

**PENNSYLVANIA CHAPTER,  
AMERICAN ACADEMY OF PEDIATRICS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pennsylvania Chapter, American Academy of Pediatrics  
King of Prussia, Pennsylvania

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Pennsylvania Chapter, American Academy of Pediatrics (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pennsylvania Chapter, American Academy of Pediatrics as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pennsylvania Chapter, American Academy of Pediatrics and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Other Matters**

##### **Correction of an Error**

As discussed in Note 9 to the financial statements, the Chapter corrected an error related to the overstatement in net assets with donor restrictions as of June 30, 2023. Accordingly, the net assets as of June 30, 2023 were restated. Our opinion is not modified with respect to this matter.

##### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pennsylvania Chapter, American Academy of Pediatrics' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pennsylvania Chapter, American Academy of Pediatrics' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pennsylvania Chapter, American Academy of Pediatrics' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, on our consideration of Pennsylvania Chapter, American Academy of Pediatrics' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Pennsylvania Chapter, American Academy of Pediatrics' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pennsylvania Chapter, American Academy of Pediatrics' internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
March 27, 2025

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 291,271
Contracts, Grants and Contributions Receivable	3,012,178
Prepaid Expenses	19,381
Total Current Assets	3,322,830

**PROPERTY AND EQUIPMENT, NET**

13,809

**OTHER ASSETS**

Right-of-Use Lease Asset	196,622
Other Assets	4,831
Total Other Assets	201,453

Total Assets

\$ 3,538,092

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Lease Liability, Current Portion	\$ 43,879
Accounts Payable	142,170
Accrued Expenses	585,620
Due to Other Entity	19,504
Deferred Revenue	61,067
Total Current Liabilities	852,240

**LONG-TERM LIABILITIES**

Lease Liability, Long-Term Portion	168,152
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Total Liabilities

1,020,392

**NET ASSETS**

Without Donor Restrictions	2,500,401
With Donor Restrictions	17,299
Total Net Assets	2,517,700

Total Liabilities and Net Assets

\$ 3,538,092

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contacts and Grants	\$ 5,577,239	\$ 276	\$ 5,577,515
Contributions	33,896	-	33,896
Membership Dues	246,000	-	246,000
Exhibitor Fees	56,900	-	56,900
Registrations Fees	12,800	-	12,800
Management Service Fees	207,500	-	207,500
Interest Income and Miscellaneous Revenue	19,593	-	19,593
Net Assets Released from Restrictions	1,115	(1,115)	-
Total Revenues, Gains, and Other Support	<u>6,155,043</u>	<u>(839)</u>	<u>6,154,204</u>
<b>EXPENSES</b>			
Program Services	5,327,075	-	5,327,075
General and Administrative	493,387	-	493,387
Fundraising	5,448	-	5,448
Total Expenses	<u>5,825,910</u>	<u>-</u>	<u>5,825,910</u>
<b>CHANGE IN NET ASSETS</b>	329,133	(839)	328,294
Net Assets - Beginning of Year As Restated	<u>2,171,268</u>	<u>18,138</u>	<u>2,189,406</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,500,401</u>	<u>\$ 17,299</u>	<u>\$ 2,517,700</u>

See accompanying Notes to Financial Statements.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 1,568,692	\$ 343,101	\$ -	\$ 1,911,793
Employee Benefits	229,678	50,235	-	279,913
Payroll Taxes and Fees	134,876	29,500	-	164,376
Travel	57,156	2,148	-	59,304
Meetings and Conferences	94,706	3,180	-	97,886
Space	62,940	13,766	-	76,706
Advertising and Promotion	520,024	2,250	-	522,274
Consulting and Professional Fees	450,403	10,422	-	460,825
Grant Subcontracts	1,979,887	-	-	1,979,887
Equipment Leases and Maintenance	11,008	2,408	-	13,416
Depreciation and Amortization	3,027	662	-	3,689
Information Technology	22,599	4,943	-	27,542
Telephone	33,686	7,368	-	41,054
Postage	11,350	2,799	1,449	15,598
Printing	83,632	2,538	2,017	88,187
Supplies	61,466	13,444	-	74,910
Bank Fees	-	4,200	1,982	6,182
Miscellaneous Expense	1,945	423	-	2,368
Total	<u>\$ 5,327,075</u>	<u>\$ 493,387</u>	<u>\$ 5,448</u>	<u>\$ 5,825,910</u>

See accompanying Notes to Financial Statements.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 328,294
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation Expense	3,689
Change in Right-of-Use Assets and Lease Liability	15,409
(Increase) Decrease in:	
Contracts, Grants and Contributions	(614,247)
Prepaid Expenses	12,825
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	142,364
Accrued Expenses	91,703
Due to Other Entity	(5,660)
Deferred Revenue	39,488
Deferred Rent	(14,766)
Net Cash Used by Operating Activities	(901)
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	 (901)
Cash and Cash Equivalents - Beginning of Year	292,172
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 \$ 291,271

See accompanying Notes to Financial Statements.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Pennsylvania Chapter, American Academy of Pediatrics (the Chapter) is a state level organization of more than 2300 pediatricians who are dedicated to promoting the health and well-being of all children and the value of pediatric practice. The Chapter is a 501(c)(3) nonprofit organization that educates parents, professionals, and the public about the needs of children. The Chapter accomplishes its mission through advocacy, education, quality improvement, and practice support. The Chapter, a member organization of the American Academy of Pediatrics (AAP), provides educational programs and services, public awareness and communications campaigns, and advocacy on issues impacting the health and well-being of Pennsylvania's children and the practice of pediatrics. The primary sources of revenue consist of program and project contracts, grants and membership dues.

**Basis of Accounting**

The accompanying financial statements are accounted for on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis of Presentation**

The Chapter is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions depending upon the existence and/or nature of any donor stipulations that limits its use.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. Net assets with donor restrictions are those contributions which have been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and 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. At times, cash in bank may exceed Federal Deposit Insurance Corporation (FDIC) insurable limits.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

**Contracts, Grants and Contribution Receivable**

The Chapter records grants receivable at the estimated present value of future cash flows, net of allowances, to include net realizable value based on management's analysis of specific grants. The Chapter provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information.

When all collection efforts have been exhausted, the accounts are written off against the related allowance. At June 30, 2024, the allowance for uncollectible accounts amount was not warranted.

**Property and Equipment and Depreciation**

Depreciable property is shown at its original cost to the Chapter. The Chapter capitalizes all property and equipment purchases in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and Equipment	5 to 7 Years
Office Equipment	5 Years
Leasehold Improvements	5 Years

**Revenue Recognition**

**Contracts, Grants, and Contributions**

Contracts, Grants, and Contribution revenue, including promises to give, are evaluated using the decision tree in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958-605-55-1A to determine the applicable accounting model. All of the grants and contributions received by the Chapter are considered to be nonexchange transactions.

A decision tree is also used to determine whether grants and contributions received are conditional or unconditional. Both, barriers and right of return/release, need to exist in order to designate a grant or contribution as conditional. Once designated, the revenue is recognized when the conditions are met.

Unconditional grants and contributions are recorded as those with donor restrictions or without donor restrictions depending on the existence of donor-imposed restrictions, typically limiting purpose or timing of the grant or contribution. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the grants and contributions are recognized.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

**Revenue Recognition (Continued)**

**Contracts, Grants, and Contributions (Continued)**

A portion of the Chapter's revenue is derived from cost-reimbursable contracts and fee for service grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Chapter has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred in the statement of financial position. The Chapter was awarded fee for service grants that have not been recognized in the amount of \$281,109 at June 30, 2024.

**Membership Dues**

Management recognizes membership dues revenue immediately upon receipt and follows the guidance in Standards Board (FASB) *Accounting Standards Codification* (ASC) 958-605-55-1A.

**Management Service Fees**

Management service fees are recognized when services are provided.

**Sponsorships, Registration, and Exhibitor Fees**

Annual conference registration, and booth space exhibit fees are recognized when the conference takes place. Sponsorship revenue is recognized when the sponsored events and activities take place.

Sponsorship income, registration fees and exhibitor fees received in advance are recorded as deferred revenue.

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort. Other expenses that are allocated include professional fees, supplies, business expenses, facility expenses, and various other expenses which are allocated based on actual asset and expense usage.

**Income Taxes**

The Chapter is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Chapter follows the income tax standard for uncertain tax positions. This standard had no impact on the Chapter's financial statements.

The Chapter's informational tax returns are subject to review and examination by federal, state, and local authorities. The Chapter is not aware of any activities that would jeopardize its tax-exempt status.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

**Leases**

The Chapter leases office space and equipment. The Chapter determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the statement of financial position.

ROU assets represent the Chapter's right to use an underlying asset for the lease term and lease liabilities represent the Chapter's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Chapter will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Chapter has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Chapter has elected to use the risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**Adoption of Accounting Standards**

At the beginning of 2024, the Chapter adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Chapter adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Chapter's financial statements but did change how the allowance for credit losses is determined.

**Subsequent Events**

The Chapter has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 27, 2025, the date on which the financial statements were available to be issued.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2024 is recorded at cost as follows:

Furniture and Fixtures	\$ 41,090
Office Equipment	30,204
Leasehold Improvements	5,289
Total	76,583
Less: Accumulated Depreciation	62,774
Property and Equipment, Net	\$ 13,809

Depreciation expense for the year ended June 30, 2024 was \$3,689.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions available as of June 30, 2024 consisted of the following:

Restrictions Due to Purpose:	
Prevent Child Abuse	\$ 17,299
Total Restrictions Due to Purpose	<u>\$ 17,299</u>

**NOTE 4 LINE OF CREDIT**

The Chapter maintains a \$500,000 demand line of credit with a financial institution. The line of credit carries an interest rate on outstanding amounts equal to prime rate established by the bank plus 1.0%. The line of credit is collateralized by all business assets. There was no outstanding balance on the line of credit as of June 30, 2024.

**NOTE 5 LEASES**

The Chapter has a long-term, noncancellable lease commitment for office space that began April 1, 2023, and requires monthly payments ranging from \$4,831 to \$5,585 over the 63-month lease term. In addition, the Chapter is required to pay its proportionate share of building operating expenses. The Chapter also leases certain office equipment requiring Quarterly lease payments of \$290 and monthly payments of \$706 through 2025.

The following tables provide quantitative information concerning the Chapter's leases for the year ended June 30, 2024:

Operating Lease Cost	<u>\$ 59,064</u>
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 58,421
Weighted-Average Remaining Lease Term - Operating Leases	4.0 Years
Weighted-Average Remaining Discount Rate - Operating Leases	8.50%

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 5 LEASES (CONTINUED)**

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 60,232
2026	62,044
2027	63,822
2028	65,568
Total Undiscounted Cash flows	251,666
Less: Imputed Interest	(39,635)
Total Present Value of Lease Liabilities	<u>\$ 212,031</u>
Short-Term Lease Liabilities	<u>\$ 43,879</u>
Long-Term Lease Liabilities	<u>\$ 168,152</u>

**NOTE 6 RETIREMENT PLAN**

The Chapter maintains a retirement plan for the benefit of its employees. The Chapter contributes 5% of each qualified employee's compensation to the plan. A one-year qualification period must be satisfied before the employee participates in the plan. The expense amount for the year ended June 30, 2024 was \$77,954.

**NOTE 7 LIQUIDITY AND AVAILABILITY**

As part of the Chapter's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Chapter receives contributions and grants that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The following table shows the financial assets that are available as of June 30, 2024 within one year to meet cash needs for general expenditures:

Cash and Cash Equivalents	\$ 291,271
Grants Receivables	<u>3,012,178</u>
Financial Assets at Year-End	3,303,449
Less: Net Assets with Donor Restrictions for Purpose	<u>(17,299)</u>
Total Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 3,286,150</u>

In addition to the financial assets noted above, the Chapter has a \$500,000 line of credit that is fully available, which it could draw upon if needed (see Note 4 for disclosures about the line of credit).

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 8 SIGNIFICANT CONCENTRATIONS**

The Chapter receives a substantial amount of its revenue from one funder. Funding received from this funder was approximately 64% of total revenue for 2024. The accounts receivable due from this funder represents 84% of the total accounts receivable due as of June 30, 2024.

**NOTE 9 RESTATEMENT**

As of July 1, 2023, the beginning balance of net assets with donor restrictions included amounts that were without donor restrictions and either had not been released or should not have been included as it was related to a conditional grant. This resulted in a material understatement in net assets without donor restrictions and an overstatement in net assets with donor restrictions by \$697,361. The following restatement adjustment has been recorded to properly report the net assets and related accounts:

	As Previously Reported	Restatement	As Restated
Statement of Financial Position:			
Net Assets Without Donor Restrictions	\$ 1,473,907	\$ 697,361	\$ 2,171,268
Net Assets With Donor Restrictions	715,499	(697,361)	18,138
Total Net Assets	\$ 2,189,406	\$ -	\$ 2,189,406

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Total Federal Expenditures	Pass-Through to Subrecipients
<b>U.S. Department of Transportation</b>					
Passed through PA Department of Transportation					
Highway Safety Cluster:					
State and Community Highway Safety - NHTSA	20.600	4300786000/7844944HSS	10/1/19-9/30/24	\$ 1,017,738	\$ -
Total Highway Safety Cluster				<u>1,017,738</u>	<u>-</u>
Total U.S. Department of Transportation				1,017,738	-
<b>U.S. Department of Health and Human Services</b>					
Passed through Berks County Intermediate Unit					
CCDF Cluster:					
Child Care and Development Block Grant - BCIU - ECELS	93.575	BCIU 3-4100085687	7/1/23-6/30/24	264,000	-
Total CCDF Cluster				<u>264,000</u>	<u>-</u>
Passed through Pennsylvania Department of Health					
Maternal and Child Health Services Block Grant to the States - DHHS/HRSA - First Food/NAS	93.994	4100087381	7/1/20-6/30/25	291,843	69,653
Maternal and Child Health Services Block Grant to the States - Best K10	93.994	4100086002	7/1/20-6/30/25	72,692	-
Total Federal Assistance Listing 93.994				<u>364,535</u>	<u>69,653</u>
Immunization Cooperative Agreements	93.268	4100090652	7/1/21-6/30/25	3,037,922	2,126,589
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health - Association of State and Territorial Health Officials (ASTHO)	93.421	N380T08290	12/1/22-7/31/23	7,500	-
PA State Physical Activity & Nutrition Program - PA DOH - Best Plus	93.439	4100086710	10/1/20-9/30/23	22,933	-
Preventative Health & Health Services Block Grant - PA DOH - Best Plus	93.991	4100086710	10/1/20-9/30/23	47,341	-
Passed through PA Commission on Crime and Delinquency					
Keystone State Child Abuse Medical Forum	94.643	2022-CJ-01-37879/2001PACJA1	10/1/22-9/1/23	50,673	-
Total U.S. Department of Health and Human Services				<u>3,794,904</u>	<u>2,196,242</u>
Total Expenditures of Federal Awards				<u>\$ 4,812,642</u>	<u>\$ 2,196,242</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) presents activities in all the federal, state, county, and city award programs of Pennsylvania Chapter, American Academy of Pediatrics (collectively, the Chapter) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Chapter, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Chapter.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The amounts reported in this Schedule as expenditures may differ from certain financial reports submitted to funding agencies because those reports may be submitted on either a cash or modified accrual basis of accounting.

Expenditures of federal awards are reported on the statement of activities as operating expenses. In certain programs, the expenditures reported in the basic financial statements differ from the expenditures reported in the Schedule because other program expenditures and expenditures may exceed contract budget limitations and are therefore not included as expenditures of federal awards.

Pass-through entity identifying numbers are presented if applicable on the Schedule.

**NOTE 3 PROGRAM AND INDIRECT EXPENSE ALLOCATION**

The indirect cost rate is calculated and approved annually by the Chapter's funders and is based on the ratio of total indirect expenses to total direct labor. Accordingly, the 10% de minimis rate is not utilized.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Pennsylvania Chapter, American Academy of Pediatrics  
King of Prussia, Pennsylvania

We have audited, in accordance with the 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, the financial statements of Pennsylvania Chapter, American Academy of Pediatrics (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pennsylvania Chapter, American Academy of Pediatrics' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pennsylvania Chapter, American Academy of Pediatrics' internal control. Accordingly, we do not express an opinion on the effectiveness of Pennsylvania Chapter, American Academy of Pediatrics' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

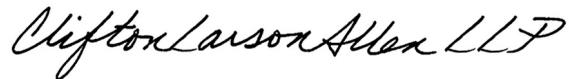
As part of obtaining reasonable assurance about whether Pennsylvania Chapter, American Academy of Pediatrics financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Pennsylvania Chapter, American Academy of Pediatrics Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Pennsylvania Chapter, American Academy of Pediatrics response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Pennsylvania Chapter, American Academy of Pediatrics response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
March 27, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Pennsylvania Chapter, American Academy of Pediatrics  
King of Prussia, Pennsylvania

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Pennsylvania Chapter, American Academy of Pediatrics compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Pennsylvania Chapter, American Academy of Pediatrics major federal program for the year ended June 30, 2024. Pennsylvania Chapter, American Academy of Pediatrics major federal program are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pennsylvania Chapter, American Academy of Pediatrics complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pennsylvania Chapter, American Academy of Pediatrics and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Pennsylvania Chapter, American Academy of Pediatrics compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Pennsylvania Chapter, American Academy of Pediatrics federal programs.

**Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pennsylvania Chapter, American Academy of Pediatrics compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pennsylvania Chapter, American Academy of Pediatrics compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pennsylvania Chapter, American Academy of Pediatrics compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pennsylvania Chapter, American Academy of Pediatrics' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pennsylvania Chapter, American Academy of Pediatrics' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on the major program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Pennsylvania Chapter, American Academy of Pediatrics response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Pennsylvania Chapter, American Academy of Pediatrics response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Pennsylvania Chapter, American Academy of Pediatrics response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Pennsylvania Chapter, American Academy of Pediatrics response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
March 27, 2025

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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**Section I – Summary of the Auditors' Results**

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**Financial Statements**

- |   |  |
|---|--|
| 1. Type of auditors' report issued:   | Unmodified   |
| 2. Internal control over financial reporting:   |  |
| • Material weakness(es) identified?   | <u>    X    </u> yes <u>          </u> no            |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | <u>          </u> yes <u>    X    </u> none reported |
| 3. Noncompliance material to financial statements noted?                                      | <u>          </u> yes <u>    X    </u> no            |

**Federal Awards**

- |  |  |
|--|--|
| 1. Internal control over major federal programs:   |  |
| • Material weakness(es) identified?  | <u>          </u> yes <u>    X    </u> no            |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)?  | <u>    X    </u> yes <u>          </u> none reported |
| 2. Type of auditors' report issued on compliance for major federal programs:   | Unmodified   |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.515(d)(2) of the Uniform Guidance? | <u>    X    </u> yes <u>          </u> no            |

**Identification of Major Federal Programs**

**Federal CFDA Number**

93.268

**Name of Federal Program or Cluster**

Immunization Cooperative Agreements

Dollar threshold used to distinguish between Type A and Type B programs:

\$     750,000    

Auditee qualified as low-risk auditee?

    X     yes                 no

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section II – Financial Statement Findings***

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**2024-001** Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Criteria:**

According to generally accepted accounting standards, net assets with and without donor restrictions must be appropriately presented in the financial statements.

**Condition:**

The beginning balance of the Organization's net assets with donor restrictions included amounts that were without donor restrictions and either had not been released or should not have been classified as with donor restriction. This resulted in a material understatement in net assets without donor restrictions and an overstatement in net assets with donor restrictions by \$697,361 as of June 30, 2023.

**Cause:**

The organization followed inaccurate guidance for recognizing conditional and unconditional grant agreements.

**Effect:**

The classification of net assets with and without donor restrictions was not accurately stated as of June 30, 2023. As a result, net assets as of July 1, 2023 were restated to correct the classification error.

**Recommendation:**

Management should correct the error in the financial statements for the year ended June 30, 2024, as a prior period adjustment on the beginning net asset balances in the statement of activities.

**Viewed of Responsible Officials and Planned Corrective Actions:**

See accompanying Corrective Action Plan.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section III – Findings and Questioned Costs – Major Federal Program***

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**2024-002**

Federal Agency: U.S. Department of Health and Human Services  
Federal Program Name: Immunization Cooperative Agreements  
Assistance Listing Number: 93.268  
Pass-through Agency: Pennsylvania Department of Health  
Pass-through Number: 4100090652  
Award Period: July 1, 2021 - June 30, 2025

Compliance Requirement Affected: Allowable Costs

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria:**

3 CFR Part 200 Subpart E General Provisions for Selected Items of Cost Section 200.430 Compensation – requires charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. Budget estimates determined before the services are performed alone do not qualify as support for charges to the federal awards. The Chapter's system of internal controls should include processes to perform periodic after-the-fact reviews of interim charges made to a federal award based on budget estimates. All necessary adjustments must be made so that the final amount charged to the federal award is accurate, allowable, and properly allocated.

**Condition:**

During our testing, we noted the Chapter charges fringe benefits to the program based on an estimated allocation on the percentage of salaries as determined in the contract budget. However, we noted the Chapter does not have internal controls in place to provide a review of the actual fringe benefits incurred.

**Questioned Costs:**

No questioned costs above the \$25,000 threshold have been identified.

**Context:**

During our testing, we noted the Chapter charges fringe benefits to the programs based on an estimated allocation on the percentage of salaries as determined in the contract budget.

**Cause:**

The Chapter does not have internal controls in place to provide a review of the actual fringe benefits incurred.

**PENNSYLVANIA CHAPTER, AMERICAN ACADEMY OF PEDIATRICS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section III – Findings and Questioned Costs – Major Federal Program (Continued)***

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**2024-002 (Continued)**

**Effect:**

Allocated costs that are not appropriately budgeted and invoiced could result in inaccurate reporting and misrepresentation of the program's expenses. Inaccurate reporting of expenses can result in noncompliance with federal regulations, which may lead to the requirement to return funds to the federal agency.

**Repeat Finding:**

N/A: Not a repeat finding.

**Recommendation:**

We recommend Pennsylvania Chapter, American Academy of Pediatrics establish a process for periodic after-the-fact reviews of interim charges made to federal awards based on budget estimates. Based on the review, management should make any necessary adjustments to the interim charges based on the results of the periodic reviews. This would ensure that the final amount charged to the federal award is accurate, allowable, and properly allocated.

**Viewed of Responsible Officials and Planned Corrective Actions:**

Please refer to Pennsylvania Chapter, American Academy of Pediatrics Corrective Action Plan.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

# Pennsylvania Chapter

INCORPORATED IN PENNSYLVANIA

American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN®



661 Moore Road, Suite 200, King of Prussia, PA 19406  
Phone: 484-446-3000 | 800-337-2227  
Fax: 484-446-3255 | Email: info@paaap.org  
www.paaap.org

## CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2024

Pennsylvania Chapter, American Academy of Pediatrics respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 1, 2023 – June 30, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS—FINANCIAL STATEMENT AUDIT

#### MATERIAL WEAKNESS

**2024-001** The beginning balance of the Organization's net assets with donor restrictions included amounts that were without donor restrictions and either had not been released or should not have been included as it was related to a conditional grant. This resulted in a material understatement in net assets without donor restrictions and an overstatement in net assets with donor restrictions by \$697,361.

Recommendation: Management should correct the error in the financial statements for the year ended June 30, 2024, as a prior period adjustment on the beginning net asset balances in the statement of activities.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: Management has corrected the error in the financial statements for the year ended June 30, 2024, as a prior period adjustment on the beginning net asset balances in the statement of activities.

Name(s) of the contact person(s) responsible for corrective action: Annette Myarick, Executive Director

Planned completion date for corrective action plan:

The planned corrective action has been completed in the financial statements for the year ended June 30, 2024.

## FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Health and Human Services

2024-002      Immunization Cooperative Agreements – Assistance Listing No. 93.268

During our testing, we noted the Chapter charges benefits to the programs based on an estimated allocation calculated based on the percentage of salaries as determined in the contract budget. However, we noted the Chapter does not have internal controls in place to provide a review of the actual fringe benefits incurred.

Recommendation: We recommend Pennsylvania Chapter, American Academy of Pediatrics establish a process for periodic after-the-fact reviews of interim charges made to federal awards based on budget estimates. Based on the review, management should make any necessary adjustments to the interim charges based on the results of the periodic reviews. This would ensure that the final amount charged to the federal award is accurate, allowable, and properly allocated.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

The Chapter will implement a process for the review of interim charges made to federal awards and make any necessary adjustments that ensure the final amount charged to the federal award is accurate, allowable and properly allocated.

Name(s) of the contact person(s) responsible for corrective action: Annette Myarick, Executive Director

Planned completion date for corrective action plan:

The planned corrective action will be completed by June 2025.

If the oversight agency has questions regarding this plan, please call Annette Myarick, Executive Director at 484-446-3042.