

**Retirement Program of the U.S.
Citizen and Resident Alien Employees
of the American University of Beirut**

Financial Statements

December 31, 2009



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Trustees of Retirement Program of the U.S. Citizen and Resident Alien Employees of the American University of Beirut

We were engaged to audit the statement of net assets available for benefits of Retirement Program of the U.S. Citizen and Resident Alien Employees of the American University of Beirut (the "Plan") as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009 and the supplemental Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year). These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by the Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2009 and 2008 and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements and supplemental schedule that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
July 14, 2010

**Retirement Program of the U.S. Citizen
and Resident Alien Employees of the American University of Beirut**

Statements of Net Assets Available for Benefits

December 31,

	2009	2008
ASSETS		
Investments		
Mutual funds	\$ 12,151,889	\$ 7,366,865
Participant contributions receivable	-	264
Total Assets	12,151,889	7,367,129
LIABILITIES		
	-	-
Net Assets Available for Benefits	\$ 12,151,889	\$ 7,367,129

See notes to financial statements

**Retirement Program of the U.S. Citizen
and Resident Alien Employees of the American University of Beirut**

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2009

ADDITIONS

Contributions

Participant	\$ 1,236,238
Employer	1,563,998
Rollovers	<u>96,012</u>

Total Contributions 2,896,248

Investment Income

Net appreciation in fair value of investments	1,896,379
Dividends	<u>229,362</u>

Total Investment Income 2,125,741

Total Additions 5,021,989

DEDUCTIONS

Benefit payments 237,229

Net Increase 4,784,760

NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year 7,367,129

End of year \$ 12,151,889

See notes to financial statements

**Retirement Program of the U.S. Citizen
and Resident Alien Employees of the American University of Beirut**

Notes to Financial Statements

1. Description of Plan

Effective January 1, 1981, the American University of Beirut adopted the Retirement Program of the U.S. Citizen and Resident Alien Employees of the American University of Beirut (the "Plan"). Effective January 1, 2006, the Plan document was amended and restated, and the Tax Deferred Annuity Program for U.S. Citizen and Resident Alien Employees of the American University of Beirut was merged into the Plan. Effective January 1, 2009, the Plan has been amended and restated, including certain provisions effective at later dates.

The following description of the Plan provides only general information about the Plan. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all employees of American University of Beirut (the "University") who are at least 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions

Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions up to the statutorily permitted amount. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the plan. There is an annual limit as to the amount that can be deducted from compensation that is determined by Internal Revenue Code ("IRC") guidelines.

The University makes matching contributions in the amount equal to 10% of each participant's annual compensation based on IRC annual limit by guidelines on each participants account provided the participant contributes a minimum of 5% of their annual compensation.

Vesting

A participant is one hundred (100%) percent vested in both participant and matching contributions including allocated earnings thereon at all times.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Plan earnings on his or her specific investments and employer matching contributions. Allocations of plan earnings are based on each participant's account balance while employer contribution allocations of earnings are based on the participant's compensation. The benefit to which a participant is entitled is the amount accumulated in the participant's vested account.

**Retirement Program of the U.S. Citizen
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Notes to Financial Statements

1. Description of Plan *(continued)*

Payment of Benefits

Benefits are paid upon retirement, death, disability, or termination of employment. Upon termination of service due to death, disability, retirement or other reason, a participant is entitled to receive a distribution in the amount equal to the value of the participant's vested interest in his or her account.

2. Summary of Significant Accounting Policies

Basis of Accounting and 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.

Fair Value of Financial Instruments

The Plan follows Financial Accounting Standards Board (“FASB”) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of mutual funds are valued at quoted market prices. Purchase and sales of securities are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income which are reinvested.

Payment of Benefits

Benefits are recorded when paid.

**Retirement Program of the U.S. Citizen
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Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 14, 2010.

3. Information Certified by Trustee

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-5 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, the trustee, Vanguard Fiduciary Trust Company, certified to the completeness and accuracy of all the investments reflected in the accompanying statements of net assets available for benefits as of December 31, 2009 and 2008 and the supplemental Schedule H, Part IV, Line 4i, Schedule of Assets (Held at End of Year) as of December 31, 2009 and the related investment activity reflected in the statement of changes in net assets available for benefits for the year ended December 31, 2009.

4. Investments

The investments are measured at fair value and are categorized as Level 1 investments.

The following investments represent 5% or more of Plan's net assets available for benefits at December 31:

	<u>2009</u>	<u>2008</u>
Vanguard Explorer Fund Investor Shares	\$ 910,372	\$ 499,658
Vanguard Prime Money Market Fund	1,028,006	574,868
Vanguard Target Retirement 2015 Fund	1,806,667	1,300,649
Vanguard Target Retirement 2025 Fund	2,390,566	1,456,798
Vanguard Target Retirement 2035 Fund	1,298,904	759,334
Vanguard Total Bond Market Index Fund Investor Shares	759,052	527,021
Vanguard Total International Stock Index Fund	1,158,885	646,161

The Plan's investments (including investments bought and sold, as well as held during the year) appreciation in value for the year ended December 31, 2009 amounted to \$1,896,379.

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Notes to Financial Statements

5. Plan Termination

Although it has not expressed any interest to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provision of ERISA.

6. Tax Status

The plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

7. Party-in-Interest

Certain investments are managed by Vanguard Fiduciary Trust Company, the Plan's trustee. Accordingly, these transactions are considered party-in-interest transactions. All costs for administrative services are borne by the Employer.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Retirement Program of the U.S.
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of the American University of Beirut**

Supplemental Schedule

December 31, 2009

**Retirement Program of the U.S. Citizen
and Resident Alien Employees of the American University of Beirut**

Schedule Pursuant to Department of Labor Requirements

December 31, 2009

Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)

EIN 13-5596846
Plan # 001

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Rate of Interest, Collateral, Maturity Date, Par or Maturity Value	(e) Current Value
	MUTUAL FUNDS	SHARES	
*	Vanguard 500 Index Fund Investor Shares	4,986	\$ 511,938
*	Vanguard Explorer Fund Investor Shares	15,888	910,372
*	Vanguard FTSE Social Index Fund Investor Shares	4,242	28,253
*	Vanguard Mid-Cap Index Fund Investor Shares	20,967	343,016
*	Vanguard Morgan Growth Fund Investor Shares	12,052	184,037
*	Vanguard Prime Money Market Fund	1,028,066	1,028,006
*	Vanguard Target Retirement 2005 Fund	11,791	129,469
*	Vanguard Target Retirement 2010 Fund	3,850	79,009
*	Vanguard Target Retirement 2015 Fund	159,741	1,806,667
*	Vanguard Target Retirement 2020 Fund	20,115	401,499
*	Vanguard Target Retirement 2025 Fund	211,181	2,390,566
*	Vanguard Target Retirement 2030 Fund	3,844	74,236
*	Vanguard Target Retirement 2035 Fund	111,782	1,298,904
*	Vanguard Target Retirement 2040 Fund	2,187	41,669
*	Vanguard Target Retirement 2045 Fund	42,407	509,734
*	Vanguard Target Retirement 2050 Fund	1,695	32,389
*	Vanguard Target Retirement Income	9,299	98,472
*	Vanguard Total Bond Market Index Fund Investor Shares	73,338	759,052
*	Vanguard Total International Stock Index Fund	80,422	1,158,885
*	Vanguard Windsor II Fund Investor Shares	15,444	365,716
	Total Assets (Held at End of Year)		<u>\$ 12,151,889</u>

* Represents a party-in-interest as defined as ERISA