

**AMERICAN ACADEMY OF RELIGION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**AMERICAN ACADEMY OF RELIGION, INC.  
AND SUBSIDIARIES**

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JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of  
American Academy of Religion, Inc. and Subsidiaries  
Atlanta, Georgia**

We have audited the accompanying consolidated financial statements of **American Academy of Religion, Inc. and Subsidiaries** (the "Academy"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and cash flows for the year 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 of America; 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 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 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 the auditor's 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, the auditor considers 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 2019 consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Academy of Religion, Inc. and Subsidiaries as of June 30, 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The consolidated financial statements of American Academy of Religion, Inc. and Subsidiaries as of June 30, 2018, were audited by other auditors whose report dated February 15, 2019, expressed an unmodified opinion on those statements.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
July 16, 2020

**AMERICAN ACADEMY OF RELIGION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash in banks	\$ 822,810	\$ 925,742
Accounts receivable, net of allowance for doubtful accounts	45,414	81,543
Related party receivable	18,939	8,552
Prepaid expenses and other assets	142,830	41,297
Furniture and software, net of accumulated depreciation	70,114	170,238
Work in process - software development	169,815	126,300
Share of Luce Center assets, net of accumulated depreciation	1,981,057	1,978,500
Marketable securities, at fair value	8,045,423	8,255,280
Total assets	\$ 11,296,402	\$ 11,587,452
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 122,110	\$ 91,045
Related party payable	137,052	312,110
Deferred revenue - membership	444,479	362,450
Deferred revenue - annual meeting	871,908	875,089
Total liabilities	1,575,549	1,640,694
Net assets		
Without donor restrictions	6,872,067	7,111,953
With donor restrictions	2,848,786	2,834,805
Total net assets	9,720,853	9,946,758
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,296,402</b>	<b>\$ 11,587,452</b>

**See Notes to Consolidated Financial Statements.**

**AMERICAN ACADEMY OF RELIGION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues and other support			
Membership dues	\$ 671,253	\$ -	\$ 671,253
Regional and annual meeting registration and exhibits	1,430,998	-	1,430,998
Employment information services	75,555	-	75,555
Label sales	16,066	-	16,066
Publications and royalties	52,952	-	52,952
Contributions and gifts in kind	63,693	550	64,243
Luce Center rental income	136,751	-	136,751
Interest and dividends, net of investment expenses	98,994	64,323	163,317
Miscellaneous	2,955	-	2,955
Net assets released from restrictions	218,729	(218,729)	-
	<u>2,767,946</u>	<u>(153,856)</u>	<u>2,614,090</u>
Total revenues and other support			
Expenses			
Program services			
Research and publications	242,167	-	242,167
Member services	769,536	-	769,536
Professional development services	107,499	-	107,499
External relations	479,412	-	479,412
Regional and annual meeting	958,728	-	958,728
	<u>2,557,342</u>	<u>-</u>	<u>2,557,342</u>
Total program expenses			
Supporting services			
Luce Center expenses	147,621	-	147,621
General and administrative	511,210	-	511,210
Fundraising	29,281	-	29,281
	<u>3,245,454</u>	<u>-</u>	<u>3,245,454</u>
Total expenses			
Decrease in net assets before depreciation and investment gains	(477,508)	(153,856)	(631,364)
Depreciation	(189,607)	-	(189,607)
Investment gains (realized and unrealized)	427,229	167,837	595,066
Increase (decrease) in net assets	(239,886)	13,981	(225,905)
<b>Net assets at beginning of year</b>	<u>7,111,953</u>	<u>2,834,805</u>	<u>9,946,758</u>
<b>Net assets at end of year</b>	<u>\$ 6,872,067</u>	<u>\$ 2,848,786</u>	<u>\$ 9,720,853</u>

**See Notes to Consolidated Financial Statements.**

**AMERICAN ACADEMY OF RELIGION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and other support</b>			
Membership dues	\$ 877,988	\$ -	\$ 877,988
Grant revenue	34,000	-	34,000
Regional and annual meeting registration and exhibits	1,637,652	-	1,637,652
Employment information services	75,201	-	75,201
Label sales	23,489	-	23,489
Publications and royalties	22,832	-	22,832
Contributions and gifts in kind	66,113	5,477	71,590
Luce Center rental income	130,070	-	130,070
Interest and dividends, net of investment expenses	92,403	47,185	139,588
Miscellaneous	10,986	-	10,986
Net assets released from restrictions	356,354	(356,354)	-
	<b>3,327,088</b>	<b>(303,692)</b>	<b>3,023,396</b>
<b>Expenses</b>			
<b>Program services</b>			
Research and publications	252,028	-	252,028
Member services	731,386	-	731,386
Professional development services	104,504	-	104,504
External relations	576,694	-	576,694
Regional and annual meeting	1,005,849	-	1,005,849
	<b>2,670,461</b>	<b>-</b>	<b>2,670,461</b>
<b>Supporting services</b>			
Luce Center expenses	139,897	-	139,897
General and administrative	473,847	-	473,847
Fundraising	26,848	-	26,848
	<b>3,311,053</b>	<b>-</b>	<b>3,311,053</b>
Increase (decrease) in net assets before depreciation and investment gains	16,035	(303,692)	(287,657)
Depreciation	(176,545)	-	(176,545)
Investment gains (realized and unrealized)	408,364	182,329	590,693
Increase (decrease) in net assets	247,854	(121,363)	126,491
<b>Net assets at beginning of year</b>	<b>6,864,099</b>	<b>2,956,168</b>	<b>9,820,267</b>
<b>Net assets at end of year</b>	<b>\$ 7,111,953</b>	<b>\$ 2,834,805</b>	<b>\$ 9,946,758</b>

**See Notes to Consolidated Financial Statements.**

**AMERICAN ACADEMY OF RELIGION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets	\$ (225,905)	\$ 126,491
Adjustments to reconcile increases in net assets to net cash used in operating activities:		
Depreciation	189,607	176,545
Investment gains	(595,066)	(590,693)
Changes in assets and liabilities:		
Accounts receivable	36,129	(2,471)
Related party receivable	(10,387)	(3,925)
Prepaid expenses	(101,533)	19,057
Accounts payable and accrued expenses	31,065	10,446
Related party payable	(175,058)	190,910
Accrued vacation	-	(99,586)
Deferred revenue	78,848	(19,297)
	<b>(772,300)</b>	<b>(192,523)</b>
Net cash used in operating activities		
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(33,357)	(11,572)
Additions to work in process - software development	(43,515)	(66,850)
Proceeds from sale of marketable securities	9,214,521	3,389,676
Purchase of marketable securities	(8,468,281)	(3,361,344)
	<b>669,368</b>	<b>(50,090)</b>
Net cash provided by (used in) investing activities		
Net decrease in cash in banks	<b>(102,932)</b>	<b>(242,613)</b>
Cash in banks, beginning of year	<b>925,742</b>	<b>1,168,355</b>
Cash in banks, end of year	<b>\$ 822,810</b>	<b>\$ 925,742</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<b>\$ 1,267</b>	<b>\$ 951</b>
Write-off of fully depreciated furniture and equipment no longer in use	<b>\$ 2,140</b>	<b>\$ 16,705</b>

**See Notes to Consolidated Financial Statements.**

# AMERICAN ACADEMY OF RELIGION, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 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 to 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.

#### Principles of Consolidation

The consolidated financial statements include the Academy and the Regions as of and for the years ended June 30, 2019 and 2018. All significant intercompany balances and 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 two classes of net assets: without donor restrictions and with donor restrictions. These two classifications are defined as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including board designated endowments.

Net assets with donor restrictions - 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 or that require the donated assets be maintained permanently by the Academy. Generally, the donors of permanent net 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 of America 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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

Investments are reported at fair value. The fair value of mutual funds and equity securities are based on quoted market prices for the identical asset in an active market that the Academy has the ability to access. Purchase and sales of securities are recorded on a trade-date basis. See Note 2 for a discussion of fair value measurements.

#### 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, 2019 and 2018, accounts receivable are net of an allowance for doubtful accounts of \$5,500.

#### 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.

#### Software Development Costs

The Academy capitalizes its internal use software in accordance with FASB ASC Topic 350 *Intangibles-Goodwill and Other*, which requires that the Academy capitalize certain internally developed software costs incurred in connection with developing or obtaining software for internal use. The Academy will capitalize labor costs of employees or contractors working directly on the development or modification of internal use software and software and hardware purchased specifically for the internal use software. There is no substantive plan being developed to market the software externally. Once the software is placed into service, it is classified as software within furniture and software. The costs are amortized to expense over their estimated useful lives when the software is placed in service. Certain software development costs capitalized during fiscal year 2019 related to additions yet to be placed in service. No provision for depreciation is made on work in progress until such time as the project is completed and put into use for internal purposes.

#### Luce Center

As of June 2001, the Academy and the Society of Biblical Literature ("SBL") entered into a tenancy in common agreement in order to accept certain contributed assets from Scholars Press known as the Luce Center. As stated in the agreement, the Academy and SBL each own 50% of the Luce Center, and accordingly, the Academy has recorded their respective share balances in accordance with this agreement.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

Contributions without donor-imposed restrictions 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 with donor restrictions 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 without donor restrictions. 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.

The Academy receives contributed goods and services from other organizations, the fair value of which is recorded in the financial statements as revenue and expense in the period received.

#### 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.

#### Functional Allocation of Expenses

Note 11 presents categories of expenses that are attributable to one or more program or supporting services of the Academy and have been summarized on a functional basis. Accordingly, costs have been allocated among the programs and supporting services based typically on headcount, space, or usage.

#### 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.

Management of the Academy considers the likelihood of changes by taxing authorities in its income tax returns and would recognize a liability for or disclosure 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 July 16, 2020, which is the date the financial statements were available to be issued. As a result of COVID-19 coronavirus, economic uncertainties have arisen worldwide. The related impact and duration cannot be reasonably estimated at this time.

In November 2019, the Academy was awarded a \$1,000,000 grant restricted for the *Advancing Public Scholarship: What's Next?* project which is expected to begin January 1, 2020 and end by December 31, 2022.

### NOTE 2. MARKETABLE SECURITIES

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1 - unadjusted quoted prices for identical assets or liabilities in active markets that the Academy has the ability to access
- Level 2 - other observable data, including quoted prices for similar assets in inactive markets
- Level 3 - unobservable inputs

Observable inputs are those based on market data obtained from sources independent of the Academy, and unobservable inputs reflect the Academy's own assumptions based on the best information available. The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

Fair value of all of the Academy's investments is based on quoted prices available for identical securities in active markets that the Academy has the ability to access (Level 1). 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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2. MARKETABLE SECURITIES (Continued)

The Academy held investments at June 30, 2019 and 2018 as follows:

	2019	2018
Mutual funds:		
Money market	\$ 243,261	\$ 290,010
Fixed income/bond funds	2,034,612	1,970,700
Emerging markets	412,803	259,400
Foreign funds	797,955	812,791
Total mutual funds	3,488,631	3,332,901
Equities:		
Energy	189,872	288,477
Materials	283,287	258,562
Industrials	445,801	502,584
Consumer discretionary	446,648	525,194
Consumer staples	214,942	346,035
Health care	751,817	803,685
Financials	933,676	1,018,053
Information technology	823,495	971,392
Telecommunication services	351,068	64,365
Utilities	116,186	144,032
Total equities	4,556,792	4,922,379
Total marketable securities	\$ 8,045,423	\$ 8,255,280

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 98,994	\$ 64,323	\$ 163,317
Realized gains	221,577	70,222	291,799
Unrealized gains	205,652	97,615	303,267
	\$ 526,223	\$ 232,160	\$ 758,383

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2. MARKETABLE SECURITIES (Continued)

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 92,403	\$ 47,185	\$ 139,588
Realized gains	336,684	105,620	442,304
Unrealized gains	71,680	76,709	148,389
	\$ 500,767	\$ 229,514	\$ 730,281

### NOTE 3. SHARE OF LUCE CENTER

Summarized financial information for the years ended June 30, 2019 and 2018 for the Luce Center assets is as follows:

	2019	
	Luce Center	American Academy of Religion's Share
<b>Building</b>	\$ 4,874,662	\$ 2,437,331
<b>Furniture</b>	56,510	28,255
<b>Leasehold interest in land</b>	165,000	82,500
<b>Accumulated depreciation</b>	(2,624,956)	(1,312,478)
<b>Restricted investments, at fair value</b>	1,490,898	745,449
<b>Share of Luce Center</b>	\$ 3,962,114	\$ 1,981,057
	2018	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,851,412	\$ 2,425,706
Furniture	49,150	24,575
Leasehold interest in land	165,000	82,500
Accumulated depreciation	(2,482,602)	(1,241,301)
Restricted investments, at fair value	1,374,040	687,020
Share of Luce Center	\$ 3,957,000	\$ 1,978,500

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 3. SHARE OF LUCE CENTER (Continued)

The Academy's share of restricted investments at June 30, 2019 and 2018 consists of the following:

	2019	2018
TIAA-CREF Bond Plus Fund	\$ 96,689	\$ 89,886
TIAA-CREF Social Choice Equity Fund	290,828	267,707
TIAA-CREF Equity Index Fund	357,932	329,427
Total	\$ 745,449	\$ 687,020

### NOTE 4. FURNITURE AND SOFTWARE

The Academy's furniture and software at June 30, 2019 and 2018 consists of the following:

	2019	2018
Furniture	\$ 96,326	\$ 80,160
Software	1,027,810	1,027,810
	1,124,136	1,107,970
Accumulated depreciation	(1,054,022)	(937,732)
	\$ 70,114	\$ 170,238

Depreciation expense was \$189,607 and \$176,545 for the years ended June 30, 2019 and 2018, respectively, of which \$71,177 and \$71,004, respectively, relates to the Luce Center fixed assets.

### NOTE 5. LINE OF CREDIT

The Academy entered into a revolving line of credit with a financial institution 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 3.00%. The interest rate was 4.65% and 4.23% at June 30, 2019 and 2018, respectively. Payments of monthly interest only are required until terminated. Certain investment accounts of the Academy are pledged as collateral. For the years ended June 30, 2019 and 2018, there were no borrowings on the line of credit.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions, including those released from restrictions, for the years ended June 30, 2019 and 2018 is as follows:

	Balance at June 30, 2017	Additions	Net Assets Released From Restrictions	Balance at June 30, 2018	Additions	Net Assets Released From Restrictions	Balance at June 30, 2019
<b>Endowments:</b>							
<b>Subject to appropriation and expenditure when a specific event occurs:</b>							
Research grants	\$ 345,921	\$ 62,633	\$ (36,575)	\$ 371,979	\$ 69,020	\$ (36,550)	\$ 404,449
Publications	244,180	50,014	(29,200)	264,994	55,092	(29,200)	290,886
Annual meeting speakers	89,952	16,016	(9,350)	96,618	17,588	(9,350)	104,856
Share of Luce Center endowment earnings	364,223	72,798	-	437,021	58,428	-	495,449
Raj endowment earnings	40,106	12,257	-	52,363	13,831	(10,000)	56,194
<b>Subject to nonprofit endowment spending policy and appropriation:</b>							
Grants	500,000	-	-	500,000	-	-	500,000
Publications	350,000	-	-	350,000	-	-	350,000
Annual meeting speakers	100,000	-	-	100,000	-	-	100,000
Luce Center endowment corpus	250,000	-	-	250,000	-	-	250,000
<b>Total endowments</b>	<b>2,284,382</b>	<b>213,718</b>	<b>(75,125)</b>	<b>2,422,975</b>	<b>213,959</b>	<b>(85,100)</b>	<b>2,551,834</b>
<b>Other temporarily restricted net assets:</b>							
<b>Time and purpose restricted</b>							
Luce Religious Pluralism Grant	-	-	-	-	-	-	-
Luce Fellowship in Religion and International Affairs Grant	359,176	-	(265,442)	93,734	-	(91,992)	1,742
<b>Purpose restricted</b>							
Lilly Strengthening College and University Religion and Theology Guide Star for Undergraduate Religions Literacy	9,613	-	-	9,613	-	-	9,613
American Lecture in History of Religions	105,228	-	(11,992)	93,236	-	(26,989)	66,247
Teagle Foundation	186,890	15,783	-	202,673	18,201	(9,754)	211,120
Travel Grants	2,076	-	-	2,076	-	-	2,076
Religion and Ecology	2,605	2,990	(2,385)	3,210	550	(3,760)	-
Religion and the Arts	3,234	-	-	3,234	-	-	3,234
Hinduism Unit	2,064	2,500	(1,410)	3,154	-	(1,134)	2,020
	900	-	-	900	-	-	900
<b>Total</b>	<b>\$ 2,956,168</b>	<b>\$ 234,991</b>	<b>\$ (356,354)</b>	<b>\$ 2,834,805</b>	<b>\$ 232,710</b>	<b>\$ (218,729)</b>	<b>\$ 2,848,786</b>

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 are endowed and are included in net assets with donor restrictions 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 net assets without donor restrictions or with donor restrictions 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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 retains in perpetuity (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. 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 funds to function as endowments, they are classified as net assets without donor restrictions.

#### 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 net assets with donor restriction funds in any given year. The market value is determined as of the last day of June. 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 net assets with donor restrictions. For the years ended June 30, 2019 and 2018, the total amount of income and gains transferred was \$85,100 and \$75,125, respectively.

#### 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.

### NOTE 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Academy’s financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions.

	2019	2018
Cash	\$ 822,810	\$ 925,742
Accounts receivable	77,720	81,543
Related party receivable	18,939	8,552
Marketable securities	<b>8,045,423</b>	8,255,280
Total financial assets	<b>8,964,892</b>	9,271,117
Contractual or donor-imposed restrictions:		
Endowment funds and donor restrictions	<b>2,848,786</b>	2,834,805
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 6,116,106</b>	<b>\$ 6,436,312</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Academy invests cash in excess of daily requirements in various short-term investments. The Academy also has a revolving line of credit of \$250,000 available which could be drawn upon in the event of an unanticipated liquidity event.

### NOTE 8. 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 of its liabilities. Accordingly, the Academy began either performing these services 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 contributed 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 initially paid sixty cents per square foot per month. All net revenues or expenses are shared equally by the two owners. On June 30, 2016, the agreement was updated to eighty-three cents per square foot per month. On June 30, 2018, the agreement was extended through June 30, 2019 with the same terms.

As of April 1, 2014, the Academy and SBL entered into an agreement to lease several rooms in the Luce Center Building to Emory University. The initial term of the lease was from April 1, 2014 through March 31, 2018, at which time Emory University had the option to renew the lease for an additional year under the same terms and conditions. The initial rent was set at \$8,448 per month and increased approximately 3% during years two and three, respectively. Rent proceeds are split evenly between the Academy and SBL. The Academy's share of rental income was \$136,751 and \$130,070 and direct expenses were \$97,680 and \$127,647 for the years ended June 30, 2019 and 2018, 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 \$127,582 and \$305,863 recorded at June 30, 2019 and 2018, respectively, related to these services included in related party payable on 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 AAR. As such, costs to develop related to this part of the project are being divided evenly between the Academy and SBL.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 9. 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>
1.0%	1.5%
2.0%	3.0%

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, 2019 and 2018 was approximately \$107,000 and \$104,000, respectively.

### NOTE 10. 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, 2019, contracts for hotel space had been entered into through 2031. 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 but would not be expected to have a significant impact on the financial position, results of operations, or cash flows of the Academy.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 11. FUNCTIONAL EXPENSES**

The functional expenses for the year ended June 30, 2019 were:

	Program Services				Supporting Services			Total	
	Research and Publications	Member Services	Professional Development Services	External Relations	Regional and Annual Meeting	Luce Center Expenses	General and Administrative		Fundraising
Salaries and wages	\$ 116,141	\$ 319,507	\$ 34,805	\$ 157,910	\$ 206,226	\$ 26,348	\$ 314,263	\$ 17,234	\$ 1,192,434
Payroll taxes and benefits	31,285	88,307	9,620	44,077	56,998	6,948	86,858	4,763	328,856
Staff development	1,195	6,006	491	3,866	3,413	192	4,438	243	19,844
Temporary help	169	776	71	15,304	29,775	18	466	23	46,602
<b>Total personnel</b>	<b>148,790</b>	<b>414,596</b>	<b>44,987</b>	<b>221,157</b>	<b>296,412</b>	<b>33,506</b>	<b>406,025</b>	<b>22,263</b>	<b>1,587,736</b>
Advertising and promotion	2	8	1	92	645	-	5	-	753
Conferences and meetings	4,231	101,125	15,195	7,114	84,996	102	2,596	1,607	216,966
Dues and subscriptions	1,243	10,608	526	11,293	2,296	108	2,725	136	28,935
Equipment rental and maintenance	1,401	6,454	589	1,778	13,628	1,839	3,858	193	29,740
Grants and subventions	21,170	21,720	7,948	142,651	12,023	1	32	2	205,547
Insurance	1,119	5,132	470	4,897	3,881	5,595	3,081	154	24,329
Occupancy	5,507	25,259	2,314	6,682	19,387	93,717	15,163	758	168,787
Postage and shipping	8,452	2,834	1,322	407	8,898	22	556	28	22,519
Printing and publications	9,821	946	150	309	13,306	22	547	27	25,128
Professional fees	16,518	49,106	7,809	43,418	322,950	1,033	26,168	1,308	468,310
Service charges and fees	5,245	41,150	2,205	5,467	87,410	2,082	14,444	722	158,725
Supplies	2,919	13,391	1,227	4,501	7,011	8,051	8,039	402	45,541
Telephone	362	1,633	174	831	1,098	1,049	971	49	6,167
Travel and meeting expense	13,648	47,196	19,509	28,235	76,093	494	12,509	625	198,309
Other	1,739	28,378	3,073	580	8,694	-	14,491	1,007	57,962
<b>Total expenses</b>	<b>\$ 242,167</b>	<b>\$ 769,536</b>	<b>\$ 107,499</b>	<b>\$ 479,412</b>	<b>\$ 958,728</b>	<b>\$ 147,621</b>	<b>\$ 511,210</b>	<b>\$ 29,281</b>	<b>\$ 3,245,454</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 11. FUNCTIONAL EXPENSES (Continued)**

The functional expenses for the year ended June 30, 2018 were:

	Program Services				Supporting Services				
	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	\$ 106,242	\$ 292,273	\$ 31,838	\$ 144,451	\$ 188,648	\$ 24,102	\$ 287,476	\$ 15,765	\$ 1,090,795
Payroll taxes and benefits	31,413	88,670	9,659	44,259	57,232	6,976	87,215	4,783	330,207
Staff development	856	4,301	352	2,769	2,445	137	3,178	174	14,212
Temporary help	164	752	69	14,822	28,838	18	451	23	45,137
<b>Total personnel</b>	<b>138,675</b>	<b>385,996</b>	<b>41,918</b>	<b>206,301</b>	<b>277,163</b>	<b>31,233</b>	<b>378,320</b>	<b>20,745</b>	<b>1,480,351</b>
Advertising and promotion	52	211	19	2,482	17,470	5	127	6	20,372
Conferences and meetings	3,782	90,376	13,580	6,358	75,962	92	2,320	1,436	193,906
Dues and subscriptions	859	7,332	363	7,806	1,587	74	1,883	94	19,998
Equipment rental and maintenance	4,864	22,406	2,044	6,173	47,311	6,385	13,394	670	103,247
Grants and subventions	36,593	37,544	13,738	246,572	20,781	2	55	3	355,288
Insurance	977	4,482	411	4,277	3,390	4,887	2,691	135	21,250
Occupancy	5,198	23,845	2,185	6,308	18,301	88,471	14,315	716	159,339
Postage and shipping	9,220	3,091	1,443	444	9,707	24	606	30	24,565
Printing and publications	15,310	1,475	234	481	20,742	34	853	43	39,172
Professional fees	15,882	47,215	7,508	41,745	310,508	993	25,160	1,258	450,269
Service charges and fees	7,937	62,269	3,336	8,273	132,270	3,150	21,857	1,093	240,185
Supplies	603	2,767	254	930	1,449	1,664	1,661	83	9,411
Telephone	497	2,240	238	1,140	1,505	1,439	1,332	67	8,458
Travel and meeting expense	11,501	39,924	17,200	25,375	67,414	444	9,135	457	171,450
Other	78	213	33	12,029	289	1,000	138	12	13,792
<b>Total expenses</b>	<b>\$ 252,028</b>	<b>\$ 731,386</b>	<b>\$ 104,504</b>	<b>\$ 576,694</b>	<b>\$ 1,005,849</b>	<b>\$ 139,897</b>	<b>\$ 473,847</b>	<b>\$ 26,848</b>	<b>\$ 3,311,053</b>