UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AMERICAN ACADEMY OF PEDIATRICS, Plaintiff, v. DEPARTMENT OF HEALTH AND HUMAN SERVICES, et al., Defendants.	Civil Action No. 25-4505 (BAH)

MEMORANDUM IN OPPOSITION TO MOTION FOR PRELIMINARY INJUNCTION

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Defendants, the Department of Health and Human Services (the "Department"), its components the Centers for Disease Control and Prevention ("CDC"), the Health Resources and Service Administration ("HRSA"), and various Department officials (collectively, "Defendants"), respectfully submit this opposition to Plaintiff American Academy of Pediatrics' ("Plaintiff") motion for temporary restraining order or, in the alternative, preliminary injunction (ECF No. 2) in this grants termination case. For reasons discussed below, Plaintiff cannot establish entitlement to preliminary relief and its motion should be denied.

First, Plaintiff cannot show likelihood of success on the merits. Plaintiff asserts that the Department abruptly terminated seven CDC and HRSA grants in retaliation to Plaintiff's protected speech. In fact, the grants were terminated as part of CDC's and HRSA's reviews of grants and pursuant to 2 C.F.R. § 200.340(a) as incorporated into the terms of the grants. In any event, this Court is without jurisdiction to hear this case because the Tucker Act requires grant termination claims to be brought in the Court of Federal Claims. While Defendants do not contemporaneously move to dismiss, the Court nevertheless must dismiss this case if it finds jurisdiction lacking. *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 514 (2006).

Second, Plaintiff has failed to establish irreparable harm. Plaintiff alleges that it will be required to terminate about ten percent of its full-time work force. Even if true, such economic harm does not rise to the level of irreparable harm to the organization. Moreover, Plaintiff has not alleged—let alone established—that the grant terminations in any way inhibit its First Amendment speech. Any argument Plaintiff makes that alleged constitutional violations constituted per se irreparable harm fails as a matter of law.

Finally, the balance of the equities and the public interest counsel against issuing a preliminary injunction. The government and the public have a strong interest in allowing the

Department to conduct its review of existing grants and terminate those grants it determines do not advance Department priorities, which Plaintiff does not challenge.

For these reasons, Defendants respectfully request that the Court deny Plaintiff's motion for a temporary restraining order or, in the alternative, preliminary injunction (ECF No. 2).

BACKGROUND

A. Legal Framework for Terminating Grants.

Pursuant to an August 13, 2020, final guidance, the Office of Management and Budget revised 2 C.F.R. § 200.340(a) to allow for an agency to terminate a "Federal award . . . in whole or in part" "if an award no longer effectuates the program goals or agency priorities." The purpose of the changes to 2 C.F.R. § 200.340(a) was

> to strengthen the ability of the Federal awarding agency to terminate Federal awards, to the greatest extent authorized by law, when the Federal award no longer effectuates the program goals or Federal awarding agency priorities. . . . The intent of this change is to ensure that Federal awarding agencies prioritize ongoing support to Federal awards that meet program goals. For instance, following the issuance of a Federal award, if additional evidence reveals that a specific award objective is ineffective at achieving program goals, it may be in the government's interest to terminate the Federal award.

Guidance for Grants and Agreements, 85 Fed. Reg. 49,506, 49,509 (Aug. 13, 2020).

In 2024, the Office of Management and Budget relocated the relevant language to 2 C.F.R. § 200.340(a)(4). *See Guidance for Federal Financial Assistance*, 89 Fed. Reg. 30,046, 30,089 (Apr. 22, 2024). While commenters complained that the rule gave too much authority to agencies to terminate grants, the Office of Management and Budget maintained the authority to terminate grants that no longer effectuate agency priorities so long as notice of that authority is in the grant: "Provided that the language is included in the terms and condition of the award, the revised termination provision at section 200.340 continues to allow Federal agencies and pass-through entities with authority to terminate an award in the circumstances described in paragraph (a)(2) in

the prior version of the guidance." *Id.* at 30,089–90; *see also Guidance for Federal Financial Assistance*, 89 Fed. Reg. 30,046; 2 C.F.R. § 200.211(c)(1)(v) ("Federal agencies must inform recipients of the termination provisions in § 200.340, including the applicable termination provisions in the Federal agency's regulations or terms and conditions of the Federal award.").

On October 2, 2024, the Department of Health and Human Services published an interim final rule that adopted the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. *Health and Human Services Adoption of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 89 Fed. Reg. 80,055, 80,055 (Oct 2. 2024); *see also* Ex. 1, Declaration of Jamie Legier ("Legier Decl.) ¶ 6 (attached hereto); Ex. 2, Declaration of Cynthia Baugh ("Baugh Decl.") ¶ 6. Among the regulations adopted by the Department of Health and Human Services is 2 C.F.R. § 200.340(a)(4), which allows the Department to determinate federal awards when "pursuant to the terms and conditions of the Federal award, including, to the extent authorized by law, if an award no longer effectuates the program goals or agency priorities." 2 C.F.R. § 200.340(a)(4); *see also Shapiro v. Dep't of Agric*., Civ. A. No. 25-8, 2025 WL 3473291, at *5–6 (M.D. Pa. Dec. 3, 2025) (no jurisdiction to challenge to agency termination under 2 C.F.R.§ 300.40).

B. Factual Allegations

1. <u>CDC and HRSA Have Begun a Process of Evaluating Whether Grants Meet Their Priorities.</u>

The Centers for Disease Control ("CDC") awards funding through different types of grants, including discretionary and non-discretionary grants and cooperative agreements. *See* Legier Decl. ¶ 4-5. The Health Resources and Service Administration ("HRSA") also issues discretionary and non-discretionary grants and cooperative agreements. Baugh Decl. ¶¶ 4–5.

Both CDC and HRSA have published their agency priorities. On September 12, 2025, HRSA published its Strategic Priority Areas. *See* Baugh Dec. ¶ 7. The CDC published its priorities statement on September 17, 2025. Legier Decl. ¶ 7. The Department of Health and Human Services published HHS Priorities on September 30, 2025. Baugh Decl. ¶ 9.

Subsequently, both agencies published terms and conditions for their grants and agreements. On September 30, 2025, HRSA published FY 2026 HRSA General Terms and Conditions applicable to all discretionary awards with funds and award modifications with funds made on or after October 1, 2025. *See* Baugh Decl. ¶ 8 (citing https://www.hrsa.gov/sites/default/files/hrsa/grants/manage/fy2026-update-hrsa-general-terms-and-condition.pdf). On October 1, 2025, CDC published its General Terms and Conditions for Research Grants and Cooperative Agreements (CDC General Terms and Conditions). *See* Legier Decl. ¶ 9 (citing https://www.cdc.gov/grants/documents/General-Terms-and-Conditions-Research-Awards.Eff.2025.10.01.pdf).

In conjunction with these statements, CDC and HRSA have been undertaking large-scale reviews of their discretionary award portfolios. *See* Legier Decl. ¶¶ 10, 15; Baugh Decl. ¶¶ 10, 14-15.

2. CDC and HRSA Terminated Plaintiff's Grants Because They Did Not Align with Agency Priorities.

Plaintiff is a professional association with a membership of approximately 67,000 pediatricians. Compl. (ECF No. 1) ¶ 13.[1]

[1] Solely for the purposes of this opposition, Defendants do not dispute the material allegations in the Complaint cited in the Factual Background section but reserve the right to address those allegations at a later date.

On December 16, 2025, HRSA terminated four discretionary grant awards to Plaintiff. Baugh Decl. ¶ 11. On December 16, 2025, CDC terminated three discretionary grant awards to Plaintiff. Legier Decl. ¶ 11. These seven grants total approximately twelve million dollars. Compl. ¶ 32.

On December 17, Plaintiff received letters from CDC and HRSA terminating the grants. Compl. ¶¶ 51, 53. As explained in those termination notices, the CDC and HRSA terminated those grants pursuant to 2 C.F.R § 200.340(a)(4) after determining that each award "no longer effectuates agency and Department of Health and Human Services [] priorities." PI Mot. Ex. 2, Waldron Decl. Ex. 1, Termination Notice (ECF No. 2-2) at 30; *see also id*. at 37, 45, 48, 50, 52, 54.

Neither agency terminated all their grants to Plaintiff. Plaintiff is the recipient of one un-terminated CDC grant and the recipient of three un-terminated HRSA grants. Baugh Decl. ¶ 17; Legier Decl. ¶ 17. Further, Plaintiff's affiliate, the New Jersey Chapter of the American Academy of Pediatrics, is the recipient of one HRSA award that has not been terminated. Baugh Decl. ¶ 17.

Plaintiff alleges that the grounds for the terminations are "implausible" and therefore were in retaliation for Plaintiff's public statements criticizing Administration priorities and policies. Compl. (ECF No. 1) ¶¶ 33–39, 54. Plaintiff points to a few negative statements made by the Secretary about Plaintiff and then statements from three others who have no apparent role whatsoever with respect to these grants. *Id*. ¶¶ 40–48. Plaintiff asserts that the terminations will cause it irreparable harm in the form of layoffs of about ten percent of its workforce and inhibit its work on about a dozen programs. *Id*. ¶¶ 62–67. Plaintiff contends that "children's lives will be lost as a result of the terminations." *Id*. ¶ 70.

Plaintiff sued on December 24, 2025, bringing a five-count complaint: (1) First Amendment retaliation (Count I), *id*. ¶¶ 71-76; (2) First Amendment viewpoint discrimination

(Count II), *id.* ¶¶ 77–83; (3) First Amendment unconstitutional conditions on government grants (Count III), *id.* ¶¶ 84–87; (4) Fifth Amendment Equal Protection violation (Count IV), *id.* ¶¶ 88–94; and (5) Administrative Procedure Act claim (Count V), *id.* ¶¶ 95–100. Plaintiff asks for an order restoring the terminated grants and "disburse[ment] of funds." *Id.* at 35.

Contemporaneously with the Complaint, Plaintiff also moved for a temporary restraining order, or in the alternative, preliminary injunction. PI Mot. (ECF No. 1). The preliminary injunction motion seeks the same relief as the Complaint. Proposed Order (ECF No. 2-4). The sole bases for the motion for temporary restraining order or preliminary injunction are Plaintiff's duplicative First Amendment retaliation (Count I) and viewpoint discrimination (Count II) claims. PI Mem. (ECF 2-1) at 14–20. The other claims asserted in the Complaint are not asserted as grounds for the requested emergency relief and thus are not addressed in this opposition.

LEGAL STANDARD

"A preliminary injunction is an extraordinary remedy never awarded as of right." *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008). "A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest." *Id.* at 20. The moving party bears the burden of persuasion and must demonstrate "by a clear showing" that the requested relief is warranted. *Chaplaincy of Full Gospel Churches v. England*, 454 F.3d 290, 297 (D.C. Cir. 2006). A "court must be persuaded as to all four factors." *Scottsdale Capital Advisors Corp. v. Fin. Indus. Regul. Auth. Inc.*, 678 F. Supp. 3d 88, 100 (D.D.C. 2023).

Before the Supreme Court's decision in *Winter*, courts weighed these factors on a "sliding scale," allowing "an unusually strong showing on one of the factors" to overcome a weaker showing on another. *Damus v. Nielsen*, Civ. A. No. 18-0578 (JEB), 2018 WL 3232515, at *4

(D.D.C. July 2, 2018) (quoting *Davis v. Pension Ben. Guar. Corp.*, 571 F.3d 1288, 1291–92 (D.C. Cir. 2009)). The Supreme Court overruled the sliding scale approach, holding that "a plaintiff seeking a preliminary injunction must make a clear showing that 'he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.'" *Starbucks Corp. v. McKinney*, 602 U.S. 339, 346 (2024) (quoting *Winter*, 555 U.S. at 20).

Thus, if the Court concludes that a claim fails as a matter of law—on a point of jurisdiction or merits—then a preliminary injunction is inappropriate. *See United States Ass'n of Reptile Keepers, Inc. v. Zinke*, 852 F.3d 1131, 1135 (D.C. Cir. 2017). Because preliminary injunctions are not "awarded as of right," but "[a]s a matter of equitable discretion, a preliminary injunction does not [even] follow as a matter of course from a plaintiff's showing of a likelihood of success on the merits." *Benisek v. Lamone*, 585 U.S. 155, 158 (2018). Even if the movant can show a strong likelihood of success on the merits but fails to make a sufficient showing of irreparable injury, the Court should deny the request for preliminary injunctive relief without considering the other factors. *CityFed Fin. Corp. v. Office of Thrift Supervision*, 58 F.3d 738, 747 (D.C. Cir. 1995).

Where a party "seeks a mandatory injunction—to change the status quo through action rather than merely to preserve the status quo—typically the moving party must meet a higher standard than in the ordinary case: the movant must show 'clearly' that [it] is entitled to relief or that extreme or very serious damage will result." *Farris v. Rice*, 453 F. Supp. 2d 76, 78 (D.D.C. 2006); *Pantoja v. Martinez*, No. 21-7118, 2022 WL 893017, at *1 (D.C. Cir. 2022) (per curiam) (characterizing injunction that would reinstate the plaintiff in his prior leadership roles as a "mandatory preliminary injunction . . . requir[ing] a higher standard than an ordinary preliminary

injunction"); *but see League of Women Voters of U.S. v. Newby*, 838 F.3d 1, 7 (D.C. Cir. 2016) (rejecting distinction between a mandatory and prohibitory injunction).

ARGUMENT

I. Plaintiff is Unlikely to Succeed on the Merits.

A. The Court Lacks Subject-Matter Jurisdiction to Grant the Monetary Relief Plaintiff Seeks.

1. Plaintiff's Claim Is Not Redressable Because the Waiver of Sovereign Immunity for Damages Claims from Contracts is the Tucker Act, and Plaintiff Must Bring that Claim in the Court of Federal Claims.

Plaintiff "must demonstrate standing for each claim he seeks to press and for each form of relief that is sought." *Davis v. FEC*, 554 U.S. 724, 734 (2008) (citation modified). "The most obvious problem in the present case is redressability." *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 568 (1992). "For an injury to be redressable, the court must be capable of granting the relief sought." *McNeil v. Brown*, No. 19-5093, 2022 WL 4086726, at *1 (D.C. Cir. Sep. 2, 2022) (citing *Newdow v. Roberts*, 603 F.3d 1002, 1010–11 (D.C. Cir. 2010)). Here, Plaintiff asks the Court to compel Defendants to restore the canceled grants. Proposed Order at 1, ECF No. 2-4 (requesting that the Court order "Defendants and their agents take all steps necessary to ensure that the Centers for Disease Control and Prevention and Health Resources and Service Administration disburse funds on AAP's awards in the customary manner and in customary timeframes"); *see also* Compl. (ECF No. 1) at 35. In other words, Plaintiff asks for "the classic contractual remedy of specific performance." *Vera Inst. of Just. v. Dep't of Just.*, --- F. Supp. 3d ---, Civ. A. No. 25-1643 (APM), 2025 WL 1865160, at *12 (D.D.C. Jul. 7, 2025) (quoting *Spectrum Leasing Corp. v. United States*, 764 F.2d 891, 894 (D.C. Cir. 1985)); *see also Am. Ass'n of Physics Teachers, Inc. v. Nat'l Sci. Found.*, --- F. Supp. 3d ---, Civ. A. No. 25-1932 (JMC), 2025 WL 2615054, at *9 (D.D.C. Sep.

10, 2025) ("While Plaintiffs do not ask for money damages, they nonetheless seek a contract-based remedy: specific performance.").

This Court cannot grant that relief because "the United States, as a sovereign, is generally immune from suits seeking money damages . . . [unless] Congress [] choos[es] to waive that immunity." *Dep't of Agric. Rural Dev. Rural Hous. Serv. v. Kirtz*, 601 U.S. 42, 48 (2024); *see also United States v. Testan*, 424 U.S. 392, 399 (1976); *Clark v. Libr. of Cong.*, 750 F.2d 89, 103 (D.C. Cir. 1984). A "waiver of sovereign immunity must be 'unmistakably clear in the language of the statute.'" *Kirtz*, 601 U.S. at 48 (quoting *Kimel v. Florida Bd. of Regents*, 528 U.S. 62, 76 (2000)). Plaintiff does not identify a waiver of sovereign immunity for money damages that gives this Court jurisdiction over a grant termination case. *See, e.g.*, PI Mem. (ECF No. 2-1) at 22–23.[2] Nor can it because the Tucker Act channels suits like this for money damages from grant terminations to the Court of Federal Claims. *See Dep't of Educ. v. California*, 604 U.S. 650, 650 (2025) ("[T]he APA's limited waiver of immunity does not extend to orders 'to enforce a contractual obligation to pay money' along the lines of what the District Court ordered here. Instead, the Tucker Act grants the Court of Federal Claims jurisdiction over suits based on 'any express or implied contract with the United States.'" (citation omitted)); *NIH v. Am. Pub. Health Ass'n ("APHA")*, 145 S. Ct. 2658, 2658 (2025) (similar). As a result, none of Plaintiff's constitutional claims (Counts I–IV) nor its APA claim (Count V) can be the basis of a money damages award against the federal government.

Plaintiff insists the Court has jurisdiction because Plaintiff asserts rights under the First Amendment, not under the terms of the grants. PI Mem. (ECF No. 2-1) at 23 (citing *Megapulse,*

[2] Citations are to the ECF-generated page numbers, appearing in blue color at the top right corner of each page.

Inc. v. Lewis, 672 F.2d 959, 968 (D.C. Cir. 1982)). To determine whether district court jurisdiction is proper, the Court must assess whether the claims "are essentially contractual." *Megapulse*, 672 F.2d at 967. The Court must consider (1) whether "the source of the rights" asserted is contractual or is "based on truly independent legal grounds," and (2) "the type of relief sought" is of a contractual nature. *Id*. at 968–71. In applying this test, the Court must look past artful pleading because "a plaintiff whose claims against the United States are essentially contractual should not be allowed to avoid the jurisdictional (and hence remedial) restrictions of the Tucker Act by casting its pleadings in terms that would enable a district court to exercise jurisdiction under a separate statute and enlarged waivers of sovereign immunity, as under the APA." *Id*. at 967; *see also Ingersoll-Rand Co. v. United States*, 780 F.2d 74, 77–78 (D.C. Cir. 1985); *Int'l Eng'g Co., Div. of A-T-O, Inc. v. Richardson*, 512 F.2d 573, 580 (D.C. Cir. 1975). A straightforward *Megapulse* analysis establishes that Plaintiff's constitutional claims are contractual claims in disguise.

With respect to the first prong, "the source of the rights" asserted by Plaintiff is the grant agreements themselves, including the contractual termination clause in each agreement. In other words, Plaintiff's asserted right to the funds here arises solely from the grant agreements and "in no sense . . . exist[s] independently of" those contracts. *Spectrum Leasing Corp.*, 764 F.2d at 894. Plaintiff would have no claim absent the grants and the government's alleged breach. *Megapulse*, 672 F.2d at 967–68. The source of the right asserted is therefore not "truly independent" of the contracts, or not "based on truly independent legal grounds." *Id*. at 970; *see also Sols. in Hometown Connections v. Noem*, Civ. A. No. 25-0885, 2025 WL 1103253, at *4–5, *9–10 (D. Md. Apr. 14, 2025) (concluding under the *Megapulse* test that the grant agreements were the source-of-the rights, where the termination provisions in certain grants expressly incorporated the termination regulation at 2 C.F.R. § 200.340(a)(2)).

With respect to the second prong of *Megapulse*, the relief sought, at base, is payment of money. In seeking reinstatement of awards (*i.e.*, by setting aside their grant terminations), the "essence of [Plaintiffs'] claim is a request for specific performance of the original contract." *Ingersoll-Rand*, 780 F.2d at 79–80. This is a "typical contract remedy" that indicates a claim is "founded upon a contract for purposes of the Tucker Act." *Spectrum Leasing*, 764 F.2d at 894–95. The payment of money, far from being merely incidental to or "hint[ed] at," is the principal object of their suit. *Crowley Gov't Servs., Inc. v. Gen. Servs. Admin.*, 38 F.4th 1099, 1112 (D.C. Cir. 2022). Plaintiff's "claim that a government agency has violated [its First Amendment rights] by refusing performance under a contract is substantively indistinguishable from a breach of contract claim." *Suburban Mortg. Assocs., Inc. v. Dep't of Hous. & Urb. Dev.*, 480 F.3d 1116, 1128 (Fed. Cir. 2007). The Supreme Court's ruling in *APHA* confirms this. As in *APHA*, Plaintiff seeks adjudication of claims "'based on' the research-related grants." *APHA*, 145 S. Ct. at 2658 (quoting *California*, 604 U.S. at 651). As in *APHA*, Plaintiff asks for "relief designed to enforce [an] obligation to pay money pursuant to those grants." *Id*. (citation modified). Thus, as in *APHA*, "[t]he core of [Plaintiff's complaint] alleges that the Government unlawfully terminated their grants," so "th[is] is a breach of contract claim," that cannot be heard here. *Id*. at 2665 (Kavanaugh, J., concurring in part and dissenting in part); *see also Am. Ass'n of Physics Teachers,* 2025 WL 2615054, at *9-11; *Veterans Command, LLC v. United States*, Civ. A. No. 21-2018 (RJL), 2021 WL 4437694, at *2 (D.D.C. Sep. 14, 2021).

Plaintiff points to *American Bar Association v. Department of Justice*, 783 F. Supp. 3d 236, 243–45 (D.D.C. 2025) (Cooper, J.), to argue that "the law is clear that First Amendment claims like those at issue here can properly be brought in district court." PI Mem. (ECF No. 2-1) at 22. There, Judge Cooper found that "a ruling for the ABA would effectively result in the continuation

of monetary grants payment by the government." *Am. Bar. Ass'n.*, 783 F. Supp. 3d at 244. Judge Cooper concluded that *Bowen v. Massachusetts*, 487 U.S. 879, 895 (1988), distinguishes between the remedy of money damages, which is impermissible, and "specific performance," which is. *Am. Bar. Ass'n.*, 783 F. Supp. 3d at 244.

Indeed, *Bowen* states that "[d]amages are given to the plaintiff to substitute for a suffered loss, whereas specific remedies are not substitute remedies at all, but attempt to give the plaintiff the very thing to which he was entitled." 487 U.S. at 895 (citation modified). Accordingly, *Bowen* reasoned, when money is the specific thing a plaintiff claims it is owed, rather than a mere substitute for a plaintiff's claimed loss, the plaintiff does not seek "money damages" within the APA's meaning, and the APA's sovereign immunity waiver thus applies. *Id.*

But that aspect of *Bowen* no longer is controlling in light of *Great-West Life & Annuity Insurance Co. v. Knudson*, 534 U.S. 204 (2002), which expressly adopted Justice Scalia's dissent in *Bowen*. In *Bowen*, Justice Scalia argued that the majority's reason for concluding that the claims at issue did not seek money damages "is simply wrong." *Bowen*, 487 U.S. at 917 (Scalia, J., dissenting). Justice Scalia acknowledged that the claims "fit a general description of a suit for specific relief, since the award of money undoes a loss by giving respondent the very thing (money) to which it was legally entitled," but rejected the relevance of the specific versus substitute relief dichotomy on which the majority relied. *Id.* He explained that "damages" is a term of art that has "been used in the common law for centuries" and had a meaning "well established by tradition." *Id.* "Part of that tradition," Justice Scalia wrote, "was that a suit seeking to recover a past due sum of money that does no more than compensate a plaintiff's loss is a suit for damages, not specific relief." *Id.* at 918.

Justice Scalia concluded by setting forth the following rule: "Almost invariably . . . suits seeking (whether by judgment, injunction, or declaration) to compel the defendant to pay a sum of money to the plaintiff are suits for 'money damages,' as that phrase has traditionally been applied." *Id.* at 918–19 (Scalia, J., dissenting). He identified only a single "rare" exception to this general rule, one that plainly does not encompass Plaintiff's suit here: suits "to prevent future losses that were either incalculable or would be greater than the sum awarded." *Id.* at 918.

Fourteen years later, the Supreme Court in *Knudson* directly quoted Justice Scalia's *Bowen* dissent and held that "[a]lmost invariably . . . suits seeking (whether by judgment, injunction, or declaration) to compel the defendant to pay a sum of money to the plaintiff are suits for 'money damages,' as that phrase has traditionally been applied." *Knudson*, 534 U.S. at 210 (quoting *Bowen*, 487 U.S. at 918–19 (Scalia, J., dissenting)). That is so because "[t]he 'substance' of a money judgment is a compelled transfer of money." *Id.* at 216.

Knudson therefore limited *Bowen* to cases that are "not merely for past due sums, but for an injunction to correct the method of calculating payments going forward." 534 U.S. at 212. In other words, *Knudson* explained, the APA waived sovereign immunity in *Bowen* not because the plaintiff sought specific rather than substitute monetary relief, but because the plaintiff sought prospective injunctive relief separate and apart from the sums of money it sought to compel the government to pay. *Id.*

After *Knudson*, the test no longer is whether a plaintiff seeks specific or substitute monetary relief. Now, all that matters is whether a suit "seek[s] . . . to compel the defendant to pay a sum of money to the plaintiff." *Knudson*, 534 U.S. at 210 (quoting *Bowen*, 487 U.S. at 918-19 (Scalia, J., dissenting)); *see also Richards v. Delta Air Lines, Inc.*, 453 F.3d 525, 530–31 (D.C. Cir. 2006) (applying *Knudson* and explaining that "the rule has long been that '[a] plaintiff cannot transform

a claim for damages into an equitable action by asking for an injunction that orders the payment of money[]'"). If so, the suit is for "money damages," regardless of whether the plaintiff characterizes the sum of money it seeks as specific rather than substitute relief. *Id.* In short, the Supreme Court decided *Knudson* after *Bowen*; it expressly adopted the *Bowen* dissent's position; and it distinguished *Bowen* in a manner that narrowed *Bowen* considerably. Accordingly, in *Knudson*'s aftermath, a plaintiff seeking to compel an agency to pay it a sum of money is seeking "money damages," and cannot rely on *Bowen* to overcome sovereign immunity. And were there any lingering doubt after *Knudson* that a suit seeking to compel an agency to pay a plaintiff grant funds is a suit for "money damages," the recent Supreme Court decision in *California* has now settled it conclusively. *California*, 604 U.S. at 650; *see also APHA,* 145 S. Ct. at 2660 ("The Administrative Procedure Act's 'limited waiver of [sovereign] immunity' does not provide the District Court with jurisdiction to adjudicate claims 'based on' the research-related grants or to order relief designed to enforce any 'obligation to pay money' pursuant to those grants," citing *California*). The Supreme Court's "command[]" is clear: when a plaintiff, like Plaintiff here, seeks to compel an agency to pay grant funds, the relief that it seeks constitutes money damages. *APHA*, 145 S. Ct. at 2663 (Gorsuch, J., concurring in part and dissenting in part) ("Lower court judges may sometimes disagree with this Court's decisions, but they are never free to defy them."). Thus, however labeled, the claims "are essentially contractual," *Megapulse,* 672 F.2d at 967, and not subject to district court jurisdiction.

2. The Administrative Procedure Act Does Not Save Plaintiff's Claims

Finally, the Court need not dwell on Plaintiff's cursory attempt to anchor jurisdiction on the APA. PI Mem. (ECF No. 2-1) at 24 n. 3. "This Court need not . . . address undeveloped arguments[.]" *Robinson v. Farley*, 364 F. Supp. 3d 154, 162 (D.D.C. 2017). "It is plaintiff's task to spell out his arguments squarely and distinctly." *Raines v. Dep't of Just.*, 424 F. Supp. 2d 60,

66 n.3 (D.D.C. 2006) (cleaned up). "[P]erfunctory and undeveloped arguments, and arguments that are unsupported by pertinent authority, are deemed waived." *Johnson v. Panetta*, 953 F. Supp. 2d 244, 250 (D.D.C. 2013). Regardless, the APA claim (Count V) cannot survive because "the APA does not authorize suits seeking 'money damages' against the Government." *Jibril v. Mayorkas*, 101 F.4th 857, 870 (D.C. Cir. 2024) (quoting 5 U.S.C. § 702). Indeed, Plaintiff recognizes the futility of maintaining an APA claim for money damages and appears to disclaim asserting jurisdiction under the APA. PI Mem. (ECF No. 2-1) at 22. Rightly so. "Almost invariably . . . suits seeking (whether by judgment, injunction, or declaration) to compel the defendant to pay a sum of money to the plaintiff are suits for 'money damages,' as that phrase has traditionally been applied." *Knudson*, 534 U.S. at 210 (quoting *Bowen*, 487 U.S. at 918-19 (Scalia, J., dissenting)); *accord Richards*, 453 F.3d at 531 (same). That description fits this suit—in which Plaintiff seeks to compel Defendants to pay them sums of money. By asking the Court to "disburse funds on AAP's grants," PI Mot. at 1, Plaintiff seeks "to compel [Defendants] to pay a sum of money" and its suit is "for 'money damages.'" *Knudson*, 534 U.S. at 210. Accordingly, the APA's limited waiver of sovereign immunity does not extend to this suit. *See* 5 U.S.C. § 702; *Jibril*, 101 F.4th at 870; *see also Am. Ass'n of Physics Teachers*, 2025 WL 2615054, at *9.

In short, this Court lacks subject-matter jurisdiction because Plaintiff has failed to assert an injury this Court can redress or because there is no applicable waiver of sovereign immunity. Indeed, if the Court "concludes that it lacks subject-matter jurisdiction, the court must dismiss the complaint in its entirety." *Arbaugh*, 546 U.S. at 514.

B. Plaintiff's First Amendment Claim Fails.

1. Plaintiff fails to allege facts that carry its burden to show but for causation

"To establish a claim for retaliation under the First Amendment, an individual must prove (1) that he engaged in protected conduct, (2) that the government 'took some retaliatory action

sufficient to deter a person of ordinary firmness in plaintiff's position from speaking again;' and (3) that there exists 'a causal link between the exercise of a constitutional right and the adverse action taken against him.'" *Doe v. District of Columbia*, 796 F.3d 96, 106 (D.C. Cir. 2015) (quoting *Aref v. Holder*, 774 F. Supp. 2d 147, 169 (D.D.C. 2011)). "The improper motive must be a but-for cause of the government action, 'meaning that the adverse action against the plaintiff would not have been taken absent the retaliatory motive.'" *Comm. on Ways & Means v. Dep't of Treas.*, 45 F.4th 324, 340 (D.C. Cir. 2022) (quoting *Nieves v. Bartlett*, 587 U.S. 391, 399 (2019)).

Based on the Declarations of Cynthia Baugh and Jamie Legier, the Government is entitled to "the 'presumption of regularity,' under which 'courts presume' that public officers have 'properly discharged their official duties' unless there is 'clear evidence to the contrary.'" *Owlfeather-Gorbey v. Avery*, 119 F.4th 78, 86 (D.C. Cir. 2024) (quoting *United States v. Chemical Found.*, 272 U.S. 1, 14–15 (1926)).

Here, as to the first factor, Defendant does not dispute that Plaintiff's officers and employees have spoken out about public issues on which they disagree with the current administration. But Plaintiff has not established the remaining factors.

With respect to the third factor, Plaintiff does not allege that any particular speech is the but-for cause of the grant terminations. *See* Pl.'s Mot. at 7–10 (discussing varied statements "concerning vaccines, gender-affirming medical care, and other public health topics" as early as June 2025); *see also Doe*, 796 F.3d at 106 (listing elements of First Amendment retaliation claim).

Plaintiff makes a conclusory assertion that the cancellation of $12 million in grants is sufficient to chill a person of ordinary firmness. Plaintiff, however, does not develop that argument and as a result, has not carried its burden because it "is plaintiff's task to spell out his arguments squarely and distinctly," *Raines*, 424 F. Supp. 2d at 66 n.3, and "[p]erfunctory and undeveloped

arguments, and arguments that are unsupported by pertinent authority, are deemed waived," *Johnson*, 953 F. Supp. 2d at 250. Indeed, Plaintiff has not alleged that the terminated grants have had any effect on its speech, or that it is advocating any less zealously for the positions it advances.

Third, Plaintiff has not established that there was a causal link between the exercise of a constitutional right and the alleged adverse action taken against it. The grants were terminated because they were not aligned with agency priorities pursuant to 2 C.F.R. § 200.340. *See, e.g.*, Baugh Decl. ¶¶ 10–11 (HRSA grants terminated during large-scale review of agency awards); Legier Decl. ¶¶ 10–12, 15 (same); Waldron Decl. Ex. 1 (ECF No. 2-2 at 29) ("[Y]our organization's award materials reflect design elements that are not aligned with current CDC and HHS priorities to, to the extent permitted by applicable federal law, deprioritize diversity, equity, and inclusion initiatives that prioritize group identity and to improve and protect the lives and health of all Americans."); Waldron Decl. Ex. 2 (ECF No. 2-2 at 37) ("For example, your organization's award materials commit to providing health equity as a strategy in which Capacity Building Assistance (CBA) will be provided. Further, your organization also uses 'Establish standards and support for health information technology (HIT) use that promotes equity and population health improvements.' as an outcome measure."); Waldron Decl. Ex. 3 (ECF No. 2-2 at 45) ("Your Project Abstract states that AAP 'emphasizes equity, diversity, and inclusion as key foundational components' of its work and that the program will 'address health disparities and advance health equity.'"). Plaintiff has not alleged that these letters misstate its award materials' focus on diversity, equity and inclusion initiatives nor has Plaintiff alleged that that "current CDC and HHS priorities" are to "deprioritize" such initiatives.

Plaintiff compares the termination of the grants here to the terminations of the grants at issue in *American Bar Association*. *See* PI Mem. (ECF No. 2-1) at 14. But the only commonality

is that they both involved grants. In that case, the Court noted that the Deputy Attorney General "announced a new [official] DOJ policy toward the ABA . . . just a day before the grants were terminated" and asserted that the government "suggest[ed] no other cause for the cancellation apart from the sentiments expressed by Deputy Attorney General Blanche in his memorandum." *Am. Bar Ass'n*, 783 F. Supp. 3d at 246 ("The Blanche Memo explicitly spells out how DOJ will be changing its approach toward the ABA in light of the ABA's lawsuit against the United States."). Here, by contrast, there is no dispute that the grants were terminated pursuant to grant terms and there is no analogous statement about changing the agency's "approach" toward Plaintiff. Indeed, Plaintiff readily admits that it has no direct evidence that retaliation was the but-for cause of the grant terminations. *See* PI Mem. (ECF No. 2-1) at 22 (asserting that the "confluence of circumstances here establishes that AAP was targeted for its view"). Plaintiff's circumstantial evidence, which it sorts into five buckets, is attenuated. Plaintiff points to negative statements, largely by people who had no apparent involvement with the grants, and Plaintiff's misunderstanding about an incomplete agency-wide review of grants.

First, Plaintiff points to a few comments by Secretary Kennedy and a grab bag of comments by numerous individuals with no role in terminating the grants—including individuals with no government role whatsoever. *See* PI Mem. (ECF No. 2-1) at 16-17. Even if Plaintiff provided sufficient evidence to show that some individuals at the Department of Health & Human Services strenuously disagreed with certain of Plaintiff's positions, that is not enough. *Cf. Shuler v. Dicks*, Civ. A. No. 24-1292 (RDM), 2025 WL 894420, at *7 (D.D.C. Mar. 24, 2025) ("[I]t is not enough to show that an official acted with a retaliatory motive and that the plaintiff was injured—the motive must *cause* the injury." (quoting *Nieves*, 587 U.S. at 398–99)), *appeal dismissed*. Indeed, Plaintiff relies heavily on the statements of individuals with no apparent role with respect to the

grants—let alone the ability to terminate them. *See, e.g.*, PI Mem (ECF No. 2-1) at 3-4, 10 (tweet by Calley Means); *id.* at 4, 16 (tweet from CEO of Children's Health Defense, an individual with no government positions); *id.* at 4, 10, 17, 22 (tweets by two members of Centers for Disease Control's Advisory Committee on Immunization Practices).

In any event, the Court may not rely on those statements to infer an improper motive but must review their significance within the context of the exercise of the legitimate executive authority here—review of existing grants for consistency with Department priorities. *Trump v. Hawaii*, 585 U.S. 667, 699–702 (2018) ("[T]he issue before us is not whether to denounce the statements. [W]e must consider not only the statements of a particular President, but also the authority of the Presidency itself.").

Plaintiff relies almost exclusively on statements by non-decisionmakers, which have no bearing on the decision here. *See* Baugh Decl. ¶ 12 ("As far as I am aware, neither the Advisory Committee on Immunization Practices nor the organization, Children's Health Defense, have a role in this process to evaluate HRSA's discretionary award portfolio."); *see also George v. Molson Coors Beverage Co. USA, LLC*, No. 22-7111, 2023 WL 2661588, at *3 (D.C. Cir. Mar. 28, 2023) ("[Plaintiff']s evidence does not create a genuine issue as to retaliation. [His supervisor's] emails, which expressed displeasure about [the [plaintiff's] prolonged absence from work, do not support retaliation because [the supervisor] was not the relevant decisionmaker in [the plaintiff's] termination."); *Velikonja v. Mueller*, 362 F. Supp. 2d 1, 12 (D.D.C. 2004) ("Even if some unidentified OPR employee's suggestion to be "careful" constituted competent evidence, which it does not, and even if it could be construed as discouraging protected activity, plaintiff has not shown that the employee was involved in the delay or had any influence whatsoever over the process." (Title VII retaliation)), *aff'd*, 466 F.3d 122 (D.C. Cir. 2006), *and abrogated on other*

grounds by Doe v. Chao; *Hudson v. Norris*, 227 F.3d 1047, 1053–54 (8th Cir. 2000) ("Although [Plaintiff] presented some evidence suggesting that Personnel Officer Watson viewed [Plaintiff] as an 'undesirable choice' for the promotion, there was nothing to rebut the evidence that Personnel Officer Watson played only a clerical role in the promotion process and exercised no influence over the decision."); *cf. Ackerman v. State of Iowa*, 19 F.4th 1045, 1060 (8th Cir. 2021) (Plaintiff's claim defeated at summary judgment because Plaintiff failed to show that the decision makers had retaliatory motive); *Leek v. Miller*, 698 F. App'x 922, 926 (10th Cir. 2017) ("[Defendant's] alleged comment about [Plaintiff] and his paperwork bothering someone else was an offhand remark made after the decision to move him had been finalized and was not evidence of retaliatory intent, particularly since [Plaintiff] acknowledged that [Defendant] was not the decisionmaker.")

That is especially true here because Calley Means left his role as an advisor to Secretary Kennedy before the grant terminations, *see Health Adviser Calley Means Leaves White House Role, NYT Reports*, Reuters (Oct. 30, 2025, 2:18PM EDT), https://www.yahoo.com/news/articles/health-adviser-calley-means-leaves-181817761.html ("He stepped down about a month ago[.]"), and Children's Health Defense has no government affiliation whatsoever. Indeed, as American Academy of Pediatrics emphasizes about itself, Children's Health Defense is engaged in active lawsuits with the Department and the Government. *See Children's Health Def. v. FDA*, Civ. A. No. 23-2316 (D.D.C. filed Aug. 10, 2023); *Children's Health Def. v. Nat'l Insts. of Health*, Civ. A. No. 23-1016 (TJK) (D.D.C. filed Apr. 12, 2023); *cf. Children's Health Def. v. Hegseth*, Civ. A. No. 25-4363 (ACR) (D.D.C.) (filed Dec. 16, 2025).

Arguing that it can tie these disparate actors to the decisionmaker, Plaintiff relies on *Media Matters v. Federal Trade Commission*, No. 25-5302, 2025 WL 2988966 (D.C. Cir. Oct. 23, 2025), but *Media Matters* is inapposite procedurally and on its facts. *See* PI Mem (ECF No. 2-1) at 16–

17. First, in *Media Matters*, the burden was on the agency to establish a negative—in contrast to Plaintiff's burden here—because the agency sought a stay of an already granted preliminary injunction: "[T]o obtain a stay, the burden is on the Commission to show a likelihood that no causal link will be found between its Demand and Media Matters' critical reporting[.]" *Id.* at *6. Moreover, in that case, among other things, "a key . . . decisionmaker" spoke publicly and in a leaked memo about targeting groups like Media Matters because of the content of their speech. *Id.* at *8. Thus, while the Court referred to statements about individuals who may have had roles related to the alleged retaliation, it did so as a small part of "the seemingly unusual and unprecedented array of facts in the record at this stage[.]" *Media Matters*, 2025 WL 2988966, at *9. Here, the dotted lines drawn to individuals with no role at the Department appear to be Plaintiff's primary evidence, which is insufficient.

Second, further relying on *Media Matters*, Plaintiff points to "proximity in time between the protected speech and government's adverse actions." PI Mem (ECF No. 2-1) at 16–17. Proximity alone is insufficient to obtain injunctive relief. *See Bd. of Cnty. Commissioners, Wabaunsee Cnty., Kansas v. Umbehr*, 518 U.S. 668, 685 (1996) ("[A]n initial showing that requires him to prove more than the mere fact that he criticized the Board members before they terminated him."); *Thorp v. District of Columbia*, 317 F. Supp. 3d 74, 87 (D.D.C. 2018) ("The Court finds this *post hoc ergo propter hoc* argument unlikely to prevail."), *aff'd*, No. 18-7112, 2018 WL 6720512 (D.C. Cir. Dec. 18, 2018).

In any event, Plaintiff fails to explain how much proximity there is because it does not identify any particular protected speech that it believes caused Defendants to terminate the grants. *Cf. US Dominion v. MyPillow, Inc.*, Civ. A. No. 21-0445 (CJN), 2022 WL 1597420, at *11 (D.D.C. May 19, 2022) ("Here, Lindell fails adequately to allege a causal connection because he has

pointed to no First Amendment protected speech of his own that Smartmatic targeted out of retaliatory animus."). Indeed, Plaintiff has consistently articulated the same position on vaccinations and gender-affirming healthcare for months, if not years. *See, e.g.*, Del Monte Decl. ¶ 6 ("AAP has been consistently vocal about its support for pediatric vaccinations[.]"); *id.* ¶ 9 ("Similarly, AAP has consistently supported access to gender-affirming care[.]" (citing a 2023 report)); *see, e.g.*, Letter from American Academy of Pediatrics President to Secretary of Health and Human Services (Sept. 29, 2020), https://downloads.aap.org/DOFA/AAPLettertoHHSandFDAChildreninCOVID19VaccineTrials.pdf (urging the Department to include children in vaccination trials: "Successful vaccination efforts in the United States will build upon 70 years of scientific collaborations and accomplishments that have resulted in safe and effective vaccines against polio, measles, diphtheria, tetanus, pertussis . . . ."). As Plaintiff notes, it has "continually clashed with HHS over vaccine policy and other public health issues." PI Mem (ECF No. 2-1) at 15. Plaintiff's failure to differentiate a specific act of protected speech from among this ongoing criticism negates its proximity argument.

Plaintiff points to two purported irregularities: (1) HRSA and CDC cancelled the grants on the same day, and (2) "program staff" were not aware that the grants were being cancelled. *See* PI Mem (ECF No. 2-1) 17–18. Plaintiff offers no reason to believe that "program staff" would normally review grants for alignment with agency priorities. Indeed, as described in the Baugh and Legier Declarations, this is a new process with which Plaintiff would have no material insight. Similarly, Plaintiff offers no basis to imply that there is something sinister about coordination within the Department of Health and Human Services.

Fourth, Plaintiff claims it "was singled out for adverse treatment." PI Mem (ECF No. 2-1) at 18–19. Plaintiff's conclusion is undermined by the facts that CDC has terminated six other discretionary awards for non-alignment with agency priorities, Legier Decl. ¶ 10; CDC and HRSA are both in the process of reviewing existing grants, Legier Decl. ¶¶ 10, 15; Baugh Decl. ¶ 15; and both organizations still have grants awarded to Plaintiff and its affiliate. *See* Legier Decl. ¶ 17; Baugh Decl. ¶ 17.

Finally, Plaintiff claims that Defendants' explanation for the terminations are implausible because the grants were renewed in 2025. *See* PI Mem. (ECF No. 2-1) at 5 ("Continuation applications were approved for all seven, and four of these approvals issued as recently as September 2025."). The Legier and Baugh Declarations provide a clear explanation for the timing. The agencies issued their priorities declarations and terms and conditions for grants in mid-to-late September and early October 2025. *See* Legier Decl. ¶¶ 7–9; Baugh Decl. ¶¶ 7–8. The agencies' large-scale review of grants was then conducted in conjunction with those documents. Legier Decl. ¶¶ 10-11; Baugh Decl. ¶ 10. Plaintiff also points to the fact that "other similarly situated entities will sometimes be funded . . . to work in partnership with" Plaintiff and those entities' grants have not been terminated. PI Mem. (ECF No. 2-1) at 3–4. But awards given out as part of the same Notice of Funding Opportunity may be given for different subsets of work. Baugh Decl. ¶ 13. Thus, "some awards or some activities under funded awards, may not continue to effectuate agency priorities" while others continue to do so. *Id*.

Ultimately, Plaintiff's timing argument undermines its claim of causation. According to Plaintiff's own timeline, certain grants were approved "as recently as September 2025" despite Plaintiff's explicit criticism of Secretary Kennedy in August 2025. PI Mem. (ECF No. 2-1) at 6. What preceded the termination in grants was not Plaintiff engaging in protected speech but the

more recent issuance by the agencies of their priorities declarations and terms and conditions for grants. That chronology negates any inference of retaliation that Plaintiff attempts to raise in its motion. *See Wiest v. Tyco Elecs. Corp.*, 812 F.3d 319, 332 n.8 (3d Cir. 2016) ("an employee's receipt of favorable treatment after engaging in protected activity severely undermines a claim that there was a causal connection between the activity and [a later] adverse employment action"); *Perry v. Clinton*, 831 F. Supp. 2d 1, 24 (D.D.C. 2011) (finding no inference of causation because "at Mr. Joria's first opportunity to retaliate against Ms. Perry—his review of her reimbursement requests in August 2003—he did not do so").

Even were the Court to conclude that Plaintiff has raised some inference of causation, this chronology still establishes that the challenged action would have been taken absent the asserted retaliatory motive and, accordingly, that the requisite but-for causation is lacking. *See Mt. Healthy Cty. v. Doyle.*, 429 U.S. 274, 287 (1977); *see also Houston Cmty. Coll. Sys. v. Wilson*, 595 U.S. 468, 477 (2022); *Nat'l Rifle Ass'n of Am. v. Vullo*, 602 U.S. 175, 203 (2024) (Jackson, J., concurring) ("Requiring that causal connection to a retaliatory motive is important, because '[s]ome official actions adverse to . . . a speaker might well be unexceptionable if taken on other grounds.'" (quoting *Hartman v. Moore*, 547 U.S. 250, 256 (2006))). Plaintiff says the termination letters are "boilerplate" and opines that they fail to show enough thought and care. *See* PI Mem. (ECF No. 2-1) at 20. Nothing in the termination regulation requires the Department to give a more detailed explanation to Plaintiff. *See Urban Sustainability Directors Network v. USDA*, Civ. A. No. 25-1775 (BAH), 2025 WL 2374528, at *30 (D.D.C. Aug. 14, 2025) (discussing the operation of § 200.340(a)(4) and nothing that a "termination based on § 200.340(a)(4) due a change in agency priorities can therefore be appropriate without the grantee having failed to meet any requirements in the award"). Moreover, as already noted, Plaintiff makes no case that its grants are aligned with

the agency's newly announced priorities. Finally, Plaintiff's belief that its grants were valuable is entitled to no weight here. *Vatel v. All. of Auto. Mfrs.*, 627 F.3d 1245, 1247 (D.C. Cir. 2011) ("[I]t is the perception of the decision maker which is relevant, not the self-assessment of the plaintiff." (quoting *Hawkins v. PepsiCo, Inc.*, 203 F.3d 274, 280 (4th Cir. 2000))).

In short, Plaintiff cannot establish a likelihood of success on its First Amendment retaliation claim.

2. Plaintiff's "viewpoint discrimination claim" merely restates its retaliation claim based on a tweet by someone not involved in terminating the grants.

Plaintiff restates the same claim as "viewpoint discrimination. *See* PI Mem. (ECF No. 2-1) at 21 ("[f]or much the same reasons"). The only thing that Plaintiff adds is a quote from a tweet by "one member of the Center for Disease Control's Advisory Committee on Immunization Practices. *See id.* at 22. As discussed above, Plaintiff offers no basis to raise an inference that that individual had even the slightest involvement in the termination decision.

Because the claims are redundant with each other, any separate "viewpoint discrimination" claim fails for the same reason the retaliation claim fails. *See Bailey v. Fed. Bureau of Prisons*, 780 F. Supp. 3d 96, 124 (D.D.C. 2025) (dismissing "First Amendment retaliation claim" because it was "duplicative of [Plaintiff's] First Amendment claim").

II. Plaintiff Has Not Established Irreparable Harm.

The D.C. Circuit "has set a high standard for irreparable injury." *Chaplaincy of Full Gospel Churches*, 454 F.3d at 297. Even if a Plaintiff can show standing, that does not mean they have shown irreparable harm because "while standing and irreparable harm overlap, they are far from the same." *Santos v. Collins*, Civ. A. No. 24-1759 (JDB), 2025 WL 1823471, at *6 (D.D.C. Feb. 26, 2025). The moving party must demonstrate an injury that is "'both certain and great'" and "of such *imminence* that there is a 'clear and present' need for equitable relief to prevent irreparable

harm." *Id*. (emphasis in original) (quoting *Chaplaincy of Full Gospel Churches*, 454 F.3d at 298). The injury must "be beyond remediation," meaning that where, as here, the "possibility that adequate compensatory or other corrective relief will be available at a later date, in the ordinary course of litigation, weighs heavily against a claim of irreparable harm." *Clevinger v. Advoc. Holdings, Inc.*, 134 F.4th 1230, 1234 (D.C. Cir. 2024) (citation modified). Plaintiffs have the burden to put forth sufficient evidence to satisfy this high standard. "The movant cannot simply make 'broad conclusory statements' about the existence of harm. Rather, [the movant] must 'submit[ ] . . . competent evidence into the record . . . that would permit the Court to assess whether [the movant], in fact, faces irreparable harm[.]'" *Aviles-Wynkoop v. Neal*, 978 F. Supp. 2d 15, 21 (D.D.C. 2013) (quoting *Cornish v. Dudas*, 540 F. Supp. 2d 61, 65 (D.D.C. 2008)). In short, "irreparable harm requires not only a concrete, particularized harm, but a harm that is sufficiently serious and irremediable so as to warrant the extraordinary relief of a court's intervention in a case before factual and legal development." *Santos*, 2025 WL 1823471, at *6.

Plaintiff frames its irreparable harm as a loss of First Amendment freedoms. PI Mem. (ECF No. 2-1) at 23-24. It argues that any constitutional violation constitutes per se irreparable harm. *Id*. (quoting *Talbott v. United States*, Civ. A. No. 25-0240, 2025 WL 842332, at *36 (D.D.C. Mar. 18, 2025)). That is not the law. An alleged deprivation of a constitutional right does not "constitute irreparable harm." *Hanson v. Dist. of Columbia*, 120 F.4th 223, 244 (D.C. Cir. 2024). "Even in the sensitive areas of freedom of speech and religion, where the risk of chilling protected conduct is especially high, we do not 'axiomatically' find that a plaintiff will suffer irreparable harm simply because it alleges a violation of its rights." *Id*. (citing *Chaplaincy of Full Gospel Churches*, 454 F.3d at 302). Indeed, to obtain a preliminary injunction on a First Amendment free expression ground, the plaintiff must "demonstrate a likelihood that they are engaging or would

engage in the protected activity the governmental action is purportedly infringing." *Chaplaincy of Full Gospel Churches*, 454 F.3d at 302. That is because "the relevant constitutional protection is not implicated without some corresponding individual conduct that faces a danger of chilling." *Id*.

The per se approach to irreparable harm advanced by Plaintiff skirts the exacting requirements a plaintiff must meet before it can be granted the "extraordinary remedy" of a preliminary injunction. *Chaplaincy of Full Gospel Churches*, 454 F.3d at 297 (citation modified). Allowing Plaintiff to assume an irreparable injury functionally would return this Court back to the "sliding scale" approach that the Supreme Court has expressly rejected. *See, e.g.*, *Starbucks Corp.*, 602 U.S. at 345-46 (citing *Winter*, 555 U.S. at 20). As this Court has observed previously, "a plaintiff must show 'that irreparable injury is likely in the absence of an injunction,' regardless of the plaintiff's likelihood of success on the merits of his claims." *Singh v. Carter*, 185 F. Supp. 3d 11, 20 (D.D.C. 2016) (Howell, J.) (quoting *Winter*, 555 U.S. at 22 and denying preliminary relief for failure to establish irreparable harm). Without the required showing of irreparable harm, Plaintiff is not entitled to a preliminary injunction no matter the certainty of success on the merits or public interest. *See Planned Parenthood of Greater New York v. HHS*, Civ. A. No. 25-2453 (BAH), 2025 WL 2840318, at *1 (D.D.C. Oct. 7, 2025) (discussing denial of preliminary injunction for failure to establish irreparable harm); *Acosta v. Dist. of Columbia Gov't*, Civ. A. No. 20-1189 (RC), 2020 WL 2934820, at *2-5 (D.D.C. Jun. 3, 2020) (denying preliminary relief for failure to establish irreparable harm).

Plaintiff's irreparable harm arguments are directed to monetary losses and not to alleged injuries to its constitutionally protected rights. Plaintiff does not even attempt to carry its "burden of persuasion" on irreparable harm "in order to secure such an extraordinary remedy." *Singh*, 185

F. Supp. 3d at 17. Indeed, without any factual support, Plaintiff only concludes that its First Amendment interests "are being impaired." PI Mem. (ECF No. 2-1) at 24. As such, it has failed its "task to spell out [its] arguments squarely and distinctly." *Raines*, 424 F. Supp. 2d at 66 n.3 (cleaned up). Indeed, nothing in Plaintiff's filings supports that factual conclusion. The Complaint alleges impacts on Plaintiff's staffing, projects, and partners. Compl. (ECF No. 1) ¶¶ 62–70. The relevant portion of Debra Waldron's declaration appears to be a carbon copy of the Complaint. Waldron Decl. (ECF No. 2-2) ¶¶ 40-46. And Mark Del Monte discusses irreparable harm in terms of the impact on the organization's finances and staff. Del Monte Decl. (ECF No. 2-3) ¶¶ 11–18. Plaintiff does not show that its advocacy is in any way impaired by the grant terminations. Plaintiff does not allege that any of the staffers whose termination is allegedly anticipated are engaged in advocacy or in any work unrelated to the programs for which the grants were awarded. In short, Plaintiff has failed to establish any harm, let alone irreparable harm, to its First Amendment interests. *See Planned Parenthood of Greater New York*, 2025 WL 2840318, at *9 n.6 (discussing the difference between "injury-in-fact standing" and the "irreparable harm inquiry," whereby "a plaintiff may satisfy standing requirements without meeting the imminent, irreparable harm requirement to obtain a TRO").

The harm that Plaintiff does allege—diminishment of funding—is not irreparable because it constitutes the very sort of economic harm that is not considered irreparable for purposes of obtaining preliminary relief: "It is well settled that economic loss does not, in and of itself, constitute irreparable harm." *John Doe Co. v. CFPB*, 849 F.3d 1129, 1134 (D.C. Cir. 2017) (citation modified); *see also Air Transp. Ass'n of Am., Inc. v. Exp.-Imp. Bank of the U.S.*, 840 F. Supp. 2d 327, 335 (D.D.C. 2012) ("The first hurdle Plaintiffs face is that the harms they identify are economic in nature and therefore not generally irreparable."). The essence of Plaintiff's claims

is the termination of several grants. But "[m]ere injuries, however substantial, in terms of money, time and energy necessarily expended in the absence of a" preliminary injunction "are not enough" to show irreparable harm. *Va. Petroleum Jobbers Ass'n v. Fed. Power Comm'n*, 259 F.2d 921, 925 (D.C. Cir. 1958).

Moreover, Plaintiff fails to allege facts that show that the alleged financial loss to Plaintiff from the cancelation of the grants is material to its continued operations. According to Plaintiff's audited financials for the year ended June 30, 2025, Plaintiff's total revenues amounted to over $136 million, including membership dues, contributions and grants, advertising, royalties, subscriptions, continuing education and other income streams. Ex. 3, Am. Academy of Pediatrics Financial Statements (attached hereto) at 6. Plaintiff's assets for the same period totaled over $177 million, including over $100 million in investments. *Id*. at 5. By contrast, the loss of "nearly $12 million," PI Mem. (ECF No. 2-1) at 3, does not suggest the kind of loss that "threatens the very existence of the movant's business." *Wisc. Gas Co. v. FERC*, 758 F.2d 669, 674 (D.C. Cir. 1985). Indeed, Plaintiff does not "express concern about the ongoing existence of [the] organization[]." *Urban Sustainability Directors Network v. Dep't of Agriculture*, Civ. A. No. 25-1775 (BAH), 2025 WL 237428, at *37 (D.D.C. Aug. 14, 2025). And the funds not been "otherwise obligated." *Id*.; *see also* Legier Decl. ¶ 16; Baugh Decl. ¶ 16; *Wisc. Gas Co.*, 758 F.2d at 674.

Instead, Plaintiff argues only that it faces irreparable harm because it must lay off "approximately" ten percent of its "full time employees." PI Mem. (ECF No. 2-1) at 24. Such layoffs are hardly the kind of economic loss that "threatens the very existence" of Plaintiff's business. *Wis. Gas Co.*, 758 F.2d at 674. A ten percent loss of staff, hard though it may be for each individual, is insufficient to establish irreparable harm to the organization. *See Nat'l Min.*

Ass'n v. Jackson, 768 F. Supp. 2d 34, 52 (D.D.C. 2011) (laying off five of twenty-eight employees, or eighteen percent, is insufficient to establish irreparable harm).

Plaintiff also argues that it might face certain financial losses that are not recoverable like vacation pay and unemployment insurance. *See* Del Monte Decl. ¶¶ 16–17. These financial losses are treated like any other financial loss when assessing irreparable harm. *Davis v. Billington*, 76 F. Supp. 3d 59, 66 (D.D.C. 2014) ("The Court is not unsympathetic to the fact that the plaintiff may never recover the loss of income associated with his allegedly unlawful termination, which are not insignificant.").

The remaining alleged harms are speculative at best and are comprised of "bare allegations." *Wis. Gas Co.*, 758 F.2 at 674. This includes Plaintiff's allegations regarding alleged reputational harms. Plaintiff's own testimony contradicts its conclusion that it suffered reputational harms. *See* Waldon Decl. ¶ 42 ("AAP received outreach from many partners and beneficiaries of our work noting their disappointment in the terminations, emphasizing the importance of the discontinued projects, and expressing hopes that the awards would be reinstated."). In any event, such reputational harm is insufficient to show an irreparable injury. *See, e.g.*, *Storch v. Hegseth*, Civ. A. No 25-0415 (ACR), 2025 WL 2758238, at *8 (D.D.C. Sept. 24, 2025) (no irreparable injury where Plaintiff asserted reputational harms from termination).

Finally, Plaintiff speculates that "children's lives will be lost as a result of the terminations." Compl. (ECF No. 1) ¶ 70; Waldron Decl. (ECF No. 2-2) ¶ 46 (same); PI Mem. (ECF No. 2-1) at 25 ("Critical information about the prevention of sudden unexpected infant death syndrome will not be adequately publicized, raising the specter of avoidable infant deaths."). Plaintiff assumes, without any demonstrated basis, that unhindered, each of its grants would result in significant measurable health improvements for children. Plainly, such success is not

guaranteed. By assuming the best-case results for its studies, Plaintiff has articulated at most "a *possibility* of irreparable injury—too speculative to sustain plaintiff's burden." *Pro. Plant Growers Ass'n v. Dep't of Agric., Animal & Plant Health Inspection Serv.*, 879 F. Supp. 130, 131 (D.D.C. 1995). Indeed, speculation about scientific progress generally is insufficient to overcome the Government's interest in controlling the public fisc. In *APHA*, where significantly more scientific resources were at stake, the majority of the Supreme Court stayed an injunction that had vacated the government's termination of various research-related grants and was not persuaded by Justice Jackson's argument in dissent—which is similar to Plaintiff's argument here—that "scientific progress itself hangs in the balance—along with the lives that progress saves." *APHA*, 145 S. Ct. at 2676.

III. The Balance of the Equities and the Public Interest Weigh Against Granting Preliminary Relief.

The third and fourth requirements for issuance of a preliminary injunction—the balance of harms and whether the requested injunction will disserve the public interest—"merge when the Government is the opposing party." *Nken v. Holder*, 556 U.S. 418, 435 (2009). These factors tilt decisively against granting a preliminary injunction here. *See Kim v. FINRA*, 698 F. Supp. 3d 147, 172 (D.D.C. 2023) ("[A] court can deny preliminary injunctive relief solely on the balance of equities and public interest factors even in cases, like this, involving constitutional claims."), appeal dismissed, No. 23-7136, 2025 WL 313965 (D.C. Cir. Jan. 27, 2025). Granting a preliminary injunction would disrupt the Department's review of existing grants, which Plaintiff here does not challenge. The public has an interest in permitting the Department to take decisive action when it comes to setting its policy priorities. Entering any sort of preliminary relief would displace and frustrate the Executive's decision about how to best address those issues. *Heckler v. Chaney*, 470 U.S. 821, 831–32 (1985). Moreover, the government will likely be unable to recover

the grant funds once they are disbursed because Plaintiff has not "promised to return withdrawn funds should its grant termination be reinstated." *California*, 604 U.S. at 652. As discussed above, Plaintiff will not suffer irreparable harm from the denial of its request for preliminary relief because Plaintiff has not shown that its harm could not otherwise be remediated later.

IV. Any Preliminary Injunction Should Be Stayed.

To the extent the Court issues any injunctive relief, Defendants respectfully request that such relief be stayed pending the disposition of any appeal that is authorized by the Solicitor General, or, at a minimum, administratively stayed for a period of seven days to allow the United States to seek an emergency, expedited stay from the Court of Appeals if an appeal is authorized.

V. The Court Should Order that Plaintiffs Post a Bond as a Condition of Preliminary Relief.

Defendants also respectfully request that any injunctive relief be accompanied by a bond. "The court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." Fed. R. Civ. P. 65(c). The D.C. Circuit recently clarified that "injunction bonds are generally required." *NTEU v. Trump*, No. 25-5157, 2025 WL 1441563, at *3 n.4 (D.C. Cir. May 16, 2025), *reh'g en banc denied* (July 16, 2025). A bond is appropriate here given that the requested preliminary relief would potentially require the Executive to spend money and resources that may not be recouped once distributed and employed.

* * *

CONCLUSION

For these reasons, Defendants respectfully request that the Court deny Plaintiff's motion for temporary restraining order or, in the alternative, preliminary injunction (ECF No. 2).

Dated: December 31, 2025

Respectfully submitted,

JEANINE FERRIS PIRRO
United States Attorney

By: */s/ Dimitar P. Georgiev*

DIMITAR P. GEORGIEV, D.C. Bar # 1735756
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Attorneys for the United States of America

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AMERICAN ACADEMY OF PEDIATRICS, Plaintiff, v. DEPARTMENT OF HEALTH AND HUMAN SERVICES, et al., Defendants.	Civil Action No. 25-4505 (BAH)

[PROPOSED] ORDER

UPON CONSIDERATION of Plaintiff's motion for a temporary restraining order or, in the alternative, preliminary injunction, Defendants' opposition, and the entire record herein, it is hereby

ORDERED that Plaintiff's motion is DENIED.

SO ORDERED:

_____
Date

_____
BERYL A. HOWELL
United States District Judge

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AMERICAN ACADEMY OF PEDIATRICS *Plaintiffs*, v. U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, *et al.* *Defendants*.	Case No. 1:25-cv-04505

DECLARATION OF JAMIE LEGIER

I, Jamie Legier, declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am the Director of the Office of Grants Services within the Centers for Disease Control and Prevention (CDC), a component of the U.S. Department of Health and Human Services (HHS).

2. In this role, I serve as the agency's principal advisor and liaison on all aspects of grants.

3. This declaration is based upon my personal knowledge, information acquired by me in the course of performing my official duties, information contained in the records and systems of CDC to which I have access in the course of my duties, and information conveyed to me by other knowledgeable CDC employees with whom I work on a regular basis.

CDC Grants

4. CDC awards funding to state and local governments, foreign ministries and associations, domestic non-profits/educational institutions, and domestic for-profit groups.

5. CDC issues both discretionary and non-discretionary grants and cooperative agreements, as well as other types of awards that constitute federal financial assistance. *See* 2 C.F.R. § 200.1 (Definitions). Discretionary awards are awards in which CDC retains discretion to select the recipients and award amount given to each recipient. Non-discretionary awards are

awards in which CDC does not have discretion in selecting the recipient (as well as potentially the award amount), and include formula grants, block grants, congressionally directed spending, and others. *See* HHS Grants Policy Statement 5.

Agency Priorities

6. On October 2, 2024, HHS published an Interim Final Rule in the Federal Register announcing that, effective October 1, 2025, it was adopting 2 C.F.R. Part 200. 89 Fed. Reg. 80,055 (Oct. 2, 2024). Under the relevant termination provisions, discretionary federal awards may be terminated if an award "no longer effectuates the program goals or agency priorities." 2 C.F.R. § 200.340(a)(4).

7. On September 17, 2025, CDC published its priorities statement. *See* https://www.cdc.gov/about/cdc/index.html. CDC's aims to "protect the lives of all Americans, advancing health through science, technology, and innovation." CDC's core mission is "protecting Americans from infectious and communicable diseases and investing in innovation to prevent, detect, and respond to such public health threats," particularly prioritizing a commitment to gold-standard science. *Id*.

8. On September 30, 2025, HHS published HHS Priorities. *See* https://www.hhs.gov/about/priorities/index.html. The HHS statement emphasizes HHS's commitment to achieve better health outcomes for all Americans and "empower[s] its Operating and Staff Divisions to make funding decisions that reflect [HHS] priorities."

9. On October 1, 2025, CDC published its General Terms and Conditions for Research Grants and Cooperative Agreements (CDC General Terms and Conditions). *See* https://www.cdc.gov/grants/documents/General-Terms-and-Conditions-Research-Awards.Eff.2025.10.01.pdf. The CDC General Terms and Conditions include incorporation of, among other things, all terms and conditions outlined in the Notice of Funding Opportunity, the Notice of Award, HHS Grants Policy Statement, HHS grant administration regulations at 2 C.F.R. 200 and 2 C.F.R. 300, HHS policies, directives, and guidance, and CDC priorities. *See id*.

10. In conjunction with these published statements, CDC has been undertaking a process to evaluate its discretionary award portfolio to ensure that awards, to the extent permitted by applicable federal law, effectuate these priorities. Between October 1, 2025 and December 23, 2025, CDC terminated 9 discretionary awards under 2 C.F.R. § 200.340(a)(4) for non-alignment with agency priorities.

11. As part of this process, on December 16, 2025, CDC terminated three discretionary grant awards to the American Academy of Pediatrics.

a. Award NU01DD000032 - Enhancing partnerships to address birth defects, infant disorders and related conditions, and the health of pregnant and postpartum people - Component A; Component B

b. Award NU38PW000050 - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health; Category C: Pediatric Healthcare Clinicians

c. Award NU84DD000021 - National Partnerships to Address Prenatal Alcohol and Other Substance Use and Fetal Alcohol Spectrum Disorders

The effective date for the terminations was December 22, 2025.

12. As described in the termination letters for the aforementioned awards, it was determined that the application submissions and design elements of the awards no longer aligned with current CDC and HHS priorities.

13. An agency's posted Notice of Funding Opportunity (NOFO) may seek applicants to address a range of activities and strategies. Depending on the NOFO, applicants may be allowed to apply for a subset of activities and, also may have some discretion in what they propose to do under the award, and, as a result, what may be funded. As such, some awards or some activities under funded awards, may not continue to effectuate agency priorities.

14. As far as I am aware, neither the Advisory Committee on Immunization Practices nor the organization, Children's Health Defense, have a role in this process to evaluate CDC's discretionary award portfolio.

15. As noted above, CDC is currently conducting a large-scale review of other awards that should be terminated to better align its award portfolio with current agency priorities.

16. Funding for these terminated awards has not yet been redirected, as such funding as not yet been de-obligated though established agency processes and thus made available for redirection. Termination of awards, with associated de-obligation of funding, requires a few steps at CDC:

a. Recipients are notified of the termination and effective date of the termination via a Notice of Grant Award (NoA) and a letter. Funds are not de-obligated with the initial termination notice.

b. The NoA informs recipients they have 120 days to reconcile any costs incurred through the effective date of the termination and to submit final reports.

c. After the final programmatic and financial reports have been received and accepted, an NoA will be issued to de-obligate remaining funds and officially close out the award. Funds will not be redirected until the recipient has reconciled costs incurred, and the close out process has been completed.

17. AAP is the recipient of one additional CDC award, Award Number NU58DP007085, National Initiative to Advance Health Equity in K-12 Education by Preventing Chronic Disease and Promoting Healthy Behaviors, that has not been terminated.

Executed on December 31, 2025.

Jamie Legier - S

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Date: 2025.12.31 12:08:24 -05'00'

Jamie W. Legier

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AMERICAN ACADEMY OF PEDIATRICS *Plaintiffs*, v. U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, *et al.* *Defendants*.	Case No. 1:25-cv-04505

DECLARATION OF CYNTHIA BAUGH

I, Cynthia Baugh, declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am the Associate Administrator in the Office of Federal Assistance and Acquisition Management (OFAAM) within the Health Resources and Services Administration (HRSA), a component of the U.S. Department of Health and Human Services (HHS).

2. In this role, I am generally responsible for overseeing HRSA's grant programs and ensuring their financial integrity, including promoting efficient and effective operation and administration of HRSA federal assistance programs. I and my staff develop, review and issue instruments of federal assistance, including Notices of Funding Opportunity announcements, and Notices of Award, to ensure compliance with federal law and regulations, HHS policies, and the terms and conditions of HRSA awards.

3. This declaration is based upon my personal knowledge, information acquired by me in the course of performing my official duties, information contained in the records and systems of HRSA to which I have access in the course of my duties, and information conveyed to me by other knowledgeable HRSA employees with whom I work on a regular basis.

HRSA Grants

4. HRSA awards funding to thousands of recipients, including community-based organizations; colleges and universities; hospitals; state, local, and tribal governments; and private entities, to support health resources and services projects, such as training health care workers or providing specific health services.

5. HRSA issues both discretionary and non-discretionary grants and cooperative agreements, as well as other types of awards that constitute federal financial assistance. *See* 2 C.F.R. § 200.1 (Definitions). Discretionary awards are awards in which HRSA retains discretion to select the recipients and award amount given to each recipient. Non-discretionary awards are awards in which HRSA does not have discretion in selecting the recipient (as well as potentially the award amount), and include formula grants, block grants, congressionally directed spending, and others. *See* HHS Grants Policy Statement 5.

Agency Priorities

6. On October 2, 2024, HHS published an Interim Final Rule in the Federal Register announcing that, effective October 1, 2025, it was adopting 2 C.F.R. Part 200. 89 Fed. Reg. 80,055 (Oct. 2, 2024). Under the relevant termination provisions, discretionary federal awards may be terminated if an award "no longer effectuates the program goals or agency priorities." 2 C.F.R. § 200.340(a)(4).

7. On September 12, 2025, HRSA published its Strategic Priority Areas. *See* https://www.hrsa.gov/about/priorities. HRSA's goal is to "improve health outcomes while honoring the trust placed in [HRSA] by the American people." HRSA's "focus [is] on proper nutrition and the prevention and management of chronic diseases."

8. On September 30, 2025, HRSA published FY 2026 HRSA General Terms and Conditions applicable to all discretionary awards with funds and award modifications with funds made on or after October 1, 2025. *See* https://www.hrsa.gov/sites/default/files/hrsa/grants/manage/fy2026-update-hrsa-general-terms-and-condition.pdf. The FY 2026 HRSA General Terms and Conditions require awardees to comply with all laws, policies, and terms and conditions included in the Notice of Award, including the HHS Grants Policy Statement, the HHS Administrative and National Policy Requirements, requirements in the Notice of Funding Opportunity, and policies specific to the award. *See id.*

9. On September 30, 2025, HHS published HHS Priorities. *See* https://www.hhs.gov/about/priorities/index.html. The HHS statement emphasizes HHS's commitment to achieve better health outcomes for all Americans and "empower[s] its Operating and Staff Divisions to make funding decisions that reflect [HHS] priorities."

10. In conjunction with these statements, HRSA has been undertaking a process to evaluate its discretionary award portfolio to ensure that awards, to the extent permitted by applicable federal law, effectuate these priorities.

11. As part of that process, on December 16, 2025, HRSA terminated four discretionary grant awards to the American Academy of Pediatrics.

a. Award UF745730 - Sudden Unexpected Infant Death Prevention Program

b. Award U5252989 - Early Hearing Detection and Intervention National Network, Provider Education Center

c. Award U4N49926 - Comprehensive Systems Integration for Adolescent and Young Adult Health Program

d. Award U3I43505 - Telehealth Technology-Enabled Learning Program Award

The effective date for the terminations was December 16, 2025.

12. As far as I am aware, neither the Advisory Committee on Immunization Practices nor the organization, Children's Health Defense, have a role in this process to evaluate HRSA's discretionary award portfolio.

13. An agency's posted Notice of Funding Opportunity (NOFO) may seek applicants to address a range of activities and strategies. Depending on the NOFO, applicants may be permitted to apply for a subset of activities and also may have some discretion in what they propose to do under the award, and, as a result, what may be funded. As such, some awards or some activities under funded awards, may not continue to effectuate agency priorities.

14. In the course of this review, consistent with HHS's and HRSA's September 2025 published priorities statements, it was determined that it was necessary to make adjustments to the Sudden Unexpected Infant Death Prevention Program; the Comprehensive Systems Integration for Adolescent and Young Adult Health Program; the Early Hearing Detection and Intervention National Network, Provider Education Center; and the Telehealth Technology-Enabled Learning Program Award. These adjustments were made to prioritize agency resources toward activities

that more directly support improved health outcomes for adolescents and young adults, including the addition of a focused emphasis on nutrition and the prevention and management of chronic disease.

15. While HRSA has not yet completed any other terminations pursuant to 2 C.F.R. § 200.340(a)(4) since HHS's adoption of this regulation on October 1, 2025, HRSA is currently conducting a large-scale review of other awards that should be terminated to better align its award portfolio with current agency priorities.

16. Funding for the terminated AAP awards has not yet been redirected, as such funding has not yet been de-obligated through established agency fiscal processes and thus made available for redirection. Termination of awards, with associated de-obligation of funding, requires a few steps:

a. Recipients are notified of the termination and effective date of the termination via a Notice of Grant Award (NoA) and a letter. Funds are not de-obligated with the initial termination notice.
b. The NoA informs recipients they have 120 days to reconcile any costs incurred through the effective date of the termination and to submit final reports.
c. After the final programmatic and financial reports have been received and accepted, a NoA will be issued to de-obligate remaining funds and officially close out the award. Funds may not be redirected until de-obligation occurs, after the recipient has reconciled costs incurred, and the 120-day close out process has been completed.

17. AAP is also the recipient of three other HRSA awards that have not been terminated:

a. Award/FAIN Number U0431627 – Bright Futures Pediatric Implementation;
b. Award/FAIN Number U1T49104 – Building Systems of Services for Children and Youth with Special Health Care Needs;
c. Award/FAIN Number U4M47234 – Pediatric Mental Health Care Access;
d. and AAP's New Jersey Chapter is also the recipient of one HRSA award that has not been terminated Award Number U9H46903 – Transforming Pediatrics for Early Childhood.

Executed on December 31, 2025.

CYNTHIA R. BAUGH -S

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Date: 2025.12.31 12:10:07 -05'00'

Cynthia Baugh

AMERICAN ACADEMY OF PEDIATRICS

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2025 and 2024

C O N T E N T S

Plante & Moran, PLLC
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9th floor
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Independent Auditor's Report

To the Board of Directors
American Academy of Pediatrics

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of American Academy of Pediatrics (the "Academy"), which comprise the statements of financial position as of June 30, 2025 and 2024 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Academy as of June 30, 2025 and 2024 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Academy and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Audits 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 audits 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.

To the Board of Directors
American Academy of Pediatrics

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 the 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025 on our consideration of American Academy of Pediatrics' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 American Academy of Pediatrics' internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 24, 2025

American Academy of Pediatrics
STATEMENTS OF FINANCIAL POSITION

	2025	2024
ASSETS		
Cash and cash equivalents	$ 4,344,920	$ 4,341,718
Receivables, net		
Publications and supplements	693,137	1,043,387
Royalties	3,164,166	2,688,632
Advertising	326,480	867,565
Meetings	309,400	186,175
Other	986,779	1,265,434
Grants and pledges receivable, net of allowance	13,890,570	14,981,796
Publication inventories, net of reserve for obsolescence	1,386,594	1,508,022
Prepaid expenses	3,081,653	3,696,127
Investments	101,198,871	97,757,637
Property and equipment, net	44,129,929	45,816,921
Right to use asset, net	4,243,487	4,522,376
TOTAL ASSETS	**$ 177,755,986**	**$ 178,675,790**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable, trade	$ 1,499,291	$ 2,274,338
Chapter dues payable	845,531	699,623
Accrued expenses	1,901,310	3,931,945
Accrued salary and related expense	11,345,866	12,017,720
Deferred revenues		
Membership dues	13,587,035	13,683,397
Pediatrics subscription fees	5,205,183	5,081,493
Pediatrics in Review subscriptions fees and Pediatrics Review and Education Program enrollment fees	2,177,762	2,668,782
Contracts and grants	188,855	844,954
Meetings	4,607,904	4,086,169
Other	2,439,912	2,238,617
Refundable advances	435,085	295,357
Annuity payment liability	15,599	14,718
Capital lease obligations	187,575	119,703
Lease liability	4,304,650	4,705,388
Building loan payable	36,200,000	37,600,000
TOTAL LIABILITIES	**84,941,558**	**90,262,204**
Net assets		
Without donor restrictions		
Board designated		
Sections	4,806,176	5,158,203
Friends of Children	589,051	2,665,611
Strategic Endowment	12,484,236	11,496,573
Tomorrow's Children Endowment	5,375,058	2,619,225
Undesignated	40,936,722	48,653,432
Total without donor restrictions	64,191,243	70,593,044
With donor restrictions	28,623,185	17,820,542
TOTAL NET ASSETS	**92,814,428**	**88,413,586**
TOTAL LIABILITIES AND NET ASSETS	**$ 177,755,986**	**$ 178,675,790**

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENTS OF ACTIVITIES
Years ended June 30, 2025 and 2024

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue, gains and other support:						
Membership dues	$ 25,790,235	$ -	$ 25,790,235	$ 26,210,319	$ -	$ 26,210,319
NCE and meetings	7,801,847		7,801,847	8,666,578		8,666,578
Contributions and grants	28,541,964	19,833,191	48,375,155	38,982,402	11,439,865	50,422,267
Advertising	6,347,275		6,347,275	6,482,051		6,482,051
Royalties	3,815,578		3,815,578	5,496,107		5,496,107
Manuals and publications	9,440,467		9,440,467	9,271,115		9,271,115
Subscriptions	18,140,545		18,140,545	17,949,422		17,949,422
Continuing education	12,817,517		12,817,517	12,158,377		12,158,377
Investment income	2,039,751	142,085	2,181,836	2,110,324	129,516	2,239,840
Release from restrictions	9,701,542	(9,701,542)	-	6,823,800	(6,823,800)	-
Other income	2,215,383		2,215,383	2,260,868		2,260,868
Total revenue, gains and other support	126,652,104	10,273,734	136,925,838	136,411,363	4,745,581	141,156,944
Expenses:						
Salaries	62,477,722		62,477,722	58,105,855		58,105,855
Temporary help			-	86,997		86,997
Fringe benefits	19,257,126		19,257,126	19,729,954		19,729,954
Meetings	4,652,044		4,652,044	4,569,723		4,569,723
Travel	4,116,534		4,116,534	4,387,038		4,387,038
Meals	3,154,481		3,154,481	3,629,062		3,629,062
Printing and promotion	6,664,930		6,664,930	6,297,834		6,297,834
Postage and freight	1,770,494		1,770,494	1,693,178		1,693,178
Software	3,162,131		3,162,131	2,910,695		2,910,695
Professional services	4,350,702		4,350,702	4,512,883		4,512,883
Building and utilities	5,562,656		5,562,656	5,652,494		5,652,494
Supplies	1,489,090		1,489,090	814,816		814,816
Support of other organizations	192,762		192,762	237,947		237,947
Commissions	686,803		686,803	727,466		727,466
Honoraria	3,411,306		3,411,306	3,338,436		3,338,436
Consultant	6,935,352		6,935,352	7,339,041		7,339,041
Bank charges	1,348,111		1,348,111	1,376,546		1,376,546
Grants made	2,224,671		2,224,671	4,713,485		4,713,485
Subcontracts	5,097,759		5,097,759	8,307,603		8,307,603
Interest	1,728,712		1,728,712	1,962,538		1,962,538
Miscellaneous	594,348		594,348	741,339		741,339
Total expenses	138,877,734	-	138,877,734	141,134,930	-	141,134,930
Change in net assets due to operations	(12,225,630)	10,273,734	(1,951,896)	(4,723,567)	4,745,581	22,014
Loss on disposal of equipment	-	-	-	(254,519)	-	(254,519)
Net realized and unrealized gain	5,823,829	528,909	6,352,738	8,655,708	551,886	9,207,594
Changes in net assets	(6,401,801)	10,802,643	4,400,842	3,677,622	5,297,467	8,975,089
Beginning net assets	70,593,044	17,820,542	88,413,586	66,915,422	12,523,075	79,438,497
Ending net assets	$ 64,191,243	$ 28,623,185	$ 92,814,428	$ 70,593,044	$ 17,820,542	$ 88,413,586

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2025

	Education activities	Educational publishing	Child health activities	Membership	Advocacy	Research	**Program sub-total**	Management and general	Fundraising	**Supporting sub-total**	**Total**
Total expenses											
Salaries and fringe benefits	$ 6,369,306	$ 19,654,143	$ 28,649,419	$ 2,103,755	$ 4,240,194	$ 2,824,081	**$ 63,840,898**	$ 15,317,489	$ 2,576,461	**$ 17,893,950**	**$ 81,734,848**
Travel, meals and meetings	5,838,233	587,663	4,123,504	160,246	349,757	100,047	**11,159,450**	715,837	47,772	**763,609**	**11,923,059**
Printing, promotion, postage and freight	97,318	4,872,941	170,202	350,291	4,666	70,265	**5,565,681**	2,769,682	100,061	**2,869,743**	**8,435,424**
Professional services, consulting and subcontracts	722,492	4,868,366	7,624,772		218,044	247,359	**13,681,033**	2,653,354	49,426	**2,702,780**	**16,383,813**
Building, depreciation, interest and software	349,310	301,921	68,281	69,657	1,013,011	3,015	**1,805,195**	8,623,838	24,466	**8,648,304**	**10,453,499**
Other expenses	1,397,371	606,694	3,551,140	873,946	269,272	161,374	**6,859,797**	3,067,438	19,856	**3,087,294**	**9,947,091**
Facilities allocation	354,245	968,753	1,294,080	108,442	151,819	137,360	**3,014,699**	(3,115,914)	101,215	**(3,014,699)**	**-**
Information technologies allocation	919,657	2,514,980	3,359,564	281,528	394,139	356,602	**7,826,470**	(8,089,228)	262,758	**(7,826,470)**	**-**
Total expenses	$ 16,047,932	$ 34,375,461	$ 48,840,962	$ 3,947,865	$ 6,640,902	$ 3,900,103	**$ 113,753,223**	$ 21,942,496	$ 3,182,015	**$ 25,124,511**	**$ 138,877,734**

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2024

	Education activities	Educational publishing	Child health activities	Membership	Advocacy	Research	**Program sub-total**	Management and general	Fundraising	**Supporting sub-total**	**Total**
Total expenses											
Salaries and fringe benefits	$ 6,368,215	$ 18,934,509	$ 27,328,705	$ 2,103,294	$ 3,593,774	$ 2,902,610	**$ 61,231,107**	$ 14,372,999	$ 2,318,700	**$ 16,691,699**	**$ 77,922,806**
Travel, meals and meetings	6,506,981	702,563	4,009,966	209,054	372,543	90,082	**11,891,189**	656,391	38,243	**694,634**	**12,585,823**
Printing, promotion, postage and freight	144,737	4,709,901	233,194	272,185	6,669	86,670	**5,453,356**	2,411,117	126,539	**2,537,656**	**7,991,012**
Professional services, consulting and subcontracts	512,285	4,023,685	12,036,661	98,006	953,575	261,897	**17,886,109**	2,248,933	24,486	**2,273,419**	**20,159,528**
Building, depreciation, interest and software	469,990	342,343	87,916	17,844	786,781	3,451	**1,708,325**	8,792,920	24,482	**8,817,402**	**10,525,727**
Other expenses	1,360,026	664,689	6,154,815	922,243	162,196	163,400	**9,427,369**	2,419,163	103,502	**2,522,665**	**11,950,034**
Facilities allocation	363,419	993,839	1,327,591	111,251	155,751	140,918	**3,092,768**	(3,196,602)	103,834	**(3,092,768)**	**-**
Information technologies allocation	838,306	2,292,512	3,062,385	256,624	359,274	325,058	**7,134,159**	(7,373,675)	239,516	**(7,134,159)**	**-**
Total expenses	$ 16,563,959	$ 32,664,041	$ 54,241,233	$ 3,990,501	$ 6,390,563	$ 3,974,086	**$ 117,824,382**	$ 20,331,246	$ 2,979,302	**$ 23,310,548**	**$ 141,134,930**

The accompanying notes are an integral part of these statements.

American Academy of Pediatrics
STATEMENTS OF CASH FLOWS
Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 4,400,842	$ 8,975,089
Adjustments to reconcile increase in net assets to net cash and cash equivalents used in operating activities		
Depreciation and amortization	2,151,887	3,449,171
Loss on disposal of equipment		254,519
Provision for bad debt expense	(30,800)	15,393
Net realized and unrealized gains on investments	(6,352,738)	(9,207,594)
Contributions restricted for long term purposes	(215,914)	(93,957)
Change in assets and liabilities		
Receivables	1,693,256	(5,452,251)
Publication inventories	121,429	88,963
Prepaid expenses	614,474	(634,496)
Accounts payable, trade	(775,047)	(401,488)
Accrued expenses	(2,030,635)	1,924,481
Accrued salary and related expenses	(671,854)	613,402
Deferred revenues	(396,762)	(2,090,242)
Refundable advances	139,728	109,854
Annuity payment liability	881	(483)
Right to use lease liability	(400,738)	(1,687,402)
Net cash and cash equivalents used in operating activities	(1,751,991)	(4,137,041)
Cash flows from investing activities		
Purchases of property and equipment	(49,471)	(107,521)
Proceeds from maturities and sales of investments	46,604,920	48,445,973
Purchases of investments	(43,693,416)	(44,204,832)
Net cash and cash equivalents provided by investing activities	2,862,033	4,133,620
Cash flows from financing activities		
Contributions restricted for long term purposes	215,914	93,957
Cash received on behalf of chapters	5,799,721	5,511,584
Cash remitted to chapters	(5,653,814)	(5,638,654)
Cash payment on long term loan	(1,400,000)	(1,400,000)
Principal payments on capital lease obligations	(68,661)	(69,145)
Net cash and cash equivalents used in financing activities	(1,106,840)	(1,502,258)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,202	(1,505,679)
Cash and cash equivalents at beginning of year	4,341,718	5,847,397
Cash and cash equivalents at end of year	$ 4,344,920	$ 4,341,718
Supplemental schedules of non-cash financing activities		
Right to use asset obtained in exchange for new lease liabilities	$ 136,533	$ 117,074
Interest paid on long term loan	$ 1,714,220	$ 1,957,017

The accompanying notes are an integral part of these statements.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The mission of the American Academy of Pediatrics (the Academy) is to obtain optimal physical, mental and social health and well-being for all infants, children, adolescents, and young adults. The Academy seeks to promote this goal by encouraging and assisting its members in their efforts to meet the overall health needs of infants, children, adolescents and young adults, by providing support and counsel to parents and other members of the public concerned with the health, safety and well-being of infants, children, adolescents and young adults, their growth and development, and by serving as an advocate for infants, children, adolescents and young adults and their families within the community at large. The Academy pledges its efforts and expertise to a fundamental goal – that all children and youth have the opportunity to grow up safe and strong, with faith in the future and in themselves.

The financial statements of the Academy have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). A summary of significant accounting policies follows.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ.

Classification of Net Assets

Net assets of the Academy are classified as without donor restrictions or with donor restriction depending on the presence and characteristics of donor-imposed restrictions limiting the Academy's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Accordingly, net assets of the Academy are reported as follows:

***Net assets without donor restrictions*:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy's management and the Executive Committee of the Board of Directors (the Executive Committee). These include any designated amounts the Executive Committee has set aside for a particular purpose. The Executive Committee has resolved that the Academy shall maintain certain operating fund balances as follows:

Sections Fund - Sections are subspecialty medical groups of the Academy. Certain amounts are designated to be used by various sections based on section dues collected and budgeted and actual expenditures.

Friends of Children Fund - Represents amounts designated for Friends of Children Fund that have not yet been expended.

Strategic Endowment Fund – Represents amounts designated for strategic Academy initiatives.

Tomorrow's Children Endowment Fund - Represents amounts designated as Tomorrow's Children Fund Endowment.

Net assets with donor restrictions: Net assets subject to stipulations 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 stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less when purchased. Substantially all of the Academy's cash, which exceeds federally insured limits, is deposited in one financial institution.

Receivables

Receivables are amounts due from members and customers, net of allowances for uncollectible amounts. The Academy determines its allowance for credit losses by considering a number of factors, including the length of time accounts receivable are past due, the Academy's previous collection history, the member or customer's current ability to pay its obligation to the Academy, and the condition of the general economy as a whole.

The Academy operates in the nonprofit industry and its accounts receivable are derived from organizations across a broad range of industries from large medical corporations to private practitioners. Based on the broad range of customers served, the risk characteristics are primarily assessed at the type of transaction level. For instance, assessment for credit loss is performed over exhibit, product, subscriptions, advertising, and royalty revenue based on the expected loss model disclosed below. Among those revenue streams, one overarching risk characteristic is not prevalent. The Academy calculates the allowance using an expected loss model that considers the Academy's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Academy considers past historical collection trends, number of days past due when receivables are collected, and future micro- and macroeconomic considerations when adjusting for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. The allowance for credit losses on accounts receivable balances was $21,400 and $29,200 at June 30 2025 and 2024, respectively.

Grants and Pledge Receivables

Grants and pledges receivable are composed primarily of cost-reimbursable federal, state, foundation, and corporate grants as well as corporate pledges, which support academy activities. Contributions expected to be received over more than one year are recorded by the Academy as pledges receivable at fair value, as measured by the present value of future cash flows. The Academy has not recorded an allowance on doubtful grant receivables since it is the opinion of management that those receivables are collectible in full. The allowance for credit losses on pledge receivable balances was $0 and $23,000 at June 30, 2025 and 2024, respectively.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Publication Inventories

Publication inventories consist of program manuals and publications primarily held for resale or use in educational programs. Inventories are recorded on the FIFO method at lower of cost or net realizable value.

Prepaid Expenses

Costs incurred for meetings and educational programs to be held in subsequent fiscal years are deferred and expensed in the years to which they apply.

Investments

Investments are measured at fair value in the accompanying statements of financial position. Net realized gains or losses on sales of securities are based on first-in, first-out (FIFO) cost. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Management considers gains and losses on investments, both realized and unrealized, as nonoperating income or expense. These gains and losses are segregated from operating revenues and expenses on the statements of activities.

The Academy's investments are exposed to various risks, such as interest rates, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments could occur in the near future and materially affect the amounts reported in the financial statements.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation computed on the straight-line method over the useful lives of the assets ranging from 3 to 40 years. Amortization on assets under capital lease is included with depreciation expense on owned assets. Amortization on these assets is computed over the life of the lease. Leasehold improvements are amortized over the shorter of the lease or the useful life of the improvements.

Revenue and Revenue Recognition for Contracts with Customers

The Academy recognizes revenue under contracts with customers from membership dues, nonmember subscription fees, manuals and publications, and other income sources.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Academy determined whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether members or customers (customers) can benefit from the resources, and whether the resources are readily available. The Academy also performs an analysis to determine if any part of the contract constitutes separate performance obligations. The Academy's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Academy recognizes the revenue over a period of time if the customer receives and consumes the benefits that the Academy provided, or if the Academy's performance does not create an asset with an alternative use and has an enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

In some situations, the Academy collects cash prior to the satisfaction of the performance obligation, which results in the Academy recognizing deferred revenue. Total deferred revenue related to exchange revenue was $28,017,795 and $27,758,458 as of June 30, 2025 and 2024, respectively. Total deferred revenue related to exchange revenue as of July 1, 2023 was $28,518,296.

Total receivables related to exchange revenue were $5,479,962 and $6,051,193 as of June 30, 2025 and 2024, respectively. Total receivables related to exchange revenue as of July 1, 2023 were $6,984,487.

The transaction price is calculated as the amount of consideration to which the Academy expects to be entitled. Payment is typically expected at the point of sale. In some situations, such as meetings and continued education courses, the Academy bills customers and collects payment prior to the satisfaction of the performance obligation, which results in the Academy recognizing contract liabilities upon receipt of payment.

Performance obligations related to each revenue stream are detailed below.

Membership Dues – The Academy bills membership dues on anniversary dates. Billings are due upon receipt. Membership dues are recognized as revenue over the 12-month membership period, representing the period over which the Academy satisfies the performance obligation.

Subscription Fees – The Academy produces and sells the periodical PEDIATRICS, which covers a 12-month period and is billed on their respective subscription anniversary dates. The fees are deferred and recognized as revenue over the subscription period.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Manuals and Publications – The Academy generates revenue from a multitude of manuals and publications it produces. Shipping terms are FOB destination and revenue is recognized when orders have been delivered.

Other Income – The Academy generates revenue from other activities including meeting fees, advertising revenue, royalties, and continuing education courses. Revenue is recognized in the period in which services are rendered.

Contributions and Grant Revenue

The Academy recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Consequently, at June 30, 2025, June 30, 2024, and July 1, 2023, contributions approximating $833,085, $799,357, and $619,203 respectively, have not been recognized in the Academy's statement of activities because the condition(s) on which they depend has not yet been met. There were advanced payments of $435,085, $295,357, and $185,503 recognized in the statement of financial position as refundable advances as of June 30, 2025, June 30, 2024, and July 1, 2023, respectively.

Contribution and grant revenue consist of cost-reimbursable federal, state, foundation, and corporate grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Academy has incurred expenditures in compliance with specific grant provisions. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying financial statements. As of June 30, 2025, June 30, 2024, and July 1, 2023, the Academy is eligible to receive and recognize $11,839,346, $17,694,005, and $23,831,649, respectively, of these conditional contributions upon the occurrence of future qualifying expenses. There were advanced payments of $188,855, $844,954, and $2,175,358 recognized in the statement of financial position as deferred contracts and grants as of June 30, 2025, June 30, 2024, and July 1, 2023, respectively.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Academy is a not-for-profit Illinois corporation organized exclusively for charitable, scientific and educational purposes and has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Academy has been classified as an organization that is not a private foundation, as defined in Section 509(a) of the IRC. As such, the Academy is only subject to taxation on its unrelated business income less related expenses under Section 512 of the IRC.

The Academy's unrelated business income results from advertising revenue and other non-member revenue. For the years ended June 30, 2025 and 2024, the Academy's unrelated business expenses exceeded unrelated business income. As a result, no provision for income taxes is necessary.

Management has analyzed the tax positions taken by the Academy and has concluded that as of June 30, 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Depreciation, facilities and informational technology expenses are allocated utilizing employee headcount.

Leases

The Academy has operating leases as described in Note I. The Academy recognizes expense for operating leases on a straight-line basis over the lease term. The Academy has made a policy election not to separate lease and nonlease components for the leases described in Note I. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Academy has elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the leases described in Note I.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Reclassification

To better align the revenue sources and types of agreements, the Academy made changes to the presentation of contribution and grant revenue during the year ending June 30, 2025. To conform with the 2025 presentation, the statement of financial position as of June 30, 2024, combined grants receivable with pledge receivable, net of allowance. The statement of activities for the year ended June 30, 2024, combined contribution revenue with grant revenue.

Subsequent Events

The Academy has evaluated subsequent events through September 24, 2025, the date the financial statements were available to be issued. The Academy is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

NOTE B – GRANTS AND PLEDGES RECEIVABLE

Unconditional promises to give to the Academy are recorded as grants and pledges receivable at fair value based upon discounted estimated future cash flows, net of the allowance for uncollectible accounts. The discount rates for the years ended June 30, 2025 and 2024 ranged from 0% to 2.54% and 1.72% to 2.54%, respectively.

Grants and pledges receivable as of June 30, 2025 and 2024 include the following:

	2025	2024
Grants and pledges receivable due in:		
Less than one year	$ 12,391,541	$ 14,327,138
One year to five years	1,499,029	678,838
	13,890,570	15,005,976
Less allowance	-	(23,000)
Less unamortized discount	-	(1,180)
Grants and pledges receivable, net	$ 13,890,570	$ 14,981,796

NOTE C – FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.

The following tables present information about the Academy's assets measured at fair value on a recurring basis at June 30, 2025 and 2024, and the valuation techniques used by the Academy to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Academy has the ability to access. Fair values of the Academy's money market funds, corporate bond funds, equity securities and other mutual funds were based on quoted market prices.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Academy uses no Level 2 inputs.

Fair values determined by Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. The Academy uses no Level 3 inputs.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Academy's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following tables set forth by level, within the fair value hierarchy, the Academy's financial assets that were accounted for at fair value on a recurring basis as of June 30, 2025 and 2024. As required by US GAAP, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Academy's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

NOTE C - FAIR VALUE MEASUREMENTS – Continued

		Fair Value Measurements as of Reporting Date		
	2025	Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Money market funds	$ 7,768,679	$ 7,768,679	$ -	$ -
Fixed income securities				
Long term bonds	3,575,578	3,575,578		
Intermediate term bonds	2,341,189	2,341,189		
Short term bonds	12,459,778	12,459,778		
Fixed income blend	104,340	104,340		
Equity securites				
U.S. large cap growth	30,526,863	30,526,863		
U.S. large cap value	19,134,060	19,134,060		
U.S. small/mid-cap growth	1,235,571	1,235,571		
U.S. small/mid-cap value	4,289,279	4,289,279		
International	17,941,276	17,941,276		
Equities blend	1,808,218	1,808,218		
Real estate	14,040	14,040		
Total recurring assets	$ 101,198,871	$ 101,198,871	$ -	$ -

		Fair Value Measurements as of Reporting Date		
	2024	Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Money market funds	$ 1,991,292	$ 1,991,292	$ -	$ -
Fixed income securities				
Long term bonds	16,332,068	16,332,068		
Intermediate term bonds	9,540,195	9,540,195		
Short term bonds	10,444,087	10,444,087		
Fixed income blend	89,385	89,385		
Equity securites				
U.S. large cap growth	25,209,711	25,209,711		
U.S. large cap value	14,497,063	14,497,063		
U.S. small/mid-cap growth	1,548,036	1,548,036		
U.S. small/mid-cap value	3,252,380	3,252,380		
International	14,407,612	14,407,612		
Equities blend	435,836	435,836		
Real estate	9,972	9,972		
Total recurring assets	$ 97,757,637	$ 97,757,637	$ -	$ -

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2025 and 2024 consists of the following:

	2025	2024
Land and improvements	$ 11,867,705	$ 11,867,705
Building and improvements	31,419,969	31,419,969
Building equipment	6,582,990	6,582,990
Office equipment	15,469,344	15,437,039
Furniture and fixtures	8,016,495	7,967,023
Construction in progress		32,306
Total property and equipment	73,356,503	73,307,032
Less accumulated depreciation	(29,226,574)	(27,490,111)
Property and equipment, net	$ 44,129,929	$ 45,816,921

NOTE E - AGENCY FUND

Chapter dues are billed and collected by the Academy on behalf of many of its chapters and subsequently remitted to the respective chapters. Cash includes chapter dues collected, but not yet remitted, of $845,531 and $699,623 as of June 30, 2025 and 2024, respectively.

NOTE F - ENDOWMENT

Endowment

The Academy's endowment consists of 34 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE F – ENDOWMENT – Continued

Interpretation of Relevant Law

The Academy is subject to the State of Illinois' Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of the Academy had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Academy considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Academy has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment funds
3. General economic conditions
4. The expected total return from income and the appreciation of investments
5. Other resources of the Academy
6. The investment policies of the Academy

Return Objectives and Risk Parameters

The Academy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs. Endowment assets include those assets of donor-restricted funds that the Academy must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Academy expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

NOTE F – ENDOWMENT – Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Academy has a policy of appropriating for distribution each year no greater than 5 percent of its endowment fund's fair value over the prior 4 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Academy considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Academy expects the current spending policy to allow its endowment to grow an average of 1 percent annually.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Academy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Academy targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Academy to retain as a fund of perpetual duration. As of June 30, 2025 and 2024, there were no funds with deficiencies.

NOTE F – ENDOWMENT – Continued

The Academy's endowment net asset composition by type of fund as of June 30, 2025 and 2024 are as follows:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	$ 17,859,294	$ -	$ 17,859,294
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity		4,438,881	4,438,881
Purpose or time restricted		2,445,906	2,445,906
Total funds	$ 17,859,294	$ 6,884,787	$ 24,744,081

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	$ 14,115,797	$ -	$ 14,115,797
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity		4,222,966	4,222,966
Purpose or time restricted		1,889,241	1,889,241
Total funds	$ 14,115,797	$ 6,112,207	$ 20,228,004

NOTE F – ENDOWMENT – Continued

Changes in endowment net assets for the year ended June 30, 2025 and 2024, are as follows:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 14,115,797	$ 6,112,207	$ 20,228,004
Investment return:			
Investment income	295,552	142,085	437,637
Net appreciation (realized and unrealized)	1,023,620	528,910	1,552,530
Total investment return	1,319,172	670,995	1,990,167
Contributions		215,915	215,915
Transfers designated by the board for endowment	2,424,325		2,424,325
Appropriation of endowment assets for expenditure		(114,330)	(114,330)
Endowment net assets, end of year	$ 17,859,294	$ 6,884,787	$ 24,744,081

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 12,330,069	$ 5,407,997	$ 17,738,066
Investment return:			
Investment income	268,894	129,516	398,410
Net appreciation (realized and unrealized)	1,263,902	551,886	1,815,788
Total investment return	1,532,796	681,402	2,214,198
Contributions		93,957	93,957
Transfers designated by the board for endowment	252,932		252,932
Appropriation of endowment assets for expenditure		(71,149)	(71,149)
Endowment net assets, end of year	$ 14,115,797	$ 6,112,207	$ 20,228,004

NOTE G – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Specific purpose:		
Education activities	$ 1,770,505	$ 1,965,003
Educational publishing	10,507,052	2,007,614
Child health activities	8,335,185	5,909,771
Membership	209,240	190,000
Advocacy	861,416	1,635,947
Research	5,000	
Management & general	50,000	
Endowment investments:		
Tomorrow's Children Endowment fund	2,899,603	2,580,807
Education activities	219,445	212,009
Child health activities	3,469,668	3,049,808
Membership	296,071	269,583
Net assets with donor restrictions	$ 28,623,185	$ 17,820,542

Net assets released from net assets with donor restrictions for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Satisfaction of purpose restrictions:		
Education activities	$ 500,273	$ 441,640
Educational publishing	3,358,523	1,879,399
Child health activities	4,571,211	2,528,205
Membership	203,004	261,640
Advocacy	1,018,531	1,712,916
Management & general	50,000	
Net assets released with donor restrictions	$ 9,701,542	$ 6,823,800

NOTE H - RETIREMENT PLAN

The Academy maintains a defined contribution retirement plan covering substantially all full-time employees. The plan contains a 401(k) provision that allows employees to make contributions to the plan on a pretax basis, subject to limitations established by the IRC. The Academy contributes an amount equal to the participant's contributions, up to 3% of the participant's compensation $1 for $1 and an additional $.50 on the $1 for the contributions from 3% to 6%. In addition, the Academy may make discretionary contributions to the plan up to an amount equal to 5% to 10% of the aggregate annual compensation of all employees, less any forfeitures of nonvested employees' accounts. The Academy made 3.5% and 7% discretionary contributions for the years ended June 30, 2025 and 2024 amounting to $1,962,935 and $3,582,388, respectively. Total Academy contributions for the years ended June 30, 2025 and 2024 were $4,338,959 and $5,818,275, respectively.

Effective October 1, 2008, the Academy adopted a 457(b) nonqualified deferred compensation plan. The Chief Officers, Senior Vice Presidents, Vice Presidents and employees in equivalent positions are eligible to defer compensation and receive employer discretionary contributions into the plan. All participant deferrals and employer credits are 100% vested immediately. Amounts under the 457(b) plan may only be distributed upon a qualifying distribution, which includes separation from service, death, disability or an unforeseeable emergency. Amounts attributed to the 457(b) deferred compensation plan are included on the Statement of Financial Position investments and accrued salary line items.

NOTE I - LEASES

The Academy leases office space in Washington, D.C. under a noncancelable, renewable lease that expires in November 2033, classified as an operating lease. Rent expense is recognized on a straight-line basis. In addition to monthly rental payments, the Academy must also pay its proportionate share of real estate taxes and common-area maintenance expenses (CAM) on the leased space.

The Academy has leasehold interest on certain office equipment under agreements that expire at various dated through February 2029, classified as financing leases.

NOTE I – LEASES - Continued

Components of lease costs for the years ended June 30, 2025 and 2024 are summarized as follows:

	2025	2024
Financing lease cost	$ 695,988	$ 661,506
Amortization of right-of-use assets	(508,413)	(541,803)
Operating lease cost	4,304,650	4,705,388
Total lease cost	$ 4,492,225	$ 4,825,091

Components of lease expense for the years ended June 30, 2025 and 2024 are summarized as follows:

	2025	2024
Financing lease expense		
Amortization of right-of-use assets	$ 68,661	$ 69,282
Operating lease expense	923,096	706,287
Total lease expenses	$ 991,757	$ 775,569

Supplemental information related to leases as of June 30, 2025 and 2024 are as follows:

	2025	2024
Weighted-average remaining lease term (in months) - Financing leases	32	29
Weighted-average remaining lease term (in months) - Operating leases	101	113
Weighted-average discount rate - Financing leases	6.3%	5.0%
Weighted-average discount rate - Operating leases	4.1%	4.1%

NOTE I – LEASES - Continued

The following is a schedule of the future minimum lease payments under the operating and financing leases, together with the present value of the net minimum lease payments as of June 30, 2025, included in the right to use asset, net and lease liability on the Statement of Financial Position:

Years Ending June 30,	Financing Leases	Operating Leases
2026	$ 81,566	$ 598,561
2027	77,535	613,530
2028	29,163	628,847
2029	19,442	636,667
2030		564,929
Thereafter		2,040,633
Total minimum lease payments	$ 207,706	$ 5,083,167
Less: imputed interest	(20,131)	(778,517)
Future minimum lease payments	$ 187,575	$ 4,304,650

The Academy also has various maintenance contracts on certain capital leases that are expensed monthly.

NOTE J – DEBT

On February 20, 2015, the Academy entered into a term loan agreement with Huntington National Bank (formerly First Merit Bank) to borrow up to $15,000,000 to purchase land and begin construction. As of June 30, 2025 and 2024 $11,000,000 was borrowed and outstanding. The outstanding balance on this loan is secured by all assets of the Academy. The term loan matures 15 years from the closing of the second loan entered into with Huntington National Bank in June 2016. The term loan has converted to an $11,000,000 non-amortizing term loan with a 10-year maturity. The effective interest rate was 4.27 percent and 5.01 percent at June 30, 2025 and 2024, respectively. Under the agreement, the Academy is subject to various financial covenants. As of June 30, 2025 and 2024, the Academy complied with all financial covenants.

NOTE J – DEBT - Continued

On June 23, 2016, the Academy entered into a second loan agreement with Huntington National Bank to borrow up to $35,000,000 for the construction of the new building. As of June 30, 2025 and 2024, $25,200,000 and $26,600,000 was borrowed and outstanding, respectively. The outstanding balance on this loan is secured by all assets of the Academy. The loan included a construction draw period of up to two years. The loan has converted to an amortizing term loan for the remainder of the 15 years from the closing of the loan. The effective interest rate was 4.27 percent and 5.01 percent at June 30, 2025 and 2024, respectively.

The balance of the above debt matures as follows:

2026	$ 1,400,000
2027	1,400,000
2028	1,400,000
2029	1,400,000
2030	1,400,000
Thereafter	29,200,000
Total	$36,200,000

Interest expense was $1,714,220 and $1,957,017 for the years ended June 30, 2025 and 2024, respectively.

NOTE K – AVAILABILITY AND LIQUIDITY

The following table reflects the Academy's financial assets as of June 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 4,344,920	$ 4,341,718
Publications and supplements receivable	693,137	1,043,387
Contracts and grants receivable	13,890,570	14,981,796
Royalties receivable	3,164,166	2,688,632
Advertising receivable	326,480	867,565
Meetings receivable	309,400	186,175
Other receivable	986,779	1,265,434
Investments	101,198,871	97,757,637
Total financial assets	124,914,323	123,132,344
Less amounts not available to be used within one year:		
Contractual or donor-imposed		
Receivable for restricted grants and gifts, net	1,499,029	678,838
Investments held in annuity trusts	1,148,252	915,010
Donor-imposed endowment net assets	6,884,787	6,112,207
Board-designated endowment net assets	16,734,966	13,034,648
Donor restricted net assets that are not expected to be spent within one year	6,325,628	7,904,828
	32,592,662	28,645,531
Financial assets available to meet general expenditures over the next twelve months	$ 92,321,661	$ 94,486,813

The Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.