



AMERICAN ACADEMY OF NURSING

Audit Committee Report of the 2017 Audit August 31, 2018

Present: Michael Bleich, Chair; Mary Dee Hacker (Interim CEO), Jocelyn Cunic (COO); Jennifer Han (Auditor); Lou Czarniewy (Academy Accountant) and Committee members Lauren Aaronson, Joan Shinkus Clark, Maureen P. McCausland, Tammy Peterman, and Debra Toney

The American Academy of Nursing (AAN) Audit Committee was called to order at 11:00 a.m., roll call taken via teleconference with the sole agenda item to receive the draft audit report and review audit findings from auditors of the Han Group, LLP (CLA). The financial statements for the AAN as of December 31, 2017, and the Independent Auditor's Report were presented by Jennifer Han, CPA, Managing Principle of the Han Group. This was the first year that the Han Group, LLC, was contracted to conduct the AAN audit.

Process of the Audit

The financial position of the AAN as of December 31, 2017 was presented to the Han Group, LLC for the purpose of conducting the audit. The Auditor, Ms. Han, noted excellent cooperation from AAN management and staff, a reflection shared by the Audit Committee at meeting end, noting the quality of ongoing operations to be in a state of constant preparedness as a way of doing business.

Findings:

It is the expressed opinion of the Han Group that the financial statements provided by the AAN present fairly, in all material respects, the financial position of the AAN as of December 31, 2017.

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, 2017 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 exception, the significant delay of Schedule K-1 investment information linked to the Rockefeller account. The audit committee discussed this and recommended that AAN staff reach out to this investor to have them explain the persistent (and increasingly) prolonged delay in reporting. Further, it was believed that all investments have been in place for nearly ten years. The AAN Finance Committee may decide to conduct a periodic review of accounts that receive a substantive amount of AAN fiscal resources.

It was further noted by the auditors that financially, 2017 was a good year for the AAN from a revenue, investment, and operations perspective and that the AAN is in sound financial condition.

At the end of the report, Maureen McCausland moved for acceptance of the Audit Report and Tammy Peterman 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 the Han Group, LLP for fiscal year ended 2017.

As the Audit Committee learned of and reviewed new accounting standards being introduced next year and in subsequent years, that the AAN finance committee may want to engage in updating their knowledge regarding the new standards and further, that a larger accounting expense may be needed to accommodate new regulations.

Respectfully Submitted,

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Academy of Nursing

We have audited the accompanying financial statements of American Academy of Nursing (the Academy), which comprise of the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 auditors consider 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, 2017, 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.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
September 12, 2018

AMERICAN ACADEMY OF NURSING

Statement of Financial Position

December 31, 2017

Assets**Current Assets**

Cash and cash equivalents	\$ 1,948,914
Inventory	17,633
Investments	618,012
Accounts receivable	44,861
Grants and contributions receivable	29,981
Prepaid expenses	<u>53,065</u>
Total current assets	2,712,466
Property and equipment, net	127,647
Long-term investments	3,539,897
Deposits	<u>12,413</u>
Total assets	<u><u>\$ 6,392,423</u></u>

Liabilities and Net Assets**Liabilities****Current Liabilities**

Accounts payable and accrued expenses	\$ 119,455
Deferred revenue	583,794
Deferred rent, current portion	<u>31,844</u>
Total current liabilities	735,093

Noncurrent Liabilities

Deferred rent, net of current portion	<u>103,669</u>
Total noncurrent liabilities	<u>103,669</u>

Total liabilities 838,762

Net Assets

Unrestricted:	
Undesignated	4,630,924
Board designated	<u>450,609</u>
Total unrestricted	5,081,533
Temporarily restricted	<u>472,128</u>
Total net assets	<u><u>5,553,661</u></u>
Total liabilities and net assets	<u><u>\$ 6,392,423</u></u>

See accompanying notes.