></b>						
19	669300	I-CATCH Grants PELAS	(7,200)	-	7,200	-
		<b><i>Subtotal International Office</i></b>	<b>(7,200)</b>	<b>-</b>	<b>7,200</b>	<b>-</b>
<b><u>Department of Federal Affairs</u></b>						
12	715200	Food Safety & Health Issues	-	(72,537)	6,566	(65,971)
		<b><i>Subtotal Department of Federal Affairs</i></b>	<b>-</b>	<b>(72,537)</b>	<b>6,566</b>	<b>(65,971)</b>
<b><u>Department of Community, Chapter and State Affairs</u></b>						
13	186700	CATCH - Residents' Grants	(24,697)	-	23,987	(710)
13	225200	CATCH Planning Grants	(125,500)	-	1,819	(123,681)
13	257300	CATCH Program (A)	(319,784)	-	156,015	(163,769)
13	631300	Milk PEP	(30,499)	-	2,841	(27,658)
13	646300	CATCH Implementation grants	(40,449)	-	29,022	(11,427)
13	649200	Chapter Maintenance of Certification Network (A)	(5,852)	-	-	(5,852)
13	652200	Promoting the Open Forum Concept II	(1,481)	(3,243)	4,724	-
13	672300	CATCH Program (B)	(175,618)	-	25,380	(150,238)
13	677200	Pediatrics Residency Training Grant	(33,369)	-	33,141	(228)
13	690300	CATCH Grant Awards	(231,653)	-	96,120	(135,533)
13	690301	CATCH Grant Awards 2011-2013	-	(384,743)	105,836	(278,907)
13	692200	Transforming Pediatric Residency Training	(455,769)	-	329,326	(126,443)
13	695300	Children's Dental Campaign	49,895	(49,895)	-	-
13	695301	Children's Dental Campaign II	-	(98,402)	98,402	-
13	701200	CATCH Program (C)	(290,713)	(1,891)	138,621	(153,983)
13	705200	Healthy Active Living Obesity Prevention	(274,892)	-	120,488	(154,404)
13	716200	Teen Safe Driving Program	-	(257,008)	257,008	-
13	728200	Accelerating Improved Care for Children with Asthma Program	-	(857,402)	14,486	(842,916)
		<b><i>Subtotal Department of Community, Chapter and State Affairs</i></b>	<b>(1,960,381)</b>	<b>(1,652,584)</b>	<b>1,437,216</b>	<b>(2,175,749)</b>
<b><u>Department of Communications</u></b>						
16	684301	Protect Tomorrow II	-	(500,000)	38,824	(461,176)
16	688300	PAS Media Relations Program	4,747	(20,000)	15,253	-
		<b><i>Subtotal Department of Communications</i></b>	<b>4,747</b>	<b>(520,000)</b>	<b>54,077</b>	<b>(461,176)</b>
<b><u>Department of Membership</u></b>						
21	246700	Bruton Lectureship	(10,917)	(280)	250	(10,947)
		<b><i>Subtotal Department of Membership</i></b>	<b>(10,917)</b>	<b>(280)</b>	<b>250</b>	<b>(10,947)</b>
<b><u>Department of Education</u></b>						
40	103300	NeoReviews/PIR On-Line	(75,210)	-	2,988	(72,222)
40	124300	Neonatal Imaging Website	(43,854)	-	-	(43,854)
40	144304	Pedialink Coding Clues	(6,362)	-	6,362	-
40	237300	Pediatric Leadership Alliance	(18,959)	-	15,633	(3,326)
40	643200	Global NRP - Laerdal Foundation	(31,012)	-	20,130	(10,882)
40	653300	Pedialink Musculoskeletal	(831)	-	831	-
40	667200	Pedialink Musculoskeletal Disorders (B)	(55,610)	-	55,582	(28)
40	717200	HBB Newborn Resuscitation - Africa	-	(19,252)	19,252	-
40	725300	eQIPP - Growth Hormon Module	-	(134,730)	9,918	(124,812)
		<b><i>Subtotal Department of Education</i></b>	<b>(231,838)</b>	<b>(153,982)</b>	<b>130,696</b>	<b>(255,124)</b>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics  
**CONTRACTS AND GRANTS INFORMATION - CONTINUED**  
**Year Ended June 30, 2012**

	Over (Under) Expended Balance June 30, 2011	Contracts and Grants Received	Revenue Recognized	Over (Under) Expended Balance June 30, 2012
<b><u>NONGOVERNMENTAL - Continued</u></b>				
<b><u>Department of Community and Specialty Pediatrics</u></b>				
50 116300	\$ (28,357)	\$ -	\$ 28,357	\$ -
50 218700	(186,587)	-	2,004	(184,583)
50 236200	(16,905)	-	-	(16,905)
50 245700	(9,535)	(250)	-	(9,785)
50 547300	(16,766)	-	16,766	-
50 556300	(2,864)	-	2,864	-
50 623200	(4,304)	-	-	(4,304)
50 645300	(100,825)	-	100,825	-
50 666200	(659)	-	659	-
50 677201	(43,102)	-	43,102	-
50 683300	(120,967)	62	120,905	-
50 693300	9,581	(175,000)	161,604	(3,815)
50 707200	(149,694)	(988)	75,155	(75,527)
50 708300	(9,210)	(18,420)	7,767	(19,863)
	<u>(680,194)</u>	<u>(194,596)</u>	<u>560,008</u>	<u>(314,782)</u>
<b><u>Department of Research</u></b>				
51 199200	(16,610)	-	16,610	-
51 204600	(24,066)	-	24,066	-
51 632300	(13,873)	-	4,583	(9,290)
	<u>(54,549)</u>	<u>-</u>	<u>45,259</u>	<u>(9,290)</u>
<b><u>Department of Practice</u></b>				
55 126300	(95,005)	-	95,005	-
55 147300	(40,299)	-	40,299	-
55 155300	(9,819)	-	9,819	-
55 642200	91,238	(91,238)	-	-
55 721200	-	(25,000)	1,042	(23,958)
	<u>(53,885)</u>	<u>(116,238)</u>	<u>146,165</u>	<u>(23,958)</u>
<b>TOTAL NONGOVERNMENTAL</b>	<b><u>\$ (3,844,071)</u></b>	<b><u>\$ (5,274,285)</u></b>	<b><u>\$ 4,257,299</u></b>	<b><u>\$ (4,861,057)</u></b>
<b><u>GOVERNMENTAL:</u></b>				
<b><u>Office of the Executive Director</u></b>				
10 694801	\$ 667	\$ (667)	\$ -	\$ -
10 694803	564	(564)	-	-
10 694804	10,154	(10,154)	-	-
10 694805	1,139	(1,410)	-	(271)
10 694807	7,040	(7,479)	-	(439)
10 694808	14,792	(15,326)	-	(534)
10 694809	-	(117,530)	117,530	-
10 696800	-	(792,899)	792,899	-
10 697100	-	(420,475)	420,475	-
10 697101	-	(212,238)	212,238	-
	<u>34,356</u>	<u>(1,578,742)</u>	<u>1,543,142</u>	<u>(1,244)</u>
<b><u>Department of Community, Chapter and State Affairs</u></b>				
13 259106	-	(29,878)	29,878	-
13 259110	-	(124,670)	124,670	-
13 704100	1,631	(15,000)	13,369	-
	<u>1,631</u>	<u>(169,548)</u>	<u>167,917</u>	<u>-</u>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics  
**CONTRACTS AND GRANTS INFORMATION - CONTINUED**  
Year Ended June 30, 2012

	Over (Under) Expended Balance June 30, 2011	Contracts and Grants Received	Revenue Recognized	Over (Under) Expended Balance June 30, 2012
<b>GOVERNMENTAL - Continued</b>				
<b><u>Department of Education</u></b>				
40 689801	\$ -	\$ 1,406	\$ (1,376)	\$ 30
40 712100	35,077	(122,864)	87,787	-
	<u>35,077</u>	<u>(121,458)</u>	<u>86,411</u>	<u>30</u>
<b><u>Subtotal Department of Education</u></b>				
<b><u>Department of Community and Specialty Pediatrics</u></b>				
50 219500	(7,404)	-	1,742	(5,662)
50 601100	-	(40,438)	40,438	-
50 601110	-	(345,783)	345,783	-
50 604100	690	(15,350)	14,660	-
50 622100	-	(15,154)	15,154	-
50 627100	-	(685,551)	685,551	-
50 627101	-	-	-	-
50 627102	-	(129,888)	129,888	-
50 627103	-	(136)	136	-
50 627104	-	(94,304)	94,304	-
50 627105	-	(97,961)	97,961	-
50 627106	-	(39,590)	39,590	-
50 627107	-	(71,072)	71,072	-
50 648100	-	(554,735)	554,735	-
50 654100	-	(181,555)	181,555	-
50 674100	26,760	(27,308)	548	-
50 680100	-	(587,100)	587,100	-
50 680101	-	(101,017)	101,017	-
50 698100	10,897	(125,288)	114,391	-
50 703500	35	(55,099)	55,064	-
50 709100	49,347	(390,250)	330,258	(10,645)
50 711100	-	(236,738)	236,738	-
50 713100	8,000	(16,000)	8,000	-
50 714100	-	(266,470)	266,470	-
50 719100	-	(1,652,392)	1,652,392	-
50 720500	-	(21,846)	21,846	-
50 726100	-	(30,423)	30,423	-
50 727100	-	(24,916)	24,916	-
	<u>88,325</u>	<u>(5,806,364)</u>	<u>5,701,732</u>	<u>(16,307)</u>
<b><u>Subtotal Department of Committees and Sections</u></b>				
<b><u>Department of Research</u></b>				
51 224119	-	(362,177)	362,177	-
51 657100	213,689	(575,411)	361,722	-
51 658100	28,530	(153,330)	124,800	-
51 681100	-	(14,400)	14,400	-
51 687100	78,756	(260,804)	182,048	-
51 689800	20,413	(34,397)	13,984	-
51 700800	-	(1,018,357)	1,018,357	-
51 710100	-	(15,872)	15,872	-
	<u>341,388</u>	<u>(2,434,748)</u>	<u>2,093,360</u>	<u>-</u>
<b><u>Subtotal Department of Research</u></b>				
<b><u>Department of Practice</u></b>				
55 679100	32,932	(32,932)	-	-
55 682500	(343)	-	343	-
55 685100	-	(206,062)	206,062	-
55 699500	57,904	(74,735)	16,831	-
55 702500	66,063	(108,073)	42,010	-
55 706100	-	(156,820)	156,820	-
55 718500	-	(115,704)	115,704	-
55 724100	-	(36,473)	36,473	-
	<u>156,556</u>	<u>(730,799)</u>	<u>574,243</u>	<u>-</u>
<b><u>Subtotal Department of Practice</u></b>				
<b>TOTAL GOVERNMENTAL</b>	<u>\$ 657,333</u>	<u>\$ (10,841,659)</u>	<u>\$ 10,166,805</u>	<u>\$ (17,521)</u>
<b>TOTAL CONTRACTS AND GRANTS</b>	<u>\$ (3,186,738)</u>	<u>\$ (16,115,944)</u>	<u>\$ 14,424,104</u>	<u>\$ (4,878,578)</u>

See report of independent certified public accountants regarding supplemental information.

**American Academy of Pediatrics**  
**SCHEDULE OF FRINGE BENEFITS**  
**Years ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Traditional fringe benefits</b>		
Retirement	\$ 3,453,828	\$ 3,264,125
Health insurance	4,744,936	4,646,305
FICA	2,306,831	2,217,506
Life and accidental death	72,663	66,444
Disability	70,272	65,735
Working parent benefit	62,306	49,109
Tuition/Professional Development	351,493	436,973
Health insurance waiver	55,400	50,250
Unemployment	121,159	38,619
EAP	19,747	21,216
Comp time payout	20,800	21,490
Dental	224,947	210,080
Business Travel Insurance	-	40,464
Health Initiatives	9,862	8,084
Vision	5,050	4,594
Adoption	-	375
Lactation	5,438	5,278
	<u>11,524,732</u>	<u>11,146,647</u>
<b>Total traditional fringe benefits</b>		
<b>Other employee-related expenses</b>		
Employee activities	55,708	51,988
	<u>55,708</u>	<u>51,988</u>
<b>Total fringe benefits</b>	<u><u>\$11,580,440</u></u>	<u><u>\$11,198,635</u></u>

See report of independent certified public accountants regarding supplemental information.