

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

JUNE 30, 2012 AND 2011

{ Financial Statements }

plante
moran

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Report of Independent Certified Public Accountants

Board of Directors
American Academy of Pediatrics

We have audited the statement of financial position of **American Academy of Pediatrics** as of June 30, 2012, and the related statements of activities, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Academy's June 30, 2011 financial statements which were audited by Blackman Kallick, LLP, whose report dated September 22, 2011 expressed an unqualified opinion on those statements. Blackman Kallick, LLP subsequently merged into Plante & Moran, PLLC.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of **American Academy of Pediatrics** as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our report on our audit of the basic financial statements of American Academy of Pediatrics for 2012 appears on page one. That audit was conducted for the purpose of forming an opinion on the basic 2012 financial statements taken as a whole. The following 2012 supplemental departmental revenues and expenses by type, contracts and grants information and schedule of fringe benefits for American Academy of Pediatrics are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied the audit of 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 the accordance with auditing standards generally accepted in the United States of America. In our opinion, is fairly stated in all material respects in relation to the basic 2012 financial statements taken as a whole.

The 2011 supplemental departmental revenues and expenses by type, contracts and grants information and schedule of fringe benefits were subjected to the auditing procedures applied in the 2011 audit of the basic financial statements by Blackman Kallick, LLP, whose report on such information stated that it was fairly stated in all material respects in relation to the 2011 financial statements as a whole. Blackman Kallick, LLP subsequently merged into Plante & Moran, PLLC.

Plante & Moran, PLLC

October 2, 2012

American Academy of Pediatrics
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
Cash	\$ 6,065,337	\$ 8,380,803
Receivables		
Publications and supplements, net of allowance of \$41,942 in 2012 and \$350,028 in 2011	2,617,096	2,973,216
Contracts and grants	2,558,956	919,539
Pledges receivable	1,172,956	1,524,532
Royalties	1,695,329	746,441
Advertising, net of allowance of \$687 in 2012 and \$0 in 2011	659,180	616,543
Other	1,000,018	1,572,337
Publication inventories, net of allowance for obsolescence of \$337,000 in 2012 and \$332,000 in 2011	1,725,827	1,770,819
Prepaid expenses	2,731,597	2,701,672
Investments	46,230,704	42,825,996
Property and equipment, net	27,372,702	25,274,326
TOTAL ASSETS	<u>\$ 93,829,702</u>	<u>\$ 89,306,224</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable, trade	\$ 2,298,069	\$ 1,314,463
Chapter dues payable	667,395	867,914
Accrued expenses	2,497,141	2,493,180
Accrued salary and related expenses	9,478,676	9,107,893
Deferred revenues		
Membership dues	14,470,748	13,975,709
Pediatrics subscription fees	4,381,039	4,178,274
Pediatrics in Review subscriptions fees and Pediatrics Review and Education Program enrollment fees	4,313,995	4,179,888
Contracts and grants	4,878,578	4,106,277
Meetings	2,038,368	2,101,559
Other	2,097,439	2,116,194
Annuity payment liability	193,839	212,682
Capital lease obligations	102,833	158,770
TOTAL LIABILITIES	<u>47,418,120</u>	<u>44,812,803</u>
Net assets		
Unrestricted		
Board-designated		
Sections	2,456,490	1,977,493
Venture Capital	3,584,703	2,844,500
Neonatal Resuscitation Program	268,746	290,613
Friends of Children	2,402,715	2,319,547
Tomorrow's Children Fund	719,268	718,402
Reserves	15,647,910	17,209,444
Undesignated	15,845,473	13,225,617
Total Unrestricted	40,925,305	38,585,616
Temporarily Restricted	3,402,212	3,936,824
Permanently Restricted	2,084,065	1,970,981
TOTAL NET ASSETS	<u>46,411,582</u>	<u>44,493,421</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 93,829,702</u>	<u>\$ 89,306,224</u>

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENTS OF ACTIVITIES
Year Ended June 30, 2012 with Comparative Totals for 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
	2012	2012	2012	2012	2011
Revenue, Gains and Other Support:					
Membership Dues	\$ 22,301,439	\$ -	\$ -	\$ 22,301,439	\$ 21,727,480
NCE and SCME Conferences and Meetings	5,458,167	-	-	5,458,167	4,897,582
Contracts and Grants	14,424,104	-	-	14,424,104	10,875,904
Advertising	5,985,598	-	-	5,985,598	5,108,605
Royalties	3,775,343	-	-	3,775,343	2,464,261
Manuals and Publications	18,463,963	-	-	18,463,963	15,504,755
Subscriptions	17,410,609	-	-	17,410,609	16,491,700
Continuing Education	5,349,272	-	-	5,349,272	4,804,929
Investment Income	1,804,410	101,401	-	1,905,811	1,530,840
Contributions	1,015,022	5,633,379	113,084	6,761,485	8,017,530
Release from Restrictions	6,304,880	(6,304,880)	-	-	-
Other Income	2,236,564	-	-	2,236,564	2,090,543
Total revenue, gains and other support	104,529,371	(570,100)	113,084	104,072,355	93,514,129
Expenses:					
Program services:					
Meeting and Convention Services	4,861,183	-	-	4,861,183	4,252,126
Medical Journals and eLearning	14,985,596	-	-	14,985,596	14,103,551
Contracts and Grants	11,669,528	-	-	11,669,528	8,859,227
Education:					
Continuing Medical Education	4,623,443	-	-	4,623,443	4,146,261
Life Support	3,529,277	-	-	3,529,277	3,112,415
Public Education	426,088	-	-	426,088	453,598
Administration	1,862,448	-	-	1,862,448	1,646,772
Federal Affairs	3,206,140	-	-	3,206,140	2,859,785
State and Chapter Affairs	3,936,828	-	-	3,936,828	3,284,277
Membership Services	1,660,551	-	-	1,660,551	1,584,817
Marketing and Publications	8,298,235	-	-	8,298,235	7,898,544
Committees and Sections	8,889,081	-	-	8,889,081	8,162,245
Research	1,647,134	-	-	1,647,134	1,379,238
Pediatric Practice	4,788,908	-	-	4,788,908	4,705,362
Supporting activities:					
Membership Services	2,472,260	-	-	2,472,260	2,334,645
Customer Service:					
Meeting and Convention Services	1,749,275	-	-	1,749,275	1,747,572
Marketing and Publications	736,403	-	-	736,403	724,902
Medical Journals and eLearning	292,707	-	-	292,707	276,497
Customer Service Center	1,455,685	-	-	1,455,685	1,350,034
Management and general:					
Executive Director, Board, PR, International and HR	9,883,524	-	-	9,883,524	9,439,189
Fundraising	1,529,821	-	-	1,529,821	1,292,345
Information Technology	5,684,820	-	-	5,684,820	4,379,517
Finance and Administrative Services	2,735,623	-	-	2,735,623	2,231,765
Total expenses	100,924,558	-	-	100,924,558	90,224,684
Change in net assets due to operations	3,604,813	(570,100)	113,084	3,147,797	3,289,445
Net Realized and Change in Unrealized (Loss) Gain	(1,265,124)	35,488	-	(1,229,636)	4,046,378
Change in net assets	2,339,689	(534,612)	113,084	1,918,161	7,335,823
Beginning Net Assets	38,585,616	3,936,824	1,970,981	44,493,421	37,157,598
Ending Net Assets	\$ 40,925,305	\$ 3,402,212	\$ 2,084,065	\$ 46,411,582	\$ 44,493,421

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENTS OF CHANGES IN NET ASSETS
Two Years Ended June 30, 2012 and 2011

	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, 2010	<u>\$ 2,017,705</u>	<u>\$ 2,058,234</u>	<u>\$ 400,000</u>	<u>\$ 2,678,861</u>	<u>\$ 599,518</u>	<u>\$ 14,214,369</u>	<u>\$ 10,982,348</u>	<u>\$ 32,951,035</u>	<u>\$ 2,266,654</u>	<u>\$ 1,939,909</u>	<u>\$ 37,157,598</u>
Increase in net assets	-	-	-	-	-	-	5,634,581	5,634,581	1,670,170	31,072	7,335,823
Designations	<u>(40,212)</u>	<u>786,266</u>	<u>(109,387)</u>	<u>(359,314)</u>	<u>118,884</u>	<u>2,995,075</u>	<u>(3,391,311)</u>	-	-	-	-
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 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>	-	-	-	-
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>

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,918,161	\$ 7,335,823
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	2,744,744	2,200,687
Provision for bad debt expense	96,140	159,447
Loss on disposal of equipment	20,582	32,422
Net realized and change in unrealized loss (gains) on investments	1,229,636	(4,046,378)
Permanently restricted contributions	(113,084)	(31,072)
Change in assets and liabilities		
Receivables	(1,447,070)	(3,141,212)
Publication inventories	44,992	(371,128)
Prepaid expenses	(29,924)	(571,254)
Annuity payment liability	(18,843)	(20,374)
Accounts payable, trade	983,606	(629,381)
Accrued expenses	3,961	552,767
Accrued salary and related expenses	370,783	1,370,842
Deferred revenues	1,522,267	(678,948)
Net cash provided by operating activities	<u>7,325,951</u>	<u>2,162,241</u>
Cash flows from investing activities		
Purchases of property and equipment	(4,804,032)	(2,882,638)
Proceeds from maturities and sales of investments	22,646,358	21,141,116
Purchases of investments	(27,280,701)	(25,062,241)
Net cash used in investing activities	<u>(9,438,375)</u>	<u>(6,803,763)</u>
Cash flows from financing activities		
Permanently restricted contributions	113,084	31,072
Cash received on behalf of chapters	4,279,457	3,653,846
Cash remitted to chapters	(4,479,976)	(3,493,131)
Principal payments on capital lease obligations	(115,607)	(121,923)
Net cash (used in) provided by financing activities	<u>(203,042)</u>	<u>69,864</u>
NET DECREASE IN CASH	<u>(2,315,466)</u>	<u>(4,571,658)</u>
Cash at beginning of year	<u>8,380,803</u>	<u>12,952,461</u>
Cash at end of year	<u>\$ 6,065,337</u>	<u>\$ 8,380,803</u>
Supplemental schedules of noncash financing activities		
Capital lease obligations incurred for the acquisition of office equipment	<u>\$ 59,670</u>	<u>\$ 211,359</u>

The accompanying notes are an integral part of these statements.

**American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012**

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 at times may exceed federally insured limits, is deposited in one financial institution. Effective December 31, 2010 through December 31, 2012, all noninterest-bearing transaction accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC). 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.

**American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012**

**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.

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.

**American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012**

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

Revenue Recognition - Continued

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

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.

**American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012**

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

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 is paid to AHA in each year.

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.

**American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012**

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Continued

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.

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.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAPUSA. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2011 from which the summarized information was derived.

Fair Value Measurements

Effective July 1, 2010, the Academy adopted new guidance that requires the Academy to report significant transfers between Level 1 and Level 2 and the reasons for those transfers, as well as disclosing the reasons for transfers in or out of Level 3. Additionally, the guidance requires the Academy to clarify existing disclosure requirements about the level of disaggregation and inputs and valuation techniques. The adoption of this guidance resulted in a greater level of disaggregation and additional disclosures about inputs and valuation techniques.

The new guidance also requires the reconciliation of changes in Level 3 fair value measurements to present purchases, sales and settlements separately on a gross basis rather than as a net amount, effective for fiscal years beginning after December 15, 2010. The adoption of this guidance did not have a significant impact on the Academy's financial statements.

**American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012**

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

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

The Academy has evaluated subsequent events through October 2, 2012, the date the financial statements were available to be issued.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2012 and 2011, include the following:

	<u>2012</u>	<u>2011</u>
Pledges receivable due in		
Less than one year	\$ 1,188,836	\$ 1,149,570
One year to five years	32,000	435,000
Five years to ten years	<u>20,000</u>	<u>-</u>
	1,240,836	1,584,570
Less allowance	(61,075)	(59,163)
Less unamortized discount	<u>(6,805)</u>	<u>(875)</u>
Pledges receivable, net	<u>\$ 1,172,956</u>	<u>\$ 1,524,532</u>

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE B - PLEDGES RECEIVABLE - Continued

Pledges receivable are discounted at rates ranging from 1% to 6% as of June 30, 2012 and 2011. Changes in the Academy's allowance for uncollectible amounts for publications and supplements receivables are as follows for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 350,028	\$ 207,688
Bad debt expense	96,140	159,447
Accounts written-off	<u>(403,539)</u>	<u>(17,107)</u>
Ending balance	<u>\$ 42,629</u>	<u>\$ 350,028</u>

NOTE C - FAIR VALUE MEASUREMENTS

GAAPUSA defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. GAAPUSA describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach. Each approach includes multiple valuation techniques. The standard does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Financial assets and liabilities carried at fair value are classified in one of the following three categories based on the inputs to the valuation technique used:

- Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Academy uses no Level 3 inputs.

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE C - 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, 2012 and 2011. 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, 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)
Assets				
Money Market Funds	\$ 1,029,382	\$ 1,029,382	\$ -	\$ -
Fixed Income Securities				
Corporate Bonds	13,170,105	13,170,105	-	-
Equity Securities				
U.S. Large-Cap Growth	3,727,141	3,727,141	-	-
U.S. Large-Cap Value	4,541,723	4,541,723	-	-
U.S. Small/Mid-Cap Growth	2,229,258	2,229,258	-	-
U.S. Small/Mid-Cap Value	7,457,032	1,345,941	6,111,091	-
Global	7,213,395	7,213,395	-	-
Real Estate	1,141,386	1,141,386	-	-
Other Mutual Funds - Short Term				
Bond Funds	5,721,282	5,721,282	-	-
	<u>\$ 46,230,704</u>	<u>\$ 40,119,613</u>	<u>\$ 6,111,091</u>	<u>\$ -</u>

Description	Fair Values as of June 30, 2011	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	\$ 1,334,038	\$ 1,334,038	\$ -	\$ -
Fixed Income Securities				
U.S. Treasuries	228,068	-	228,068	-
Corporate Bonds	12,010,113	12,010,113	-	-
Equity Securities				
U.S. Large-Cap Growth	1,610,623	1,610,623	-	-
U.S. Large-Cap Value	4,513,536	4,513,536	-	-
U.S. Small/Mid-Cap Growth	1,475,435	1,475,435	-	-
U.S. Small/Mid-Cap Value	6,897,318	620,228	6,277,090	-
Global	8,346,003	7,889,306	456,697	-
Real Estate	830,685	830,685	-	-
Other Mutual Funds - Short Term				
Bond Funds	5,580,177	5,580,177	-	-
	<u>\$ 42,825,996</u>	<u>\$ 35,864,141</u>	<u>\$ 6,961,855</u>	<u>\$ -</u>

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE C - FAIR VALUE MEASUREMENTS - Continued

Level 1 Inputs

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

Level 2 Inputs

Estimated fair values of the Academy's U.S. Treasury Securities and certain equity securities were based on similar investments that are traded on the secondary market.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2012 and 2011, consists of the following:

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 4,640,041	\$ 4,315,632
Building and improvements	20,471,389	19,695,021
Building equipment	339,532	359,977
Office equipment	17,300,457	13,531,224
Furniture and fixtures	5,040,114	5,037,215
Construction in progress	<u>716,302</u>	<u>1,549,324</u>
	48,507,835	44,488,393
Less accumulated depreciation	<u>(21,135,133)</u>	<u>(19,214,067)</u>
	<u>\$ 27,372,702</u>	<u>\$ 25,274,326</u>

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE E - 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 \$667,395, and \$867,914 as of June 30, 2012 and 2011, respectively.

NOTE F - ENDOWMENT

Endowment

The Academy's endowment consists of approximately 13 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.

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

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE F - ENDOWMENT - Continued

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.

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, 2012 and 2011, there were no deficiencies in the individual donor-restricted endowment funds.

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE F - 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	-	706,918	2,084,065	2,790,983
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	23,369	-	113,084	136,453
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>\$ 3,510,254</u>

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE F - ENDOWMENT - Continued

Endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 718,405	\$ -	\$ -	\$ 718,405
Donor-restricted endowment funds	<u>-</u>	<u>702,771</u>	<u>1,970,981</u>	<u>2,673,752</u>
Total Funds	<u>\$ 718,405</u>	<u>\$ 702,771</u>	<u>\$ 1,970,981</u>	<u>\$ 3,392,157</u>

Changes in endowment net assets for the year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 599,518</u>	<u>\$ 381,351</u>	<u>\$ 1,939,909</u>	<u>\$ 2,920,778</u>
Investment return:				
Investment income	28,940	81,089	-	110,029
Net gain (realized and change in unrealized)	<u>117,826</u>	<u>269,882</u>	<u>-</u>	<u>387,708</u>
	<u>146,766</u>	<u>350,971</u>	<u>-</u>	<u>497,737</u>
Contributions	-	-	66,341	66,341
Appropriation of endowment assets for expenditure	(34,086)	(48,624)	-	(82,710)
Reclassification of fund balance	10,269	25,000	(35,269)	-
Investment fees	<u>(4,062)</u>	<u>(5,927)</u>	<u>-</u>	<u>(9,989)</u>
Endowment net assets, end of year	<u>\$ 718,405</u>	<u>\$ 702,771</u>	<u>\$ 1,970,981</u>	<u>\$ 3,392,157</u>

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE G - 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, 2012 and 2011, the Academy's unrelated business expenses exceeded unrelated business income. As a result, no provision for income taxes is necessary.

The Academy's application of GAAPUSA regarding uncertain tax positions had no effect on its financial position as management believes the Academy has no material unrecognized income tax liabilities. The Academy would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax liabilities as income tax expense. The Academy is no longer subject to examination by tax authorities for federal and state income taxes for periods before 2009.

NOTE H - 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 8% discretionary contributions for the year ended June 30, 2012 and 9% for the year ended June 30, 2011 amounting to \$2,435,848 and \$2,540,252 in 2012 and 2011, respectively. Total Academy contributions were \$3,264,125 and \$3,227,184 for the years ended June 30, 2012 and 2011, respectively.

**American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012**

NOTE H - 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 I - 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, 2012, under this lease, excluding real estate taxes, are due as follows:

Years Ending June 30:	
2013	\$ 717,343
2014	419,430
2015	590,227
2016	604,946
2017	620,115
Thereafter	<u>4,109,567</u>
Total	<u>\$ 7,061,628</u>

Rental expense amounted to \$729,954 and \$603,536 for the years ended June 30, 2012 and 2011, respectively.

American Academy of Pediatrics
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2012

NOTE J - CAPITAL LEASES

The Academy has leasehold interests on certain office equipment under agreements that expire at various dates through June 2015. The cost of the leased assets was \$400,002 and \$419,125, and accumulated amortization was \$272,500 and \$243,668 as of June 30, 2012 and 2011, 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, 2012:

Years Ending June 30:

2013	\$ 56,393
2014	36,973
2015	<u>10,670</u>
Total minimum lease payments	104,036
Less amount representing interest	<u>(1,203)</u>
Total capital lease obligations	102,833
Less current maturities	<u>(48,499)</u>
Total long-term capital lease obligations	<u><u>\$ 54,334</u></u>

The Academy also has various maintenance contracts on certain of these capital leases that are expensed on a monthly basis. The contracts require monthly payments of approximately \$0.

NOTE K - RECLASSIFICATIONS

For comparability, the 2011 financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used in 2012.

SUPPLEMENTARY INFORMATION

American Academy of Pediatrics
DEPARTMENTAL REVENUES 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 and Administrative Services	Membership	Marketing and Publications	Public Education	Education Administration
Revenues									
Membership Dues	\$ 30,615	\$ -	\$ 21,549	\$ -	\$ -	\$ 21,597,954	\$ -	\$ -	\$ -
Administrative Income	-	-	-	-	-	-	-	-	-
NCE and SCME	-	-	-	-	-	-	-	-	-
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>
Expenses									
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>
Change in Net Assets Due to Operations	(9,598,336)	(3,023,884)	(3,219,601)	(5,684,770)	(2,299,711)	18,187,417	(355,758)	495,046	(123,023)
Net Realized and Change in Unrealized Loss	-	-	-	-	(1,229,636)	-	-	-	-
Change in Net Assets	<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 REVENUES AND EXPENSES BY TYPE - CONTINUED
Year Ended June 30, 2012

	Continuing Medical Education	Life Support	e-Learning and Medical journals	Meeting and Convention Services	Committees and Sections	Research	Pediatric Practice	Contracts and Grants	Total
Revenues									
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ 576,961	\$ -	\$ 74,360	\$ -	\$ 22,301,439
Administrative Income	102,431	-	-	-	-	-	-	-	102,431
NCE and SCME	-	-	-	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	108,911	-	(1,500)	-	3,775,343
Manuals and Publications	-	6,777,338	1,166,950	-	1,591,921	-	1,405,714	-	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	26,509	-	5,787	-	6,761,485
Release from Restrictions	117,101	216,362	901,697	851,674	1,453,061	-	77,280	-	-
Net Investment Income	-	-	-	-	-	-	-	-	1,905,811
Other Income	14,960	(1,656,569)	111,688	362,544	268,378	8,173	52,365	-	2,134,133
	<u>3,954,915</u>	<u>8,783,845</u>	<u>25,775,529</u>	<u>7,220,236</u>	<u>4,025,741</u>	<u>8,173</u>	<u>1,614,006</u>	<u>14,424,104</u>	<u>104,072,355</u>
Expenses									
Salaries	1,067,981	880,519	2,915,543	1,137,133	3,409,214	808,556	2,172,572	-	31,346,237
Temporary Help	14,160	3,961	47,099	4,125	54,321	-	-	-	498,071
Fringe Benefits	391,620	281,640	1,021,723	433,714	1,167,255	365,961	757,423	-	11,198,635
Travel and Meetings	789,658	180,886	409,401	2,974,989	1,304,992	47,620	299,313	-	7,862,104
Meals	1,480,591	54,808	78,368	940,887	504,431	7,264	105,750	-	3,929,287
Printing	377,199	635,323	4,058,980	325,817	664,104	25,352	515,967	-	10,285,264
Postage and Freight	26,900	73,444	1,398,097	88,587	144,499	31,724	79,965	-	2,923,751
Software	-	5,150	4,399	58	1,305	3,542	9,718	-	564,518
Audit and Legal	-	13,492	10,203	2,546	3,790	4,140	7,474	-	274,426
Building and Utilities	128,405	124,402	373,990	198,583	485,122	186,421	212,413	-	5,940,118
Supplies	47,952	26,548	95,667	92,553	190,258	47,310	82,252	-	876,604
Support of Other Organizations	-	-	-	-	4,167	3,000	-	-	350,002
Telephone	7,675	10,581	18,452	85,138	38,699	5,671	30,430	-	529,196
Commissions	-	-	987,071	93,842	-	-	-	-	1,103,985
Consultant and Honoraria	118,094	153,527	3,286,524	136,110	423,002	25,939	651,986	-	7,345,769
Tax	-	-	-	-	-	-	-	-	-
Insurance	12,965	-	-	21,463	-	-	-	-	334,358
Miscellaneous	160,243	1,084,996	572,786	74,913	493,922	84,634	(136,355)	-	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>8,889,081</u>	<u>1,647,134</u>	<u>4,788,908</u>	<u>11,669,528</u>	<u>100,924,558</u>
Change in Net Assets Due to Operations	(668,528)	5,254,568	10,497,226	609,778	(4,863,340)	(1,638,961)	(3,174,902)	2,754,576	3,147,797
Net Realized and Change in Unrealized Loss	-	-	-	-	-	-	-	-	(1,229,636)
Change in Net Assets	<u>\$ (668,528)</u>	<u>\$ 5,254,568</u>	<u>\$ 10,497,226</u>	<u>\$ 609,778</u>	<u>\$ (4,863,340)</u>	<u>\$ (1,638,961)</u>	<u>\$ (3,174,902)</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
DEPARTMENTAL REVENUES AND EXPENSES BY TYPE
Year Ended June 30, 2011

	Executive Director, Board, Development Public Relations and Human Resources	Federal Affairs	State and Chapter Affairs	Information Technology	Finance and Administrative Services	Membership	Marketing and Publications	Public Education	Education Administration
Revenues									
Membership Dues	\$ 31,677	\$ -	\$ 23,637	\$ -	\$ -	\$ 21,024,539	\$ -	\$ -	\$ -
Administrative Income	-	-	-	-	-	-	-	-	-
NCE and SCME	-	-	-	-	-	-	-	-	-
Contracts and Grants	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	159,968	-	-
Royalties	29,780	-	-	-	-	268,768	465,029	5	-
Manuals and Publications	-	-	-	-	4,203	1,565,437	4,976,985	955,987	50,948
Subscriptions	-	-	-	-	-	-	-	-	-
Continuing Education	-	39,450	-	-	-	-	-	-	-
Contributions	862,240	1,500	-	-	7,190,009	1,959	(115,000)	-	-
Release from restrictions	426,591	-	258,916	-	(5,934,194)	233,795	1,824,700	120,000	-
Net Investment Income	-	-	-	-	1,530,840	-	-	-	-
Other Income	169,930	150,808	158,828	700	(568,220)	135,473	1,061,366	-	858,357
	<u>1,520,218</u>	<u>191,758</u>	<u>441,381</u>	<u>700</u>	<u>2,222,638</u>	<u>23,229,971</u>	<u>8,373,048</u>	<u>1,075,992</u>	<u>909,305</u>
Expenses									
Salaries	5,650,382	1,335,292	1,723,075	2,078,664	1,262,138	1,540,707	3,082,656	-	648,854
Temporary Help	48,981	5,375	6,834	4,711	28,014	46,491	14,372	-	908
Fringe Benefits	2,383,527	376,739	564,041	696,481	454,666	595,242	1,095,097	-	195,322
Travel and Meetings	897,223	154,372	211,765	16,239	7,961	300,895	96,725	10	38,011
Meals	278,174	129,118	148,332	4,919	2,252	142,828	17,778	145	9,941
Printing	(99,501)	35,177	49,589	6,223	4,072	324,443	2,373,527	358,774	297,465
Postage and Freight	60,159	12,987	8,543	12,983	8,835	162,578	376,677	81,631	245,787
Software	57,436	21,968	166	251,621	108,359	2,674	887	-	1,245
Audit and Legal	19,817	-	6,519	2,993	153,625	3,379	27,894	-	1,926
Building and Utilities	517,082	642,583	215,885	1,117,995	163,199	163,499	315,012	-	106,441
Supplies	116,279	73,061	23,511	8,110	9,675	12,007	8,631	-	6,627
Support of other organizations	384,810	-	-	-	-	-	-	-	-
Telephone	76,222	61,326	14,701	66,802	4,776	12,673	11,646	-	3,674
Commissions	-	-	-	-	-	-	14,095	-	-
Consultant and Honoraria	1,151,639	6,537	83,093	111,776	226,588	325,021	449,190	1,500	60,282
Tax	-	-	-	-	9,881	-	-	-	-
Insurance	284,295	-	-	-	-	-	-	-	-
Miscellaneous	255,043	5,250	228,223	-	(212,276)	287,025	739,259	11,538	30,289
Contracts and Grants	-	-	-	-	-	-	-	-	-
	<u>12,081,568</u>	<u>2,859,785</u>	<u>3,284,277</u>	<u>4,379,517</u>	<u>2,231,765</u>	<u>3,919,462</u>	<u>8,623,446</u>	<u>453,598</u>	<u>1,646,772</u>
Change in Net Assets Due to Operations	(10,561,350)	(2,668,027)	(2,842,896)	(4,378,817)	(9,127)	19,310,509	(250,398)	622,394	(737,467)
Net Realized and Change in Unrealized Gain	-	-	-	-	4,046,378	-	-	-	-
Change in Net Assets	<u>\$ (10,561,350)</u>	<u>\$ (2,668,027)</u>	<u>\$ (2,842,896)</u>	<u>\$ (4,378,817)</u>	<u>\$ 4,037,251</u>	<u>\$ 19,310,509</u>	<u>\$ (250,398)</u>	<u>\$ 622,394</u>	<u>\$ (737,467)</u>

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
DEPARTMENTAL REVENUES AND EXPENSES BY TYPE - CONTINUED
Year Ended June 30, 2011

	Continuing Medical Education	Life Support	e-Learning and Medical Journals	Meeting and Convention Services	Committees and Sections	Research	Pediatric Practice	Contracts and Grants	Total
Revenues									
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ 572,005	\$ -	\$ 75,622	\$ -	\$ 21,727,480
Administrative Income	90,311	-	-	-	-	-	-	-	90,311
NCE and SCME	-	-	-	4,897,582	-	-	-	-	4,897,582
Contracts and Grants	-	-	-	-	-	-	-	10,875,904	10,875,904
Advertising	-	-	4,572,613	376,024	-	-	-	-	5,108,605
Royalties	3,978	923,325	475,651	201,023	94,427	-	2,275	-	2,464,261
Manuals and Publications	-	3,799,411	1,603,922	-	1,138,304	-	1,409,558	-	15,504,755
Subscriptions	-	-	16,491,700	-	-	-	-	-	16,491,700
Continuing Education	3,305,644	1,117,144	185,944	-	109,400	-	47,347	-	4,804,929
Contributions	-	14,473	83	-	50,850	-	11,416	-	8,017,530
Release from Restrictions	118,105	316,558	751,650	575,273	966,349	-	342,257	-	-
Net Investment Income	-	-	-	-	-	-	-	-	1,530,840
Other Income	8,156	(841,793)	107,716	351,253	337,635	1,461	68,562	-	2,000,232
	<u>3,526,194</u>	<u>5,329,118</u>	<u>24,189,279</u>	<u>6,401,155</u>	<u>3,268,970</u>	<u>1,461</u>	<u>1,957,037</u>	<u>10,875,904</u>	<u>93,514,129</u>
Expenses									
Salaries	1,043,920	745,061	2,533,956	1,098,453	3,389,545	717,034	2,100,589	-	28,950,326
Temporary Help	24,678	26,579	57,471	21,288	24,428	1,812	1,938	-	313,880
Fringe Benefits	374,130	238,085	945,182	443,953	1,164,624	344,006	758,005	-	10,629,100
Travel and Meetings	707,164	229,536	380,152	2,599,531	1,179,058	37,152	360,397	-	7,216,191
Meals	1,217,789	80,666	72,165	752,806	590,035	6,870	97,759	-	3,551,577
Printing	306,210	378,338	3,936,534	298,617	464,822	19,053	590,465	-	9,343,808
Postage and Freight	27,007	85,416	1,347,787	65,247	130,839	10,800	77,674	-	2,714,950
Software	-	279	2,135	58	1,719	-	20,475	-	469,022
Audit and Legal	-	12,039	80,970	2,230	5,106	-	-	-	316,498
Building and Utilities	113,985	92,976	314,581	184,570	431,438	129,132	157,159	-	4,665,537
Supplies	35,523	15,123	100,486	92,041	223,408	250	60,943	-	785,675
Support of Other Organizations	-	-	-	-	25,833	3,000	5,000	-	418,643
Telephone	6,302	8,001	16,946	90,984	40,369	4,791	23,055	-	442,268
Commissions	-	-	779,874	89,333	-	-	-	-	883,302
Consultant and Honoraria	142,086	309,215	3,397,025	109,500	355,149	24,770	410,121	-	7,163,492
Tax	-	-	-	-	-	-	-	-	9,881
Insurance	11,986	-	-	34,717	-	-	-	-	330,998
Miscellaneous	135,481	891,101	414,784	116,370	135,872	80,568	41,782	-	3,160,309
Contracts and Grants	-	-	-	-	-	-	-	8,859,227	8,859,227
	<u>4,146,261</u>	<u>3,112,415</u>	<u>14,380,048</u>	<u>5,999,698</u>	<u>8,162,245</u>	<u>1,379,238</u>	<u>4,705,362</u>	<u>8,859,227</u>	<u>90,224,684</u>
Change in Net Assets Due to Operations	(620,067)	2,216,703	9,809,231	401,457	(4,893,275)	(1,377,777)	(2,748,325)	2,016,677	3,289,445
Net Realized and Change in Unrealized Gain	-	-	-	-	-	-	-	-	4,046,378
Change in Net Assets	<u>\$ (620,067)</u>	<u>\$ 2,216,703</u>	<u>\$ 9,809,231</u>	<u>\$ 401,457</u>	<u>\$ (4,893,275)</u>	<u>\$ (1,377,777)</u>	<u>\$ (2,748,325)</u>	<u>\$ 2,016,677</u>	<u>\$ 7,335,823</u>

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
<u>Nongovernmental:</u>					
<u>Office of the Executive Director</u>					
10	618200	\$ (860,527)	\$ 906,064	\$ (45,537)	\$ -
10	618201	-	(1,251,142)	466,565	(784,577)
10	618202	-	(66,681)	17,506	(49,175)
10	618203	-	(303,877)	228,684	(75,193)
10	618204	-	(239,980)	90,709	(149,271)
10	618205	-	(320,520)	297,981	(22,539)
10	618206	-	(117,630)	83,240	(34,390)
10	618207	-	(139,655)	111,591	(28,064)
10	618208	-	(94,079)	44,752	(49,327)
10	638200	8,409	(170,185)	161,776	-
10	675300	2,264	(110,754)	108,490	-
10	722200	-	(200,000)	18,920	(181,080)
10	723200	-	(455,629)	285,185	(170,444)
	Subtotal Office of the Executive Director	(849,854)	(2,564,068)	1,869,862	(1,544,060)
<u>International Office</u>					
19	669300	(7,200)	-	7,200	-
	Subtotal International Office	(7,200)	-	7,200	-
<u>Department of Federal Affairs</u>					
12	715200	-	(72,537)	6,566	(65,971)
	Subtotal Department of Federal Affairs	-	(72,537)	6,566	(65,971)
<u>Department of Community, Chapter and State Affairs</u>					
13	186700	(24,697)	-	23,987	(710)
13	225200	(125,500)	-	1,819	(123,681)
13	257300	(319,784)	-	156,015	(163,769)
13	631300	(30,499)	-	2,841	(27,658)
13	646300	(40,449)	-	29,022	(11,427)
13	649200	(5,852)	-	-	(5,852)
13	652200	(1,481)	(3,243)	4,724	-
13	672300	(175,618)	-	25,380	(150,238)
13	677200	(33,369)	-	33,141	(228)
13	690300	(231,653)	-	96,120	(135,533)
13	690301	-	(384,743)	105,836	(278,907)
13	692200	(455,769)	-	329,326	(126,443)
13	695300	49,895	(49,895)	-	-
13	695301	-	(98,402)	98,402	-
13	701200	(290,713)	(1,891)	138,621	(153,983)
13	705200	(274,892)	-	120,488	(154,404)
13	716200	-	(257,008)	257,008	-
13	728200	-	(857,402)	14,486	(842,916)
	Subtotal Department of Community, Chapter and State Affairs	(1,960,381)	(1,652,584)	1,437,216	(2,175,749)
<u>Department of Communications</u>					
16	684301	-	(500,000)	38,824	(461,176)
16	688300	4,747	(20,000)	15,253	-
	Subtotal Department of Communications	4,747	(520,000)	54,077	(461,176)
<u>Department of Membership</u>					
21	246700	(10,917)	(280)	250	(10,947)
	Subtotal Department of Membership	(10,917)	(280)	250	(10,947)
<u>Department of Education</u>					
40	103300	(75,210)	-	2,988	(72,222)
40	124300	(43,854)	-	-	(43,854)
40	144304	(6,362)	-	6,362	-
40	237300	(18,959)	-	15,633	(3,326)
40	643200	(31,012)	-	20,130	(10,882)
40	653300	(831)	-	831	-
40	667200	(55,610)	-	55,582	(28)
40	717200	-	(19,252)	19,252	-
40	725300	-	(134,730)	9,918	(124,812)
	Subtotal Department of Education	(231,838)	(153,982)	130,696	(255,124)

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	
<u>NONGOVERNMENTAL - Continued</u>					
<u>Department of Community and Specialty Pediatrics</u>					
50 116300	Pedialink Car Seat Module	\$ (28,357)	\$ -	\$ 28,357	\$ -
50 218700	Medical Home Program (Private)	(186,587)	-	2,004	(184,583)
50 236200	Environmental Health Handbook	(16,905)	-	-	(16,905)
50 245700	Brett Ratner Memorial	(9,535)	(250)	-	(9,785)
50 547300	Car Safety Seat Exhibit	(16,766)	-	16,766	-
50 556300	Sports Shorts	(2,864)	-	2,864	-
50 623200	D-PIP Qualitative Interviews	(4,304)	-	-	(4,304)
50 645300	Healthy Futures - Improving Health Outcomes for Young Children	(100,825)	-	100,825	-
50 666200	Bright Futures - Oral Health	(659)	-	659	-
50 677201	Healthy Living Grant (A)	(43,102)	-	43,102	-
50 683300	Medical Home Chapter Champions Program on Asthma	(120,967)	62	120,905	-
50 693300	Healthy Living Grant (B)	9,581	(175,000)	161,604	(3,815)
50 707200	Obesity Funding - Beyond the Toolkit	(149,694)	(988)	75,155	(75,527)
50 708300	Picker Institute's Always Events	(9,210)	(18,420)	7,767	(19,863)
Subtotal Department of Community and Specialty Pediatrics		(680,194)	(194,596)	560,008	(314,782)
<u>Department of Research</u>					
51 199200	National Survey of Parents & Pediatricians	(16,610)	-	16,610	-
51 204600	Functional Outcomes	(24,066)	-	24,066	-
51 632300	Secondary Sexual Characteristic in Boys	(13,873)	-	4,583	(9,290)
Subtotal Department of Research		(54,549)	-	45,259	(9,290)
<u>Department of Practice</u>					
55 126300	ADHD Initiative	(95,005)	-	95,005	-
55 147300	ADHD Regional Focus Groups	(40,299)	-	40,299	-
55 155300	ADHD Video Project	(9,819)	-	9,819	-
55 642200	Working Together for Oral Health	91,238	(91,238)	-	-
55 721200	Oral Health Training	-	(25,000)	1,042	(23,958)
Subtotal Department of Practice		(53,885)	(116,238)	146,165	(23,958)
TOTAL NONGOVERNMENTAL		\$ (3,844,071)	\$ (5,274,285)	\$ 4,257,299	\$ (4,861,057)
<u>GOVERNMENTAL:</u>					
<u>Office of the Executive Director</u>					
10 694801	Development of Model EHR Format for Children - 1	\$ 667	\$ (667)	\$ -	\$ -
10 694803	Development of Model EHR Format for Children - 3	564	(564)	-	-
10 694804	Development of Model EHR Format for Children - 4	10,154	(10,154)	-	-
10 694805	Development of Model EHR Format for Children - 5	1,139	(1,410)	-	(271)
10 694807	Development of Model EHR Format for Children - 7	7,040	(7,479)	-	(439)
10 694808	Development of Model EHR Format for Children - 8	14,792	(15,326)	-	(534)
10 694809	Development of Model EHR Format for Children - 9	-	(117,530)	117,530	-
10 696800	ARRA - Prevention and Wellness - Leveraging National Organizations	-	(792,899)	792,899	-
10 697100	Adolescent Smoking Cessation in Pediatric Primary Care	-	(420,475)	420,475	-
10 697101	Adolescent Smoking Cessation in Pediatric Primary Care	-	(212,238)	212,238	-
Subtotal Office of the Executive Director		34,356	(1,578,742)	1,543,142	(1,244)
<u>Department of Community, Chapter and State Affairs</u>					
13 259106	Healthy Tomorrow's Partnership	-	(29,878)	29,878	-
13 259110	Healthy Tomorrow's Partnership	-	(124,670)	124,670	-
13 704100	Integrated Community Service Systems/CSHCN	1,631	(15,000)	13,369	-
Subtotal Department of Community, Chapter and State Affairs		1,631	(169,548)	167,917	-

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
GOVERNMENTAL - Continued				
<u>Department of Education</u>				
40 689801	\$ -	\$ 1,406	\$ (1,376)	\$ 30
40 712100	35,077	(122,864)	87,787	-
<i>Subtotal Department of Education</i>				
	35,077	(121,458)	86,411	30
<u>Department of Community and Specialty Pediatrics</u>				
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	-
<i>Subtotal Department of Committees and Sections</i>				
	88,325	(5,806,364)	5,701,732	(16,307)
<u>Department of Research</u>				
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	-
<i>Subtotal Department of Research</i>				
	341,388	(2,434,748)	2,093,360	-
<u>Department of Practice</u>				
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	-
<i>Subtotal Department of Practice</i>				
	156,556	(730,799)	574,243	-
TOTAL GOVERNMENTAL				
	\$ 657,333	\$ (10,841,659)	\$ 10,166,805	\$ (17,521)
TOTAL CONTRACTS AND GRANTS				
	\$ (3,186,738)	\$ (16,115,944)	\$ 14,424,104	\$ (4,878,578)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANTS INFORMATION
Year Ended June 30, 2011

		Over (Under) Expended Balance June 30, 2010	Contracts and Grants Received	Revenue Recognized	Over (Under) Expended Balance June 30, 2011	
Nongovernmental:						
<u>Office of the Executive Director</u>						
10	618200	Richmond Center of Excellence for Children	\$ (855,746)	\$ (1,670,900)	\$ 1,666,119	\$ (860,527)
10	638200	Exposure to Tobacco - RCE	42,744	(155,187)	120,852	8,409
10	675300	Childhood Obesity - NICHQ	15,196	(296,070)	283,138	2,264
Subtotal Office of the Executive Director			(797,806)	(2,122,157)	2,070,109	(849,854)
<u>International Office</u>						
19	230301	International NRP - China	(6)	-	6	-
19	669300	I-CATCH Grants PELAS	2,400	(14,400)	4,800	(7,200)
Subtotal International Office			2,394	(14,400)	4,806	(7,200)
<u>Department of Community, Chapter and State Affairs</u>						
13	186700	CATCH - Residents' Grants	(72,011)	-	47,314	(24,697)
13	225200	CATCH Planning Grants	(134,907)	-	9,407	(125,500)
13	257300	CATCH Program (A)	(416,788)	-	97,004	(319,784)
13	619200	Community Pediatrics Training Initiative II	(7,114)	2,404	4,710	-
13	631300	Milk PEP	(58,687)	-	28,188	(30,499)
13	646300	CATCH Implementation Grants	(39,992)	-	(457)	(40,449)
13	649200	Chapter Maintenance of Certification Network	(36,801)	-	30,949	(5,852)
13	652200	Promoting the Open Forum Concept II	(1,481)	-	-	(1,481)
13	672300	CATCH Program (B)	(207,066)	-	31,448	(175,618)
13	677200	Pediatrics Residency Training Grant	(71,953)	-	38,584	(33,369)
13	690300	CATCH Grant Awards	(381,274)	-	149,621	(231,653)
13	692200	Transforming Pediatric Residency Training	(183,563)	(328,143)	55,937	(455,769)
13	695300	Children's Dental Campaign	-	(100,000)	149,895	49,895
13	701200	CATCH Program (C)	-	(366,349)	75,636	(290,713)
13	705200	Healthy Active Living Obesity Prevention	-	(275,000)	108	(274,892)
Subtotal Department of Community, Chapter and State Affairs			(1,611,637)	(1,067,088)	718,344	(1,960,381)
<u>Department of Communications</u>						
16	684300	Protect Tomorrow	31,892	(58,254)	26,362	-
16	688300	PAS Media Relations Program	4,747	-	-	4,747
Subtotal Department of Communications			36,639	(58,254)	26,362	4,747
<u>Department of Membership</u>						
21	246700	Bruton Lectureship	(10,786)	(131)	-	(10,917)
Subtotal Department of Membership			(10,786)	(131)	-	(10,917)
<u>Department of Education</u>						
40	103300	NeoReviews/PIR On-Line	(75,210)	-	-	(75,210)
40	124300	Neonatal Imaging Website	(43,854)	-	-	(43,854)
40	144304	Pedialink Coding Clues	(38,371)	-	32,009	(6,362)
40	228300	Early Brain Child Development	(17,154)	-	17,154	-
40	237300	Pediatric Leadership Alliance	(114,537)	(8,790)	104,368	(18,959)
40	238300	Otitis Media Campaign	(17,420)	-	17,420	-
40	637200	Pedialink Teaching Center	(20,000)	-	20,000	-
40	643200	Global NRP	(165,478)	-	134,466	(31,012)
40	647300	Pediatric Asthma Curriculum	11,811	(49,600)	37,789	-
40	653300	Pedialink Musculoskeletal	(6,789)	-	5,958	(831)
40	667200	Pedialink Musculoskeletal Disorders (B)	(58,027)	-	2,417	(55,610)
40	670200	SHS Exposure	-	(3,818)	3,818	-
Subtotal Department of Education			(545,029)	(62,208)	375,399	(231,838)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANTS INFORMATION - CONTINUED
Year Ended June 30, 2011

		Over (Under) Expended Balance June 30, 2010	Contracts and Grants Received	Revenue Recognized	Over (Under) Expended Balance June 30, 2011	
Nongovernmental - Continued						
<u>Department of Community and Specialty Pediatrics</u>						
50	116300	Pedialink Car Seat Module	\$ (28,357)	\$ -	\$ -	\$ (28,357)
50	218700	Medical Home Program (Private)	(202,573)	-	15,986	(186,587)
50	236200	Environmental Health Handbook	(16,905)	-	-	(16,905)
50	245700	Brett Ratner Memorial	(12,145)	(118)	2,728	(9,535)
50	547300	Car Safety Seat Exhibit	(16,812)	-	46	(16,766)
50	556300	Sports Shorts	(4,020)	-	1,156	(2,864)
50	616200	CarePoints File Project	(156)	-	156	-
50	623200	D-PIP Qualitative Interviews	(4,304)	-	-	(4,304)
50	645300	Healthy Futures - Improving Health Outcomes for Young Children	(200,985)	-	100,160	(100,825)
50	650200	Improving Prevention of Childhood Obesity	2,197	(2,197)	-	-
50	664200	Dbpeds.org Web Site	(5,808)	(5,072)	10,880	-
50	666200	Bright Futures - Oral Health	(50,221)	-	49,562	(659)
50	677201	Healthy Living Grant (A)	(99,887)	-	56,785	(43,102)
50	683300	Medical Home Chapter Champions Program on Asthma	(91,346)	(174,280)	144,659	(120,967)
50	693300	Healthy Living Grant (B)	15,698	(175,000)	168,883	9,581
50	707200	Obesity Funding - Beyond the Toolkit	-	(153,668)	3,974	(149,694)
50	708300	Picker Institute's Always Events	-	(9,210)	-	(9,210)
		Subtotal Department of Community and Specialty Pediatrics	(715,624)	(519,545)	554,975	(680,194)
<u>Department of Research</u>						
51	199200	National Survey of Parents and Pediatricians	(16,610)	-	-	(16,610)
51	204600	Functional Outcomes	(24,066)	-	-	(24,066)
51	632300	Secondary Sexual Characteristic in Boys - Pfizer	(33,747)	-	19,874	(13,873)
		Subtotal Department of Research	(74,423)	-	19,874	(54,549)
<u>Department of Practice</u>						
55	114300	Safe and Healthy Beginnings	(43,905)	-	43,905	-
55	126300	ADHD Initiative	(175,327)	-	80,322	(95,005)
55	147300	ADHD Regional Focus Groups	(40,299)	-	-	(40,299)
55	155300	ADHD Video Project	(9,819)	-	-	(9,819)
55	642200	Working Together for Oral Health	10,388	(88,811)	169,661	91,238
		Subtotal Department of Practice	(258,962)	(88,811)	293,888	(53,885)
		TOTAL NONGOVERNMENTAL	\$ (3,975,234)	\$ (3,932,594)	\$ 4,063,757	\$ (3,844,071)
GOVERNMENTAL:						
<u>Office of the Executive Director</u>						
10	694801	Development of Model EHR Format for Children - 1	\$ -	\$ (2,145)	\$ 2,812	\$ 667
10	694803	Development of Model EHR Format for Children - 3	-	-	564	564
10	694804	Development of Model EHR Format for Children - 4	-	(4,364)	14,518	10,154
10	694805	Development of Model EHR Format for Children - 5	-	(286)	1,425	1,139
10	694807	Development of Model EHR Format for Children - 7	-	(13,613)	20,653	7,040
10	694808	Development of Model EHR Format for Children - 8	-	(5,653)	20,445	14,792
10	696800	ARRA - Prevention and Wellness - Leveraging National Organizations	-	(311,698)	311,698	-
10	697100	Adolescent Smoking Cessation in Pediatric Primary Care	-	(243,597)	243,597	-
10	697101	Adolescent Smoking Cessation in Pediatric Primary Care	-	(165,183)	165,183	-
		Subtotal Office of the Executive Director	-	(746,539)	780,895	34,356
<u>Department of Community, Chapter and State Affairs</u>						
13	259106	Healthy Tomorrow's Partnership	-	(217,431)	217,431	-
13	668500	Health Disparities Conference - AHRQ	9,200	(9,200)	-	-
13	704100	Integrated Community Service Systems/CSHCN	-	-	1,631	1,631
		Subtotal Department of Community, Chapter and State Affairs	9,200	(226,631)	219,062	1,631

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
CONTRACTS AND GRANTS INFORMATION - CONTINUED
Year Ended June 30, 2011

	Over (Under) Expended Balance June 30, 2010	Contracts and Grants Received	Revenue Recognized	Over (Under) Expended Balance June 30, 2011	
GOVERNMENTAL - Continued					
<u>Department of Education</u>					
40 689801	Addressing Parental Smoking by Changing Pediatric Office Systems	\$ 17,325	\$ (208,530)	\$ 191,205	\$ -
40 712100	MCHIP - Helping Babies Breathe	-	-	35,077	35,077
	Subtotal Department of Education	17,325	(208,530)	226,282	35,077
<u>Department of Community and Specialty Pediatrics</u>					
50 171500	Environmental Health Handbook - Distribution	(233)	-	233	-
50 219500	EPA Purchase Order	(8,342)	-	938	(7,404)
50 601100	Healthy Child Care Partnership	-	(246,366)	246,366	-
50 601110	Healthy Child Care Partnership	-	(28,489)	28,489	-
50 604100	Newborn Screening Collaborative	22,966	(23,063)	787	690
50 622100	PIPPAH - Adolescent Health	-	(90,388)	90,388	-
50 627100	Bright Futures Pediatric Implementation	-	(1,114,765)	1,114,765	-
50 627101	Bright Futures Pediatric Implementation - Poison Control	-	(58,153)	58,153	-
50 627102	Bright Futures Pediatric Implementation - APA Pass-Through	-	(197,630)	197,630	-
50 627103	Bright Futures Pediatric Implementation - Healthy Active Living	-	(34,476)	34,476	-
50 648100	National Center for CSHCN	-	(655,857)	655,857	-
13 654100	Early Hearing Diagnosis and Intervention	-	(176,237)	176,237	-
50 674100	Hospital Child Passenger Safety Discharge Policy Project - Phase II	26,711	(31,410)	31,459	26,760
50 680100	Program to Enhance Health and Development of Infants and Children	-	(518,809)	518,809	-
50 680101	Program to Enhance Health and Development of Infants and Children - Disaster Preparedness	-	(74,556)	74,556	-
50 691100	Transportation as a Public Health Issue	(3,018)	-	3,018	-
50 698100	Medical Home for Children Exposed to or Victimized by Violence	-	-	10,897	10,897
50 703500	TA Partnerships III - Readiness Assessments/Cross-Site Analyses	-	-	35	35
50 709100	Medicaid and Children's Health Insurance Programs: Children's Health Insurance Program Reauthorization Act: Sect 401(D)	-	-	49,347	49,347
50 711100	Genetics in Primary Care	-	-	-	-
50 713100	Transition Services in Adolescent Health - Healthy and Ready to Work	-	-	8,000	8,000
	Subtotal Department of Committees and Sections	38,084	(3,250,199)	3,300,440	88,325
<u>Department of Research</u>					
51 224100	Improvement in Children's Health Care in Pediatric Practice	-	(24,218)	24,218	-
51 224119	Improvement in Children's Health Care in Pediatric Practice	-	(306,823)	306,823	-
51 624100	Adolescent Smoking Cessation II	3,679	(3,679)	-	-
51 657100	Body Mass Index 2	163,125	(296,207)	346,771	213,689
51 658100	CEASE	109,592	(210,209)	129,147	28,530
51 681100	CAPRI Conference Grant	-	(16,939)	16,939	-
51 687100	Translating an Effective Teen Driving Program for Parents to Primary Care	69,723	(178,482)	187,515	78,756
51 689800	Addressing Parental Smoking by Changing Pediatric Office Systems	1,602	(28,465)	47,276	20,413
51 700800	ARRA - MCH Pediatric Research Network Program	-	(489,746)	489,746	-
	Subtotal Department of Research	347,721	(1,554,768)	1,548,435	341,388
<u>Department of Practice</u>					
55 110100	Childhood Immunization Support Program	-	(22,582)	22,582	-
55 196500	Native American Child Health	25,972	(36,000)	10,028	-
55 610100	Child Health Prac. Support Program (Oral Health)	-	(191,314)	191,314	-
55 639500	Reach Out and Read - Tuba City	(47,456)	-	47,456	-
55 662500	IHS CONACH Activities	7,454	(7,454)	-	-
55 679100	Newborn Screening Positive Infant ACTion Project	31,687	(40,952)	42,197	32,932
55 682500	IHS CONACH Activities	28,804	(65,480)	36,333	(343)
55 685100	Childhood Immunization Support Program	-	(213,422)	213,422	-
55 686500	CONACH ROR - South Central	(21,991)	-	21,991	-
55 699500	GLIDES	-	-	57,904	57,904
55 702500	IHS CONACH Activities	-	-	66,063	66,063
55 706100	Alliance for Information on Maternal and Child Health Program	-	(27,743)	27,743	-
	Subtotal Department of Practice	24,470	(604,947)	737,033	156,556
	TOTAL GOVERNMENTAL	\$ 436,800	\$ (6,591,614)	\$ 6,812,147	\$ 657,333
	TOTAL CONTRACTS AND GRANTS	\$ (3,538,434)	\$ (10,524,208)	\$ 10,875,904	\$ (3,186,738)

See report of independent certified public accountants regarding supplemental information.

American Academy of Pediatrics
SCHEDULE OF FRINGE BENEFITS
Years ended June 30, 2012 and 2011

	2012	2011
Traditional fringe benefits		
Retirement	\$ 3,264,125	\$ 3,227,184
Health insurance	4,646,305	4,395,059
FICA	2,217,506	2,037,447
Life and accidental death	66,444	58,315
Disability	65,735	64,384
Working parent benefit	49,109	36,998
Tuition/Professional development	436,973	409,725
Health insurance waiver	50,250	45,300
Unemployment	38,619	54,421
EAP	21,216	15,106
Comp time payout	21,490	30,160
Dental	210,080	178,813
Business travel insurance	40,464	10,450
Health initiatives	8,084	-
Vision	4,594	4,505
Adoption	375	-
Lactation	5,278	7,105
Total traditional fringe benefits	11,146,647	10,574,972
Other employee-related expenses		
Employee activities	51,988	54,129
Total fringe benefits	\$ 11,198,635	\$ 10,629,101

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