

**ILLINOIS CHAPTER OF AMERICAN  
ACADEMY OF PEDIATRICS**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2017 AND 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Illinois Chapter of American Academy of Pediatrics  
Chicago, Illinois

We have audited the accompanying statements of financial position of Illinois Chapter of American Academy of Pediatrics (the Chapter) as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, 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.

### ***Auditors' 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. 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 auditors' 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 opinion.

Board of Directors  
Illinois Chapter of American Academy of Pediatrics

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chapter as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
November 27, 2017

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2017 and 2016**

**ASSETS**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 859,790	\$ 259,189
Grants receivable	346,996	1,612,549
Prepaid expenses and other current assets	<u>41,193</u>	<u>47,391</u>
Total current assets	<u>1,247,979</u>	<u>1,919,129</u>
<b>PROPERTY AND EQUIPMENT</b>	179,830	178,300
Less accumulated depreciation	<u>162,351</u>	<u>155,054</u>
Net property and equipment	<u>17,479</u>	<u>23,246</u>
<b>OTHER ASSETS</b> , security deposit	<u>7,333</u>	<u>7,333</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,272,791</b></u>	<u><b>\$ 1,949,708</b></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 72,774	\$ 55,042
Deferred revenue	<u>127,624</u>	<u>121,245</u>
Total current liabilities	<u>200,398</u>	<u>176,287</u>
<b>NET ASSETS</b>		
Unrestricted	300,451	431,175
Temporarily restricted	<u>771,942</u>	<u>1,342,246</u>
Total net assets	<u>1,072,393</u>	<u>1,773,421</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 1,272,791</b></u>	<u><b>\$ 1,949,708</b></u>

The accompanying notes are an integral part of the financial statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Years Ended June, 30, 2017 and 2016**

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Government grants	\$ 394,158	\$ -	\$ 394,158
Foundation grants	18,136	309,594	327,730
Membership dues	215,763	-	215,763
Contributions	39,810	-	39,810
Exhibitor fees	59,730	-	59,730
Registration fees	36,988	-	36,988
Interest and miscellaneous income	46,007	-	46,007
Net assets released from restrictions	<u>879,898</u>	<u>(879,898)</u>	<u>-</u>
Total revenue, gains, and other support	<u>1,690,490</u>	<u>(570,304)</u>	<u>1,120,186</u>
<b>EXPENSES</b>			
Program services	1,576,476	-	1,576,476
Management and general	228,533	-	228,533
Fundraising	<u>16,205</u>	<u>-</u>	<u>16,205</u>
Total expenses	<u>1,821,214</u>	<u>-</u>	<u>1,821,214</u>
<b>CHANGE IN NET ASSETS</b>	(130,724)	(570,304)	(701,028)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>431,175</u>	<u>1,342,246</u>	<u>1,773,421</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 300,451</u>	<u>\$ 771,942</u>	<u>\$ 1,072,393</u>

	<b>2016</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Government grants	\$ 770,984	\$ -	\$ 770,984
Foundation grants	22,845	148,860	171,705
Membership dues	205,890	-	205,890
Contributions	63,642	-	63,642
Exhibitor fees	45,347	-	45,347
Registration fees	34,550	-	34,550
Interest and miscellaneous income	144,218	-	144,218
Net assets released from restrictions	<u>801,508</u>	<u>(801,508)</u>	<u>-</u>
Total revenue, gains, and other support	<u>2,088,984</u>	<u>(652,648)</u>	<u>1,436,336</u>
<b>EXPENSES</b>			
Program services	1,677,954	-	1,677,954
Management and general	161,550	-	161,550
Fundraising	<u>13,962</u>	<u>-</u>	<u>13,962</u>
Total expenses	<u>1,853,466</u>	<u>-</u>	<u>1,853,466</u>
<b>CHANGE IN NET ASSETS</b>	235,518	(652,648)	(417,130)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>195,657</u>	<u>1,994,894</u>	<u>2,190,551</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 431,175</u>	<u>\$ 1,342,246</u>	<u>\$ 1,773,421</u>

The accompanying notes are an integral part of the financial statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages, and benefits	\$ 975,188	\$ 127,652	\$ 13,068	\$ 1,115,908
Payroll taxes	76,978	8,671	916	86,566
Books	19,330	-	1,818	21,148
Computer and software	35,958	9,309	-	45,267
Consulting and professional fees	48,576	35,377	-	83,953
Depreciation	-	7,298	-	7,298
Equipment lease and repair	20,983	250	-	21,233
Government affairs and advocacy	30,807	-	-	30,807
Grant subcontracts	73,637	-	-	73,637
Insurance	5,585	606	-	6,191
Interest	-	38	-	38
Memberships and registration fees	12,583	2,161	-	14,744
Miscellaneous	1,894	1,504	403	3,801
Office supplies	16,811	2,823	-	19,634
Payroll service	19,051	1,180	-	20,231
Photocopies	6,409	111	-	6,521
Postage	3,343	656	-	3,999
Printing	10,068	903	-	10,971
Professional development	769	-	-	769
Publications	199	417	-	616
Rent expense	92,966	14,885	-	107,852
Speaker fees	13,650	400	-	14,050
Stipends	600	-	-	600
Telephone	18,061	2,967	-	21,028
Travel and meals	73,207	8,285	-	81,492
Maintenance	7,935	1,355	-	9,291
Utilities	11,886	1,687	-	13,573
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,576,476</u></b>	<b><u>\$ 228,533</u></b>	<b><u>\$ 16,205</u></b>	<b><u>\$ 1,821,214</u></b>

The accompanying notes are an integral part of the financial statements.



**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages, and benefits	\$ 1,001,549	\$ 82,272	\$ 12,691	\$ 1,096,512
Payroll taxes	73,838	6,067	829	80,734
Books	2,100	-	-	2,100
Computer and software	34,708	4,423	-	39,131
Consulting and professional fees	138,090	21,254	-	159,344
Depreciation	-	7,348	-	7,348
Equipment lease and repair	34,136	-	-	34,136
Government affairs and advocacy	32,500	-	-	32,500
Grant subcontracts	6,867	5,000	-	11,867
Insurance	5,629	211	-	5,840
Memberships and registration fees	20,270	4,139	-	24,409
Miscellaneous	2,176	1,253	437	3,866
Office supplies	15,556	1,632	-	17,188
Payroll service	16,903	1,257	-	18,160
Photocopies	6,723	579	1	7,303
Postage	5,230	845	4	6,079
Printing	58,077	6,188	-	64,265
Professional development	4,516	-	-	4,516
Publications	-	281	-	281
Rent expense	84,794	6,123	-	90,917
Speaker fees	26,575	-	-	26,575
Stipends	375	100	-	475
Telephone	16,997	2,029	-	19,026
Travel and meals	72,206	8,200	-	80,406
Maintenance	9,435	1,505	-	10,940
Utilities	8,704	844	-	9,548
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,677,954</u></b>	<b><u>\$ 161,550</u></b>	<b><u>\$ 13,962</u></b>	<b><u>\$ 1,853,466</u></b>

The accompanying notes are an integral part of the financial statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS  
STATEMENTS OF CASH FLOWS  
For the Years Ended June, 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (701,028)	\$ (417,130)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,298	7,348
Effects of changes in operating assets and liabilities:		
Grants receivable	1,265,553	522,984
Prepaid expenses and other assets	6,197	(5,229)
Accounts payable	17,732	6,007
Accrued expenses and other liabilities	<u>6,379</u>	<u>3,164</u>
Net cash provided by operating activities	<u>602,131</u>	<u>117,144</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(1,530)</u>	<u>(11,485)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 602,131	 117,144
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>259,189</u>	 <u>153,530</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 859,790</u>	 <u>\$ 259,189</u>

The accompanying notes are an integral part of the financial statements.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Illinois Chapter of American Academy of Pediatrics (the Chapter) was incorporated in the state of Illinois on June 18, 1975 as a nonprofit corporation. The Chapter was organized to promote the attainment by all children of Illinois of their full potential for physical, emotional, and social health. The Chapter, a member organization of the American Academy of Pediatrics (AAP), provides educational programs, communications, and limited advocacy for Illinois pediatricians. The primary sources of revenue consist of program and project grants and membership dues. The Chapter's fiscal year ends on June 30.

Significant accounting policies followed by the Chapter are presented below.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements requires the Chapter to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Basis of Accounting**

The Chapter's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

The Chapter follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, *Not-For-Profit Entities - Presentation of Financial Statements*. Under ASC No. 958-205, the Chapter is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets defined as follows:

Unrestricted Net Assets - Those resources over which the board of directors (board) has discretionary control.

Temporarily Restricted Net Assets - Those resources subject to donor-imposed stipulations that may be fulfilled by actions of the board of directors to meet the stipulations, or become unrestricted at the date specified by the donor. When a donor or time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statements of Activities and Changes in Net Assets as "Net assets released from restrictions".

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Permanently Restricted Net Assets - Those resources subject to donor-imposed stipulations that they be maintained permanently by the Chapter. The Chapter had no permanently restricted net assets as of June 30, 2017 and 2016.

**Cash Equivalents**

The Chapter considers all liquid investments with a maturity of three months or less to be used for operating purposes when purchased, to be cash equivalents.

**Allowance for Uncollectible Accounts**

Grants receivable are shown net of the allowance for doubtful amounts. After review of the receivables, no provision for uncollectible accounts was deemed necessary by management as of June 30, 2017 and 2016.

**Property and Equipment**

Property and equipment are recorded at cost when purchased. The Chapter capitalizes all property and equipment purchases in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Office furniture and equipment	10
Computer equipment	5
Leasehold improvements	5

**Impairment of Long-Lived Assets**

The Chapter reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Contributions**

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by donors. Amounts received that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restriction. Temporarily restricted contributions, whereby restrictions are met in the same year as received, are reported as unrestricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statements of Activities and Changes in Net Assets as "Net assets released from restrictions".

**Membership Dues**

Member dues are recognized over the membership period. Membership dues received in advance are recorded as deferred revenue.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in net assets and categorized on the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on hours incurred and labor dollars by the various services.

**Income Taxes**

The Chapter is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Chapter evaluates its exposure for uncertain tax positions on an annual basis. As of June 30, 2017 and 2016, there were no liabilities related to uncertain tax positions.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016**

**NOTE 2 - LEASES**

**Operating Leases**

The Chapter leases its office facility under a lease that has monthly lease payments ranging from \$9,752 to \$10,345 through April 2019. In addition, the Chapter is required to pay its proportionate share of building operating expenses. The Chapter also leases certain office equipment requiring monthly lease payments of \$300 through September 2018. Future minimum rental payments under existing lease agreements are summarized as follows:

2018	\$ 121,131
2019	<u>103,455</u>
<b>Total</b>	<b><u>\$ 224,586</u></b>

For the years ended June 30, 2017 and 2016, net rent expense was \$107,852 and \$90,917, respectively.

**NOTE 3 - GRANTS RECEIVABLE**

Grants receivable consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Illinois Department of Healthcare and Family Services	\$ 105,000	\$ 125,000
Charles Marks, Jr. Charitable Trust	-	1,004,849
Otho S.A. Sprague Memorial Institute	75,000	100,003
Chicago Department of Public Health	53,701	94,822
Others	<u>113,295</u>	<u>287,875</u>
Total grants receivable	<b><u>\$ 346,996</u></b>	<b><u>\$ 1,612,549</u></b>

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016**

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Computers and equipment	\$ 67,492	\$ 67,492
Furniture and fixtures	24,838	23,308
Leasehold improvements	<u>87,500</u>	<u>87,500</u>
Total	179,830	178,300
Less accumulated depreciation	<u>162,351</u>	<u>155,054</u>
<b>Property and equipment, net</b>	<u><u>\$ 17,479</u></u>	<u><u>\$ 23,246</u></u>

**NOTE 5 - DEFERRED REVENUE**

Deferred revenue of \$127,624 and \$121,245 at June 30, 2017 and 2016, respectively, consisted of member dues received in advance of the membership period.

**NOTE 6 - RETIREMENT PLAN**

The Chapter maintains a tax-deferred compensation plan for the benefit of its eligible employees. Participation by eligible employees is voluntary, and the Chapter matches an amount equal to 50% of the elective deferral up to 4% of an individual's compensation. During the years ended June 30, 2017 and 2016, the Chapter paid \$11,724 and \$12,392, respectively, of retirement plan expenses, which is allocated among program services, management and general expense, and fundraising expense.

**ILLINOIS CHAPTER OF AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Obesity	\$ 77,901	\$ 71,526
Sugary Sweetened Bev & CAG	1,409	-
TEAM QICME	373,230	564,544
TEAM Adolescent Pregnancy	310,561	556,174
Youth Transitions in Private Care Practice	-	8,400
Oral Health	-	6,115
Medical Home	-	11,109
Bright Futures	-	2,494
Early Childhood Policy	-	4,413
Immunization	-	4,554
Continuing Education for Medical Care	586	9,637
Developing Brains and Building Resiliency through Early Math	428	6,566
Healthy Active Living Sustainability	5,000	5,000
Promoting Health	1,628	91,714
Other Dental	1,200	-
	<hr/>	<hr/>
<b>Total temporarily restricted net assets</b>	<b>\$ 771,942</b>	<b>\$ 1,342,246</b>

**NOTE 8 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through November 27, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to November 27, 2017 that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2017. Management has determined there were no events or transactions which would require disclosure in the financial statements either individually or in the aggregate for the year ended June 30, 2017.

This information is an integral part of the accompanying financial statements.





Investment advisory services are offered through CliftonLarsonAllen  
Wealth Advisors, LLC, an SEC-registered investment advisor.