

**THE AMERICAN PHILOLOGICAL ASSOCIATION**

***FINANCIAL STATEMENTS***

**YEARS ENDED JUNE 30, 2005 AND 2004**

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## CONTENTS

---

INDEPENDENT AUDITOR'S REPORT	1
<b>FINANCIAL STATEMENTS</b>	
<i>Statements of Financial Position</i>	2
<i>Statements of Activities</i>	3
<i>Statements of Functional Expenses</i>	4
<i>Statements of Cash Flows</i>	6
<i>Notes to Financial Statements</i>	7

---

**BRIGGS  
BUNTING &  
DOUGHERTY, LLP**

Certified Public Accountants and Business Advisors

---

**INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
The American Philological Association  
Philadelphia, Pennsylvania**

We have audited the accompanying statements of financial position of The American Philological Association (a nonprofit organization) as of June 30, 2005 and 2004, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Philological Association at June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

*Briggs, Bunting & Dougherty, LLP*

**Philadelphia, Pennsylvania  
December 1, 2005**

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## STATEMENTS OF FINANCIAL POSITION

June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash	\$ 83,971	\$ 68,933
Accounts receivable		
Grants and contributions	179,220	267,000
Other	21,933	32,814
Inventory	16,627	19,206
Prepaid expenses and deposits	34,906	36,786
Investments	3,721,668	3,502,790
Equipment, net of accumulated depreciation of \$19,340 in 2005 and \$17,193 in 2004	<u>1,769</u>	<u>3,917</u>
<b>Total assets</b>	<b><u>\$4,060,094</u></b>	<b><u>\$3,931,446</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Note payable	\$ 83,000	\$ 108,000
Accounts payable and accrued expenses	84,043	95,761
Fellowships payable	54,000	65,000
Deferred revenue	<u>91,724</u>	<u>92,307</u>
<b>Total liabilities</b>	<b><u>312,767</u></b>	<b><u>361,068</u></b>
<b>NET ASSETS</b>		
Unrestricted	1,887,901	1,802,550
Temporarily restricted	1,283,831	1,252,812
Permanently restricted	<u>575,595</u>	<u>515,016</u>
<b>Total net assets</b>	<b><u>3,747,327</u></b>	<b><u>3,570,378</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$4,060,094</u></b>	<b><u>\$3,931,446</u></b>

See accompanying notes

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## STATEMENTS OF ACTIVITIES

Years ended June 30, 2005 and 2004

	2005				2004			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>								
Membership dues	\$ 210,179	\$ -	\$ -	\$ 210,179	\$ 218,075	\$ -	\$ -	\$ 218,075
Grants and contributions	46,684	118,897	60,579	226,160	51,648	472,437	-	524,085
Annual meeting revenue	298,963	-	-	298,963	254,601	-	-	254,601
Publication sales	32,775	-	-	32,775	31,971	-	-	31,971
Placement service fees	45,325	-	-	45,325	41,064	-	-	41,064
Royalties	36,876	-	-	36,876	34,492	-	-	34,492
Other income	31,450	-	-	31,450	25,674	-	-	25,674
Net assets released from restrictions	277,250	(277,250)	-	-	303,377	(303,377)	-	-
<b>Total revenues and support</b>	<u>979,502</u>	<u>(158,353)</u>	<u>60,579</u>	<u>881,728</u>	<u>960,902</u>	<u>169,060</u>	<u>-</u>	<u>1,129,962</u>
<b>EXPENSES</b>								
Program expenses								
Education	78,865	-	-	78,865	73,630	-	-	73,630
Outreach	49,686	-	-	49,686	49,506	-	-	49,506
Placement	62,363	-	-	62,363	63,760	-	-	63,760
Professional matters	31,846	-	-	31,846	33,440	-	-	33,440
Annual meeting	386,947	-	-	386,947	358,585	-	-	358,585
Publications	100,344	-	-	100,344	96,435	-	-	96,435
Research	210,490	-	-	210,490	209,361	-	-	209,361
Special projects	50,161	-	-	50,161	96,405	-	-	96,405
Supporting services								
Member services	50,029	-	-	50,029	51,545	-	-	51,545
General and administrative	43,097	-	-	43,097	50,114	-	-	50,114
Fundraising	43,743	-	-	43,743	21,014	-	-	21,014
<b>Total expenses</b>	<u>1,107,571</u>	<u>-</u>	<u>-</u>	<u>1,107,571</u>	<u>1,103,795</u>	<u>-</u>	<u>-</u>	<u>1,103,795</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	(128,069)	(158,353)	60,579	(225,843)	(142,893)	169,060	-	26,167
<b>OTHER CHANGES</b>								
Investment income	213,420	189,372	-	402,792	214,658	192,010	-	406,668
<b>CHANGE IN NET ASSETS</b>	85,351	31,019	60,579	176,949	71,765	361,070	-	432,835
<b>NET ASSETS</b>								
Beginning of year	1,802,550	1,252,812	515,016	3,570,378	1,730,785	891,742	515,016	3,137,543
<b>End of year</b>	<u>\$1,887,901</u>	<u>\$1,283,831</u>	<u>\$575,595</u>	<u>\$3,747,327</u>	<u>\$1,802,550</u>	<u>\$1,252,812</u>	<u>\$515,016</u>	<u>\$3,570,378</u>

See accompanying notes

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2005

	<u>Education</u>	<u>Outreach</u>	<u>Placement</u>	<u>Professional Matters</u>	<u>Annual Meeting</u>	<u>Publications</u>	<u>Research</u>	<u>Special Projects</u>	<u>Member Services</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	<u>Total</u>
Salaries and benefits	\$27,781	\$17,931	\$38,419	\$20,301	\$ 65,412	\$ 28,782	\$138,208	\$ 7,124	\$12,977	\$24,498	\$14,647	\$ 396,080
Grants, awards, fellowships and honoraria	29,536	1,386	-	86	986	5,820	52,470	-	-	586	-	90,870
Bank service fees	96	-	1,035	-	8,920	181	100	126	-	60	651	11,169
Cosponsor share of joint revenue	-	-	-	-	85,211	-	-	-	-	-	-	85,211
Depreciation	117	79	256	78	296	168	947	-	-	207	-	2,148
Equipment rental and maintenance	183	455	2,397	92	29,485	264	123	-	-	322	-	33,321
Insurance	2,828	2,735	623	2,735	5,071	2,953	2,735	-	-	3,046	-	22,726
Meeting space rental	-	-	950	-	1,280	-	-	-	-	-	-	2,230
Occupancy	530	356	1,159	356	1,341	761	357	-	-	936	-	5,796
Photocopies	73	88	149	46	1,417	146	50	-	237	120	-	2,326
Postage and shipping	913	4,134	2,400	711	13,230	17,982	606	-	1,452	1,387	1,386	44,201
Printing and publications	1,232	13,051	3,372	439	23,235	31,918	666	-	592	539	5,070	80,114
Professional and management fees	1,683	3,351	4,803	1,689	68,292	4,868	4,175	41,000	34,771	2,924	20,580	188,136
Supplies	120	86	261	80	1,191	360	79	-	-	209	-	2,386
Telephone	253	189	366	167	802	294	344	-	-	351	272	3,038
Travel, meals and lodging	11,594	4,910	4,181	4,493	72,556	4,877	8,929	1,911	-	3,494	1,042	117,987
Other	1,926	935	1,992	573	8,222	970	701	-	-	4,418	95	19,832
	<u>\$78,865</u>	<u>\$49,686</u>	<u>\$62,363</u>	<u>\$31,846</u>	<u>\$386,947</u>	<u>\$100,344</u>	<u>\$210,490</u>	<u>\$50,161</u>	<u>\$50,029</u>	<u>\$43,097</u>	<u>\$43,743</u>	<u>\$1,107,571</u>

See accompanying notes

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2004

	<u>Education</u>	<u>Outreach</u>	<u>Placement</u>	<u>Professional Matters</u>	<u>Annual Meeting</u>	<u>Publications</u>	<u>Research</u>	<u>Special Projects</u>	<u>Member Services</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	<u>Total</u>
Salaries and benefits	\$27,691	\$17,555	\$38,574	\$19,902	\$ 65,516	\$28,489	\$130,147	\$ -	\$12,813	\$24,310	\$14,177	\$ 379,174
Grants, awards, fellowships and honoraria	30,210	1,179	-	79	979	5,578	57,868	6,000	-	578	-	102,471
Bank service fees	33	4	922	-	5,579	606	65	105	-	10	513	7,837
Cosponsor share of joint revenue	-	-	-	-	61,452	-	-	-	-	-	-	61,452
Depreciation	370	248	810	248	937	532	249	-	-	569	-	3,963
Equipment rental and maintenance	174	152	2,061	89	22,578	249	116	-	-	943	-	26,362
Insurance	3,039	2,945	627	2,945	6,052	3,164	2,945	-	-	3,257	-	24,974
Occupancy	514	345	1,125	345	1,302	739	346	9,300	-	909	-	14,925
Photocopies	182	122	398	205	1,749	262	148	-	384	321	-	3,771
Postage and shipping	1,158	2,666	3,285	1,128	15,304	14,666	902	-	1,552	1,900	1,390	43,951
Printing and publications	497	13,156	3,343	437	25,638	30,258	536	-	616	636	3,392	78,509
Professional and management fees	1,426	3,029	4,419	973	65,270	4,631	3,590	81,000	36,180	3,337	977	204,832
Supplies	148	119	324	100	1,397	386	170	-	-	261	-	2,905
Telephone	228	182	934	338	3,541	541	828	-	-	368	102	7,062
Travel, meals and lodging	6,138	6,596	5,298	6,073	69,264	5,524	10,242	-	-	8,896	168	118,199
Other	<u>1,822</u>	<u>1,208</u>	<u>1,640</u>	<u>578</u>	<u>12,027</u>	<u>810</u>	<u>1,209</u>	<u>-</u>	<u>-</u>	<u>3,819</u>	<u>295</u>	<u>23,408</u>
	<u>\$73,630</u>	<u>\$49,506</u>	<u>\$63,760</u>	<u>\$33,440</u>	<u>\$358,585</u>	<u>\$96,435</u>	<u>\$209,361</u>	<u>\$96,405</u>	<u>\$51,545</u>	<u>\$50,114</u>	<u>\$21,014</u>	<u>\$1,103,795</u>

See accompanying notes

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## STATEMENTS OF CASH FLOWS

Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 176,949	\$ 432,835
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	2,148	3,963
Net realized gain on investments	(339,775)	(47,040)
Net unrealized (gain) loss on investments	45,879	(244,823)
Contributions restricted for long-term purposes	(60,579)	-
(Increase) decrease in		
Accounts receivable	98,661	(56,920)
Inventory	2,579	2,315
Prepaid expenses and deposits	1,880	(6,338)
Increase (decrease) in		
Accounts payable and accrued expenses	(11,718)	(56,084)
Fellowships payable	(11,000)	11,000
Deferred revenue	(583)	(2,655)
<b>Net cash provided by (used for) operating activities</b>	<u>(95,559)</u>	<u>36,253</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,993,167)	(214,300)
Proceeds from sale of investments	2,068,185	192,000
Purchase of equipment	-	(2,781)
<b>Net cash provided by (used for) investing activities</b>	<u>75,018</u>	<u>(25,081)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of note payable	(25,000)	-
Proceeds from contributions received for long-term purposes	60,579	-
<b>Net cash provided by financing activities</b>	<u>35,579</u>	<u>-</u>
<b>Net increase in cash</b>	15,038	11,172
<b>CASH</b>		
Beginning of year	<u>68,933</u>	<u>57,761</u>
End of year	<u>\$ 83,971</u>	<u>\$ 68,933</u>

See accompanying notes



# THE AMERICAN PHILOLOGICAL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

---

### (1) NATURE OF OPERATIONS

The American Philological Association (the "**Association**") is a nonprofit organization founded in 1869 by "professors, friends and patrons of linguistic science." It is now the principal learned society in North America for the study of ancient Greek and Roman languages, literatures and civilizations. While the majority of its members are university and college Classics teachers and libraries, members also include scholars in other disciplines, primary and secondary school teachers and interested lay people. For over a century, this community has relied on the Association to produce several series of scholarly books and texts; the journal, *Transactions of the American Philological Association*; and an annual meeting in conjunction with the Archaeological Institute of America. In addition, the Association fosters programs to reassert the importance of primary and secondary school teaching and provide more support for improved pedagogy at all levels of teaching; improve working conditions and scholarly opportunities for university and college teachers; increase communication with audiences beyond its membership; make sure the Association's research program is appropriate for the needs of the profession; and coordinate and systematize data collection in order to provide an accessible and reliable information base to support Association goals.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

#### **Financial Statement Presentation**

The Association classifies its net assets, revenues, expenses, gains and losses based upon the existence or absence of donor-imposed restrictions as follows:

##### ***Unrestricted net assets***

Net assets that are not subject to donor-imposed restrictions.

##### ***Temporarily restricted net assets***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Association and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "**net assets released from restrictions.**"

##### ***Permanently restricted net assets***

Net assets that are subject to donor-imposed restrictions that neither expire by passage of time, nor can be satisfied by actions of the Association.

#### **Accounting Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

---

### **Concentration of Credit Risk**

Financial instruments which potentially subject the Association to concentrations of credit risk are cash and accounts receivable. The Association maintains its cash at various high-quality financial institutions. At times, these deposits may exceed federally insured limits. The composition of grants and contributions is disclosed in Note 3. Other accounts receivable consist primarily of membership dues, royalties and placement fees.

### **Inventory**

Inventory is reported at cost using the first-in, first-out method and consists primarily of books.

### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities. Gain or loss on sale of securities is determined on the basis of average cost. Dividend and interest income is recorded as earned. Restricted investment income whose restrictions are satisfied in the same period are reported as unrestricted.

The Association invests in a professionally managed portfolio that includes various types of securities (**See Note 4**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

### **Equipment**

The Association capitalizes expenditures for equipment in excess of \$500. Equipment is reported at cost if purchased, or at fair value on the date of donation if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

### **Fellowships Payable**

Unconditional fellowships authorized but unpaid at year-end are reported as liabilities. The fellowships payable at June 30, 2005 are expected to be paid in 2006.

### **Membership Dues**

Membership dues are recognized as revenue in the year to which they relate. Accordingly, membership dues received in advance of the applicable year are included in deferred revenue in the accompanying statement of financial position.

### **Grants and Contributions**

Grants and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Donor-restricted grants and contributions whose restrictions are satisfied in the same period are reported as unrestricted.

Unconditional grants and contributions are recognized as revenue when the related promise to give is received. Conditional grants and contributions are recognized as revenue when the conditions are satisfied.

The Association receives a significant amount of donated time from a substantial number of volunteers without compensation for its various program and supporting services. The financial statements do not reflect the value of these contributed services since they do not meet the criteria for recognition.

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

---

### Annual Meeting

The Association holds its annual meeting with another learned society, the Archaeological Institute of America ("**AIA**"). Registrants pay a single registration fee and may attend sessions organized by either society. The Association administers registration and the overall meeting schedule; AIA administers the exhibit show. Revenue from registration fees and the exhibit show and certain expenses are shared equally by the two societies. However, each society is individually responsible for the costs of putting on its own sessions and also retains all revenue for its own publications or special events. These financial statements include the joint activities that are shared by the two societies and the Association's separate activities that occur during the annual meeting. AIA's share of the joint activities is reported as "**cosponsor share of joint revenue**" in the accompanying statements of functional expenses.

### Special Projects

During 2004, the Association received a grant of \$256,000 from the Andrew W. Mellon Foundation to develop improvements to the database architecture of the online version of *l'Annee philologique* and to test the possibility of self-submission of materials to the database by authors and publishers. This project will conclude on June 30, 2006, and it is anticipated that the entire grant award will be expended by that date. All costs attributable to this project are categorized as a "**Special Projects**" expense in the statements of activities and functional expenses.

### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, expenses have been allocated based upon the programs and supporting services benefited.

### Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision or liability for income taxes is included in the accompanying financial statements.

## (3) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2005 consisted of \$179,220 of grants from the National Endowment for the Humanities. The grants receivable will be collected as the Association incurs expenses for the intended purposes.

## (4) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2005</u>	<u>2004</u>
Certificate of deposit	\$ 60,000	\$ 100,000
Mutual funds		
Equity	1,893,277	1,772,556
Fixed income	<u>1,768,391</u>	<u>1,630,234</u>
	<u>\$3,721,668</u>	<u>\$3,502,790</u>

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

Investment income for the year ended June 30 consisted of the following:

	<u>2005</u>	<u>2004</u>
Interest and dividends	\$ 108,896	\$ 114,805
Net realized gain	339,775	47,040
Net unrealized gain (loss)	<u>(45,879)</u>	<u>244,823</u>
	<u>\$ 402,792</u>	<u>\$ 406,668</u>

### (5) NOTE PAYABLE

In connection with the Association's "Barrington Atlas of the Greek and Roman World" project, the Association has executed a note payable to the project director in the amount of \$108,000. The note is payable in four annual installments from October 2004 to October 2007, plus interest on the final three installments at the lesser of 5% or the prime rate. Interest expense for the year ended June 30, 2005 was not recorded due to immateriality.

### (6) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30 consisted of grants and contributions and investment income restricted for the following purposes:

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Released</u>	<u>Balance</u> <u>June 30, 2005</u>
Professional matters	\$ 290,206	\$ 42,053	\$ 31,846	\$ 300,413
Publications	323,121	86,019	2,578	406,562
Fellowships	292,020	162,201	66,535	387,686
Improvements to the database				
architecture of L'Annee Philologique	159,911	671	50,161	110,421
American Office of L'Annee Philologique	<u>187,554</u>	<u>17,325</u>	<u>126,130</u>	<u>78,749</u>
	<u>\$1,252,812</u>	<u>\$308,269</u>	<u>\$277,250</u>	<u>\$1,283,831</u>

### (7) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30 consisted of the following:

	<u>2005</u>	<u>2004</u>
Pearson bequest – income is restricted for fellowships	\$204,150	\$204,150
Goodwin bequest – income is unrestricted	60,728	60,728
Coffin Fellowship – income is restricted for fellowships	60,579	-
The American Philological Association Campaign – income is:		
Restricted for publications	112,563	112,563
Restricted for professional matters	55,030	55,030
Unrestricted	<u>82,545</u>	<u>82,545</u>
	<u>\$575,595</u>	<u>\$515,016</u>

# THE AMERICAN PHILOLOGICAL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

---

### (8) OPERATING LEASE

The Association leases office facilities from the University of Pennsylvania under a noncancelable lease that expired June 30, 2004. The Association and the University of Pennsylvania are currently negotiating a new lease agreement. Rent expense for these facilities was \$5,796 for 2005 and \$5,625 for 2004.

### (9) PENSION PLAN

The Association participates in a defined contribution plan through the University of Pennsylvania. For an eligible employee's contribution of 5% of annual salary, the Association contributes 9% of an employee's salary to the plan. Total pension expense was approximately \$17,800 for 2005 and \$17,200 for 2004.

### (10) COMMITMENTS

The Association and AIA have entered into agreements with hotels providing room accommodations for its annual meetings in 2006, 2008 and 2009. These agreements include a guarantee by the Association that a minimum number of rooms will be rented by meeting attendees. The Association and AIA intend to hold the annual meeting at the scheduled hotels.