

**AMERICAN ASSOCIATION OF
UNIVERSITY WOMEN, INC.
AND
AAUW ACTION FUND, INC.**

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

June 30, 2011

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011**

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Drolet + Associates PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
American Association of University Women, Inc.
and AAUW Action Fund, Inc.
Washington, DC

Report of Independent Auditors

We have audited the accompanying consolidated statement of financial position of the American Association of University Women, Inc. and AAUW Action Fund, Inc. (collectively the Organization) as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Association of University Women, Inc. and AAUW Action Fund, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Drolet + Associates, PLLC

Washington, DC
December 30, 2011

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2011**

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,211,147
Contributions and grants receivable	931,011
Prepaid expenses	215,299
Accrued interest receivable	18,143
Other receivables	290,149
<hr/>	
TOTAL CURRENT ASSETS	2,665,749
PROPERTY AND EQUIPMENT, net	6,309,012
INVESTMENTS	124,063,986
<hr/>	
TOTAL ASSETS	\$ 133,038,747

-Continued -

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2011**

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 1,419,825
Committed awards and grants payable	3,763,552
Obligation under capital lease	22,765
Deferred revenue	866,134
Pooled income funds	11,625
Charitable gift annuities	120,459
TOTAL CURRENT LIABILITIES	6,204,360
SECURITY DEPOSITS	68,503
OBLIGATION UNDER CAPITAL LEASE , net of current portion	8,900
DEFERRED REVENUE , net of current portion	136,069
POOLED INCOME FUNDS , net of current portion	366,626
CHARITABLE GIFT ANNUITIES , net of current portion	519,817
IRA SWEEPSTAKES , net	16,030
TOTAL LIABILITIES	7,320,305
NET ASSETS	
Unrestricted	12,438,641
Unrestricted - Board Designated	150,000
Temporarily restricted	34,261,149
Permanently restricted	78,868,652
TOTAL NET ASSETS	125,718,442
TOTAL LIABILITIES AND NET ASSETS	\$ 133,038,747

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ 2,269,903	\$ 765,767	\$ 1,037,903	\$ 4,073,573
Government grants	195,100			195,100
Interest and dividend income	485,646	1,973,625		2,459,271
Rental income	381,532			381,532
Dues income	3,166,818			3,166,818
Gain on investments	622,884	16,046,528		16,669,412
Change in value of split interest agreements		112,256		112,256
Advertising revenue	26,449			26,449
Conference revenue	476,765			476,765
Other income	476,581			476,581
Net assets released from restriction	5,381,574	(5,381,574)		-0-
TOTAL REVENUE AND SUPPORT	13,483,252	13,516,602	1,037,903	28,037,757
EXPENSES				
Program services:				
American fellowships	2,373,646			2,373,646
International fellowships	1,167,913			1,167,913
Eleanor Roosevelt	473,887			473,887
Outreach	5,157,461			5,157,461
Research and project grants	1,200,188			1,200,188
Legal advocacy	263,625			263,625
Meetings and conventions	1,394,954			1,394,954
Other programs	457,596			457,596
Advocacy	1,334,928			1,334,928
Total program services	13,824,198	-0-	-0-	13,824,198
Supporting services:				
Management and general	1,377,760			1,377,760
Development and fundraising	1,145,932			1,145,932
TOTAL EXPENSES	16,347,890	-0-	-0-	16,347,890
CHANGE IN NET ASSETS	(2,864,638)	13,516,602	1,037,903	11,689,867
NET ASSETS, BEGINNING OF YEAR	15,453,279	20,744,547	77,830,749	114,028,575
NET ASSETS, END OF YEAR	\$ 12,588,641	\$ 34,261,149	\$ 78,868,652	\$ 125,718,442

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES	
CHANGE IN NET ASSETS	\$ 11,689,867
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	475,648
Gain on investments	(16,669,412)
Change in value of split interest agreements	(112,256)
Increase in contributions and grants receivable	(121,334)
Increase in prepaid expenses	(129,725)
Decrease in accrued interest receivable	2,335
Decrease in other receivables	2,223
Increase in accounts payable and accrued expenses	339,611
Increase in committed awards and grants payable	505,620
Increase in deferred revenue	65,808
Decrease in pooled income fund	(38,895)
Decrease in charitable gift annuities	(7,917)
Increase in security deposits	27,645
Decrease in IRA sweepstakes	(2,145)
NET CASH USED IN OPERATING ACTIVITIES	(3,972,927)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(8,137,937)
Proceeds from the sale of investments	12,788,741
Purchases of property and equipment	(287,404)
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,363,400
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of capital lease obligations	(18,702)
NET CASH USED IN FINANCING ACTIVITIES	(18,702)
NET INCREASE IN CASH AND CASH EQUIVALENTS	371,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	839,376
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,211,147

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011**

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization The American Association of University Women, Inc. (AAUW), formerly known as the American Association of University Women Educational Foundation, Inc., was incorporated under the laws of the District of Columbia in 1958. In July 2009, AAUW amended its articles of incorporation to rename the organization American Association of University Women, Inc.

AAUW raises and distributes philanthropic resources in support of its mission to advance education, research, and self-development for women and to foster equity and positive societal change. Membership in AAUW is open to all graduates holding an associates, or equivalent, or baccalaureate, or higher degree from a qualified educational institution.

AAUW is supported primarily by contributions, member dues and investment income.

The major programs of AAUW consist of the following:

American Fellowships - The fellowships provide awards for women who are citizens or permanent residents of the U.S. and are in the final year of writing their dissertations, conducting postdoctoral research or preparing completed research for publication during the fiscal year. Selected professions fellowships are awarded to women pursuing a full-time course of study in one of the designated degree programs where women's participation traditionally has been low.

International Fellowships - Since 1917, AAUW has fostered cultural exchange and global outreach through International Fellowships which broaden the community of women who have access to advanced study. The program supports women from other countries in full-time study or research in the United States. Both graduate and postgraduate studies at accredited institutions are supported for women who are not U.S. citizens or permanent residents. Preference is given to women residing in their home country at the time of application. Selection criteria include an outstanding academic record, professional potential, and the potential of the field of study to improve the lives of women and girls in the fellow's country of origin. Up to six fellowships are renewable for a second year.

Research and Project Grants - These awards are made in two categories, career development and community action. Career development grants are awarded to American women who are preparing for re-entry into the workforce, making career changes, or seeking career advancement. Applicants for career development grants must have completed their most recent degree at least five years prior to applying for the award. Community action grants are made to individuals or non-profit, community-based organizations for projects designed to improve conditions for women and girls in local communities.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

**Organization
(Continued)**

Legal Advocacy Fund (LAF) - LAF supports programs to combat sex and gender discrimination, including funding for legal cases in higher education and the workplace, community and campus programs, various research reports, a lawyer referral network and online advocacy tools and resources.

Meetings and Convention – The meetings and convention function includes activities relating to the convention held by AAUW in odd-numbered fiscal years and other educational conferences or symposia.

Eleanor Roosevelt Fund - The fund provides supportive research for AAUW's publications including Why So Few? Women in Science, Technology, Engineering, and Mathematics; The Simple Truth About Gender Pay Gap; and Where the Girls Are.

Outreach - Outreach includes maintenance of the toll-free member phone number (Connect) and the maintenance of member records.

Other programs - The general programs function includes activities relating to basic programs and services that support equity for women and girls.

The AAUW Action Fund, Inc. (the Action Fund), formerly known as the American Association of University Women, was founded in 1881 and chartered under a special act of the Massachusetts legislature in 1889. In July 2009, the Action Fund amended its articles of incorporation to change its name from the American Association of University Women.

The Action Fund exists to unite alumnae of different institutions to further the advancement of women.

The Action Fund is primarily supported by member dues and contributions.

The Action Fund's major program consists of the following:

Advocacy - The public policy and government relations function includes influencing legislation and regulations, training and technical assistance, issue analysis and voter education based on the member-adopted Public Policy Program of the Action Fund.

**Principles of
Consolidation**

The consolidated financial statements include the accounts of AAUW and the Action Fund, collectively the Organization. Significant intercompany accounts and transactions have been eliminated in consolidation.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Income Taxes AAUW is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and is classified as other than a private foundation within the meaning of Section 509(a)(1) of the Code. However, AAUW is subject to tax on net income received from activities unrelated to its exempt purpose such as advertising. AAUW has net unrelated business income of approximately \$18,300 for the year ended June 30, 2011.

The Action Fund is exempt from the payment of income taxes under Section 501(c)(4) of the Code. However, the Action Fund is subject to tax on net income received from activities unrelated to its exempt purpose such as advertising. The Action Fund has net unrelated business income of approximately \$1,400 for the year ended June 30, 2011.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

Tax years from June 30, 2008 through the current year remain open for examination by the Federal and state tax authorities.

Basis of Accounting The financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Cash and Cash Equivalents For financial statement purposes, the Organization considers demand deposits and money market accounts not held in investment accounts to be cash and cash equivalents.

Investments Investments are stated at fair value. The valuation of the investments is based upon quotations obtained from national securities exchanges; where securities are not listed on an exchange, quotations are obtained from other published sources. The investment in Lighthouse Diversified Fund, Ltd. (the Fund) is reported at fair value based on net asset per share information provided by the manager of the Fund.

Property and Equipment Property and equipment are recorded at cost, if purchased or at fair market value at date of donation, if contributed. Acquisitions of property and equipment greater than \$5,000 are depreciated using the straight-line method over the following useful lives: building, 30 years; furniture, 10 years; computer equipment and software, 3 years; website redesign, 3 years; and building improvements, the lesser of the remaining life of the building or the estimated useful lives of the improvements. Expenditures and related betterments that extend the useful lives of the assets are capitalized.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

**Deferred
Revenue**

Deferred revenue consists primarily of membership dues received in advance of the period in which they are to be earned. Regular membership dues are recognized in the year to which they apply. Life membership dues are recognized evenly over 20 years.

**Use of
Estimates**

The preparation of consolidated 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. Accordingly, actual results could differ from those estimates.

**Split Interest
Agreements**

AAUW has a beneficial interest in four types of split-interest agreements where donors have made irrevocable gifts to AAUW or to trusts for the benefit of AAUW. Donors either transfer assets directly to an investment account in the name of AAUW or promise to give assets in the future. The assets are recorded at fair value, if invested, or at present value, if promised. The split interest agreements are as follows:

Charitable lead trust: A charitable lead trust is an arrangement in which the donor establishes and funds a trust with specific distributions to be made to AAUW over a specified period.

Charitable remainder trust: A charitable remainder trust is an arrangement in which a donor establishes and funds a trust which pays a fixed annuity to one or more beneficiaries over a specified term. Upon termination of the trust, the remainder value is distributed to AAUW.

Charitable gift annuity: A charitable gift annuity is an arrangement between a donor and AAUW in which the donor contributes assets to AAUW in exchange for a promise by AAUW to pay a fixed amount for a specified period of time to the donor or to individuals or organizations specified by the donor.

Pooled income fund: A pooled income fund was formed by AAUW to invest and manage certain donor contributions. The fund is divided into units and contributions of many donors' gifts are pooled and invested as a group. Donors are assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the pooled income fund on the date of the donor's entry into the pooled fund. Donors contribute assets to AAUW in exchange for a promise by AAUW to pay the donors, or their designated beneficiaries, the specified income generated from the donors' contributed assets.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

IRA

Sweepstakes

In 1983, the Action Fund sponsored the IRA Retirement Nest Egg Sweepstakes and the Board of Directors established a related liability. During the year ended June 30, 2009, the IRA Sweepstakes was transferred from the Action Fund to AAUW. AAUW pays \$2,000 annually to the IRA Sweepstakes winner until that individual attains the age of seventy years and six months. The last annuity payment will be made in January 2020. The IRA Sweepstakes represents the present value of the expected annuity payments calculated using a discount rate of 3.18%.

Net Assets

For financial statement purposes, net assets are as follows:

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Temporarily restricted: Temporarily restricted net assets include those net assets whose use by AAUW has been donor restricted by specified time or purpose limitations. The purpose restrictions are as follows:

American Fellowships: These funds are restricted for the purpose of awarding fellowships for postdoctoral or dissertation work or grants for preparation of research for publication to women who are citizens or permanent residents of the United States.

International Fellowships: These funds are restricted for the purpose of awarding fellowships for postdoctoral or dissertation work or grants for preparation of research for publication to women of outstanding academic ability who are not citizens or permanent residents of the United States.

Research and Projects: These funds are restricted toward addressing the needs for programs that research the problems, questions and issues of particular concern to educated women such as career development issues. This is done through financial assistance for educational opportunities, seed money for pilot projects such as community action projects and to provide funds for new and emerging needs relevant to AAUW's purpose and mission.

Eleanor Roosevelt: These funds are restricted to programs that enrich classroom teaching, encouraging professional development and educational opportunities for women and girls.

Legal Advocacy: These funds are restricted to supporting programs, grants, research and legal cases combating sex and gender discrimination, particularly in education and the workplace.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

**Net Assets
(Continued)**

Mooneen Lecce: The Mooneen Lecce Giving Circle pools the contributions of members of the circle to fund projects of their choice benefiting women and girls.

Split-interest agreements: Split-interest agreements net assets consist of donor agreements to provide assets to AAUW as previously defined in Note A.

Permanently restricted: Permanently restricted net assets must be maintained in perpetuity by AAUW and consist of an original trust and additional permanently restricted annual contributions.

American and International Fellowships: American and International Fellowships permanently restricted net assets exist to fund American and International Fellowships pursuant to the charter of the endowment.

Research and projects: Research and projects permanent net assets exist to fund the research and projects activities as set forth by the board pursuant to the original stated purpose.

Trust: Trust net assets consist of the Marguerite Rawalt Legal Defense Fund (the Trust) net assets. The investment income funds the legal advocacy efforts of AAUW.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when the restriction expires.

**Functional
Allocation of
Expenses**

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

NOTE B - CONCENTRATIONS

The Organization maintains demand deposits and money market accounts which, at times, may exceed federally insured limits. The Organization has not experienced any such losses in the past, and does not believe it is exposed to any significant financial risk on these account balances.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE B - CONCENTRATIONS (Continued)

The Organization invests in professionally managed portfolios that contain cash, equities, bonds, mutual funds, hedge funds and limited partnerships. Such investments are exposed to various risks, such as interest rate, market and credit. 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 risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Alternative investments, such as Lighthouse Diversified Funds, Ltd. (Lighthouse Funds) can be highly illiquid and may engage in leveraging and other speculative investment practices, which may involve volatility of returns and significant risk of loss, including the potential for loss of the principal invested.

In addition, there is no secondary market currently available for interests in the Lighthouse Funds and there may be restrictions on transferring interests in the Lighthouse Funds.

As of June 30, 2011, approximately 40% of contributions and grants receivable were due from one donor.

During the year ended June 30, 2011, approximately 16% of contributions were received from one donor.

NOTE C - INVESTMENTS

Investments consisted of the following as of June 30, 2011:

Description	Amount
Cash and cash equivalents	\$ 1,880,631
Corporate bonds	467,916
Government bonds	286,241
Mutual funds	96,419,996
Common stock	106,991
International equities	12,745,547
Mineral rights	321,023
Lighthouse Diversified Fund, Ltd.	11,835,641
Total investments	\$ 124,063,986

Income earned on investments is allocated among unrestricted and temporarily restricted net assets in the accompanying consolidated statement of activities.

For the year ending June 30, 2011, expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to approximately \$110,000 and are netted with interest and dividend income.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE C – INVESTMENTS (Continued)

As of June 30, 2011, AAUW held approximately \$12 million of alternative investments in the Lighthouse Diversified Fund, Ltd. for which the fair value has been reported at fair value based on net asset per share information provided by the manager of the fund.

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions receivable recorded in the consolidated financial statements are unconditional and have been provided by donors, the majority of whom are members of AAUW. Contributions receivable primarily consist of bequests, and irrevocable charitable lead and remainder trusts to be paid over various periods. Amounts that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of future cash flows.

Contributions receivable consisted of the following as of June 30, 2011:

Description	Amount
Receivable in less than one year	\$ 940,415
Total contributions and grants receivable	940,415
Less allowance for doubtful accounts	(9,404)
Net contributions and grants receivable	\$ 931,011

NOTE E - COMMITTED AWARDS AND GRANTS PAYABLE

The Organization's Board of Directors approves certain awards and grants to be paid in accordance with program restrictions. Prior year amounts held are commitments to pay prior year awards that were extended upon request by the award recipients or are for the second year of a multi-year award.

Committed awards and grants payable consisted of the following as of June 30, 2011:

Description	Amount
American fellowships	\$ 1,949,000
International fellowships	978,000
Research and projects	756,702
Prior year amounts held	79,850
Total committed awards and grants payable	\$ 3,763,552

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE F - EMPLOYMENT AGREEMENT

The Organization entered into a three year employment agreement (the Agreement) with its Executive Director that provides for annual salary and fringe benefits. The employment Agreement is effective through June 30, 2014. If the Agreement is terminated early by the Organization, the Executive Director will receive six months of full compensation in a lump sum.

NOTE G - SPLIT INTEREST AGREEMENTS

Pooled Income Fund

AAUW manages a pooled income fund in which it shares beneficial interest with donors. As of June 30, 2011, the market value of the pooled income fund was approximately \$874,000. As of June 30, 2011, the actuarial present value of AAUW's interest in such funds was approximately \$496,000 and was computed using a discount rate of 4.809%, compounded annually.

Gift Annuities

As of June 30, 2011, the total assets of the gift annuity funds, at fair market value, were approximately \$930,000. As of June 30, 2011, the actuarial present value of AAUW's interest in such funds was approximately \$290,000 and was computed using interest rates varying from 2.8% to 8.2%.

NOTE H - LEASE AGREEMENTS

AAUW has entered into non-cancelable lease agreements with eight tenants for office space in its building. The lease agreements expire on various dates through May 2018. Under the lease agreements, rental income for the year ended June 30, 2011 was approximately \$382,000.

Subsequent to year-end, AAUW entered into a lease agreement with a new tenant for office space and parking for a term of seven years and two months. AAUW received a security deposit equal to two months' rent.

Future minimum rental receipts under the leases are as follows:

<i>Year Ending June 30,</i>	Total
2012	\$ 441,828
2013	432,482
2014	383,940
2015	395,205
2016	312,211
Thereafter	361,729
Total future minimum rental receipts	\$ 2,327,395

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE H - LEASE AGREEMENTS (Continued)

In addition, AAUW entered into a capital lease agreement (the Lease) from January 1, 2008 through December 31, 2012. The asset and liability under the Lease are recorded at the present value of the minimum lease payments. The asset is amortized over the lesser of the estimated useful life or the lease term. Amortization of the asset under the lease is included in depreciation and amortization expense. The accumulated amortization as of June 30, 2011 was approximately \$72,000. Interest expense related to the Lease for the year ended June 30, 2011 amounted to approximately \$4,000.

Future minimum lease payments required under the Lease as of June 30, 2011 are as follows:

<i>Year Ending June 30,</i>	Total
2012	\$ 25,248
2013	8,900
Total future minimum lease payments	34,148
Less amount representing interest	(2,483)
Present value of total minimum lease payments	\$ 31,665

NOTE I - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2011:

Description	Amount
Land	\$ 3,357,226
Building and improvements	8,631,649
Furniture and equipment	111,560
Website redesign	98,890
Computer equipment and software	624,957
Equipment under capital lease	89,940
Total	12,914,222
Less accumulated depreciation and amortization	(6,605,210)
Net property and equipment	\$ 6,309,012

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE J - RETIREMENT PLANS

AAUW sponsors a non-contributory defined contribution retirement plan (the Plan) available to all employees meeting certain eligibility requirements as defined by the Plan document. The Plan requires an employer contribution amounting to 6% of participant compensation. The employer contributions are used to purchase Teachers Insurance and Annuity Association Contracts and College Retirement Equity Fund Certificates for the individual participants' accounts.

AAUW also sponsors a defined contribution 401(k) savings plan (the Savings Plan) available to all employees meeting certain eligibility requirements as defined by the Savings Plan document. The Savings Plan requires an employer matching contribution of up to 4% of participant compensation within the current limits of the Internal Revenue Code.

For the year ended June 30, 2011, AAUW's contributions under the above plans amounted to approximately \$400,000.

NOTE K - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30, 2011:

Purpose	Amount
American fellowships	\$ 12,557,705
International fellowships	844,000
Research and projects	18,728,156
Legal advocacy fund	823,415
Total temporarily restricted endowment funds	32,953,276
Split interest agreements	884,675
Mooneen Leece	292,390
Advocacy	130,808
Total temporarily restricted net assets	\$ 34,261,149

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors for the year ended June 30, 2011 as follows:

Purpose	Amount
American fellowships	\$ 2,331,326
International fellowships	1,197,432
Research and projects	1,004,540
Legal advocacy fund	301,215
Eleanor Roosevelt fund	547,061
Total net assets released from restrictions	\$ 5,381,574

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE L - BOARD DESIGNATED NET ASSETS

During the year ended June 30, 2011, the Board of Directors established a building reserve fund to support future expected capital improvements. The goal of the reserve is \$1.5 million to be funded over ten years. As of June 30, 2011, the balance of the reserve is \$150,000.

NOTE M - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following endowment assets as of June 30, 2011:

Purpose	Amount
American fellowship endowment	\$ 40,823,616
International fellowship endowment	16,499,126
Research and projects endowment	21,338,334
Marguerite Rawalt Trust	207,576
Total permanently restricted net assets	\$ 78,868,652

NOTE N - FAIR VALUE MEASUREMENTS

The Organization values its financial assets and liabilities at fair value in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value, and delineates the disclosures required about fair value measurements. Assets consist primarily of the endowment and other investments. Additionally, GAAP allows the Organization the use of estimates to fair value alternative investments at the measurement date using net asset values (NAV) reported by the investment managers without further adjustment, provided that the Organization does not expect to sell the alternative investments at a value other than NAV. The Organization does not expect to sell the alternative investments at a value other than NAV.

GAAP clarifies that fair value is an 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. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, this standard establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE N - FAIR VALUE MEASUREMENTS (Continued)

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities (alternative investments) and split interest agreements).

The following presents the Organization's assets and liabilities measured at fair value as of June 30, 2011:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,880,631			\$ 1,880,631
Corporate bonds		\$ 467,916		467,916
Government bonds	286,241			286,241
Mutual funds	96,419,996			96,419,996
Common stock	106,991			106,991
International equities	12,745,547			12,745,547
Mineral rights			\$ 321,023	321,023
Lighthouse Diversified Fund, Ltd.			11,835,641	11,835,641
Total assets at fair value	\$ 111,439,406	\$ 467,916	\$ 12,156,664	\$ 124,063,986
Pooled income funds			\$ 378,251	\$ 378,251
Charitable gift annuities			640,276	640,276
Total liabilities at fair value	\$ -0-	\$ -0-	\$ 1,018,527	\$ 1,018,527

The following is a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2011:

Description	Amount
Balance, beginning of year	\$ 11,132,733
Total net realized and unrealized gains	1,137,669
Distribution of a charitable remainder trust	(113,738)
Balance, end of year	\$ 12,156,664

The amount of total gains for the period included in changes in net assets attributable to the change in unrealized gains relating to assets still held at the reporting date

\$ 1,137,669

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE N - FAIR VALUE MEASUREMENTS (Continued)

The following is a summary of changes in the fair value of the Organization's Level 3 liabilities for the year ended June 30, 2011:

Description	Amount
Balance, beginning of year	\$ 1,065,339
Contributions of split interest agreements	24,019
Distributions from split interest agreements	(44,471)
Change in value of split interest agreements	112,256
Payments from split interest agreements	(138,616)
Balance, end of year	\$ 1,018,527

The fair values of money market funds, mutual funds, international equities, common stock and bond instruments are determined generally based on quoted market prices in active markets.

The Organization's level 2 investments are valued from readily-available pricing sources for comparable instruments.

The Organization's level 3 investments are valued based on information provided by the fund managers. The private equity investments may consist of commitments in a limited partnership that invests in private companies or properties and may be subject to redemption restrictions.

NOTE O - ENDOWMENT

AAUW's endowment consists of numerous individual donor restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of AAUW has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, AAUW 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 the 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 temporarily restricted net assets until those amounts are appropriated for expenditure by AAUW in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, AAUW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of AAUW, and (7) AAUW's investment policies.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2011**

NOTE O – ENDOWMENT (Continued)

Investment Return Objectives, Risk Parameters and Strategies: AAUW has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 5.5%, net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, AAUW 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). AAUW targets a diversified asset allocation that places an emphasis on fixed income and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Endowment net asset composition by type of fund as of June 30, 2011 was as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ 32,953,276	\$ 78,868,652	\$ 111,821,928

Changes in endowment net assets for the year ended June 30, 2011 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 19,393,223	\$ 77,830,749	\$ 97,223,972
Contributions	408,728	1,037,903	1,446,631
Investment income	17,985,838		17,985,838
Amounts appropriated for expenditure	(4,834,513)		(4,834,513)
Endowment net assets, end of year	\$ 32,953,276	\$ 78,868,652	\$ 111,821,928

NOTE P - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 30, 2011, which is the date the financial statements were available to be issued.



Drolet + Associates PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
American Association of University Women, Inc.
and AAUW Action Fund, Inc.
Washington, DC

Independent Auditor's Report
On Supplementary Information

Our report on our audit of the consolidated financial statements of the American Association of University Women, Inc. and AAUW Action Fund, Inc. for the year ended June 30, 2011 appears on page one. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating detailed statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Drolet + Associates, PLLC

Washington, DC
December 30, 2011

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
CONSOLIDATING DETAILED STATEMENT OF FINANCIAL POSITION
June 30, 2011**

	AAUW, Inc.	AAUW Action Fund	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,133,114	\$ 78,033		\$ 1,211,147
Contributions and grants receivable	931,011			931,011
Prepaid expenses	215,299			215,299
Due from AAUW Action Fund	306,257		\$ (306,257)	-0-
Accrued interest receivable	5,727	12,416		18,143
Other receivables	289,119	1,030		290,149
TOTAL CURRENT ASSETS	2,880,527	91,479	(306,257)	2,665,749
PROPERTY AND EQUIPMENT, net	6,309,012			6,309,012
INVESTMENTS	121,679,521	2,384,465		124,063,986
TOTAL ASSETS	\$ 130,869,060	\$ 2,475,944	\$ (306,257)	\$ 133,038,747

-Continued -

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
CONSOLIDATING DETAILED STATEMENT OF FINANCIAL POSITION
(Continued)
June 30, 2011**

	AAUW, Inc.	AAUW Action Fund	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 1,417,581	\$ 2,244		\$ 1,419,825
Due to AAUW, Inc.		306,257	\$ (306,257)	-0-
Committed awards and grants payable	3,763,552			3,763,552
Obligation under capital lease	22,765			22,765
Deferred revenue	866,134			866,134
Pooled income funds	11,625			11,625
Charitable gift annuities	120,459			120,459
TOTAL CURRENT LIABILITIES	6,202,116	308,501	(306,257)	6,204,360
SECURITY DEPOSITS	68,503			68,503
OBLIGATION UNDER CAPITAL LEASE, net of current portion	8,900			8,900
DEFERRED REVENUE, net of current portion	136,069			136,069
POOLED INCOME FUNDS, net of current portion	366,626			366,626
CHARITABLE GIFT ANNUITIES, net of current portion	519,817			519,817
IRA SWEEPSTAKES, net	16,030			16,030
TOTAL LIABILITIES	7,318,061	308,501	(306,257)	7,320,305
NET ASSETS				
Unrestricted	10,271,198	2,167,443		12,438,641
Unrestricted - Board Designated	150,000			150,000
Temporarily restricted	34,261,149			34,261,149
Permanently restricted	78,868,652			78,868,652
TOTAL NET ASSETS	123,550,999	2,167,443	-0-	125,718,442
TOTAL LIABILITIES AND NET ASSETS	\$ 130,869,060	\$ 2,475,944	\$ (306,257)	\$ 133,038,747

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.
CONSOLIDATING DETAILED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

	AAUW, Inc.	AAUW Action Fund	Eliminations	Consolidated Total
REVENUE AND SUPPORT				
Contributions	\$ 4,272,911	\$ 662	\$ (200,000)	\$ 4,073,573
Government grants	195,100			195,100
Interest and dividend income	2,391,160	68,111		2,459,271
Rental income	381,532			381,532
Dues income	2,966,661	200,157		3,166,818
Gain on investments	16,541,437	127,975		16,669,412
Change in value of split interest agreements	112,256			112,256
Advertising revenue	25,031	1,418		26,449
Conference revenue	476,765			476,765
Other income	431,541	45,040		476,581
TOTAL REVENUE	27,794,394	443,363	(200,000)	28,037,757
EXPENSES				
Program services:				
American fellowships	2,373,646			2,373,646
International fellowships	1,167,913			1,167,913
Eleanor Roosevelt	473,887			473,887
Outreach	5,157,461			5,157,461
Research and project grants	1,200,188			1,200,188
Legal advocacy	263,625			263,625
Meetings and conventions	1,394,954			1,394,954
Other programs	457,596	200,000	(200,000)	457,596
Advocacy	1,206,816	128,112		1,334,928
Total program services	13,696,086	328,112	(200,000)	13,824,198
Supporting services:				
Management and general	1,330,200	47,560		1,377,760
Development and fundraising	1,128,302	17,630		1,145,932
TOTAL EXPENSES	16,154,588	393,302	(200,000)	16,347,890
CHANGE IN NET ASSETS	11,639,806	50,061	-0-	11,689,867
NET ASSETS, BEGINNING OF YEAR	111,911,193	2,117,382	-0-	114,028,575
NET ASSETS, END OF YEAR	\$ 123,550,999	\$ 2,167,443	\$ -0-	\$ 125,718,442