

American Academy Of Child And Adolescent Psychiatry

Financial Report
December 31, 2009

McGladrey & Pullen
Certified Public Accountants

Contents

Independent Auditor's Report	1
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Financial Statements	
Balance Sheet	2
Statement Of Activities	3
Statement Of Cash Flows	4
Notes To Financial Statements	5 – 15

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Financial Planning Committee
American Academy of Child and
Adolescent Psychiatry
Washington, D.C.

We have audited the accompanying balance sheet of the American Academy of Child and Adolescent Psychiatry (AACAP) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of AACAP'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 AACAP's 2008 financial statements and, in our report dated June 9, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AACAP's internal control over financial reporting. Accordingly, we express no such opinion. 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 2009 financial statements referred to above present fairly, in all material respects, the financial position of the American Academy of Child and Adolescent Psychiatry as of December 31, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010, on our consideration of the American Academy of Child and Adolescent Psychiatry's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McGladrey & Pullen, LLP

Vienna, Virginia
June 25, 2010

American Academy Of Child And Adolescent Psychiatry

Balance Sheet

December 31, 2009

(With Comparative Totals For 2008)

Assets	2009	2008
Cash And Cash Equivalents	\$ 832,019	\$ 1,253,123
Investments	6,676,184	5,260,956
Receivables, net	665,951	584,690
Prepaid Expenses	112,670	109,310
Promises To Give, net	70,790	109,948
Property And Equipment, net	2,651,474	2,782,120
	<u>\$ 11,009,088</u>	<u>\$ 10,100,147</u>

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 595,167	\$ 929,850
Deferred revenues	1,969,580	1,140,118
Regional council dues payable	206,075	123,707
Note payable	369,711	468,047
Security deposits	2,800	2,322
	<u>3,143,333</u>	<u>2,664,044</u>

Commitments And Contingencies (Notes 10 and 11)

Net Assets

Unrestricted:

Undesignated

4,104,061

4,134,377

Board-designated

257,787

194,045

4,361,848

4,328,422

Temporarily restricted

2,079,041

1,682,815

Permanently restricted

1,424,866

1,424,866

7,865,755

7,436,103

\$ 11,009,088

\$ 10,100,147

See Notes To Financial Statements.

American Academy Of Child And Adolescent Psychiatry

Statement Of Activities

Year Ended December 31, 2009

(With Comparative Totals For 2008)

	2009				2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and support:					
Membership dues and fees	\$ 2,060,832	\$ -	\$ -	\$ 2,060,832	\$ 2,033,148
Grants and contributions	1,189,855	415,770	-	1,605,625	2,137,699
Investment gain (Loss)	638,069	779,696	-	1,417,765	(2,324,250)
Annual meeting and institutes	1,336,971	-	-	1,336,971	1,573,700
Journal	1,301,146	-	-	1,301,146	1,077,899
Member benefit royalties	220,202	-	-	220,202	249,933
Annual review	183,726	-	-	183,726	131,479
January Institute	173,309	-	-	173,309	179,467
Publications	88,850	-	-	88,850	96,951
JobSource	40,800	-	-	40,800	68,505
Lifelong Learning Institute	40,619	-	-	40,619	17,766
Building-rental income	30,096	-	-	30,096	35,855
AACAP News	23,121	-	-	23,121	16,163
Other income	21,097	-	-	21,097	16,786
Net assets released from restrictions	799,240	(799,240)	-	-	-
Total revenue and support	8,147,933	396,226	-	8,544,159	5,311,101
Expenses:					
Program services:					
Annual meeting and institutes	994,906	-	-	994,906	1,102,027
Grants	936,076	-	-	936,076	999,906
Journal	661,951	-	-	661,951	769,711
Components	573,061	-	-	573,061	812,451
Special Funds	555,645	-	-	555,645	425,688
AACAP News	164,695	-	-	164,695	146,905
Presidential initiatives	148,602	-	-	148,602	135,681
January Institute	92,532	-	-	92,532	126,650
Annual review	81,982	-	-	81,982	89,419
Publications	66,055	-	-	66,055	116,941
Lifelong Learning Institute	45,056	-	-	45,056	69,508
JobSource	1,630	-	-	1,630	9,705
Total program services	4,322,191	-	-	4,322,191	4,804,592
Supporting services:					
Central office	3,120,354	-	-	3,120,354	3,122,493
Building operations	515,210	-	-	515,210	447,624
Fundraising	156,752	-	-	156,752	219,394
Total supporting services	3,792,316	-	-	3,792,316	3,789,511
Total expenses	8,114,507	-	-	8,114,507	8,594,103
Change in net assets	33,426	396,226	-	429,652	(3,283,002)
Net Assets:					
Beginning	4,328,422	1,682,815	1,424,866	7,436,103	10,719,105
Ending	\$ 4,361,848	\$ 2,079,041	\$ 1,424,866	\$ 7,865,755	\$ 7,436,103

See Notes To Financial Statements.

American Academy Of Child And Adolescent Psychiatry

Statement Of Cash Flows
Year Ended December 31, 2009
(With Comparative Totals For 2008)

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	\$ 429,652	\$ (3,283,002)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gains) losses on investments	(1,244,787)	2,575,091
Bad debt	118,046	3,076
Depreciation	302,120	241,751
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(199,307)	365,890
Prepaid expenses	(3,360)	(52,355)
Promises to give	39,158	(30,001)
Increase (decrease) in:		
Accounts payable and accrued expenses	(334,683)	(180,790)
Deferred revenues	829,462	(161,948)
Regional council dues payable	82,368	(58,461)
Security deposits	478	(675)
Net cash provided by (used in) operating activities	19,147	(581,424)
Cash Flows From Investing Activities		
Purchase of property and equipment	(171,474)	(1,026,394)
Proceeds from sale of investments	1,994,552	1,688,240
Purchases of investments	(2,164,993)	(1,884,940)
Net cash (used in) investing activities	(341,915)	(1,223,094)
Cash Flows From Financing Activities		
Borrowings on note payable	-	500,000
Principal payments on note payable	(98,336)	(31,953)
Principal payments on capital lease	-	(29,712)
Net cash (used in) provided by financing activities	(98,336)	438,335
Net (decrease) in cash and cash equivalents	(421,104)	(1,366,183)
Cash And Cash Equivalents		
Beginning	1,253,123	2,619,306
Ending	<u>\$ 832,019</u>	<u>\$ 1,253,123</u>
Supplemental Disclosure Of Cash Flow Information:		
Cash paid for interest	<u>\$ 16,330</u>	<u>\$ 12,234</u>

See Notes To Financial Statements.

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: The American Academy of Child and Adolescent Psychiatry (AACAP) has been a growing and dynamic organization, giving direction to and responding quickly to new developments in the health care environment by addressing the needs of children, adolescents, and families. AACAP represents child and adolescent psychiatrists with at least five years of additional training beyond medical school, including two years in child and adolescent psychiatry residency. AACAP members actively research, diagnose, and treat psychiatric disorders affecting children, adolescents, and their families. AACAP supports this work through a variety of programs including Government liaison, national public information, and continuing education.

The following are descriptions of AACAP's significant programs:

Annual meeting and institutes: The annual meeting presents the latest research and clinical practice in the field of child and adolescent psychiatry to members and non-members. Institutes at the annual meeting, the January institute, and the lifelong learning institute provide continuing professional education on the latest topics in the field. It is worth noting that AACAP's 2009 annual meeting was held in Hawaii, during bad economic times.

Grant expenses: Through a number of federal and non-federal grants, AACAP supports research and training fellowships in the field of child and adolescent psychiatry.

Journal: Through the monthly *Journal of the American Academy of Child and Adolescent Psychiatry*, AACAP publishes peer review scientific papers and an online subscription.

Components: AACAP sponsors committees which work to increase the knowledge base about specific areas of interest for AACAP members and the public, and help AACAP disseminate information.

Special Funds: AACAP promotes and supports research careers, publicizes research and training opportunities, and sponsors initiatives to foster the development and continuing excellence of child and adolescent psychiatrists through fellowship programs, distinguished member lectures and research stipends.

AACAP News: The *AACAP News* is a bi-monthly publication designed to inform members about the latest developments in clinical practice and AACAP initiatives.

A summary of AACAP's significant accounting policies follows:

Basis of accounting: The financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). As required by the Non-Profit Entities topic of the Codification, *Financial Statements of Not-for-Profit Organizations*, AACAP 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.

Cash and cash equivalents: For purposes of reporting cash flows, AACAP considers all money market funds to be cash equivalents. All certificates of deposit, regardless of maturity, are considered investments. Cash held by investment custodians is also considered investments.

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Financial risk: AACAP invests in a professionally managed portfolio that contains common stocks, mutual funds, and money market funds. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

AACAP maintains its cash in bank deposit accounts that, at times, may exceed federally-insured limits. AACAP has not experienced any losses in such accounts. AACAP believes it is not exposed to any significant financial risk on cash and cash equivalents.

Investments: Investments are reported at fair value as determined by quoted market prices. Changes in fair value are recorded as a component of investment income in the statement of activities. Investment income and losses that are temporarily restricted based on donor stipulations are allocated based on the methodology detailed in Note 12.

Receivables: Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The provision for doubtful accounts receivable of \$118,045 is based on management's evaluation of the collectibility of receivables.

Property and equipment: Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 40 years. AACAP capitalizes all property and equipment purchased with a cost of \$1,000 or more.

Valuation of long-lived assets: AACAP accounts for the valuation of long-lived assets in accordance with the Codification. As required by the Non-Profit Entities topic of the Codification, *Accounting for the Impairment or Disposal of Long-Lived Assets*, it is required that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the 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 estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Unconditional promises to give: Unconditional promises to give are recognized as revenue or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are carried at original amount pledged less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by regularly evaluating individual promises to give and considering prior history of donor and collectibility of past donations. Promises to give are written off when deemed uncollectible. Management has determined that no provision is necessary for promises to give at December 31, 2009. Recoveries of promises to give previously written off are recorded when received.

Regional council dues payable: Regional council dues payable consist of state and local AACAP chapter dues collected by AACAP which need to be paid out to chapters.

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Board-designated net assets: AACAP's Board of Directors has designated net assets in the amount of \$257,787 at December 31, 2009, for the Presidential Initiative Funds.

Revenue and support: AACAP has federal and non-federal grants. Revenue from grants is recognized as services are performed and costs are incurred. Conditional grants are recognized when the conditions on which they depend are substantially met. Such grant funds received prior to conditions being met are reported as refundable advances.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Membership dues and fees are recognized as revenue over the dues period which coincides with AACAP's calendar year. Dues received in advance are reported as deferred dues, and recognized during the period of membership.

Annual meetings and institutes revenues are recognized in the period the meetings and institutes occur. Payments received in advance are recorded as deferred revenue.

Journal revenue is recognized in the period it is earned. Initial publishing royalties received are recorded as deferred revenues, and recognized over the life of the publishing agreement.

Functional expense classification: The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities.

Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior year information: 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AACAP's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Reclassifications: Certain items in the December 31, 2008 financial statements have been reclassified to conform to the December 31, 2009 financial statement presentation. The reclassifications had no effect on the previously reported change in net assets.

Income taxes: AACAP is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, AACAP has been classified as an organization that is not a private foundation. Under current Internal Revenue Service regulations, advertising revenue earned in AACAP's publications, less applicable deductions, is subject to unrelated business income tax. There was no net tax liability for unrelated business income for the year ended December 31, 2009.

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Income taxes (continued): On January 1, 2009, AACAP adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, AACAP may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated AACAP's tax positions and concluded that AACAP had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, AACAP is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before December 31, 2006.

Subsequent events: AACAP evaluated subsequent events for potential required disclosures through June 25, 2010, which is the date the financial statements were available to be issued.

Note 2. Investments

The fair value of investments at December 31, 2009, is as follows:

Equity Securities	\$ 3,870,919
Fixed Income	2,387,553
Real Estate Investment Trusts	386,230
Money market funds	31,482
	<u>\$ 6,676,184</u>

Net investment gain for the year ended December 31, 2009, consists of the following:

Realized and unrealized gains on investments	\$ 1,244,787
Dividends and interest	200,079
	<u>1,444,866</u>
Less management fees	27,101
	<u>\$ 1,417,765</u>

Note 3. Receivables

Receivables at December 31, 2009, consist of the following:

General receivables	\$ 596,524
Federal receivables	187,472
	<u>783,996</u>
Less allowance for doubtful accounts	118,045
	<u>\$ 665,951</u>

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 4. Promises To Give

Unconditional promises to give due in one year or more are measured using the present value of future cash flows based on a discount rate of approximately six percent (6%). Unconditional promises to give at December 31, 2009, consist of the following:

Amounts due in less than one year	\$ 17,250
Amounts due in one to two years	62,067
Total unconditional promises to give	<u>79,317</u>
Less discount to net present value	8,527
Net unconditional promises to give	<u><u>\$ 70,790</u></u>

Note 5. Property And Equipment

Property and equipment at December 31, 2009, and depreciation expense for the year then ended, is as follows:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Building and improvements	10 to 40 years	\$ 3,554,967	\$ 1,510,616	\$ 2,044,351	\$ 215,612
Office equipment, computers, and software	3 to 10 years	1,021,133	789,427	231,706	86,508
Land		375,417	-	375,417	-
		<u>\$ 4,951,517</u>	<u>\$ 2,300,043</u>	<u>\$ 2,651,474</u>	<u>\$ 302,120</u>

Note 6. Deferred Revenues

Deferred revenues at December 31, 2009, consist of the following:

Membership Dues	\$ 1,057,875
Initial Publishing Royalty	750,000
January Institute	141,155
Other	20,550
	<u><u>\$ 1,969,580</u></u>

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 7. Note Payable

AACAP entered into a loan agreement with SunTrust Bank on May 1, 2008. The loan provided AACAP \$500,000, at an interest rate of 4.207%. The loan was interest only for the first 90 days, and is payable over a five year period. AACAP is subject to various reporting requirements and covenants, as detailed in the loan agreement. The loan is secured by all of AACAP's cash deposits held with SunTrust Bank. At December 31, 2009, all of AACAP's cash is held with SunTrust Bank. As of December 31, 2009, AACAP was not in compliance with the financial reporting requirement or the annual debt service coverage ratio requirement. AACAP has received waivers from SunTrust Bank for both requirements. AACAP obtained this loan to finance its building renovations.

The future principal payments on the loan at December 31, 2009 are due as follows:

Years Ending December 31,

2010	\$	102,704
2011		107,171
2012		111,816
2013		48,020
	\$	<u>369,711</u>

Note 8. Building Rental

During the year ended December 31, 2009, AACAP leased a portion of its building under an operating lease. The lease will expire on April 30, 2010. Rental income for the year ended December 31, 2009, was \$30,096.

Note 9. Retirement Plan

AACAP maintains a defined contribution pension plan for its full-time employees. Contributions are made on behalf of eligible employees at the rate of 10% of their compensation below the social security wage base, and 15.7% of compensation in excess of the social security taxable wage base. Amounts contributed to the plan for the year ended December 31, 2009, were \$152,140.

Note 10. Commitments

Hotels: AACAP has entered into several contracts for hotel room rentals relating to its annual meetings to be held during the years ending December 31, 2010 through 2013. In the event of cancellation, AACAP is required to pay various costs of the hotel rooms as stipulated in the contracts, the amounts of which are dependent upon the date of cancellation.

Publishing: AACAP has entered into a new publishing agreement with Elsevier Inc., effective January 1, 2010 and extends through 2014. Under this agreement, AACAP is entitled to receive minimum royalty payments, as well as an annual additional royalty.

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 10. Commitments (Continued)

AACAP's minimum royalty payments under the Elsevier Inc., agreement will be.

Years Ending December 31,

2010	\$	751,723
2011		825,399
2012		906,289
2013		995,887
2014		1,094,333
	\$	<u>4,573,631</u>

Elsevier Inc., will pay AACAP an additional annual royalty of \$350,000 during the year ending December 31, 2010. Beginning in 2011, this additional annual royalty will increase annually, commensurate with increases in the Federal Bureau of Labor Statistics, Consumer Price Index (CPI) for all Urban Consumers.

Executive Employment Agreement: AACAP has previously entered into an employment agreement with its Executive Director. This agreement contains a severance package for termination without cause. In addition, AACAP has agreed to provide its Executive Director with additional compensation upon resignation, assuming a one-year notice is provided to AACAP, and that the Executive Director would be available to the next Executive Director and President.

Note 11. Contingency

AACAP participates in a federally-assisted grant program that is subject to financial and compliance audits by the federal agency or its representatives. As such, there exists a contingent liability for potential questioned costs that may result from such an audit. Management does not anticipate any significant adjustments that may result from such audits.

Note 12. Temporarily Restricted Net Assets

The composition of temporarily restricted net assets as of December 31, 2009, along with the activity in the temporarily restricted funds for the year then ended, is as follows. For the year ended December 31, 2009, AACAP allocated investment gains to its temporarily restricted net asset funds. This allocation has two components. The first is an allocation based on the balance and activity in each temporarily restricted fund. The second is an allocation based on the balance and activity in each permanently restricted fund. In each of the two allocations described above, the allocation methodology is the same, and the allocated investment gains are recorded within the respective temporarily restricted fund. The allocations were calculated for each fund based on the balance in each fund at December 31, 2008, plus the current year activities, divided by AACAP's average investment balance for the year ended December 31, 2009, multiplied by AACAP's gross investment gains for the year ended December 31, 2009. In 2009, AACAP changed which programs receive the investment income allocation. AACAP no longer allocates investment income to short term programs. AACAP allocated investments gains to these programs to recover allocated losses in 2008. Temporarily restricted funds which are driven by multi-year promises to give, are allocated differently. AACAP only allocates the investment gain based on the actual cash received by year-end, and excludes the amount that has yet to be received. In addition, AACAP did not allocate investment gains to temporarily restricted programs which were concluded during the fiscal year.

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 12. Temporarily Restricted Net Assets (Continued)

	Balance December 31, 2008	Grants and Contributions	Net Assets Released from Restrictions	Transfers within Temporarily Restricted	Investment Income On Temporarily Restricted	Investment Income on Permanently Restricted	Balance December 31, 2009
Campaign for America's Kids	\$ 470,673	\$ 84,629	\$ (169,466)	\$ -	\$ 93,333	\$ -	\$ 479,169
Endowment Fund	99,563	600	-	(47,983)	12,622	180,264	245,066
Pilot Research Awards (Eli Lilly)	137,178	96,000	(110,908)	-	76,658	-	198,928
E. Schlosser Lewis	91,397	47,900	(64,142)	-	18,180	96,759	190,094
Karl Menninger Plenary	135,306	-	(5,345)	-	31,437	-	161,398
Berman Learning Disability Fund	92,498	-	(436)	-	22,270	-	114,332
Congressional Fellow Program	72,617	12,890	(30,975)	-	40,580	-	95,112
Spurlock Fund-NIDA	44,441	20,575	(23,019)	-	24,834	-	66,831
Stubblefield AMA House of Delegates	44,906	-	(904)	-	10,644	-	54,646
Abramson Fund	11,516	-	(3,964)	-	1,827	42,962	52,341
General Resident Travel Awards (Eli Lilly)	27,493	51,500	(46,871)	-	15,364	-	47,486
Endowed Dues	26,213	10,000	(14)	-	8,756	-	44,955
John F. McDermott Assistant Editor in Residence	34,667	-	-	-	8,386	-	43,053
John Schowalter Resident	32,079	-	-	-	7,760	-	39,839
Spurlock Fund - CMHS	47,674	-	(39,137)	-	26,641	-	35,178
Tarjan Fund for Mental Retardation	23,314	-	(1,442)	-	5,291	-	27,163
Phillips Fund for Prevention	15,213	-	(14,493)	-	174	24,687	25,581
Simon Wile Fund	17,606	-	(570)	-	4,121	-	21,157
Cancro Award	16,223	-	(2,962)	-	3,208	-	16,469
Spurlock Fund-AACAP	15,582	-	(2,583)	-	3,144	-	16,143
Aubrey Metcalf Fund (Northern California - ROCAP)	-	12,420	-	-	3,004	-	15,424
Beatrice Hamburg Award	11,185	-	(1,010)	-	2,461	-	12,636
Life Member Fund	-	10,150	-	-	2,455	-	12,605
Quest for the Test – Pilot Research Award (Sang Foundation)	-	19,000	(7,829)	-	-	-	11,171
Robinson/Cunningham	8,554	-	(100)	-	2,045	-	10,499
Klingenstein	-	20,000	(10,246)	-	-	-	9,754
Marshall Schechter Lecture Fund	6,533	-	-	-	1,580	-	8,113
Regional Student Interest Groups	9,123	-	(6,500)	-	5,098	-	7,721
Marcelino Amaya Fund	5,979	3,500	(3,765)	-	1,382	-	7,096
Jerry M. Wiener Resident	4,812	-	-	-	1,164	-	5,976
Psychodynamic Psychotherapy Research Project	-	2,500	-	-	605	-	3,105
eAACAP - Psychopharmacology Online CME(Eli Lilly)	149,528	-	(149,528)	-	-	-	-
Regional Council Advocacy-McNeill	25,120	-	-	(25,120)	-	-	-
CAP/Education Outreach Program (Travel Grants)	4,136	-	(32,830)	28,694	-	-	-
ECSII Development & Test	1,686	-	(1,686)	-	-	-	-
eAACAP - Substance Use Curriculum (Shire)	-	9,106	(9,106)	-	-	-	-
Rieger Scientific Achievement Award	-	5,000	(5,000)	-	-	-	-
Rieger Psychotherapy Award	-	5,000	(5,000)	-	-	-	-
Rieger Service Award	-	5,000	(5,000)	-	-	-	-
Parent Collaboration Initiatives/Summit	-	-	(10,216)	10,216	-	-	-
Assembly - Advocacy & Collaboration	-	-	(34,193)	34,193	-	-	-
	<u>\$ 1,682,815</u>	<u>\$ 415,770</u>	<u>\$ (799,240)</u>	<u>\$ -</u>	<u>\$ 435,024</u>	<u>\$ 344,672</u>	<u>\$ 2,079,041</u>

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 13. Permanently Restricted and Board Designated Net Assets

In August 2008, the Codification on *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* was issued. The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006. Management has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted contributions as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, AACAP classifies as permanently restricted net assets (a) the original value of permanently restricted cash contributions and (b) the discounted value of future permanently restricted cash contributions, net of allowance for uncollectible promises. The remaining portion of donor-restricted cash contributions are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, AACAP considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

- The purposes of AACAP and donor-restricted endowment fund
- The duration and preservation of the funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Investment policies

Spending policy: All earnings from AACAP's permanently restricted net assets are recorded as temporarily restricted net assets, as each permanently restricted fund has a temporarily restricted component. AACAP's permanently restricted funds are geared towards programmatic spending that falls within the mission and purpose of AACAP. AACAP analyzes the balance in the temporarily restricted component of the fund when evaluating the ability to spend prudently on related programs which coincide with the purpose of the fund. AACAP's endowment fund is used to support programs that promote the health and development of children, adolescents, and families. The programs which AACAP supports are ultimately decided by the Council. Board designated net assets are used to fund programs determined by the President.

Investment policy: AACAP invests all permanently restricted funds, as well as other invested funds, in a pooled fund managed by an investment manager according to the objectives and guidelines of AACAP's Statement of Investment Objectives. AACAP's overall objective is to outperform inflation while minimizing potential losses. At least annually, AACAP's Financial Planning Committee, in consultation to the Treasurer and Executive Director, will review the Statement of Investment Objectives to determine their continued applicability. Ultimate authority and responsibility for the financial policies rest with the Council.

AACAP's endowment funds consist of the following at December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 513,082	\$ 1,424,866	\$ 1,937,948
Board-designated endowment funds	257,787	-	-	257,787
	<u>\$ 257,787</u>	<u>\$ 513,082</u>	<u>\$ 1,424,866</u>	<u>\$ 2,195,735</u>

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 13. Permanently Restricted and Board Designated Net Assets (Continued)

Endowment fund activity for the year ended December 31, 2009, consists of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 194,045	\$ 217,689	\$ 1,424,866	\$ 1,836,600
Grants and contributions	150,000	48,500	-	198,500
Investment gain	-	377,475	-	377,475
Amounts appropriated for expenditure	(86,258)	(82,599)	-	(168,857)
Transfer within temporarily restricted net assets	-	(47,983)	-	(47,983)
Endowment net assets, end of year	<u>\$ 257,787</u>	<u>\$ 513,082</u>	<u>\$ 1,424,866</u>	<u>\$ 2,195,735</u>

All AACAP endowment funds are included with the investments as shown in Note 2.

Permanently restricted net assets at December 31, 2009, consist of the following endowments:

Endowment Fund	\$ 745,206
E. Schlosser Lewis Fund	400,000
Abramson Fund	177,605
Phillips Fund for Prevention	102,055
	<u>\$ 1,424,866</u>

Board designated net assets at December 31, 2009, consist of the following programs:

Drell Presidential Initiative Fund	\$ 149,711
Greenhill Presidential Initiative Fund	108,076
	<u>\$ 257,787</u>

Note 14. Funds Provided To Subrecipients

The following funds were provided to the subrecipients listed below under the K-12 federal program during the year ended December 31, 2009:

Mount Sinai School of Medicine	\$ 148,949
Denver Health and Hospital	148,457
UCLA Neuropsychiatric Institute	141,411
Medical University of South Carolina	99,560
Johns Hopkins University	60,260
University of Colorado	45,510
	<u>\$ 644,147</u>

American Academy Of Child And Adolescent Psychiatry

Notes To Financial Statements

Note 15. Fair Value Measurement

AACAP adopted the Codification topic, *Fair Value Measurements*, at the beginning of the 2008 fiscal year and there was no material impact to the financial statements. The Codification applies to all assets and liabilities that are being measured and reported on a fair value basis. The Codification requires disclosure that establishes a framework for measuring fair value in GAAP, and expands disclosure about fair value measurements. The Codification enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Codification requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

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.

In determining the appropriate levels, AACAP performs a detailed analysis of the assets and liabilities that are subject to The Codification. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The table below presents the balances of assets at December 31, 2009, measured at fair value on a recurring basis by level within the hierarchy.

	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	\$ 3,870,919	\$ -	\$ -	\$ 3,870,919
Fixed income	2,387,553	-	-	2,387,553
Real estate investment trusts	386,230	-	-	386,230
Money market funds	31,482	-	-	31,482
	<u>\$ 6,676,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,676,184</u>

The equity securities, fixed income, real estate investment trusts, and money market funds detailed above are classified as Level 1 instruments due to the fact that they are publicly traded in active markets.