

Join us August 7–11 for the Silver Anniversary of the AAAI Conference!

The Twenty-Fifth AAAI Conference on Artificial Intelligence (AAAI-11) and the Twenty-Third Conference on Innovative Applications of Artificial Intelligence (IAAI-11) will be held in San Francisco, California at the Hyatt Regency, August 7–11, 2011.

AAAI will consist of a main technical track and four special technical tracks, AI and the Web, Computational Sustainability and AI (new!), Integrated Intelligence, and Physically Grounded AI, as well as Nectar Papers, highlighting significant AI results presented at our sister conferences in the past two years.

The second iteration of the AAAI Symposium on Educational Advances on AI will be collocated with AAAI (see below for details). The AAAI-11 program will also include 16 half-day tutorials, 15 workshops, the AAAI Robotics Program, AAAI Poker Competition, and the Video Competition, Student Abstract Posters, the AAAI/SIGART Doctoral Consortium, and more!

AAAI-11 sponsors to date include Google, Microsoft, Yahoo!, the Institute for Sustainability, USC Information Sciences Institute, and IBM. We look forward to a special Google lab tour (space will be limited), and a joint AAAI/IAAI invited talk by David Ferrucci (IBM T.J. Watson's Research Center), team leader for Jeopardy! The IBM Challenge in February 2011.

Hotel information is available on the AAAI-11 conference web site (www.aaai.org/11). The cut-off to qualify for the discounted AAAI rate is July 15, 2011. A special student rate has also been arranged at the conference hotel. Information about this will be sent directly to all student registrants, or please inquire by writing to aaai11@aaai.org. Conference registration information and forms will be available in early April. The early registration deadline is June 3, 2011.

AAAI-11 Conference Volunteer Program

AAAI is pleased to announce the continuation of its Student Volunteer Pro-

grams for 2011. The Student Volunteer Program is an essential part of the conference and student participation is a valuable contribution. Volunteers will support AAAI organizers in San Francisco. In 2011, a limited number of complimentary technical program registrations will be available for students who volunteer during the conference. Preference will be given to participating students for the volunteer positions. Local students or students not requiring travel assistance can apply for the Volunteer Program if openings are available. AAAI membership is required for eligibility. For further information regarding the Student Volunteer Program, please contact AAAI at volunteer11@aaai.org. The deadline for volunteer applications is May 20, 2011.

Symposium on Educational Advances in Artificial Intelligence (EAAI)

The second AAAI Symposium on Educational Advances in Artificial Intelligence (EAAI) will be held in conjunction with AAAI-11 in San Francisco. The EAAI symposium provides a venue for researchers and educators to discuss pedagogical issues and share resources related to teaching AI and using AI in education across a variety of curricular levels (K–12 through postgraduate training), with a natural emphasis on undergraduate and graduate teaching and learning. The EAAI symposium comprises several components, including a program of high-

quality refereed papers and posters; a Model AI Assignments session highlighting innovative, ready-to-adopt materials; a workshop for mentoring new faculty, instructors, and graduate students on teaching; an Educational Video Track within the AAAI-11 Video program; and a Student/Educator Track within the AAAI-11 Robotics Program. For more information about the symposium, please visit the AAAI-11 website or write to us at aaai11@aaai.org.

AAAI-11 Tutorial Forum

Free Admission in 2011!

The AAAI-11 Tutorial Forum will take place Sunday and Monday, August 7–8, just prior to the main conference. New this year: Attendance at the tutorials is included in the technical program registration, so no extra fee will be required. The following tentative schedule promises a dynamic program! For more details, please visit the AAAI-11 website.

Sunday, August 7, 2011

(9:00 AM – 1:00 PM)

- SA1: Machine Learning in Time Series Databases (and Everything is a Time Series!), Eamonn Keogh
- SA2: Security Games, Chris Kiekintveld, Nicola Gatti, Manish Jain
- SA3: Text Structure: Theory and Practice, Bonnie Webber, Markus Egg, Valia Kordoni
- SA4: Trust Theory: A Socio-Cognitive and Computational Model, Cristiano Castelfranchi, Rino Falcone

AAAI News

*Spring News from the
Association for the Advancement
of Artificial Intelligence*

Independent Auditor's Report



AAAI-11 in San Francisco

Visitors to San Francisco will enjoy a world-class city with endless cultural and recreational opportunities. Plan a vacation around AAAI-11, as this is one you will not want to miss! The Hyatt Regency San Francisco is located at the foot of the Bay Bridge and only steps away from the Ferry Building, as well as numerous other well-known San Francisco attractions. Beyond San Francisco, visitors can explore the wine regions of California, the magnificent Pacific coastline, the Sierra Nevada mountains, and beautiful Monterey Bay, to name only a few possibilities. For more information, please visit www.onlyinsanfrancisco.com!

- MP2: Conformal Predictions for Reliable Machine Learning: Theory and Applications, Vineeth N Balasubramanian, Shen-Shyang Ho, Sethuraman Panchanathan, Vladimir Vovk
- MP3: Information Organization and Retrieval with Collaboratively Generated Content, Eugene Agichtein, Evgeniy Gabrilovich
- MP4: Philosophy as AI and AI as philosophy, Aaron Sloman

AAAI-11 Workshop Program

(Reminder: The AAAI-11 Workshop Program submission deadline is Monday, April 22, 2011.)

AAAI invites your participation in the AAAI-11 Workshop Program, to be held Sunday and Monday, August 7–8, 2011. The program includes the following fifteen workshops:

- W1: Activity Context Representation: Techniques and Languages
Organizers: Vikas Agrawal, Tim Finin, Henry Kautz, Lokendra Shastri, and Matthai Philipose
- W2: Analyzing Microtext
Organizers: David Aha, Doug Oard, Sowmya Ramachandran, and David Uthus
- W3: Applied Adversarial Reasoning and Risk Modeling (AARM)
Organizers: Noa Agmon, Christopher Kiekintveld, Janusz Marecki, and Michael Bowling
- W4: Artificial Intelligence and Smarter Living: The Conquest of Complexity
Organizers: Mary-Anne Williams, Ryan Calo, Xiaoping Chen, Sajjad Haider, Benjamin Johnston, Xun Wang, and Glenn Wightwick
- W5: AI for Data Center Management and Cloud Computing
Organizers: Barry O'Sullivan, Donagh Buckley, and Burt Kaliski
- W6: Automated Action Planning for Autonomous Mobile Robots
Organizers: Sanem Sariel-Talay, Stephen Smith, and Nilufer Onder
- W7: Computational Models of Natural Argument
Organizers: Floriana Grasso, Nancy Green, and Chris Reed
- W8: Generalized Planning
Organizers: Siddharth Srivastava, Sheila McIlraith, Paolo Traverso, and Shlomo Zilberstein
- W9: Human Computation
Organizers: Edith Law, Luis von Ahn, and Panagiotis Ipeirotis
- W10: Human-Robot Interaction in Elder Care

Sunday, August 7, 2011

(2:00 PM – 6:00 PM)

- SP1: Event Processing - State of the Art and Research Challenges, Opher Etzion, Yagil Engel
- SP2: Human Computation: Core Research Questions and State of the Art, Luis von Ahn, Edith Law
- SP3: Large-Scale Data Processing with MapReduce, Jimmy Lin
- SP4: Recognising Behaviour in a Spatio-Temporal Context, Hans W. Guesgen, Mehul Bhatt, Stephen Marsland

Monday, August 8, 2011

(9:00 AM – 1:00 PM)

- MA1: Collective Intelligence, Haym Hirsh
- MA2: Discourse Models for Generating Optimized User Interfaces: Theory from AI and Application in HCI, Hermann Kaindl
- MA3: From Structured Prediction to Inverse Reinforcement Learning, Hal Daume III
- MA4: Opinion Mining and Sentiment Analysis, Bing Liu

Monday, August 8, 2011

(2:00 PM – 6:00 PM)

- MP1: Algorithms for Classical Planning, Jussi Rintanen

Organizers: Ted Metzler, Lundy Lewis, and Susan Barnes

■ **W11: Interactive Decision Theory and Game Theory**

Organizers: Piotr Gmytrasiewicz, Prashant Doshi, Karl Tuyls and Simon Parsons

■ **W12: Language-Action Tools for Cognitive Artificial Agents: Integrating Vision, Action and Language**

Organizers: Katerina Pastra, Yiannis Aloimonos, Giorgio Metta, and Luciano Fadiga

■ **W13: Lifelong Learning**

Organizers: Joseph Modayil, Doina Precup, and Satinder Singh

■ **W14: Plan, Activity, and Intent Recognition**

Organizers: Gita Sukthankar, Hung Bui, Christopher Geib, and David Pynadath

■ **W15: Scalable Integration of Analytics and Visualization**

Organizers: Ole Mengshoel, Ted Selker, and Henry Lieberman

Submission requirements vary for each workshop. For complete descriptions and submission information about each of the workshops, please see www.aaai.org/Workshops/2011.

Showcase Your Video at AAAI-11!

(Reminder: The first AAAI-11 video submission deadline is April 15, 2011.)

The organizers of the fifth annual AAAI Video Competition are currently soliciting your submission for this very popular program. The goal of the Video Competition is to demonstrate how much fun AI is by documenting exciting artificial intelligence advances in research, education, and application. Accepted videos will be screened at AAAI-11 on Monday, August 8. During that evening's session, the developers of the best videos will be formally presented with awards. We strongly encourage student participation! For complete information about the program and how to submit, please consult the AAAI-11 conference website.

AAAI Sixth Annual Computer Poker Competition

(Reminder: You must register for the AAAI-11 Computer Poker Competition by May 1, 2011.)

The AAAI Computer Poker Competition showcases state-of-the-art intel-

ligent programs for playing poker. This is the premiere venue for demonstrating poker-playing software systems, as exemplified by the previous years' competitions. The 2009 compe-



ICWSM

Fifth International Conference on Weblogs and Social Media

17–21 July 2011 • Barcelona, Spain

Sponsored by the Association for the Advancement of Artificial Intelligence

Please Join Us for ICWSM-11 in Barcelona!

The Fifth International AAAI Conference on Weblogs and Social Media will be held in Barcelona, Spain, July 17–21, and will be collocated with IJCAI-11. This interdisciplinary conference brings together researchers from the disciplines in computer science, linguistics, communication, and the social sciences. The broad goal of ICWSM is to increase understanding of social media in all its incarnations.

For ICWSM-11, in addition to the usual program of contributed technical talks, tutorials and invited presentations, the main conference will include a selection of keynote talks from prominent social scientists and technologists. This year, for the first time, the conference will include an expanded workshop program with an additional workshop day. This new program will include:

■ **Social Mobile Web Workshop**

Organizers: Karen Church (Telefonica Research, Spain), Josep M. Pujol (Telefonica Research, Spain), Barry Smyth (University College Dublin, Ireland), and Noshir Contractor (Northwestern University, USA)

Website: thesocialmobileweb.org

■ **The Future of the Social Web**

Organizers: Alejandro Jaimes (Yahoo! Research, Spain), Carlos Castillo (Yahoo! Research, Spain), Ricardo Baeza-Yates (Yahoo! Research, Spain), and Sandra Gonzalez-Bailon (University of Oxford, UK)

Website: www.icwsml.org/2011/fosw

■ **Social Innovation and Social Media**

Organizers: Ricard Ruiz De Querol (Fundació Barcelona Media, Spain), Fausto Giunchiglia (University of Trento, Italy), Imma Tubella i Casadevall (Universitat Oberta de Catalunya, Spain), and Mario Diani (Universitat Pompeu Fabra, Spain)

Website: www.sites.google.com/site/sisom2011

Registration information will be available at the ICWSM-11 website in early April. The early registration deadline is May 20, and the late registration deadline is June 17. For full details about the conference program, please visit the ICWSM-11 website or write to icwsml1@aaai.org.

tion featured 30 poker-playing programs submitted from 11 countries. The poker variant considered in the 2011 competition will be Texas Hold'em poker, and the competition



Seventh Annual Artificial Intelligence and Interactive Digital Entertainment Conference (AIIDE-11)

Save the Date! October 11–14, 2011

Please plan to join us for the Seventh Annual AAAI Conference on Artificial Intelligence and Interactive Digital Entertainment, to be held at Stanford University in Stanford, California, October 11–14, 2011. AIIDE-11 is intended to be the definitive point of interaction between entertainment software developers interested in AI and academic and industrial AI researchers. The conference is targeted at both the research and commercial communities, promoting AI research and practice in the context of interactive digital entertainment systems with an emphasis on commercial computer and video games.

AIIDE 2011 will include invited speaker sessions, paper presentation sessions, a poster session, and a demonstration session. Researchers and developers are invited to share insights and cutting-edge results from a wide range of AI-related problems and encouraged to present a) results from core AI research areas applicable to interactive digital entertainment and b) AI approaches developed and fielded in commercial systems.

The complete Call for Papers and other information will be available at the AIIDE-11 web site: www.aaai.org/aiide11.

will build on the success of the previous years' two-player (heads-up) competitions, with both limit and no-limit betting structures, and last year's three-player limit competition. Please see the AAAI-11 conference website for complete information, or contact Nolan Bard and Jonathan Rubin (chair @computerpokercompetition.org).

The Twentieth Annual AAAI Robotics Program

(Reminder: Camera-ready copy due April 26.)

The Twentieth AAAI Robotics Program has a long tradition of demonstrating innovative research at the intersection of robotics and artificial intelligence. It strives to be a venue that pushes the science of embodied AI forward. Over the past few years a central point of the event has been the discussion of common research platforms and software, with the primary goal of focusing the research community's energy toward common challenge tasks. Robotic program events will include the Learning from Demonstration Challenge, the Small-Scale Manipulation Challenge, the Miniature Humanoid Obstacle Challenge, and the Robotics Education Track.

For more information, Information, write to aaai11@aaai.org, visit the event website (www.cc.gatech.edu/conferences/AAAI-2011-Robotics/Home.html), or contact Andrea Thomaz (Georgia Institute of Technology; athomaz@cc.gatech.edu).

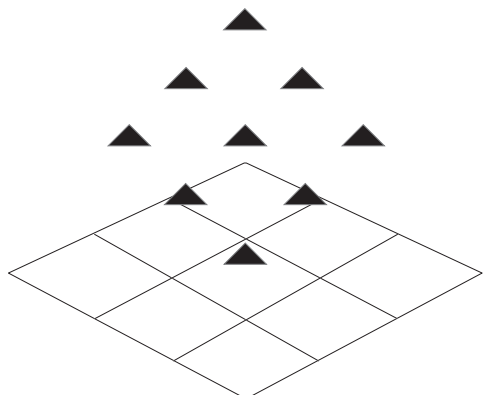
2011 Fall Symposium Series

The 2011 AAAI Fall Symposium Series will be held Friday through Sunday, November 4–6, at the Westin Arlington Gateway in Arlington, Virginia, adjacent to Washington, DC. The Symposium Series will be preceded on Thursday, November 3 by a one-day AI funding seminar

Please check the 2011 Fall Symposium Series website (www.aaai.org/Symposia/Fall/fss11.php) for the full list of accepted proposals and the Call for Participation. The deadline for submissions is May 27, 2011.

AAAI Executive Council Elections

Please watch your mail for your AAAI Ballot, which will be mailed to all regular AAAI members in April. The membership will vote for four new councilors, who will each serve three-year terms. Ballots will be due back at the AAAI office no later than June 10. The Annual Business meeting for AAAI will be held this summer during AAAI-11 in San Francisco. The exact day and time will be announced on the ballot, in the summer issue of the magazine, and in the conference program.



2012 Spring Symposium Series Proposals Solicited

AAAI is currently accepting proposals for the 2012 Spring Symposium Series, to be held at Stanford University, California, March 26–28, 2012.

Approximately eight symposia on a broad range of topics within and around AI will be selected for the 2012 Spring Symposium Series. All proposals will be reviewed by the AAAI Symposium Committee, (Chair: Chad Jenkins, Brown University; Cochair: TBD; and Associate Chair: Alan Schultz, Naval Research Laboratory). Symposium proposals should be submitted as soon as possible, but no later than April 15, 2011. The Call for Proposals is available at www.aaai.org/Symposia/Spring/sss12.php.

Please submit your symposium proposals by electronic mail (no postal submissions), and inquiries concerning symposia, to Chad Jenkins, Brown University, cjenkins@cs.brown.edu.

Support AAAI Programs with Your Special Donation

AAAI thanks you for your ongoing support AAAI programs through the continuation of your AAAI membership. We count on you to help us deliver the latest information about artificial intelligence to the scientific community, and to nurture new research and innovation through our many conferences, workshops, and symposia. To enable us to continue this effort, we invite you to consider an additional gift to AAAI. For information on how you can contribute to the open access initiative, please see www.aaai.org and click on “Gifts.”

Stay Informed with AAAI Member Announcements

If you are a member of AAAI and would like to receive periodic announcements and reminders about AAAI programs or other noteworthy AI news, please go to www.aaai.org/cgi-dada/mail.cgi, choose AAAI-Members in the dropdown, enter your e-mail address, and select “subscribe.”

AI in the News is back!

Check out the latest news stories that mention AI every week at the AITopics home page: www.aaai.org/aitopics (select AI in the News). To subscribe to the mailing list for periodic alerts about AI in the News, please select AI-

Reminder — AAAI E-Mail Addresses Have Changed!

aaai11 ■ aiide11 ■
aimagazine11 ■ aitopics11
■ awards11 ■ donate11 ■
fellows11 ■ fss11 ■ iaai11
■ icwsm11 ■ info11 ■
membership11 ■ orders11
■ press11 ■ publications11
■ seniormember11 ■ sss11
■ volunteer11 ■ work-
shops11
(add @aaai.org)

AAAI Member News

AAAI congratulates AAAI Fellow Daphne Koller on her recent election to the National Academy of Engineering (NAE). Koller was honored for her contributions to representation, inference, and learning in probabilistic models with applications to robotics, vision, and biology. Election to the National Academy of Engineering is among the highest professional distinctions accorded to an engineer.

Alert in the dropdown menu, at www.aaai.org/cgi-dada/mail.cgi.

If your email address changes, please be sure to follow the instructions for unsubscribing at your old address and subscribing at your new address for each of these lists.

AAAI Job Bank

Check out the latest AI job postings at www.aaai.org/Magazine/job-bank.php. Postings may also be submitted at the same site.

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 220,498
Investments	6,304,930
Accounts receivable	17,861
Inventory	136,737
Prepaid expenses	31,113
Deposits	8,521
Total Current Assets	6,719,660
Non-Current Assets	
Equipment, net of accumulated depreciation	19,955
Total Assets	<u>\$ 6,739,615</u>
LIABILITIES	
Accounts payable	\$ 41,326
Accrued vacation	44,148
Funds held in trust for other organizations	209,725
Unearned membership fees	295,762
Other deferred revenues	16,347
Total Liabilities	607,308
NET ASSETS	
Unrestricted	6,132,307
Total Liabilities and Net Assets	<u>\$ 6,739,615</u>

See the accompanying notes to financial statements.

Statement of Financial Position December 31, 2009.

Association for the Advancement of Artificial Intelligence (A California Nonprofit Corporation) Financial Statements December 31, 2009 with Independent Auditor's Report

Independent Auditor's Report

The Board of Directors
Association for the Advancement of
Artificial Intelligence
Menlo Park, California

We have audited the accompanying statement of financial position of the Association for the Advancement of Artificial Intelligence (a California nonprofit corporation) as of December 31, 2009, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Association for the Advancement of Artificial Intelligence's management. Our responsibility

is to express an opinion on these 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 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 audit provides 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 Association for the Advancement of Artificial Intelligence as of December 31, 2009, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Vavrinek, Trine, Day & Co., LLP
Palo Alto, California
April 8, 2010

Revenues	
Program revenues	\$ 1,373,299
Membership fees	364,616
Investment income, net of investment expenses	1,202,381
Other income	1,959
Total Support and Revenues	2,942,255
Expenses	
Program services	1,375,216
Membership services	283,014
Supporting services	403,271
Total program and supporting services	2,061,501
CHANGE IN NET ASSETS	880,754
NET ASSETS, BEGINNING OF YEAR	5,251,553
NET ASSETS, END OF YEAR	\$ 6,132,307

See the accompanying notes to financial statements.

Statement of Activities for the Year Ended December 31, 2009.

	Program Services	Membership Services	Supporting Services	Total
Program Services				
AAAI press	\$ 103,205	\$ -	\$ -	\$ 103,205
Symposium	144,351	-	-	144,351
Tutorials	24,420	-	-	24,420
AAAI/IAAI Technical	682,114	-	-	682,114
AIIDE	48,660	-	-	48,660
ICWSM	88,506	-	-	88,506
Exhibits	23,903	-	-	23,903
Grants	211,788	-	-	211,788
Workshop	37,429	-	-	37,429
Membership Services				
AI Magazine	-	154,429	-	154,429
Salaries	-	89,316	-	89,316
Employee benefits	-	23,442	-	23,442
Other membership support	-	15,827	-	15,827
Support Services				
Salaries	-	-	109,328	109,328
Employee benefits	-	-	28,611	28,611
Rent	-	-	109,164	109,164
Web development and maintenance	-	-	41,732	41,732
Other operating expenses	-	-	114,436	114,436
Total Expenses	\$ 1,375,216	\$ 283,014	\$ 403,271	\$ 2,061,501

See the accompanying notes to financial statements.

Statement of Functional Expenses for the Year Ended December 31, 2009.

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 880,754
Adjustments to reconcile change in net assets to net cash provided by operations	
Depreciation	9,359
Unrealized and realized loss on investment	(1,035,210)
Decrease in accounts receivable	20,610
Decrease in inventory	13,379
Decrease in prepaid expenses	41,346
Increase in deposit	(246)
Decrease in accounts payable	(3,304)
Decrease in accrued vacation	(7,900)
Increase in funds held in trust	72,740
Decrease in unearned membership fees	(4,016)
Decrease in other deferred revenues	(39,000)
Net Cash Used by Operating Activities	(51,488)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furnishings and equipment	(7,006)
Sale of investments	838,130
Purchase of investments, net of purchases fees	(703,469)
Net Cash Provided by Investing Activities	127,655
NET DECREASE IN CASH AND CASH EQUIVALENTS	76,167
CASH AND CASH EQUIVALENTS, Beginning of Year	144,331
CASH AND CASH EQUIVALENTS, End of Year	\$ 220,498

See the accompanying notes to financial statements.

Statement of Cash Flows for the Year Ended December 31, 2009

Notes to Financial Statements December 31, 2009

Note #1. Nature of Organization and Significant Accounting Policies

Organization. The Association for the Advancement of Artificial Intelligence (the "Association") was incorporated in the State of California in 1979 as a nonprofit scientific society to encourage the basic knowledge of what constitutes intelligent thought and behavior and how it can be exhibited in computers. This is accomplished primarily by the *AI Magazine*, the publications of AAAI Press, the AAAI Conference on Artificial Intelligence (AAAI), the Conference on Innovative Applications of Artificial Intelligence (IAAI), the conference on Artificial Intelligence and Interactive Digital Entertainment (AIIDE), the AAAI Conference on Weblogs and Social Media (ICWSM), the AAAI Spring and Fall Symposium Series, the AAAI Workshop program, AAAI student

programs, and a series of AI-related annual competitions and exhibitions, including those on robotics, poker, general game playing, and AI videos. In addition, AAAI awards grants, scholarships, and other honors. Finally, AAAI's World Wide Web Site serves as a central resource for individuals involved in AI research.

Financial Statement Presentation. The Association presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association is required to report 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. The Association only has unrestricted net assets. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted

contributions. In addition, the Association is required to present a statement of cash flows. As permitted by the statement, the Association does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

Investments. The Association presents its investments in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. All investment income and gains are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Inventories. All inventories are valued at

Investments are stated at fair market value and consist of the following:

Common and preferred stocks	\$ 4,330,473
U.S. obligation bonds	1,405,813
Corporation bonds	568,644
Total	<u>\$ 6,304,930</u>

Investment activity for the year ended December 31, 2009 consisted of the following:

Realized losses on investments	\$ (270,210)
Unrealized gains on investments	1,305,420
Interest and dividends	167,393
Total investment income	1,202,603
Investment expenses	(222)
Total investment income, net of expenses	<u>\$ 1,202,381</u>

Note #2. Investment Securities.

Property and equipment at December 31, 2009, consisted of the following:

	Beginning of Year	Additions	Deletions	End of Year
Equipment	\$ 71,656	\$ 7,006	\$ -	\$ 78,662
Accumulated depreciation	(49,348)	(9,359)	-	(58,707)
	<u>\$ 22,308</u>	<u>\$ (2,353)</u>	<u>\$ -</u>	<u>\$ 19,955</u>

Note #3. Equipment.

cost, using the weighted average method. The Association's inventories consist of AAAI Press Books and CD ROMs.

Equipment. Equipment is stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight line method based on the assets' estimated useful lives ranging from five to ten years. Depreciation expense for the year ended December 31, 2009, was \$9,359.

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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. There is no significant estimate during the reporting period.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days.

Income Taxes. The Association is a nonprofit

corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Federal and California taxes were paid during 2009 on earnings from sales of mailing lists and advertising.

Allocation of Functional Expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs benefited.

Note # 2 Investment Securities
See shaded box above.

Note #3 Equipment
See shaded box above.

Note #4. Memberships
Annual membership in the Association is \$120 for individuals, \$50 for student members, and \$245 for academic or corporate libraries. The annual membership fees also include a subscription price to the AI magazine of \$40 per year. An additional \$20 postage fee applies to members outside of the U.S. and Canada. Three year, five year, and lifetime memberships are also available. Revenues from membership fees are

earned ratably over the respective membership period. Lifetime membership fees are recognized as income over ten years.

Note #5. Pension Benefits

The Association sponsors a pension plan under Section 403(b) of the Internal Revenue Code. The plan is a defined contribution plan. The Association contributes to individual accounts five percent of their salaries for regular, full-time employees who have worked a minimum of two years at AAAI. In addition, AAAI matches employees' contributions up to five percent of their salaries for regular, full-time employees who have worked a minimum of two years at AAAI.

Note #6. Lease Commitments

The Association sponsors entered into a lease agreement for its office space expiring on September 30, 2011. The Association is committed to make minimum annual lease payments of \$112,815 (2010), and \$96,351 (2011) (total: \$209,166).

Note #7. Related Party Transactions

A business owned by an individual related to a key employee of the Organization provides printing and/or consulting services to the Organization. During the year ended December 31, 2009, the amount paid for those services was approximately \$188,460.