

**American Academy of Religion, Inc.  
& Subsidiaries**

**Consolidated Financial Statements**  
June 30, 2014 and 2013

# American Academy of Religion, Inc. & Subsidiaries

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**INDEPENDENT AUDITOR'S REPORT**

To the Finance Committee  
American Academy of Religion, Inc.

We have audited the accompanying consolidated financial statements of **American Academy of Religion, Inc. & Subsidiaries** (the Academy), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Academy's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Academy of Religion, Inc. & Subsidiaries as of June 30, 2014 and 2013, and the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

November 21, 2014

*Windham Brannon, P.C.*  
Certified Public Accountants

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statements of Financial Position June 30, 2014 and 2013

	2014	2013
<b>Assets</b>		
Cash in banks	\$ 485,870	\$ 529,623
Accounts receivable, net	63,099	54,589
Related party receivable	21,842	50,765
Prepaid expenses and other assets	41,405	24,026
Furniture and software, net	331,994	409,353
Share of Luce Center assets, net	2,046,770	1,992,884
Marketable securities	7,603,482	6,783,324
<b>Total assets</b>	<b>\$ 10,594,462</b>	<b>\$ 9,844,564</b>
<b>Liabilities and net assets</b>		
Line of credit	\$ 225,000	\$ 225,000
Accounts payable and accrued expenses	91,347	203,027
Related party payable	110,462	208,112
Accrued vacation	97,699	80,391
Deferred revenue - membership	398,495	442,728
Deferred revenue - annual meeting	740,028	663,912
<b>Total liabilities</b>	<b>1,663,031</b>	<b>1,823,170</b>
<b>Net assets</b>		
Unrestricted	6,483,454	5,843,877
Temporarily restricted	1,247,977	977,517
Permanently restricted	1,200,000	1,200,000
<b>Total net assets</b>	<b>8,931,431</b>	<b>8,021,394</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,594,462</b>	<b>\$ 9,844,564</b>

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

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and other support</b>				
Membership dues	\$ 963,390	\$ -	\$ -	\$ 963,390
Regional and annual meeting registration and exhibits	1,342,113	-	-	1,342,113
Employment information services	86,881	-	-	86,881
Label sales	31,178	-	-	31,178
Royalties	18,076	328	-	18,404
Publications	58,694	-	-	58,694
Contributions and gifts in kind	31,542	-	-	31,542
Luce Center rental income	109,935	-	-	109,935
Interest and dividends	71,001	30,158	-	101,159
Miscellaneous	959	-	-	959
Net assets released from restrictions	100,242	(100,242)	-	-
<b>Total revenues and other support</b>	<b>2,814,011</b>	<b>(69,756)</b>	<b>-</b>	<b>2,744,255</b>
<b>Expenses</b>				
<b>Program</b>				
Research and publications	135,948	-	-	135,948
Member services	968,634	-	-	968,634
Professional development services	139,510	-	-	139,510
External relations	115,572	-	-	115,572
Regional and annual meeting	998,455	-	-	998,455
<b>Total program expenses</b>	<b>2,358,119</b>	<b>-</b>	<b>-</b>	<b>2,358,119</b>
Luce center expenses	136,204	-	-	136,204
General and administrative	173,304	-	-	173,304
Fundraising	21,209	-	-	21,209
<b>Total expenses</b>	<b>2,688,836</b>	<b>-</b>	<b>-</b>	<b>2,688,836</b>
<b>Increase (decrease) in net assets before depreciation and amortization and investment gains</b>	<b>125,175</b>	<b>(69,756)</b>	<b>-</b>	<b>55,419</b>
<b>Depreciation</b>	<b>(280,116)</b>	<b>-</b>	<b>-</b>	<b>(280,116)</b>
<b>Investment gains</b>	<b>794,518</b>	<b>340,216</b>	<b>-</b>	<b>1,134,734</b>
<b>Increase in net assets</b>	<b>639,577</b>	<b>270,460</b>	<b>-</b>	<b>910,037</b>
<b>Net assets, beginning of year</b>	<b>5,843,877</b>	<b>977,517</b>	<b>1,200,000</b>	<b>8,021,394</b>
<b>Net assets, end of year</b>	<b>\$ 6,483,454</b>	<b>\$ 1,247,977</b>	<b>\$ 1,200,000</b>	<b>\$ 8,931,431</b>

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

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and other support</b>				
Membership dues	\$ 935,511	\$ -	\$ -	\$ 935,511
Regional and annual meeting registration and exhibits	1,366,514	-	-	1,366,514
Employment information services	113,423	-	-	113,423
Label sales	35,570	-	-	35,570
Royalties	12,704	-	-	12,704
Publications	57,241	-	-	57,241
Contributions and gifts in kind	194,670	3,535	-	198,205
Luce Center rental income	122,500	-	-	122,500
Interest and dividends	77,531	31,866	-	109,397
Miscellaneous	22,519	-	-	22,519
Net assets released from restrictions	173,368	(173,368)	-	-
<b>Total revenues and other support</b>	<b>3,111,551</b>	<b>(137,967)</b>	<b>-</b>	<b>2,973,584</b>
<b>Expenses</b>				
<b>Program</b>				
Research and publications	125,962	-	-	125,962
Member services	883,352	-	-	883,352
Professional development services	205,152	-	-	205,152
External relations	101,282	-	-	101,282
Regional and annual meeting	1,338,432	-	-	1,338,432
<b>Total program expenses</b>	<b>2,654,180</b>	<b>-</b>	<b>-</b>	<b>2,654,180</b>
Luce center expenses	161,458	-	-	161,458
General and administrative	210,274	-	-	210,274
Fundraising	19,256	-	-	19,256
<b>Total expenses</b>	<b>3,045,168</b>	<b>-</b>	<b>-</b>	<b>3,045,168</b>
<b>Increase (decrease) in net assets before depreciation and amortization and investment losses</b>	<b>66,383</b>	<b>(137,967)</b>	<b>-</b>	<b>(71,584)</b>
<b>Depreciation</b>	<b>(192,470)</b>	<b>-</b>	<b>-</b>	<b>(192,470)</b>
<b>Investment gains</b>	<b>395,171</b>	<b>180,852</b>	<b>-</b>	<b>576,023</b>
<b>Increase in net assets</b>	<b>269,084</b>	<b>42,885</b>	<b>-</b>	<b>311,969</b>
<b>Net assets, beginning of year</b>	<b>5,574,793</b>	<b>934,632</b>	<b>1,200,000</b>	<b>7,709,425</b>
<b>Net assets, end of year</b>	<b>\$ 5,843,877</b>	<b>\$ 977,517</b>	<b>\$ 1,200,000</b>	<b>\$ 8,021,394</b>

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

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows For the Years Ended June 30, 2014 and 2013

	2014	2013
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 910,037	\$ 311,969
Reconciliation of increase (decrease) in net assets to net cash used in operating activities		
Depreciation	280,116	192,470
Investment (gains)	(1,134,734)	(576,023)
Loss on sale of equipment	2,542	-
Changes in assets and liabilities:		
Accounts receivable	(8,510)	(18,873)
Grant receivable	-	100,000
Related party receivable	28,923	(49,265)
Prepaid expenses	(17,379)	41,730
Accounts payable and accrued expenses	(111,680)	(15,009)
Related party payable	(97,650)	31,327
Accrued vacation	17,308	(3,147)
Deferred revenue	31,883	(87,616)
<b>Net cash used in operating activities</b>	<b>(99,144)</b>	<b>(72,437)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(174,056)	(210,213)
Proceeds from sale of marketable securities	5,918,920	465,625
Purchase of marketable securities	(5,689,473)	(108,657)
<b>Net cash provided by investing activities</b>	<b>55,391</b>	<b>146,756</b>
<b>Cash flows from financing activities</b>		
Repayments of line of credit	-	(20,000)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(20,000)</b>
<b>Net (decrease) increase in cash</b>	<b>(43,753)</b>	<b>54,319</b>
<b>Cash at beginning of year</b>	<b>529,623</b>	<b>475,304</b>
<b>Cash at end of year</b>	<b>\$ 485,870</b>	<b>\$ 529,623</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 4,949	\$ 7,477
Write-off of fully depreciated furniture and software	\$ 21,231	\$ 18,885

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

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

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### 1. Nature of Operations and Summary of Significant Accounting Policies

The American Academy of Religion, Inc. (the Academy) is a nonprofit organization established to promote the study of religion and to provide a forum for the interchange of scholarly works for the benefit of its members. Membership in the Academy is composed of scholars and students who share an interest in this field and who support the work of the Academy on behalf of the scholarly study and teaching of religion.

The accompanying consolidated financial statements include ten regions (Regions) of the Academy that were acquired by the Academy as of July 1, 2011 (collectively the Academy). The Regions are nonprofit organizations which support the work of the Academy at a regional level. The fair value of the Regions' net assets at the acquisition date was \$74,492 composed entirely of unrestricted cash.

#### Principles of Consolidation

The consolidated financial statements include the Academy and the Regions as of and for the years ended June 30, 2014 and 2013. All significant intercompany transactions have been eliminated in the presentation of these consolidated financial statements.

#### Basis of Accounting

The consolidated financial statements of the Academy have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

The Academy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted, based on stipulations made by the donors. These three classifications are defined as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations, including board designated endowments.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Academy and/or the passage of time.



# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

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Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income earned on related investments for general or specific purposes.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash in Banks**

The Academy maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). At times cash balances may exceed FDIC insured limits.

### **Marketable Securities**

All investments in marketable securities are reported at fair value as determined by quoted prices in an active market (Level 1), with gains and losses included in the Statements of Activities and Changes in Net Assets.

### **Receivables**

Receivables are primarily for advertising and rental of exhibit booths for the annual meeting and are recorded at the amount of cash estimated as realizable. The Academy provides reserves for uncollectible accounts when accounts are deemed uncollectible. At June 30, 2014 and 2013, accounts receivable are net of an allowance for doubtful accounts of \$1,500.

### **Furniture and Software**

Furniture and software are recorded at cost. Depreciation is recorded using the straight-line method over estimated useful lives ranging from three to seven years. The Academy's policy is to capitalize furniture and software additions exceeding \$1,000.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

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### **Revenue Recognition**

Unconditional contributions are recognized as support to the Academy in the period in which the pledge is made which is generally when received. Contributions with donor-imposed restrictions are classified as temporarily restricted or permanently restricted contributions according to the donor stipulations.

Unconditional promises to give that are expected to be collected in more than one year are recorded as revenues at net realizable value.

Contributions with donor imposed restrictions that have been spent in the same year have been recorded as unrestricted contributions.

Membership dues and annual meeting registration are recorded in the period earned.

The Academy earns revenue for advertising employment opportunities for credentialed scholars in religion at various institutions. Revenue is recognized when received which is not materially different than when earned.

### **Deferred Revenue**

Membership fees and subscriptions received from the Academy's members for future years' dues and subscriptions and monies received in advance for Annual Meetings are deferred and recognized as revenue in the period to which they relate.

### **Shipping and Handling Costs**

The Academy reports shipping and handling fees charged to members as part of membership dues and the associated expense as part of functional expenses.

### **Donated Space**

Donated space of \$167,500 has been reflected in the financial statements for fiscal 2013 for the fair value of a convention center for the meetings held by the Academy. Fair value was computed using market rate for its regular rental.

### **Income Taxes**

The Academy is classified as a Section 501(c)(3) publicly supported charity under the Internal Revenue Code. The Academy is generally exempt from income taxes on activities related to its exempt purpose. Accordingly, no provision for Federal and state income taxes is required.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

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Management of the Academy considers the likelihood of changes by taxing authorities in its filed income tax returns and would recognize a liability for or disclose potential significant changes that management believes are more likely than not to occur, including changes to the Academy's status as a not-for-profit entity. Management believes the Academy met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Academy's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

### **Reclassification**

Certain amounts in the fiscal year 2013 financial statements have been reclassified to conform to the fiscal year 2014 presentation. The reclassifications had no effect on previously reported changes in net assets or net assets.

### **Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 21, 2014, which is the date the financial statements were available to be issued.

## **2. Marketable Securities**

In fiscal 2014, the Board utilized Suntrust Bank investment guidelines for growth with income. These guidelines allocate investments to equity from 50-80%, to fixed income 20-40%, cash 0-10%, and non-traditional at 0-30%.

The Board of Directors had previously established investment portfolio guidelines that allocate 10-50% of the market value of the portfolio to fixed income and bond securities and 25-70% of the market value to equity securities and alternative investments.

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the volatility related to changes in the value of investment securities, it is at least reasonably possible that changes in market values in the near term would affect the amounts reported in the accompanying financial statements.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

The Academy held investments at June 30, 2014 and 2013 as follows:

	2014	2013
<b>Mutual Funds:</b>		
Money Market	\$ 179,052	\$ 825,892
Fixed Income/Bond Funds	1,984,954	2,431,882
Growth Funds	-	1,895,582
Value Funds	-	559,466
Emerging Markets	584,167	382,955
Foreign Funds	865,432	687,547
<b>Total Mutual Funds</b>	<b>3,613,605</b>	<b>6,783,324</b>
<b>Equities:</b>		
Energy	371,256	-
Materials	201,872	-
Industrials	459,822	-
Consumer Discretionary	543,173	-
Consumer Staples	274,751	-
Health Care	533,889	-
Financials	768,510	-
Information Technology	659,138	-
Telecommunication Services	38,501	-
Utilities	138,965	-
<b>Total Equities</b>	<b>3,989,877</b>	<b>-</b>
<b>Total Marketable Securities</b>	<b>\$ 7,603,482</b>	<b>\$ 6,783,324</b>

Total investment return was allocated to the following categories of net assets:

	2014		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 71,001	\$ 30,158	\$ 101,159
Realized gains	528,714	172,688	701,402
Unrealized gains	265,804	167,528	433,332
	<b>\$ 865,519</b>	<b>\$ 370,374</b>	<b>\$ 1,235,893</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

	2013		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 77,531	\$ 31,866	\$ 109,397
Realized gains	473,459	151,899	625,358
Unrealized gains (losses)	(78,288)	28,953	(49,335)
	<b>\$ 472,702</b>	<b>\$ 212,718</b>	<b>\$ 685,420</b>

### 3. Luce Center

As of June 30, 2001, the Academy and the Society of Biblical Literature (SBL) entered into a tenancy in common agreement in order to accept certain assets and liabilities from Scholars Press known as the Luce Center.

Summarized financial information for the years ended June 30, 2014 and 2013 for the Luce Center assets is as follows:

	2014	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,812,720	\$ 2,406,360
Furniture	41,924	20,962
Leasehold interest in land	165,000	82,500
Accumulated depreciation	(1,918,296)	(959,148)
Restricted investments, at fair value	992,192	496,096
<b>Share of Luce Center</b>	<b>\$ 4,093,540</b>	<b>\$ 2,046,770</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

	2013	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,729,220	\$ 2,364,610
Furniture	41,924	20,962
Leasehold interest in land	165,000	82,500
Accumulated depreciation	(1,772,310)	(886,155)
Restricted investments, at fair value	821,934	410,967
Share of Luce Center	\$ 3,985,768	\$ 1,992,884

The Academy's share of unrestricted and restricted investments at June 30, 2014 and 2013 consist of the following:

	2014	2013
TIAA-CREF Bond Plus Fund	\$ 82,647	\$ 78,101
TIAA-CREF Social Choice Equity Fund	189,723	153,584
TIAA-CREF Equity Index Fund	223,726	179,283
Total	\$ 496,096	\$ 410,967

#### 4. Furniture and Software

	2014	2013
Furniture	\$ 65,597	\$ 71,872
Software	655,156	550,182
	720,753	622,054
Accumulated depreciation	(388,759)	(212,701)
	\$ 331,994	\$ 409,353

Depreciation expense was \$280,116 and \$192,470 for the years ended June 30, 2014 and 2013, respectively.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

### 5. Line of Credit

The Academy entered into a line of credit with a financial institution that matures on demand in the amount of \$250,000. Outstanding borrowings under the line of credit carry interest at the London Interbank Offered Rate (LIBOR) plus 2.25% with a floor of 3.0%. The interest rate was 3.0% at June 30, 2014 and 2013. Payments of monthly interest only are required until maturity. Certain investment accounts of the Academy are pledged as collateral. Interest paid on this borrowing was \$4,949 and \$7,477 in fiscal year 2014 and 2013, respectively.

### 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 and 2013 consist of the following:

	2014	2013
<b>Funds functioning as endowment:</b>		
Research grants	\$ 360,318	\$ 276,565
Publications	256,441	188,328
Annual meeting speakers	94,205	72,803
Share of Luce Center endowment earnings	246,095	160,966
Raj endowment earnings	33,551	18,375
<b>Total funds functioning as endowment</b>	<b>990,610</b>	<b>717,037</b>
<b>Other temporarily restricted net assets:</b>		
<b>Time and purpose restricted</b>		
Luce Religious Pluralism Grant	58,693	59,288
<b>Purpose Restricted</b>		
Lilly Strengthening College and University Religion and Theology	9,613	9,613
American Lecture in History of Religions	181,615	161,217
Teagle Foundation	977	21,948
Religion and Ecology	4,734	4,734
Student annual meeting scholarship	835	2,280
Hinduism Unit	900	900
Other	-	500
<b>Total</b>	<b>\$ 1,247,977</b>	<b>\$ 977,517</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

### 7. Net Assets Released from Temporary Restrictions

Net assets released from temporary restrictions for the years ended June 30, 2014 and 2013 consist of the following:

	2014	2013
Research Grants	\$ 31,348	\$ 28,715
Publications	24,434	23,532
Annual Meeting Speakers	8,015	7,524
Teagle Foundation	20,971	4,023
Raj Endowment Earnings	5,000	5,000
Luce Endowment Earnings	-	11,821
American Lecture in History of Relations	7,935	7,715
Public Understanding of Religion	500	-
Student Annual Meeting Scholarship	1,445	1,240
Lilly Strengthening College and University Religion and Theology	-	834
Luce Religious Pluralism Grant	594	82,964
<b>Total</b>	<b>\$ 100,242</b>	<b>\$ 173,368</b>

### 8. Permanently Restricted Net Assets and Endowments

The Academy has certain endowments that have been donated over the years to provide income for the operations of the Academy, meetings, and other purposes. The principal amounts of the initial gifts have been presented as permanently restricted net assets in the accompanying statements of financial position. The cumulative amount of the net appreciation on the valuation of the investments since the initial gift dates has been included in either unrestricted or temporarily restricted net assets in the accompanying statements of financial position according to whether any donor-imposed restrictions were specified at the time of donation. The net assets associated with the endowment funds are classified and reported based on the existence or absence of donor restrictions.



# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

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The Academy has interpreted the “Uniform Prudent Management of Institutional Funds Act” (UPMIFA), as adopted by the State of Georgia, 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, the Academy classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of 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 the Academy in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Academy and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Academy
- (7) The investment policies of the Academy.

When the Academy designates unrestricted funds to function as endowments, they are classified as unrestricted net assets.

### **Relationship of Spending Policy to Investment Objectives**

The Board of Directors has determined that no more than five percent of a three-year average of the market value of the endowment portion of marketable securities may be transferred to temporarily restricted funds in any given year. The market value is determined as of the last day of December. Any remaining gains and losses, after the transfer, are considered additions or reductions in the principal amount of the endowment fund and are reported as increases or decreases in temporarily restricted net assets. For the years ended June 30, 2014 and 2013, the total amount of income and gains transferred was \$68,797 and \$76,592, respectively.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

The following table presents the Academy's endowment composition, changes, and net asset classifications as of and for the years ended June 30, 2014 and 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets,				
June 30, 2012	\$ -	\$ 595,760	\$ 1,200,000	\$ 1,795,760
Investment gain	-	197,869	-	197,869
Releases from restriction	-	(76,592)	-	(76,592)
Endowment net assets,				
June 30, 2013	-	717,037	1,200,000	1,917,037
Investment gain	-	342,370	-	342,370
Releases from restriction	-	(68,797)	-	(68,797)
Endowment net assets				
June 30, 2014	\$ -	\$ 990,610	\$ 1,200,000	\$ 2,190,610

### Return Objectives and Risk Parameters

The Academy has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets.

### Permanently Restricted Net Assets

The nature of the permanently restricted net asset endowments balance at June 30, 2014 and 2013 is summarized as follows:

	2014	2013
Grants	\$ 500,000	\$ 500,000
Publications	350,000	350,000
Annual meeting speakers	100,000	100,000
Luce Center endowment corpus	250,000	250,000
<b>Total</b>	<b>\$ 1,200,000</b>	<b>\$ 1,200,000</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

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### 9. Related Party Transactions

The Academy was a sponsor of Scholars Press, a nonprofit organization that provided publishing, membership and subscription processing, and accounting services to the Academy and other sponsoring nonprofit organizations. Scholars Press distributed books and periodicals on behalf of sponsors primarily through mail order sales to sponsors' members, as well as to libraries and universities. The Academy also published a quarterly journal, the *Journal of the American Academy of Religion* with the assistance of Scholars Press.

During the fiscal year ended June 30, 2001, Scholars Press terminated its operations and began liquidating its assets and settling all its liabilities. Accordingly, the Academy began performing internally or outsourcing these services to unrelated third parties.

As of June 30, 2001, the Academy and SBL entered into a joint tenancy in common agreement in order to accept certain assets and liabilities from Scholars Press. The agreement stipulated that the net book value of the building at that time of \$4,028,296, net of accumulated depreciation of \$342,569, the related building endowment fund, including accumulated earnings of \$593,085 and the related building debt of \$441,666 be shared equally between the two owners. A building account was opened, and all revenues and expenses related to the building are recorded in this account. The two owners pay sixty cents per square foot per month. All net revenues or expenses are shared equally by the two owners.

The Academy's share of rental income was \$109,935 and \$122,500 and direct expenses were \$123,585 and \$161,458 for the years ended June 30, 2014 and 2013, respectively.

The Academy reimburses Emory University for salaries and benefits paid to its employees, as well as expenses for ground maintenance of its leased property. The Academy had a payable of \$110,462 and \$208,122 recorded at June 30, 2014 and June 30, 2013, respectively, related to these services included in the consolidated statements of financial position.

The property is subject to a ground lease with Emory University. This ground lease has a thirty-year term, expiring in March 2027, with two ten-year extension options available. Scholars Press paid \$30 in advance for the first thirty-year term of the lease. The value of this lease has been estimated by management to be approximately \$3,300 per year for the entire property (see Note 3).

During fiscal year 2012, the Academy began development and implementation of a software product to replace the Academy's current software. An application of this software, the Employment Center, will be used by both SBL and ARR. As such, expenses related to this part of the project are being divided evenly between the Academy and SBL. The Academy had a receivable of \$21,842 and \$50,765 recorded at June 30, 2014 and June 30, 2013, respectively, related to these expenses included in the consolidated statements of financial position.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

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### 10. Retirement Plan

The Academy participates in a defined contribution retirement plan administered through Emory University. Currently, the Academy contributes six percent of each eligible employee's annual regular salary to the plan. Additionally, if the employee also chooses to make a contribution which is based on a percentage of annual regular salary the Academy matches those contributions at the following rates:

<u>Employee Contributes</u>	<u>Academy Matches With</u>
1%	1.5%
2%	3%

The maximum contribution made by the Academy on behalf of an employee is nine percent. Total retirement plan expense for the years ended June 30, 2014 and 2013 was approximately \$78,000 and \$86,000.

### 11. Hotel Contracts

The Academy reserves hotel space for its annual meetings several years in advance. The contracts stipulate the number of rooms to be reserved and the time period for which they are to be reserved. As of June 30, 2014, contracts for hotel space had been entered into through 2021. While the rooms will ultimately be paid for by members of the Academy, the Academy has guaranteed the rooms in advance to ensure availability. In the event the annual meetings are cancelled, or minimum percentages of reserved rooms are not used by members or minimum food and beverage charges are not incurred, the Academy may be liable for a cancellation fee. However, due to the numerous variables involved, the Academy's ultimate liability under these contracts cannot be determined.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

### 12. Functional Expenses

The functional expenses for the year ended June 30, 2014 are:

	Research and Publications	Member Services	Professional Development Services	External Relations	Regional and Annual Meeting	Luce Center Expenses	General and Administrative	Fundraising	Total
Salaries and wages	\$ 44,447	\$ 429,635	\$ 46,059	\$ 58,362	\$ 238,748	\$ 27,085	\$ 87,838	\$ 10,450	\$ 942,624
Payroll taxes and benefits	11,450	110,679	11,865	15,035	61,504	6,775	22,628	2,692	242,628
Staff development	343	3,316	356	451	3,520	174	678	81	8,919
Temporary help	8	91	3,158	8	26,602	2	21	2	29,892
<b>Total personnel</b>	<b>56,248</b>	<b>543,721</b>	<b>61,438</b>	<b>73,856</b>	<b>330,374</b>	<b>34,036</b>	<b>111,165</b>	<b>13,225</b>	<b>1,224,063</b>
Advertising and promotion	-	581	-	1,054	7,798	-	-	-	9,433
Conferences and meetings	2,987	82,210	13,883	2,318	87,813	46	522	1,055	190,834
Dues and subscriptions	258	3,244	260	6,659	1,295	57	649	48	12,470
Equipment rental and maintenance	5,352	68,991	5,389	7,312	51,729	6,349	13,454	3,708	162,284
Grants and subventions	38,675	46,766	25,390	3,289	9,011	52	594	44	123,821
Insurance	465	5,229	468	478	2,330	3,460	1,168	87	13,685
Occupancy	3,721	41,865	3,747	3,825	20,060	81,663	9,355	698	164,934
Postage and shipping	301	9,353	806	312	13,729	64	728	54	25,347
Printing and publications	10,050	4,387	306	51	32,572	11	125	9	47,511
Professional fees	1,537	28,333	2,515	1,580	244,271	1,886	3,864	288	284,274
Service charges and fees	9,987	91,948	7,983	8,148	130,234	4,348	19,930	1,486	274,064
Supplies	287	6,364	378	349	1,625	1,622	688	51	11,364
Telephone	361	4,491	757	365	5,666	1,461	845	63	14,009
Travel and meeting expense	5,602	29,423	16,030	5,856	57,695	440	4,974	371	120,391
Other	117	1,728	160	120	2,253	709	5,243	22	10,352
<b>Total expenses</b>	<b>\$ 135,948</b>	<b>\$ 968,634</b>	<b>\$ 139,510</b>	<b>\$ 115,572</b>	<b>\$ 998,455</b>	<b>\$ 136,204</b>	<b>\$ 173,304</b>	<b>\$ 21,209</b>	<b>\$ 2,688,836</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2014 and 2013

The functional expenses for the year ended June 30, 2013 are:

	Research and Publications	Member Services	Professional Development Services	External Relations	Regional and Annual Meeting	Luce Center Expenses	General and Administrative	Fundraising	Total
Salaries and wages	\$ 32,808	\$ 404,379	\$ 49,932	\$ 46,071	\$ 213,628	\$ 32,431	\$ 99,054	\$ 6,141	\$ 884,444
Payroll taxes and benefits	9,036	111,376	13,753	12,689	58,838	8,932	27,282	1,691	243,597
Staff development	285	3,548	434	400	4,048	282	861	53	9,911
Temporary help	772	9,510	1,174	1,084	23,076	2,390	2,331	144	40,481
<b>Total personnel</b>	<b>42,901</b>	<b>528,813</b>	<b>65,293</b>	<b>60,244</b>	<b>299,590</b>	<b>44,035</b>	<b>129,528</b>	<b>8,029</b>	<b>1,178,433</b>
Advertising and promotion	-	6,341	-	1,095	6,573	-	-	-	14,009
Conferences and meetings	4,373	86,194	31,586	2,765	212,560	501	1,470	1,803	341,252
Dues and subscriptions	208	4,057	415	4,928	2,098	431	1,264	22	13,423
Equipment rental and maintenance	1,588	31,696	3,011	5,682	48,242	8,388	9,641	8,169	116,417
Grants and subventions	38,365	17,319	32,661	3,315	11,108	277	812	14	103,871
Insurance	251	4,529	475	513	5,241	3,045	1,521	26	15,601
Occupancy	2,724	49,223	5,379	5,575	27,711	85,580	16,535	285	193,012
Postage and shipping	232	5,638	430	339	18,991	239	702	195	26,766
Printing and publications	20,374	11,345	1,253	186	32,351	138	404	7	66,058
Professional fees	988	24,914	1,872	2,021	388,373	2,428	5,995	103	426,694
Service charges and fees	7,427	75,468	7,623	8,231	214,744	10,274	24,412	421	348,600
Supplies	192	3,106	1,202	479	5,928	1,514	1,001	17	13,439
Telephone	266	4,706	1,124	491	2,989	1,851	1,426	25	12,878
Travel and meeting expense	5,790	24,399	52,292	4,839	57,433	2,172	6,370	110	153,405
Other	283	5,604	536	579	4,500	585	9,193	30	21,310
<b>Total expenses</b>	<b>\$ 125,962</b>	<b>\$ 883,352</b>	<b>\$ 205,152</b>	<b>\$ 101,282</b>	<b>\$ 1,338,432</b>	<b>\$ 161,458</b>	<b>\$ 210,274</b>	<b>\$ 19,256</b>	<b>\$ 3,045,168</b>