

# **American Academy of Child and Adolescent Psychiatry and Affiliates**

Consolidated Financial Report  
December 31, 2024

## Contents

---

Independent auditor's report	1-2
<hr/>	
Financial statements	
Consolidated balance sheet	3
Consolidated statement of activities	4
Consolidated statement of functional expenses	5
Consolidated statement of cash flows	6
Notes to consolidated financial statements	7-19

---

## Independent Auditor's Report

The Council  
American Academy of Child and Adolescent Psychiatry

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of American Academy of Child and Adolescent Psychiatry and Affiliates (the Academy), which comprise the consolidated balance sheet as of December 31, 2024, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Academy as of December 31, 2024, and the changes in their net assets and their 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy 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.

#### **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 the Academy's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's 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 auditor's 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 the Academy's 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 Academy's 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the Academy's 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 the Academy's 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 the Academy's internal control over financial reporting and compliance.

### ***Report on Summarized Comparative Information***

We have previously audited the Academy's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***RSM US LLP***

Washington, D.C.  
June 17, 2025

**American Academy of Child and Adolescent Psychiatry and Affiliates**

**Consolidated Balance Sheet  
December 31, 2024  
(With Comparative Totals for 2023)**

	2024	2023
<b>Assets</b>		
Cash	\$ 1,117,187	\$ 2,079,928
Investments	24,276,310	20,501,454
Receivables, net of allowance for credit losses of \$3,785 in 2024 and \$33,049 in 2023	232,619	375,225
Grant receivable	1,089,430	673,672
Prepaid expenses and other	353,884	251,837
Property and equipment, net	1,431,465	1,433,175
Investments held for endowments	4,228,174	4,099,759
Right-of-use asset—operating, net	22,241	31,669
<b>Total assets</b>	<b>\$ 32,751,310</b>	<b>\$ 29,446,719</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,741,541	\$ 1,786,054
Regional council dues payable	880	270,610
Deferred revenue	2,033,831	1,897,409
Lease liability—operating, net	22,241	31,669
<b>Total liabilities</b>	<b>3,798,493</b>	<b>3,985,742</b>
Commitments and contingencies (Note 7)		
Net assets:		
Without donor restrictions:		
Undesignated	19,916,794	18,979,079
Board-designated	3,149,110	934,406
	<b>23,065,904</b>	<b>19,913,485</b>
With donor restrictions	5,886,913	5,547,492
<b>Total net assets</b>	<b>28,952,817</b>	<b>25,460,977</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,751,310</b>	<b>\$ 29,446,719</b>

See notes to consolidated financial statements.

**American Academy of Child and Adolescent Psychiatry and Affiliates**

**Consolidated Statement of Activities  
Year Ended December 31, 2024  
(With Comparative Totals for 2023)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and support:				
Membership dues and fees	\$ 3,492,076	\$ -	\$ 3,492,076	\$ 3,470,719
Investment income, net of fees	2,152,768	534,042	2,686,810	3,335,617
Annual meeting and institutes	3,365,747	-	3,365,747	3,570,466
Grants and contributions	3,590,805	363,723	3,954,528	1,916,726
Journal and royalties	1,913,820	-	1,913,820	2,144,048
Publications	284,360	-	284,360	250,272
Training	330,678	-	330,678	360,500
Advertising	43,600	-	43,600	56,400
Other income	236,009	-	236,009	177,256
Net assets released from restrictions	558,344	(558,344)	-	-
<b>Total revenue and support</b>	<b>15,968,207</b>	<b>339,421</b>	<b>16,307,628</b>	<b>15,282,004</b>
Expenses:				
Program services:				
Meetings and CME	2,961,018	-	2,961,018	3,199,621
Research	2,393,482	-	2,393,482	2,380,263
Membership and communications	1,327,728	-	1,327,728	1,157,562
Advocacy	1,196,263	-	1,196,263	1,050,096
Journal	1,061,213	-	1,061,213	962,992
Clinical practice	483,868	-	483,868	487,335
<b>Total program services</b>	<b>9,423,572</b>	<b>-</b>	<b>9,423,572</b>	<b>9,237,869</b>
Supporting services:				
Administration	3,039,426	-	3,039,426	2,830,042
Fundraising	352,790	-	352,790	358,893
<b>Total supporting services</b>	<b>3,392,216</b>	<b>-</b>	<b>3,392,216</b>	<b>3,188,935</b>
<b>Total expenses</b>	<b>12,815,788</b>	<b>-</b>	<b>12,815,788</b>	<b>12,426,804</b>
<b>Change in net assets</b>	<b>3,152,419</b>	<b>339,421</b>	<b>3,491,840</b>	<b>2,855,200</b>
Net assets:				
Beginning	19,913,485	5,547,492	25,460,977	25,652,543
Ending	\$ 23,065,904	\$ 5,886,913	\$ 28,952,817	\$ 28,507,743

See notes to consolidated financial statements.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Consolidated Statement of Functional Expenses Year Ended December 31, 2024 (With Comparative Totals for 2023)

	2024											2023 Total	
	Program Services						Supporting Services				Total Supporting Services		Total
	Meetings and CME	Research	Membership and Communications	Advocacy	Journal	Clinical Practice	Total Program Services	Administration	Fundraising				
Personnel	\$ 920,465	\$ 616,000	\$ 733,194	\$ 701,660	\$ 356,023	\$ 281,525	\$ 3,608,867	\$ 1,494,063	\$ 188,743	\$ 1,682,806	\$ 5,291,673	\$ 4,500,129	
Professional services	338,103	54,806	116,744	55,927	97,718	40,414	703,712	812,555	21,334	833,889	1,537,601	1,544,161	
Meetings and travel	1,128,358	241,035	43,703	163,743	30,811	78,596	1,686,246	316,807	62,362	379,169	2,065,415	2,430,557	
Publications, printing and design	132,821	16,109	176,529	20,715	397,673	3,389	747,236	36,949	12,663	49,612	796,848	818,461	
Occupancy and supplies	62,488	28,023	33,568	37,066	16,396	12,332	189,875	48,588	10,873	59,461	249,336	334,085	
Telecommunications	137,088	6,509	114,865	5,643	2,835	2,265	269,204	34,167	1,578	35,745	304,949	201,692	
Honoraria and awards	124,636	453,415	8,700	76,557	127,000	39,325	829,632	130,000	-	130,000	959,632	831,734	
Research support	-	918,003	-	-	-	-	918,003	-	-	-	918,003	1,209,195	
Tax, licenses and fees	57,531	41,026	79,521	53,291	22,253	17,632	271,254	93,657	46,641	140,298	411,552	354,057	
Depreciation	21,742	13,166	14,832	14,833	7,453	5,953	77,979	29,927	4,148	34,075	112,054	14,952	
Insurance	23,431	5,390	6,072	6,073	3,051	2,437	46,454	42,713	1,698	44,411	90,865	117,931	
Other	14,355	-	-	60,755	-	-	75,110	-	2,750	2,750	77,860	69,850	
<b>Total expenses</b>	<b>\$ 2,961,018</b>	<b>\$ 2,393,482</b>	<b>\$ 1,327,728</b>	<b>\$ 1,196,263</b>	<b>\$ 1,061,213</b>	<b>\$ 483,868</b>	<b>\$ 9,423,572</b>	<b>\$ 3,039,426</b>	<b>\$ 352,790</b>	<b>\$ 3,392,216</b>	<b>\$ 12,815,788</b>	<b>\$ 12,426,804</b>	

See notes to consolidated financial statements.

**American Academy of Child and Adolescent Psychiatry and Affiliates**

**Consolidated Statement of Cash Flows  
Year Ended December 31, 2024  
(With Comparative Totals for 2023)**

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 3,491,840	\$ 2,855,200
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gain on investments, net	(1,997,018)	(2,806,213)
Depreciation	112,054	14,952
Amortization of operating right-of-use asset	22,241	31,669
Change in credit losses	(29,264)	-
Contributions restricted for long-term investment	(51,655)	(50,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	171,870	(33,460)
Grant receivables	(415,758)	78,192
Prepaid expenses and other	(102,047)	(76,401)
Increase (decrease) in:		
Accounts payable and accrued expenses	(44,513)	(219,640)
Regional council dues payable	(269,730)	250,240
Deferred revenue	136,422	(91,015)
Lease liability—operating, net	(22,241)	(31,669)
<b>Net cash provided (used in) by operating activities</b>	<b>1,002,201</b>	<b>(78,145)</b>
Cash flows from investing activities:		
Purchases of property and equipment	(110,344)	(158,371)
Proceeds from sales of investments	2,364,584	4,564,248
Purchases of investments	(4,270,837)	(5,691,708)
<b>Net cash used in investing activities</b>	<b>(2,016,597)</b>	<b>(1,285,831)</b>
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	51,655	50,000
<b>Net cash provided by financing activities</b>	<b>51,655</b>	<b>50,000</b>
<b>Net decrease in cash</b>	<b>(962,741)</b>	<b>(1,313,976)</b>
Cash:		
Beginning	2,079,928	3,393,904
Ending	\$ 1,117,187	\$ 2,079,928
Supplemental disclosure of cash flow information:		
Operating cash outflows—payments on operating lease	\$ 10,224	\$ 10,224

See notes to consolidated financial statements.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** American Academy of Child and Adolescent Psychiatry and Affiliates (collectively, the Academy) consists of three entities.

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 continuing education, clinical practice guidelines, and national public information.

American Association of Child and Adolescent Psychiatry (AMCAP) was created to engage in health policy and advocacy activities to promote mentally healthy children, adolescents and families, and the profession of child and adolescent psychiatry.

AMCAP created the AMCAP Political Action Committee (the PAC), which is a separate segregated fund of AMCAP and is an unincorporated committee. The PAC's purpose is to support federal candidates who support child and adolescent psychiatry. The PAC is not affiliated with any party.

The following are descriptions of the Academy's more significant programs:

**Meetings and CME:** 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 Annual Review Course provide continuing professional education on the latest topics in the field.

**Research:** Through a number of federal and nonfederal grants, the Academy supports research and training fellowships in the field of child and adolescent psychiatry. The Academy 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.

**Membership and communication:** The Membership department is also responsible for the development and maintenance of member benefits and services, and for maintaining all membership records and statistics. The Academy sponsors committees that work to increase the knowledge base about specific areas of interest for the Academy members and the public and help the Academy disseminate information.

**Advocacy:** The government affairs department promotes advocacy efforts at the federal and state levels to improve policies and services for children and adolescents with mental illness. The organization works to educate policymakers and administrators about issues affecting child and adolescent psychiatry and children's mental health.

**Journal:** Through the *Journal of the American Academy of Child and Adolescent Psychiatry*, *JAACAP Open*, and *JAACAP Connect*, the Academy publishes peer reviewed scientific papers.

**Clinical practice:** The Academy's clinical practice department is principally responsible for assisting members with issues related to their clinical practice, such as clinical practice guidelines, coordination of care/services, collaborating with other professionals and medical coding questions.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

A summary of the Academy's significant accounting policies follows:

**Principles of consolidation:** The accompanying consolidated financial statements include the accounts of AACAP, AMCAP and the PAC. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of presentation:** The consolidated financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities topics of the ASC, the Academy 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.

**Net assets without donor restrictions:** Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objects of the Academy. The Academy's board may designate assets without restrictions for specific operational purposes from time to time.

**Net assets with donor restrictions:** Net assets are subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Academy or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has restricted the funds to be maintained in perpetuity.

**Financial risk:** The Academy maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Academy has not experienced any losses in such accounts. The Academy believes it is not exposed to any significant financial risk on cash.

The Academy invests in a professionally managed portfolio that contains various securities that are exposed to risks, such as interest, 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 consolidated financial statements.

**Investments:** Investments consist of mutual funds and a money market fund that are recorded in the accompanying consolidated balance sheet at their fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. To adjust the carrying value of these investments, realized and unrealized gains and losses are recorded as investment income, net on the consolidated statement of activities.

**Allowance for credit losses:** The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include billed and unbilled receivables as well as contract assets. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Based upon management's review of outstanding receivables at December 31, 2024, the CECL allowance was \$3,785.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Grants receivable:** Grants receivable are generated from prime and subcontracting arrangements with federal governmental agencies. For grants recognized as unconditional promises to give, the receivable is recorded as support in the period during which the promise is made. For grants determined to be conditional awards or grants, recognition is made when the conditions on which they depend are substantially met. The Academy considers the grants receivable fully collectible and due within one year.

**Contract balances:** The timing of revenue recognition may not align with the right to invoice the member. The Academy records accounts receivable when it has the unconditional right to issue and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. Opening balances relating to exchange transactions included accounts receivable of \$375,225 and deferred revenue of \$1,897,409 as of January 1, 2024.

**Property and equipment:** Property and equipment is recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful lives of three to 40 years. The Academy capitalizes all property and equipment purchased with a cost of \$2,000 or more.

**Valuation of long-lived assets:** Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets 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 reportable at the lower of the carrying amount or fair value, less cost to sell.

**Regional council dues payable:** Regional council dues payable consists of state and local Academy council dues collected by the Academy, which need to be paid out to councils.

**Revenue and support:** The Academy's primary revenue from contracts with customers consists of membership dues and fees, annual meetings and institutes, journal and royalties, and publications. The Academy's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. The Academy earns the majority of its revenue in the United States and its customers are primarily its members.

Membership dues and fees are recognized as revenue over the dues period, which coincides with the Academy's fiscal year. Dues payments received in advance are reported as deferred revenue 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 and other multiyear royalty agreements are recognized over the life of the agreements. Amounts received in advance for these agreements are recorded as deferred revenue.

Publication revenue is recognized when sales are made and member royalties are recognized in the period earned. Payments received in advance are recorded as deferred revenue.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Academy's revenue from contracts with customers are generally for less than one year. The contracts do not include significant financing components and do not have variable considerations. The primary factor affecting future revenue and cash inflows is the individual members of the Academy discontinuing their membership. Management does not believe there is a material risk of loss for future revenue and cash inflows related to individual members discontinuing their membership.

The Academy receives federal and nonfederal grants. Unconditional federal and nonfederal grants are recognized when received. Federal and nonfederal grants determined to be conditional are recognized as revenue as services are performed and costs are incurred as the barrier to recognition and then follow the policy for unconditional contributions. Conditional grants are recognized when the barriers to recognition are substantially met. Such grant funds received prior to barriers being met are reported as deferred revenue. Conditional grants are classified as net assets without donor restrictions if at the time of revenue recognition, no time or purpose restrictions remain after meeting conditions.

All donor-restricted unconditional contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction, when received. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

**Leases:** The Academy determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Academy obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Academy also considers whether its service arrangements include the right to control the use of an asset.

The Academy recognizes most leases on its consolidated balance sheet as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statement of activities.

The Academy made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or at January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Academy made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### **Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable the will be incurred.

The Academy has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to the Academy, such as common area maintenance for real estate, which are variable in nature are recorded in variable lease expense in the period incurred.

**Functional expense classification:** The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain overhead costs such as depreciation, insurance, occupancy and supplies have been allocated among the programs and supporting services benefited based on time spent.

**Use of estimates:** The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of American (U.S. GAAP) 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 consolidated financial statements, and the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

**Prior year information:** The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Academy's consolidated financial statements for the year ended December 31, 2023, from which the summarized information was derived.

**Income taxes:** AACAP, AMCAP and the PAC are generally exempt from federal income taxes under the provisions of Section 501(c)(3), 501(c)(6) and 527(f)(3), respectively, 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, are subject to unrelated business income tax. There were no net tax liabilities for unrelated business income for the year ended December 31, 2024.

Management evaluated the Academy's tax positions and concluded that the Academy had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

**Subsequent events:** The Academy has evaluated subsequent events through June 17, 2025, the date on which the consolidated financial statements were available to be issued.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 2. Availability and Liquidity

The Academy maintains a policy of structuring its financial assets to be available as its general operating expenses come due. The table below represents financial assets available to meet general expenditures within one year as of December 31, 2024:

Cash	\$ 1,117,187
Investments	24,276,310
Receivables, net	232,619
Grant receivables	1,089,430
Investments held for endowments	4,228,174
Total financial assets available	<u>30,943,720</u>
Less amounts not available to be used within one year:	
Regional council dues payable	880
Board-designated funds	3,149,110
Net assets with donor restrictions	<u>5,886,913</u>
	<u>9,036,903</u>
Financial assets available to meet general expenditures within one year	<u>\$ 21,906,817</u>

#### Note 3. Property and Equipment

Property and equipment at December 31, 2024, and depreciation expense for the year then ended consist of the following:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Building and improvements	10-40 years	\$ 4,440,369	\$ 3,522,288	\$ 918,081	\$ 74,568
Office equipment, computers and software	3-10 years	831,041	693,074	137,967	37,486
Land	-	375,417	-	375,417	-
		<u>\$ 5,646,827</u>	<u>\$ 4,215,362</u>	<u>\$ 1,431,465</u>	<u>\$ 112,054</u>

#### Note 4. Deferred Revenue

Deferred revenue at December 31, 2024, consists of the following:

Membership dues	\$ 1,741,558
Initial publishing royalty	107,145
Meeting registration and other	185,128
	<u>\$ 2,033,831</u>

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 5. Lease

The Academy has an operating lease for several copiers. The term of the lease is for five years. Rent expense amounted to \$10,224 for the year ended December 31, 2024.

Supplemental consolidated balance sheet information related to the lease is as follows:

Operating leases:

Lease right-of-use asset, net	<u>\$ 22,241</u>
Lease liability, net	<u>\$ 22,241</u>

Weighted-average remaining lease term (years):

Operating lease 2.25

Weighted-average discount rate:

Operating lease 2.91%

Future discounted cash flows for each of the next three years and reconciliation to the lease liability recognized on the consolidated balance sheet at December 31, 2024, is as follows:

Years ending December 31:

2025	\$ 10,224
2026	10,224
2027	<u>2,556</u>
Future minimum lease payments	23,004
Less imputed interest	<u>(763)</u>
Discounted lease liability	<u>\$ 22,241</u>

#### Note 6. Retirement Plan

The Academy 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. Amounts contributed to the plan for the year ended December 31, 2024, were \$295,236.

#### Note 7. Commitments and Contingencies

**Hotel contracts:** The Academy has entered into several contracts for hotel room rentals, convention centers and other services relating to future meetings. In the event of cancellation, the Academy may be required to pay various costs as stipulated in the contracts, the amounts of which are dependent upon the date of cancellation.

**Legal:** From time to time, the Academy may be subject to various legal proceedings, which are incidental to the ordinary course of business. In the opinion of the management of the Academy, there are no material pending legal proceedings or claims.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 7. Commitments and Contingencies (Continued)

**Federal grants:** All direct expenses and overhead rates charged under the Academy's government grants are subject to audit by a government agency. Such audits could result in claims against Academy for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since management believes that Academy is in compliance with all grant restrictions, and the amount of such liabilities, if any, cannot be determined.

#### Note 8. Conditional Grants

The Academy often receives conditional grants from the U.S. government and other funders. Conditional grants are recognized as earned in the year in which the Academy incurs qualified expenses which also meet the conditions. Conditional grant funds received in excess of costs incurred are recorded as deferred revenue. Qualified expenses (which also meet the conditions) incurred in excess of funds received are recorded as grants receivable. The Academy had the following conditional grants as of December 31, 2024:

Funder	Total Active Conditional Grants	Amount Earned Through 2024	Amount Left to Earn
Department of Health and Human Services	\$ 11,069,843	\$ 5,778,771	\$ 5,291,072

#### Note 9. Net Assets With Donor Restrictions

The composition of restricted net assets as of December 31, 2024, along with the activity in the restricted funds for the year then ended, is as follows:

For the year ended December 31, 2024, the Academy allocated investment activity to its restricted net asset funds on a monthly basis. This allocation has two components. The first is an allocation based on the balance and activity in each restricted fund. The second is an allocation based on the balance and activity in each restricted fund held in perpetuity. In each of the two allocations described above, the allocation methodology is the same. The allocations were calculated for each fund based on the balance in each fund at the end of the month, plus the current month's activities, divided by the Academy's average investment balance for the month, multiplied by the Academy's net investment activity for the month.

The Academy does not allocate investment activity to programs that are less than one year in duration or that have a measurable date of completion during the fiscal year, such as programs where the terms of the restriction are satisfied at the annual meeting. In addition, the Academy does not allocate investment activity to programs where the donors, such as but not limited to governmental entities or pharmaceutical companies, do not have expectations of receiving investment allocations or intend the funds to be subject to market losses.

Restricted funds that are driven by multiyear promises to give are allocated differently. The Academy only allocates the investment return based on the actual cash received by year-end and excludes the amount that has yet to be received.

Net assets with donor restrictions are restricted for the following purposes.

Purpose restricted	\$ 1,658,739
Endowment	4,228,174
	<u>\$ 5,886,913</u>

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

#### Note 9. Net Assets With Donor Restrictions (Continued)

	Balance December 31, 2023		Contributions	Net Assets Released from Restrictions	Investment Income on Restricted Net Assets	Balance December 31, 2024
E. Schlosser Lewis Endowment Fund	\$ 1,139,730	\$ 40		\$ (17,293)	\$ 104,396	\$ 1,226,873
General Endowment Fund	870,476	1,132		(193,617)	80,371	758,362
Campaign for America Kids	531,008	63,236		(42,628)	50,302	601,918
John E. Schowalter, MD Endowment Fund	497,833	1,130		(1,916)	81,235	578,282
Leatherman-Drell-Ritvo Fund	395,794	51,775		(34,748)	40,808	453,629
Carlson Psychopharmacology Research Award	396,433	2,500		(20,000)	35,297	414,230
Abramson Endowment Fund	301,132	-		(58,334)	27,452	270,250
Marilyn B. Benoit Child Maltreatment Award	224,308	1,350		(9,524)	20,296	236,430
Sidney Berman, MD Fund	167,127	-		(350)	15,428	182,205
Philips Fund for Prevention Endowment Fund	164,342	-		(4,929)	15,165	174,578
Paramjit Toor Joshi, MD International Scholars Endowment Fund	146,134	525		(5,089)	13,491	155,061
James C. Harris, MD Developmental Neuropsychiatry Forum	129,398	-		(5,000)	11,888	136,286
Irving Berlin Award	100,000	-		-	-	100,000
E. James Anthony Endowment Fund	82,145	1,030		-	7,583	90,758
International Fund—Ulku Ulgur, MD Int'l Scholar Fund	83,470	150		(2,544)	7,706	88,782
Amaya Fund (The Marc Amaya Award of NC)	72,045	-		-	6,651	78,696
Life Member Fund	86,004	29,705		(56,149)	8,864	68,424
Junior Investigator Award	-	65,000		-	-	65,000
Klingenstein	30,982	35,650		(24,790)	-	41,842
Aubrey Metcalf Fund (Northern California-ROCAP)	36,176	-		-	3,340	39,516
Pilot Research Awards for CAP Psychiatry Residents and Junior Faculty	-	38,000		-	-	38,000
Tarjan Developmental Disabilities Award	27,194	-		(1,350)	2,510	28,354
NIDA AACAP Resident Research Award II 2017/18	38,132	15,000		(26,849)	-	26,283
Spurlock Minority Research Fellowship—NIDA	14,756	25,500		(27,300)	71	13,027
Simon Wile Fund—Liaison Psychiatry Award	11,594	-		(1,350)	1,070	11,314
Pilot Research Awards (Pfizer)	-	31,000		(23,278)	-	7,722
Beatrix Hamburg Award	1,279	1,000		(1,306)	118	1,091
	<u>\$ 5,547,492</u>	<u>\$ 363,723</u>		<u>\$ (558,344)</u>	<u>\$ 534,042</u>	<u>\$ 5,886,913</u>

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 10. Donor-Restricted Endowment and Board-Designated Net Assets

The Academy follows the ASC subtopic, Reporting Endowment Funds. The ASC 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 the District of Columbia enacted version of 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, the Academy classifies as donor-restricted net assets that are held in perpetuity (a) the original value of donor-restricted cash contribution and (b) the discounted value of future donor-restricted cash contributions, net of allowance for uncollectible promises. The remaining portion of donor-restricted cash contributions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

- The purposes of the Academy 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 (losses) from the Academy's donor-restricted endowment net assets held in perpetuity are recorded as net assets with donor restrictions. The Academy's donor-restricted endowment funds held in perpetuity are geared towards programmatic spending that falls within the mission and purpose of the Academy. The Academy analyzes the balance in the donor-restricted endowment fund when evaluating the ability to spend prudently on related programs, which coincide with the purpose of the fund. The Academy's donor-restricted endowment fund is used to support programs that promote the health and development of children, adolescents and families. The programs, which the Academy supports are ultimately decided by the Academy. Board-designated net assets are used to fund programs determined by the President.

**Investment policy:** The Academy invests all restricted funds, as well as other invested funds, in a fund managed by an investment manager according to the objectives and guidelines of the Academy's Statement of Investment Objectives. The Academy's overall objective is to outperform inflation while minimizing potential losses. At least annually, the Academy's Financial Planning Committee, in consultation with 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 Academy.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

#### Note 10. Donor-Restricted Endowment and Board-Designated Net Assets (Continued)

**Underwater policy:** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed as an endowment fund to the Academy. There was one such deficiency at December 31, 2024.

The Academy's endowment funds consist of the following at December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,228,174	\$ 4,228,174
Board-designated endowment funds	3,149,110	-	3,149,110
	<u>\$ 3,149,110</u>	<u>\$ 4,228,174</u>	<u>\$ 7,377,284</u>

Endowment fund activity for the year ended December 31, 2024, consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 934,406	\$ 4,099,759	\$ 5,034,165
Grants and contributions	-	51,655	51,655
Current year designations	2,220,760	-	2,220,760
Investment income, net	84,016	417,686	501,702
Amounts appropriated for expenditure	(90,072)	(340,926)	(430,998)
Endowment net assets, end of year	<u>\$ 3,149,110</u>	<u>\$ 4,228,174</u>	<u>\$ 7,377,284</u>

Donor-restricted endowment net assets to be held in perpetuity (corpus amounts) at December 31, 2024, consist of the following:

	Corpus	Accumulated Earnings	Total
E. Schlosser Lewis	\$ 1,126,873	\$ 89,949	\$ 1,216,822
General Endowment Fund	745,515	10,082	755,597
John E. Schowalter, MD Fund	276,230	301,941	578,171
Carlson Psychopharmacology Research Award	411,752	(10,371)	401,381
Leatherman-Drell-Ritvo Fund	350,000	101,304	451,304
Abramson Fund	177,805	92,445	270,250
Paramjit Toor Joshi, MD International Scholars Fund	105,825	49,233	155,058
Philips Fund for Prevention	103,055	71,523	174,578
James C. Harris, MD Developmental Neuropsychiatry Forum	100,000	36,286	136,286
E. James Anthony Fund	50,500	38,227	88,727
	<u>\$ 3,447,555</u>	<u>\$ 780,619</u>	<u>\$ 4,228,174</u>

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

#### Note 10. Donor-Restricted Endowment and Board-Designated Net Assets (Continued)

Board-designated net assets activity for the year ended December 31, 2024, consists of the following programs:

	Balance December 31, 2023	Current Year Designations and Investment Income	Net Assets Released From Designations	Balance December 31, 2024
Noshpitz/ Cline History Lecture	\$ 83,687	\$ 7,726	\$ (2,500)	\$ 88,913
Karl Menninger Plenary	70,630	6,357	(76,987)	-
Lawrence A. Stone, MD Plenary	161,818	14,893	(5,000)	171,711
Douglas Hansen Annual Review	152,736	11,848	(5,000)	159,584
Virginia Q. Anthony Fund	116,529	16,185	(349)	132,365
Jerry M. Wiener Resident	32,462	3,614	-	36,076
John F. McDermott Assistant Editor in Residence	121,444	11,211	(235)	132,420
John E. Schowalter, MD Resident	99,917	9,224	-	109,141
Stubblefield House of Delegates	95,183	8,787	-	103,970
Samuel Gelernter Fund	-	2,214,930	-	2,214,930
	<u>\$ 934,406</u>	<u>\$ 2,304,775</u>	<u>\$ (90,071)</u>	<u>\$ 3,149,110</u>

#### Note 11. Investments and Fair Value Measurements

The Academy follows the ASC topic, Fair Value Measurement. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The topic establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. The topic enables the reader of the consolidated 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 topic 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 corroborated by market data.

**Level 3:** Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Academy performs a detailed analysis of the assets and liabilities that are subject to the topic. 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 Academy had no Level 2 or Level 3 investments at December 31, 2024.

## American Academy of Child and Adolescent Psychiatry and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 11. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets at December 31, 2024, measured at fair value on a recurring basis by level within the hierarchy:

	<u>Total All Level 1</u>
Money market fund	\$ 273,437
Mutual funds:	
Large Blend	12,595,753
Intermediate-Term Bond	6,248,512
Tactical Allocation	2,863,443
Large Growth	1,401,606
Foreign Large Blend	1,036,836
Emerging Markets Bond	852,618
Small Cap International	750,442
World Large-Stock Growth	701,369
High Yield Bond	691,507
World Large-Stock Blend	667,360
Bank Loan	421,601
	<u>28,231,047</u>
Total investments	28,504,484
Less investments held for endowments	<u>(4,228,174)</u>
Investments	<u>\$ 24,276,310</u>

The money market fund and mutual funds are classified as Level 1 instruments, as there are quoted market prices in active markets for identical assets.

Net investment income for the year ended December 31, 2024, consists of the following:

Realized and unrealized gain on investments	\$ 1,997,018
Dividends and interest	800,926
	<u>2,797,944</u>
Less management fees	111,134
	<u>\$ 2,686,810</u>