



April 27, 2011

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

We have audited the financial statements of The American Philological Association (the "**Association**") for the year ended June 30, 2010, and have issued our report thereon dated April 27, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 1, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the Association's internal control. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allocation of expenses between program and supporting services and the valuation of contributions receivable. We evaluated the key factors used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audits

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 27, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Association and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

BBD, LLP

BBD, LLP

THE AMERICAN PHILOLOGICAL ASSOCIATION

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

THE AMERICAN PHILOLOGICAL ASSOCIATION

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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, 2010 and 2009, 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, 2010 and 2009, 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.

BBD, LLP

**Philadelphia, Pennsylvania
April 27, 2011**

THE AMERICAN PHILOLOGICAL ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 269,532	\$ 285,334
Accounts receivable		
Grants and contributions	370,870	614,143
Other	27,440	31,343
Inventory	7,895	8,367
Prepaid expenses and deposits	21,262	26,857
Investments	4,652,202	3,951,386
Equipment, net of accumulated depreciation of \$30,762 in 2010 and \$24,509 in 2009	<u>6,609</u>	<u>11,142</u>
Total assets	<u>\$5,355,810</u>	<u>\$4,928,572</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 50,771	\$ 71,647
Fellowships payable	61,000	77,400
Deferred revenue	<u>113,334</u>	<u>107,665</u>
Total liabilities	<u>225,105</u>	<u>256,712</u>
NET ASSETS		
Unrestricted	1,439,426	1,294,187
Temporarily restricted	1,145,005	1,094,752
Permanently restricted	<u>2,546,274</u>	<u>2,282,921</u>
Total net assets	<u>5,130,705</u>	<u>4,671,860</u>
Total liabilities and net assets	<u>\$5,355,810</u>	<u>\$4,928,572</u>

See accompanying notes

THE AMERICAN PHILOLOGICAL ASSOCIATION

STATEMENTS OF ACTIVITIES

Years ended June 30, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Membership dues	\$ 244,984	\$ -	\$ -	\$ 244,984	\$ 245,964	\$ -	\$ -	\$ 245,964
Grants and contributions	138,185	174,854	263,353	576,392	171,248	48,750	676,562	896,560
Annual meeting revenue	246,935	-	-	246,935	327,305	-	-	327,305
Publication sales	17,682	-	-	17,682	28,634	-	-	28,634
Placement service fees	40,056	-	-	40,056	42,552	-	-	42,552
Royalties	75,598	-	-	75,598	59,055	-	-	59,055
Other income	29,248	-	-	29,248	25,335	-	-	25,335
Net assets released from restrictions	296,635	(296,635)	-	-	270,282	(270,282)	-	-
Total revenues and support	1,089,323	(121,781)	263,353	1,230,895	1,170,375	(221,532)	676,562	1,625,405
EXPENSES								
Program expenses								
Education	80,028	-	-	80,028	81,441	-	-	81,441
Outreach	40,267	-	-	40,267	53,943	-	-	53,943
Placement	71,129	-	-	71,129	74,147	-	-	74,147
Professional matters	45,708	-	-	45,708	32,613	-	-	32,613
Annual meeting	293,705	-	-	293,705	376,749	-	-	376,749
Publications	129,864	-	-	129,864	96,909	-	-	96,909
Research	246,225	-	-	246,225	237,459	-	-	237,459
Special projects	101,055	-	-	101,055	44,034	-	-	44,034
Supporting services								
Member services	56,480	-	-	56,480	53,394	-	-	53,394
General and administrative	30,485	-	-	30,485	29,184	-	-	29,184
Fundraising	156,010	-	-	156,010	145,167	-	-	145,167
Total expenses	1,250,956	-	-	1,250,956	1,225,040	-	-	1,225,040
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(161,633)	(121,781)	263,353	(20,061)	(54,665)	(221,532)	676,562	400,365
OTHER CHANGES								
Investment income (loss)	306,872	172,034	-	478,906	(388,463)	(261,381)	-	(649,844)
CHANGE IN NET ASSETS	145,239	50,253	263,353	458,845	(443,128)	(482,913)	676,562	(249,479)
NET ASSETS								
Beginning of year	1,294,187	1,094,752	2,282,921	4,671,860	1,737,315	1,577,665	1,606,359	4,921,339
End of year	\$1,439,426	\$1,145,005	\$2,546,274	\$5,130,705	\$1,294,187	\$1,094,752	\$2,282,921	\$4,671,860

See accompanying notes

THE AMERICAN PHILOLOGICAL ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2010

	<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	\$27,244	\$18,941	\$43,779	\$22,663	\$ 62,790	\$ 32,397	\$159,428	\$ -	\$14,576	\$24,475	\$102,389	\$ 508,682
Grants, awards, fellowships and honoraria	33,321	1,421	122	122	1,022	8,606	56,521	18,000	-	-	-	119,135
Bank service fees	44	3	697	3	7,494	12	35	35	318	171	1,854	10,666
Cosponsor share of joint revenue	-	-	-	-	71,204	-	-	-	-	-	-	71,204
Depreciation	429	191	953	286	1,143	524	1,680	-	238	333	476	6,253
Equipment rental and maintenance	87	53	1,720	66	21,260	3,079	323	-	34	47	119	26,788
Insurance	2,885	2,739	3,204	2,798	5,253	2,943	2,740	-	145	203	290	23,200
Occupancy	605	269	1,344	403	1,613	739	269	-	336	470	672	6,720
Photocopies	60	27	132	55	1,313	73	26	-	532	46	66	2,330
Postage and shipping	929	909	1,840	815	4,959	10,932	548	-	2,739	591	4,154	28,416
Printing and publications	2,477	6,851	3,014	400	14,939	28,603	423	-	858	88	12,087	69,740
Professional and management fees	1,666	1,323	4,965	12,691	60,146	17,788	8,963	83,020	36,076	1,145	21,110	248,893
Supplies	136	408	302	90	1,219	166	60	-	426	106	3,267	6,180
Telephone	234	119	483	137	623	219	108	-	82	116	1,010	3,131
Travel, meals and lodging	7,296	6,194	6,643	4,479	36,239	22,942	12,848	-	-	196	6,839	103,676
Other	2,615	819	1,931	700	2,488	841	2,253	-	120	2,498	1,677	15,942
	<u>\$80,028</u>	<u>\$40,267</u>	<u>\$71,129</u>	<u>\$45,708</u>	<u>\$293,705</u>	<u>\$129,864</u>	<u>\$246,225</u>	<u>\$101,055</u>	<u>\$56,480</u>	<u>\$30,485</u>	<u>\$156,010</u>	<u>\$1,250,956</u>

See accompanying notes

THE AMERICAN PHILOLOGICAL ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2009

	<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	\$25,508	\$17,852	\$42,099	\$21,563	\$ 58,672	\$30,958	\$158,039	\$ 2,396	\$13,914	\$22,957	\$ 87,023	\$ 480,981
Grants, awards, fellowships and honoraria	31,450	2,100	-	-	900	7,305	51,400	7,400	-	-	-	100,555
Bank service fees	41	1	922	2	9,474	21	131	50	174	99	1,266	12,181
Cosponsor share of joint revenue	-	-	-	-	101,031	-	-	-	-	-	-	101,031
Depreciation	431	192	957	287	1,148	526	1,862	-	239	335	479	6,456
Equipment rental and maintenance	54	34	798	36	34,385	65	563	-	30	371	101	36,437
Insurance	2,868	2,725	3,181	2,782	5,257	2,925	2,725	-	143	200	285	23,091
Occupancy	587	261	1,305	392	1,566	718	261	-	326	457	652	6,525
Photocopies	63	28	140	42	974	77	28	-	48	49	70	1,519
Postage and shipping	678	4,460	1,594	452	4,110	12,983	340	-	2,224	528	4,433	31,802
Printing and publications	2,996	16,012	3,433	63	23,527	31,094	50	-	1,700	43	14,000	92,918
Professional and management fees	1,894	1,548	5,368	998	63,268	3,529	7,675	16,020	34,243	1,134	31,045	166,722
Supplies	86	38	210	58	1,310	106	382	-	47	67	2,368	4,672
Telephone	170	99	346	122	965	202	90	-	80	112	644	2,830
Travel, meals and lodging	11,513	7,379	5,920	4,786	64,294	5,074	12,799	10,143	-	409	1,686	124,003
Other	<u>3,102</u>	<u>1,214</u>	<u>7,874</u>	<u>1,030</u>	<u>5,868</u>	<u>1,326</u>	<u>1,114</u>	<u>8,025</u>	<u>226</u>	<u>2,423</u>	<u>1,115</u>	<u>33,317</u>
	<u>\$81,441</u>	<u>\$53,943</u>	<u>\$74,147</u>	<u>\$32,613</u>	<u>\$376,749</u>	<u>\$96,909</u>	<u>\$237,459</u>	<u>\$44,034</u>	<u>\$53,394</u>	<u>\$29,184</u>	<u>\$145,167</u>	<u>\$1,225,040</u>

See accompanying notes

THE AMERICAN PHILOLOGICAL ASSOCIATION

STATEMENTS OF CASH FLOWS

Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 458,845	\$(249,479)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net realized and unrealized (gain) loss on investments	(380,438)	780,894
Depreciation	6,253	6,456
Grants and contributions restricted for long-term purposes	(263,353)	(676,562)
Amortization of discount on grants and contributions receivable	(19,525)	(41,725)
(Increase) decrease in		
Accounts receivable	191,706	165,456
Inventory	472	1,131
Prepaid expenses and deposits	5,595	(2,300)
Increase (decrease) in		
Accounts payable and accrued expenses	(20,876)	19,985
Fellowships payable	(16,400)	23,400
Deferred revenue	<u>5,669</u>	<u>(12,657)</u>
Net cash provided by (used for) operating activities	<u>(32,052)</u>	<u>14,599</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of investments	(320,378)	(690,615)
Purchase of equipment	<u>(1,720)</u>	<u>(4,112)</u>
Net cash used for investing activities	<u>(322,098)</u>	<u>(694,727)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from grants and contributions received for long-term purposes	<u>338,348</u>	<u>777,354</u>
Net increase (decrease) in cash	(15,802)	97,226
CASH		
Beginning of year	<u>285,334</u>	<u>188,108</u>
End of year	<u>\$ 269,532</u>	<u>\$ 285,334</u>

See accompanying notes

THE AMERICAN PHILOLOGICAL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

(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, another nonprofit organization. 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; improves working conditions and scholarly opportunities for university and college teachers; increases communication with audiences beyond its membership; makes sure the Association's research program is appropriate for the needs of the profession; and coordinates and systematizes data collection in order to provide an accessible and reliable information base to support Association goals.

The Association is now conducting a capital campaign to raise an Endowment for Classics Research and Teaching that will enable it to create sophisticated and accessible research tools for classics teachers and scholars; develop the next generation of inspired, diverse teachers of classics and classical languages; and support wider public understanding and appreciation of classical civilization. The goal of the capital campaign is to raise \$4 million through July 31, 2012.

(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 reports information regarding its financial position and activities according to three classes of net assets 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, 2010 and 2009

Fair Value Measurements of Assets and Liabilities

Effective July 1, 2008, the Association adopted a new accounting standard regarding fair value measurements. Under the new accounting standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new accounting standard establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Association. Unobservable inputs reflect the Association's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Association's own assumptions.

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. 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.

THE AMERICAN PHILOLOGICAL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

Fellowships Payable

Unconditional fellowships authorized but unpaid at year-end are reported as liabilities. The fellowships payable at June 30, 2010 are expected to be paid in 2011. The fellowships payable at June 30, 2009 were paid in 2010.

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.

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 and certain joint events. 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 2010, the Association received a grant of \$215,000 from the Andrew W. Mellon Foundation to support the creation of a database and software to link online bibliographies to primary source texts in Greek and Latin. This project commenced in 2010 and is expected to be completed in 2012.

All costs attributable to these projects 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, certain 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 and no provision or liability for income taxes is included in the accompanying financial statements.

THE AMERICAN PHILOLOGICAL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

Effective July 1, 2009, the Association adopted a new accounting standard regarding uncertain tax positions. The new standard prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Association believes that it had no uncertain tax positions as defined in the standard and, as a result, the adoption of the new standard had no impact on the Association's financial statements.

(3) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30 consisted of the following:

	<u>2010</u>	<u>2009</u>
Grants receivable from the National Endowment for the Humanities	\$108,639	\$273,450
Contributions receivable from individuals for the Endowment for Classics Research and Teaching (<i>See Note 6</i>)	<u>262,231</u>	<u>340,693</u>
	<u>\$370,870</u>	<u>\$614,143</u>

The grants and contributions receivable are expected to be collected as follows:

In less than one year	\$270,109	\$317,034
In one to five years	<u>113,161</u>	<u>329,034</u>
	383,270	646,068
Less discount to present value (at 6% for contributions receivable and 4% for grants receivable)	<u>(12,400)</u>	<u>(31,925)</u>
	<u>\$370,870</u>	<u>\$614,143</u>

The Association has also received conditional grants from the National Endowment for the Humanities in the amount of \$190,000. The Association must raise matching contributions of \$920,421 by July 31, 2012 in order to receive these grants.

(4) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2010</u>	<u>2009</u>
Mutual funds		
Equity	\$2,883,672	\$2,141,223
Fixed income	<u>1,768,530</u>	<u>1,810,163</u>
	<u>\$4,652,202</u>	<u>\$3,951,386</u>

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

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 98,468	\$ 131,050
Net realized and unrealized gain (loss)	<u>380,438</u>	<u>(780,894)</u>
	<u>\$ 478,906</u>	<u>\$ (649,844)</u>

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(5) TEMPORARILY RESTRICTED NET ASSETS

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

	2010				
	Balance July 1, 2009	Grants and Contributions	Investment Income	Released from Restriction	Balance June 30, 2010
Professional matters	\$ 173,513	\$ -	\$ 32,139	\$ (45,708)	\$ 159,944
Publications	423,505	-	65,733	(2,685)	486,553
Fellowships	308,849	6,615	57,939	(84,902)	288,501
American Office of L'Annee Philologique	188,885	54,294	-	(163,340)	79,839
Research and teaching	-	-	16,223	-	16,223
Creation of a database and software to link online bibliographies to primary source texts in Greek and Latin	-	113,945	-	-	113,945
	<u>\$1,094,752</u>	<u>\$174,854</u>	<u>\$172,034</u>	<u>\$(296,635)</u>	<u>\$1,145,005</u>
	2009				
	Balance July 1, 2008	Grants and Contributions	Investment Loss	Released from Restriction	Balance June 30, 2009
Professional matters	\$ 260,079	\$ -	\$ (53,953)	\$ (32,613)	\$ 173,513
Publications	510,886	25,000	(110,360)	(2,021)	423,505
Fellowships	457,066	5,350	(97,068)	(56,499)	308,849
Improvements to the user interface of the online version of L'Annee Philologique	48,000	-	-	(48,000)	-
American Office of L'Annee Philologique	301,634	18,400	-	(131,149)	188,885
	<u>\$1,577,665</u>	<u>\$48,750</u>	<u>\$(261,381)</u>	<u>\$(270,282)</u>	<u>\$1,094,752</u>

(6) PERMANENTLY RESTRICTED NET ASSETS

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

	2010	2009
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	61,679	61,679
Endowment for Classics Research and Teaching – income is restricted for purposes described in Note 1	1,969,579	1,706,226
The American Philological Association Campaign – income is:		
Restricted for publications	112,563	112,563
Restricted for professional matters	55,030	55,030
Unrestricted	82,545	82,545
	<u>\$2,546,274</u>	<u>\$2,282,921</u>

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The Association's permanently restricted net assets include contributions, the principal of which must be maintained intact as required by the donors.

The Association has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The investment policy establishes an achievable return objective through diversification of asset classes within prudent risk parameters.

The spending policy calculates the amount of annual distributions from the permanently restricted endowment funds to support various programs. The current spending policy generally provides for a distribution in an amount equal to 0% to 5% of a moving three-year average of the fair value of the endowment funds. The actual percentage depends on current economic conditions and the scope of the Association's programs.

The Association has not developed a spending policy for and has not made any distributions from its Endowment for Classics Research and Teaching since the capital campaign for this endowment is still in progress. The first distribution is anticipated to be made in 2011.

(7) OPERATING LEASE

The Association leases office facilities from the University of Pennsylvania under a noncancelable lease that expires June 30, 2012. Rent expense for these facilities was \$6,720 for 2010 and \$6,525 for 2009. The minimum annual commitments under this lease are \$16,167 for 2011 and \$18,520 for 2012.

(8) 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 \$19,103 for 2010 and \$18,963 for 2009.

(9) COMMITMENTS

The Association and AIA have entered into agreements with hotels providing room accommodations for its annual meetings from 2011 through 2016. 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.

(10) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents information about the Association's assets and liabilities that are measured at fair value and the valuation inputs used to value them:

<u>Description</u>	<u>Balance June 30, 2010</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments	\$4,652,202	\$4,652,202	\$ -	\$ -
Grants and contributions receivable	<u>370,870</u>	<u>-</u>	<u>370,870</u>	<u>-</u>
	<u>\$5,023,072</u>	<u>\$4,652,202</u>	<u>\$370,870</u>	<u>\$ -</u>
Liabilities				
Fellowships payable	<u>\$ 61,000</u>	<u>\$ -</u>	<u>\$ 61,000</u>	<u>\$ -</u>

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<u>Description</u>	<u>Balance June 30, 2009</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments	\$3,951,386	\$3,951,386	\$ -	\$ -
Grants and contributions receivable	<u>614,143</u>	<u>-</u>	<u>614,143</u>	<u>-</u>
	<u>\$4,565,529</u>	<u>\$3,951,386</u>	<u>\$614,143</u>	<u>\$ -</u>
Liabilities				
Fellowships payable	<u>\$ 77,400</u>	<u>\$ -</u>	<u>\$ 77,400</u>	<u>\$ -</u>

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2011, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2010 that required recognition or disclosure in the financial statements.