

THE ACADEMY OF AMERICAN POETS, INCORPORATED

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2009 AND 2008

THE ACADEMY OF AMERICAN POETS, INCORPORATED

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Academy of American Poets, Incorporated

We have audited the accompanying statements of financial position of The Academy of American Poets, Incorporated (a not-for-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Academy of American Poets, Incorporated as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
September 29, 2009

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and cash equivalents (Notes 1b and 12)	\$ 265,681	\$ -	\$ -	\$ 265,681	\$ 223,549	\$ -	\$ -	\$ 223,549
Unconditional promises to give (Notes 1c and 3)	183,663	17,500	-	201,163	174,151	60,924	-	235,075
Receivables and other assets	27,984	-	-	27,984	40,609	-	-	40,609
Investments, at market value (Notes 1d, 4 and 12)	777,493	1,692,999	4,564,363	7,034,855	792,359	2,371,135	4,551,463	7,714,957
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 6)	23,339	-	-	23,339	34,315	-	-	34,315
Interest in copyrights, net of accumulated amortization (Notes 1f and 8)	17,850	-	-	17,850	19,550	-	-	19,550
Security deposit	66,143	-	-	66,143	66,143	-	-	66,143
Total Assets	\$ 1,362,153	\$ 1,710,499	\$ 4,564,363	\$7,637,015	\$ 1,350,676	\$ 2,432,059	\$ 4,551,463	\$8,334,198
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	\$ 121,609	\$ -	\$ -	\$ 121,609	\$ 152,404	\$ -	\$ -	\$ 152,404
Deferred rent (Note 9a)	14,510	-	-	14,510	20,385	-	-	20,385
Total Liabilities	136,119	-	-	136,119	172,789	-	-	172,789
Commitments and Contingency (Notes 9 and 10)								
Net Assets (Note 2)								
Unrestricted								
Board designated reserves	349,550	-	-	349,550	349,550	-	-	349,550
Other unrestricted	876,484	-	-	876,484	828,337	-	-	828,337
	1,226,034	-	-	1,226,034	1,177,887	-	-	1,177,887
Temporarily restricted	-	1,710,499	-	1,710,499	-	2,432,059	-	2,432,059
Permanently restricted	-	-	4,564,363	4,564,363	-	-	4,551,463	4,551,463
Total Net Assets	1,226,034	1,710,499	4,564,363	7,500,896	1,177,887	2,432,059	4,551,463	8,161,409
Total Liabilities and Net Assets	\$ 1,362,153	\$ 1,710,499	\$ 4,564,363	\$7,637,015	\$ 1,350,676	\$ 2,432,059	\$ 4,551,463	\$8,334,198

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	2009				2008*			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Public Support								
Contributions (Note 7)	\$ 417,165	\$ -	\$ 12,900	\$ 430,065	\$ 435,045	\$ 190,020	\$ 30,000	\$ 655,065
Membership dues (Note 1g)	466,092	-	-	466,092	529,018	-	-	529,018
Grants	221,530	17,500	-	239,030	157,401	40,924	-	198,325
Benefit event income, net of direct expenses of \$31,123 (2009) and \$39,220 (2008)	45,386	-	-	45,386	97,455	-	-	97,455
Ticket sales	51,159	-	-	51,159	62,113	-	-	62,113
Net investment income (loss) (Note 4)	38,588	(353,819)	-	(315,231)	233,207	2,817	-	236,024
Other income	158,001	-	-	158,001	146,784	-	-	146,784
Net assets released from restriction - accumulated investment earnings	282,537	(282,537)	-	-	111,696	(111,696)	-	-
Net assets released from restriction - grants and contributions	102,704	(102,704)	-	-	84,730	(84,730)	-	-
Total Revenue (Loss), Gains and Public Support	1,783,162	(721,560)	12,900	1,074,502	1,857,449	37,335	30,000	1,924,784
Expenses								
Programs	1,302,912	-	-	1,302,912	1,358,579	-	-	1,358,579
Fundraising and membership	241,090	-	-	241,090	165,427	-	-	165,427
Management and general	191,013	-	-	191,013	191,293	-	-	191,293
Total Expenses	1,735,015	-	-	1,735,015	1,715,299	-	-	1,715,299
Increase (decrease) in net assets	48,147	(721,560)	12,900	(660,513)	142,150	37,335	30,000	209,485
Net assets, beginning of year	1,177,887	2,432,059	4,551,463	8,161,409	1,035,737	2,394,724	4,521,463	7,951,924
Net Assets, End of Year	\$ 1,226,034	\$ 1,710,499	\$ 4,564,363	\$7,500,896	\$ 1,177,887	\$ 2,432,059	\$ 4,551,463	\$8,161,409

* Certain amounts have been reclassified for comparative purposes.

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$(660,513)	\$ 209,485
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation and amortization expense	14,946	23,458
Donated securities	(119,121)	(296,478)
Net realized gains on investments	(86,725)	(781,037)
Net unrealized losses on investments	512,132	875,832
Increase (decrease) in:		
Unconditional promises to give	33,912	(45,629)
Receivables and other assets	12,625	(21,473)
Decrease in:		
Accounts payable and accrued expenses	(30,795)	(12,260)
Deferred rent	(5,875)	(2,940)
Net Cash Used By Operating Activities	<u>(329,414)</u>	<u>(51,042)</u>
Cash Flows From Investing Activities		
Purchase of investments	(107,474)	(3,038,051)
Proceeds from sale of investments	481,290	3,090,818
Purchase of property and equipment	(2,270)	(3,761)
Net Cash Provided By Investing Activities	<u>371,546</u>	<u>49,006</u>
Net increase (decrease) in cash and cash equivalents	42,132	(2,036)
Cash and cash equivalents, beginning of year	<u>223,549</u>	<u>225,585</u>
Cash and Cash Equivalents, End of Year	<u>\$ 265,681</u>	<u>\$ 223,549</u>

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 and 2008****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Academy of American Poets, Incorporated (the "Academy") was founded in 1934 to support American poets at all stages of their careers and to foster the appreciation of contemporary poetry. To fulfill this mission, the Academy administers a wide variety of programs, including: National Poetry Month, Online Poetry Classroom, poetry readings and events, Poetry Audio Archive, High School Poetry Workshops, American Poet magazine, and Poets.org, an award-winning website. The Academy also administers the most important collection of poetry awards in the United States, including: the Wallace Stevens Award, the Academy Fellowship, the Lenore Marshall Poetry Prize, the James Laughlin Award, the Walt Whitman Award, the Raiziss/de Palchi Translation Award, and the Harold Morton Landon Translation Award, as well as student prizes at hundreds of colleges and universities nationwide.

The Academy's main sources of support and revenue are from grants, contributions and investment income.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Academy considers all highly liquid debt instruments purchased with a maturity of three months or less, including money market funds, to be cash equivalents, except for those held in its investment portfolio as part of its long-term investment objectives.

c - Grants, Contributions and Unconditional Promises to Give

Grants and contributions are recognized when the donor makes a promise to give to the Academy that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Academy uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Investments

The Academy reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are included in the change in net assets. Interest, dividends, gains, and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the income is recognized.

THE ACADEMY OF AMERICAN POETS, INCORPORATED**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 and 2008****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments (continued)**

The fair values of limited partnership investments not publicly traded on national security exchanges represent the Academy's pro rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers, subject to review, evaluation, and adjustment by the management of the Academy or on the basis of other information developed, obtained, and evaluated periodically by the Academy. Because of inherent uncertainties in the valuation of certain alternative investments, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed, and those differences could be material.

The Academy was required to adopt Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), effective July 1, 2008.

SFAS 157 clarifies that fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Under SFAS 157, fair value measurements are not adjusted for transaction costs. SFAS 157 provides for use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Academy. Unobservable inputs reflect the assumptions developed by the Academy based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

The Academy's investments in cash, money market and mutual funds are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

THE ACADEMY OF AMERICAN POETS, INCORPORATED**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 and 2008****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments (continued)**

The Academy's investments in limited partnerships are classified within Levels 2 and 3 of the fair value hierarchy. The value of Level 2 investments are determined by the general partners or management of the companies. Redemption of the Academy's limited partnership investments are subject to certain withdrawal restrictions, which permit withdrawal only on specified dates during each calendar year. Certain limited partnership investments are classified under Level 3 because they are traded infrequently (or not at all) and have underlying investments which have little or no readily available pricing. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available.

e - Property and Equipment

Property and equipment are stated at cost and are being depreciated over their estimated useful lives on a straight-line basis. Leasehold improvements are being amortized over the shorter of the useful life of the improvement or the life of the lease. Immaterial expenditures for furniture and equipment are expensed as incurred.

f - Interest in Copyrights

Copyrights were recorded at fair value at the time they were received by bequest and are being amortized over 15 years on a straight line basis.

g - Membership Dues

Membership dues are received in support of the Academy's programs and operations and, accordingly, are recorded as contribution revenue (Note 1c).

h - Advertising Expense

Advertising costs are charged to operations when incurred. Total advertising expense was \$19,532 and \$27,478 for the years ended June 30, 2009 and 2008, respectively, of which \$17,360 (2009) and \$27,163 (2008) was donated (Note 7).

i - Financial Statement Presentation

The Academy reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

j - Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

k - Tax Status

The Academy of American Poets, Incorporated is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Academy is subject to income tax on unrelated business income derived from certain income generated by its limited partnership investments.

In June 2006, the Financial Accounting Standards Board (the "FASB") issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes", which establishes that a tax position taken or expected to be taken in a tax return is to be recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The FASB subsequently released an amendment to FIN 48 allowing certain non-public entities to defer implementation until fiscal years beginning after December 15, 2008. The Academy has elected to defer implementation of FIN 48 until July 1, 2009. The adoption of FIN 48 is not expected to have a material impact on the Academy's financial statements.

Note 2 - Restrictions on Assets

a - Net Assets

Net assets at June 30 are summarized as follows:

	2009				2008	
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	Total
	Board Designated Reserves	Other Unrestricted				
Operating	\$ -	\$876,484	\$ -	\$ -	\$ 876,484	\$ 828,337
Organizational stabilization/ future operations	141,590	-	-	-	141,590	141,590
Development Capacity Reserve Fund	115,000	-	-	-	115,000	115,000
Marie Bullock reserves	51,500	-	-	-	51,500	51,500
Endowed Programs						
Wallace Stevens Award	-	-	766,090	2,000,000	2,766,090	3,100,183
Lenore Marshall Poetry Prize	4,455	-	357,252	600,000	961,707	1,068,105
James Laughlin Award	14,105	-	71,597	500,000	585,702	653,243
University and College Poetry Prizes	4,650	-	126,529	567,803	698,982	766,141
American Poets Grants	4,099	-	84,373	75,560	164,032	173,964
Harold Taylor Fund - High School Poetry Workshops and College Prizes	1,246	-	-	30,000	31,246	31,246
Landon Translation Award	905	-	-	30,000	30,905	30,905
Ford Foundation operating endowment	-	-	-	500,000	500,000	500,000
Merrill endowment	12,000	-	121,862	231,000	364,862	399,683
College Prize Anthology Fund	-	-	2,056	30,000	32,056	35,568
Future Programs and Periods						
Italian Translation Award	-	-	8,220	-	8,220	16,224
American Poets magazine	-	-	17,500	-	17,500	15,000
Operating	-	-	155,020	-	155,020	234,720
Total, June 30, 2009	<u>\$349,550</u>	<u>\$876,484</u>	<u>\$1,710,499</u>	<u>\$4,564,363</u>	<u>\$7,500,896</u>	
Total, June 30, 2008	<u>\$349,550</u>	<u>\$828,337</u>	<u>\$2,432,059</u>	<u>\$4,551,463</u>		<u>\$8,161,409</u>

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 2 - Restrictions on Assets (continued)

b - Board Designated Reserves

Board designated reserves at June 30, 2009 and 2008 consist of the following:

Organizational stabilization reserves/ future operations	\$141,590
Development Capacity Reserve Fund	115,000
Marie Bullock reserves	51,500
Endowed program reserves	<u>41,460</u>
	<u>\$349,550</u>

1 - In 2003, the Academy established a reserve from the proceeds from the sale of the library collection originally donated by Marie Bullock.

2 - In 2004, the Academy set aside specific contributions totaling \$141,590 as a reserve for organizational stabilization and as a fund for future programs.

3 - In order to preserve the spending power of its investments related to its endowed award programs, the Academy exercises its discretion over amounts of accumulated restricted investment income to be allocated to operations after satisfying donor restrictions. In 2004, reserves were established in the amount of \$41,460, representing investment income designated by the Board for these endowed award programs.

4 - In 2005, the Academy set aside funds totaling \$115,000 as a reserve for membership and fundraising development. Each fiscal year, the Board will use its discretion in appropriating certain amounts for the Academy's operations or for specific programs.

c - Temporarily Restricted Net Assets

Temporarily restricted net assets represent grants and contributions, as well as accumulated investment income, restricted to future programs and periods in accordance with donor designations.

d - Permanently Restricted Net Assets

Permanently restricted net assets are restricted by donors for use as endowment funds. The income earned on the principal is restricted to specific programs of the Academy, or for its general operations, as indicated by each donor.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

Note 4 - Investments

Investments consist of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Money market funds and invested cash	\$ 292,615	\$ 292,615	\$ 354,829	\$ 354,829
Limited partnership investments	4,585,691	4,788,589	5,043,436	4,697,640
Mutual funds - fixed income	<u>2,156,549</u>	<u>2,176,493</u>	<u>2,316,692</u>	<u>2,373,198</u>
	<u>\$7,034,855</u>	<u>\$7,257,697</u>	<u>\$7,714,957</u>	<u>\$7,425,667</u>

Marketable securities are reported on the basis of quoted market values. Limited partnership investments are stated at the Academy's equity interest in the underlying net assets of the partnership, which are stated at fair value as reported by the partnerships. Redemption of the Academy's limited partnership investments are subject to certain withdrawal restrictions, which permit withdrawal only on specified dates during each calendar year.

Investment income (loss) for the years ended June 30, 2009 and 2008 is summarized as follows:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$110,174	\$130,251
Limited partnership income	90,950	207,268
Realized gain (loss) on investments	(4,223)	781,037
Unrealized loss on investments	(512,132)	(875,832)
Unrelated business income tax	-	(6,700)
Total	<u>(315,231)</u>	<u>236,024</u>
Less: Temporarily restricted investment loss	<u>353,819</u>	<u>(2,817)</u>
Unrestricted Investment Income	<u>\$ 38,588</u>	<u>\$233,207</u>

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 and 2008

Note 4 - Investments (continued)

The following summarizes the Academy's investments by Levels within the fair value hierarchy used to measure their fair values at June 30, 2009:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds and invested cash	\$ 292,615	\$ 292,615	\$ -	\$ -
Mutual funds - fixed income	2,156,549	2,156,549	-	-
Limited partnerships and investment funds	<u>4,585,691</u>	<u>-</u>	<u>2,051,586</u>	<u>2,534,105</u>
	<u>\$7,034,855</u>	<u>\$2,449,164</u>	<u>\$2,051,586</u>	<u>\$2,534,105</u>

The following summarizes changes in fair value of the Academy's Level 3 assets for the year ending June 30, 2009:

Balance – beginning of year	\$2,720,067
Realized gains	86,202
Unrealized losses	<u>(272,164)</u>
Balance – End of Year	<u>\$2,534,105</u>

Note 5 - Endowment Funds

The Academy's endowment consists of several different funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law, the Academy classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as board-designated unrestricted net assets until those amounts are appropriated for expenditure by the Academy.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 and 2008

Note 5 - Endowment Funds (continued)

The Academy's endowment funds are donor-restricted and are summarized by net asset classification at June 30, 2009 as follows:

Unrestricted	\$ 41,460
Temporarily restricted	1,529,759
Permanently restricted	<u>4,564,363</u>
 Total Funds	 <u>\$6,135,582</u>

Changes in the Academy's endowment funds for the year ended June 30, 2009 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$41,460	\$2,166,115	\$4,551,463	\$6,759,038
Net investment loss	-	(353,819)	-	(353,819)
Contributions received	-	-	12,900	12,900
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(282,537)</u>	<u>-</u>	<u>(282,537)</u>
 Endowment Funds, End of Year	 <u>\$41,460</u>	 <u>\$1,529,759</u>	 <u>\$4,564,363</u>	 <u>\$6,135,582</u>

The Academy has adopted investment and spending policies for long-term endowment assets that attempt to maintain purchasing power by achieving a rate of return that equals the rate of inflation added to the rate of annual distributions. Long-term endowment assets are defined as funds that will not be needed for at least three years. Funds that will be needed within three years are defined as short-term endowment assets and will be liquid and their objective will be to preserve principal and, as such, short-term investments will be limited to institutional money market funds and investment-grade bond funds. To satisfy its long-term rate-of-return objectives, the Academy relies on a setting a target rate of total return to be achieved with the least possible risk. Investments will not be undertaken unless their risk, or the combined risk of the entire portfolio, is commensurate with the least risk implied by achieving the target return. Investments will be allocated across asset classes so as to achieve the target return with the least possible risk.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 and 2008

Note 5 - Endowment Funds (continued)

The Academy's endowment comprises restricted funds that are used to support particular programs or functions in accordance with the designation of the funds' donors. The management will endeavor to keep the annual spending rate of the funds below five per cent of the value of the funds' assets, using a 12-quarter moving average. However, if the amount necessary to satisfy a donor's intent is greater than five per cent of the value of a fund's assets, then that amount will be spent. If a fund is reduced to its corpus then the Academy may suspend the related program or function until such time as the value of the fund's assets rises above the corpus, or, alternatively, when appropriate and consistent with the donor's intent, the fund may be temporarily or permanently amended, or the expenses may be covered by current operations.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2009</u>	<u>2008</u>
Leasehold improvements	Life of lease	\$36,631	\$ 36,631
Equipment, furniture and fixtures	5-10 years	54,808	52,538
Website	3 years	<u>27,615</u>	<u>27,615</u>
		119,054	116,784
Less: Accumulated depreciation		<u>95,715</u>	<u>82,469</u>
		<u>\$ 23,339</u>	<u>\$ 34,315</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$13,246 and \$21,758, respectively.

Note 7 - Donated Services and Materials

During the years ended June 30, 2009 and 2008, the Academy received the following donated services which have been reflected in the accompanying financial statements as contribution revenue and expenses:

	<u>2009</u>	<u>2008</u>
Advertising	\$17,360	\$27,163
Professional fees	7,474	10,674
Paper	<u>11,760</u>	<u>5,400</u>
	<u>\$36,594</u>	<u>\$43,237</u>

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 and 2008

Note 8 - Interest in Copyrights

Through a bequest received in 2005, the Academy received a partial interest in future royalties generated by a collection of songwriting copyrights. The Academy's interest in these copyrights was valued at \$25,500, which is being amortized over its estimated useful life. Amortization expense was \$1,700 for each of the years ended June 30, 2009 and 2008. At June 30, 2009 and 2008, the unamortized balance is \$17,850 and \$19,550, respectively. During the years ended June 30, 2009 and 2008, the Academy received royalties amounting to \$8,098 and \$7,931, respectively, pursuant to its interest in these copyrights.

Note 9 - Commitment and Contingency

a - The Academy occupies office space under an operating lease which provides a minimum annual rental commitment as follows:

<u>Year Ending June 30,</u>	
2010	\$103,778
Thereafter, through September 30, 2010	26,527

Rent expense for the years ended June 30, 2009 and 2008 was \$135,905 and \$134,463, respectively.

In accordance with the provisions of Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, the aggregate of the total minimum lease payments is amortized on the straight-line method over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of the lease has been included in "Deferred rent" in the accompanying statements of financial position.

b - Government supported programs are subject to audit by the applicable granting agency.

Note 10 - Defined Contribution Plan

The Academy has a 403(b) tax deferred annuity plan. The Academy contributes 6% of an eligible employee's salary to the plan. Total expenses under the plan were \$23,565 and \$23,869 for the years ended June 30, 2009 and 2008, respectively.

THE ACADEMY OF AMERICAN POETS, INCORPORATED**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 and 2008****Note 11 - Functional Allocation of Expenses**

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 12 - Concentration of Credit Risk

The Academy maintains cash accounts in financial institutions in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation.

ADDITIONAL INFORMATION



**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
The Academy of American Poets, Incorporated

Our report on our audits of the basic financial statements of The Academy of American Poets, Incorporated for 2009 and 2008 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2009 with comparative totals for 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
September 29, 2009

THE ACADEMY OF AMERICAN POETS, INCORPORATED

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	<u>Programs</u>	<u>Fundraising and Membership</u>	<u>Management and General</u>	<u>2009 Total Expenses</u>	<u>2008 Total Expenses</u>
Salaries and payroll taxes	\$ 473,282	\$ 34,592	\$ 121,072	\$ 628,946	\$ 609,966
Employee benefits	61,471	4,493	15,725	81,689	78,412
Fees to artists	33,069	-	-	33,069	34,156
Interns and clerical	-	-	-	-	17,790
Awards and grants	180,050	-	-	180,050	187,450
Advertising and printing	91,746	70,685	-	162,431	188,374
Dinners and receptions	6,867	-	2,727	9,594	7,027
Occupancy	102,268	7,475	26,162	135,905	134,463
Travel and lodging	28,408	392	5,387	34,187	28,666
Professional fees	18,100	67,830	-	85,930	30,710
Lecture hall rental	17,031	-	-	17,031	24,870
Technical production	65,799	850	-	66,649	76,459
Supplies and telephone	33,311	2,570	8,421	44,302	41,531
Legal and audit	15,429	1,128	3,947	20,504	25,638
Postage and mailings	74,075	47,360	-	121,435	114,975
Book purchases	25,842	290	-	26,132	22,679
Photography and program supplies	29,189	897	-	30,086	34,090
Miscellaneous	8,907	656	2,278	11,841	10,795
Equipment	9,449	691	2,417	12,557	11,950
Program development	888	359	-	1,247	1,894
Member benefits	16,484	-	-	16,484	9,946
Total expenses before depreciation and amortization	1,291,665	240,268	188,136	1,720,069	1,691,841
Depreciation and amortization	11,247	822	2,877	14,946	23,458
Total Expenses, 2009	<u>\$1,302,912</u>	<u>\$ 241,090</u>	<u>\$ 191,013</u>	<u>\$1,735,015</u>	
Total Expenses, 2008	<u>\$1,358,579</u>	<u>\$ 165,427</u>	<u>\$ 191,293</u>		<u>\$1,715,299</u>

See independent auditors' report on additional information.