



AMERICAN ACADEMY OF NURSING

Audit Committee Report of the 2016 Audit August 25, 2017

Present: Michael Bleich, Acting Chair; Maureen McCausland; Joan Shinkus Clark; Nancy Valentine; Debra Toney; Kay Hodson; Cheryl Sullivan (CEO), Jocelyn Cunic (COO); Nat Bartholomew (Auditor); Lou Czarniewy (Academy Accountant)

The American Academy of Nursing (AAN) Audit Committee met with the auditors of CliftonLarsonAllen, LLP (CLA) on August 25, 2017 to review the audit. The meeting was called to order via phone conference at 9:00 a.m. EST. The purpose of the meeting was to review the draft of the financial statements for the American Academy of Nursing (AAN) as of December 31, 2016, and the Independent Auditor's Report. Nat Bartholomew, CPA, Partner of CLA presented the findings of the audit to the Audit Committee. This was the fifth year that CLA, which specializes in nonprofit organizations, was hired to conduct the AAN audit.

Process of the Audit

The financial position of the AAN as of December 31, 2016 was presented to CLA for the purpose of conducting this audit. The Auditor, Mr. Bartholomew, noted that they received excellent cooperation from AAN management and staff.

Findings:

It is the expressed opinion of CLA that the financial statements provided by the AAN present fairly, in all material respects, the financial position of the AAN as of December 31, 2016.

Changes in the AAN's net assets and cash flows for the year ended were presented in accordance with generally accepted accounting principles. The AAN financial statements were prepared on the accrual basis of accounting and audit evidence obtained by the auditors was sufficient to provide a basis for the auditor's opinion. It was the conclusion of the auditors that the financial position of the AAN as of December 31, 2016 is in accordance with accounting principles generally accepted in the United States of America.

The auditors presented the AAN with a "clean" audit, with one net zero adjustment to increased deferred rent by \$171,168, for the unrecorded tenant improvement allowance, and an adjustment to record amortization of \$31,600. These changes resulted in net leasehold improvements of \$139,568, as of December 31, 2016, a decrease in rent expense of \$31,600, and an increase in amortization expense of \$31,600.

It was further noted by the auditors that 2016 was a good year for the AAN financially from an operations perspective even with the decreased income from investments and the AAN is in sound financial condition now and should remain so in the future if the organization's outstanding management and sound governance continue as they were in 2016.

In closed session, Maureen McCausland moved for acceptance of the Audit Report and Joan Shinkus Clark seconded the motion. The Audit Committee unanimously accepted the Auditor's Report and recommends to Board of Directors for the American Academy of Nursing acceptance of the Audit Report prepared by the Independent Auditors of CliftonLarsonAllen, LLP for fiscal year ended 2016.

The Audit Committee extended appreciation for the quality of the Audit presentation by Nat Bartholomew and to the AAN staff for their impeccable readiness and support of the audit process.

Respectfully Submitted,

Michael R. Bleich, PhD, RN, FAAN
Acting Chairperson
Academy Audit and Risk Committee



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
American Academy of Nursing
Washington, DC

We have audited the accompanying financial statements of American Academy of Nursing, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Academy of Nursing as of December 31, 2016 and 2015, and the change in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Arlington, Virginia
September 6, 2017



**AMERICAN ACADEMY OF NURSING
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,130,905	\$ 2,147,586
Investments	443,336	379,279
Accounts Receivable	66,747	61,994
Grants Receivable	55,181	304,320
Prepaid Expenses	60,827	38,100
Total Current Assets	<u>2,756,996</u>	<u>2,931,279</u>
 PROPERTY AND EQUIPMENT		
Furniture, Equipment and Leasehold Improvements	209,290	50,546
Less: Accumulated Depreciation and Amortization	<u>(53,827)</u>	<u>(33,254)</u>
Property and Equipment, Net	155,463	17,292
 OTHER ASSETS		
Long-term Investments	2,587,096	2,458,193
Deposits	<u>12,413</u>	<u>12,413</u>
	<u>2,599,509</u>	<u>2,470,606</u>
 Total Assets	<u><u>\$ 5,511,968</u></u>	<u><u>\$ 5,419,177</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 177,155	\$ 150,923
Deferred Income	198,855	414,126
Total Current Liabilities	<u>376,010</u>	<u>565,049</u>
 LONG-TERM LIABILITIES		
Deferred Rent	147,994	3,054
Total Liabilities	<u>524,004</u>	<u>568,103</u>
 NET ASSETS		
Board Designated	381,644	315,739
Undesignated	3,967,869	3,714,550
Total Unrestricted	<u>4,349,513</u>	<u>4,030,289</u>
Temporarily Restricted	638,451	820,785
Total Net Assets	<u>4,987,964</u>	<u>4,851,074</u>
 Total Liabilities and Net Assets	<u><u>\$ 5,511,968</u></u>	<u><u>\$ 5,419,177</u></u>

See accompanying Notes to Financial Statements.