

GOING FURTHER

AMERICAN ACADEMY OF
RELIGION, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023



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Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of American Academy of Religion, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Academy of Religion, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about American Academy of Religion, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Academy of Religion, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about American Academy of Religion, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 3, 2026

American Academy of Religion, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

ASSETS	2023	2022
Cash in banks	\$ 592,294	\$ 804,371
Accounts receivable, net of allowance for doubtful accounts	99,640	73,891
Prepaid expenses and other assets	59,633	105,432
Furniture and software, net of accumulated depreciation	14,348	56,464
Share of Luce Center assets, net of accumulated depreciation	2,056,490	1,973,675
Marketable securities, at fair value	7,327,014	7,651,404
	<u>7,327,014</u>	<u>7,651,404</u>
Total assets	<u>\$ 10,149,419</u>	<u>\$ 10,665,237</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 112,880	\$ 104,962
Related-party payables	735,591	661,395
Deferred revenue - membership	381,299	249,645
Deferred revenue - annual meeting	486,812	480,643
PPP note payable	-	215,723
	<u>-</u>	<u>215,723</u>
Total liabilities	<u>1,716,582</u>	<u>1,712,368</u>
Net assets		
Without donor restrictions	5,193,413	5,659,033
With donor restrictions	3,239,424	3,293,836
	<u>3,239,424</u>	<u>3,293,836</u>
Total net assets	<u>8,432,837</u>	<u>8,952,869</u>
Total Liabilities and Net Assets	<u>\$ 10,149,419</u>	<u>\$ 10,665,237</u>

See Notes to Consolidated Financial Statements.

American Academy of Religion, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Membership dues	\$ 554,180	\$ -	\$ 554,180
PPP Loan forgiveness	215,723	-	215,723
Regional and annual meeting registration and exhibits	1,256,961	-	1,256,961
Employment information services	59,157	-	59,157
Label sales	5,494	-	5,494
Publications and royalties	42,154	-	42,154
Contributions	24,961	-	24,961
Luce Center rental income	139,665	-	139,665
Interest and dividends, net of investment expenses	106,252	65,907	172,159
Investment gains (realized and unrealized)	273,549	217,754	491,303
Miscellaneous	2,660	-	2,660
Net assets released from restrictions	338,073	(338,073)	-
	<u>3,018,829</u>	<u>(54,412)</u>	<u>2,964,417</u>
Total revenues and other support			
Expenses			
Program services			
Member services	181,992	-	181,992
Advancing Public Scholarship	283,942	-	283,942
Scholarly engagement	623,272	-	623,272
Public engagement	317,010	-	317,010
Regional and annual meetings	883,773	-	883,773
	<u>2,289,989</u>	<u>-</u>	<u>2,289,989</u>
Total program expenses			
Supporting services			
Luce Center expenses	166,938	-	166,938
General and administrative	1,027,522	-	1,027,522
	<u>3,484,449</u>	<u>-</u>	<u>3,484,449</u>
Total expenses			
(Decrease) in net assets	(465,620)	(54,412)	(520,032)
Net assets at beginning of year	<u>5,659,033</u>	<u>3,293,836</u>	<u>8,952,869</u>
Net assets at end of year	<u>\$ 5,193,413</u>	<u>\$ 3,239,424</u>	<u>\$ 8,432,837</u>

See Notes to Consolidated Financial Statements.

American Academy of Religion, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Membership dues	\$ 593,805	\$ -	\$ 593,805
Grant revenue	5,000	-	5,000
PPP Loan forgiveness	218,175	-	218,175
Regional and annual meeting registration and exhibits	1,134,316	-	1,134,316
Employment information services	78,277	-	78,277
Label sales	11,559	-	11,559
Publications and royalties	28,139	-	28,139
Contributions	78,420	-	78,420
Luce Center rental income	136,574	-	136,574
Interest and dividends, net of investment expenses	66,947	38,204	105,151
Investment losses (realized and unrealized)	(868,970)	(463,144)	(1,332,114)
Miscellaneous	5,750	-	5,750
Net assets released from restrictions	561,728	(561,728)	-
	<u>2,049,720</u>	<u>(986,668)</u>	<u>1,063,052</u>
Total revenues and other support			
Expenses			
Program services			
Member services	172,700	-	172,700
Scholarly engagement	566,490	-	566,490
Public engagement	775,110	-	775,110
Regional and annual meeting	835,910	-	835,910
	<u>2,350,210</u>	<u>-</u>	<u>2,350,210</u>
Total program expenses			
Supporting services			
Luce Center expenses	167,049	-	167,049
General and administrative	890,712	-	890,712
Fundraising	12,600	-	12,600
	<u>3,420,571</u>	<u>-</u>	<u>3,420,571</u>
Total expenses			
(Decrease) in net assets	(1,370,851)	(986,668)	(2,357,519)
Net assets at beginning of year	<u>7,029,884</u>	<u>4,280,504</u>	<u>11,310,388</u>
Net assets at end of year	<u>\$ 5,659,033</u>	<u>\$ 3,293,836</u>	<u>\$ 8,952,869</u>

See Notes to Consolidated Financial Statements.

American Academy of Religion, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Total Programs	Supporting Services		
	Member Services	Advancing Public Scholarship	Scholarly Engagement	Public Engagement	Regional and Annual Meetings		Luce Center Expenses	General and Administrative	Total
Salaries and wages	\$ 101,750	\$ 51,352	\$ 260,578	\$ 188,916	\$ 211,887	\$ 814,483	\$ 7,230	\$ 437,884	\$ 1,259,597
Payroll taxes and benefits	27,472	14,080	68,075	45,733	57,885	213,245	2,144	133,845	349,234
Staff development	8,962	-	14,528	10,095	3,328	36,913	-	44,089	81,002
Temporary help	-	-	-	-	3,643	3,643	-	1,579	5,222
	<u>138,184</u>	<u>65,432</u>	<u>343,181</u>	<u>244,744</u>	<u>276,743</u>	<u>1,068,284</u>	<u>9,374</u>	<u>617,397</u>	<u>1,695,055</u>
Advertising and promotion	196	-	-	1,286	-	1,482	-	1,300	2,782
Conferences and meetings	450	-	41,621	1,850	93,347	137,268	-	1,692	138,960
Dues and subscriptions	6,804	-	700	444	300	8,248	-	29,201	37,449
Equipment rental and maintenance	-	-	381	-	844	1,225	-	1,908	3,133
Network and computer operations	-	56,038	32,790	29,544	82,054	200,426	5,504	130,576	336,506
Grants and subventions	-	116,550	144,918	-	10,000	271,468	-	-	271,468
Insurance	-	-	-	-	10,133	10,133	7,273	15,823	33,229
Occupancy	-	-	-	-	2,756	2,756	67,527	57,315	127,598
Postage and shipping	257	2,132	1,735	637	-	4,761	1	1,636	6,398
Printing and publications	10	-	112	-	7,387	7,509	-	392	7,901
Professional fees	-	10,048	16,124	9,394	308,760	344,326	363	31,862	376,551
Service charges and fees	21,261	13,669	17,457	8,469	38,611	99,467	1,313	65,982	166,762
Supplies	3,951	3,909	4,982	4,325	9,353	26,520	1,150	5,735	33,405
Telephone	-	-	465	-	-	465	1,386	3,978	5,829
Travel and meeting expense	5,564	16,164	17,450	16,117	35,136	90,431	-	18,592	109,023
Depreciation	-	-	-	-	-	-	72,856	44,133	116,989
Interest expense	5,315	-	-	-	-	5,315	-	-	5,315
Other	-	-	1,356	200	8,349	9,905	191	-	10,096
Total expenses	<u>\$ 181,992</u>	<u>\$ 283,942</u>	<u>\$ 623,272</u>	<u>\$ 317,010</u>	<u>\$ 883,773</u>	<u>\$ 2,289,989</u>	<u>\$ 166,938</u>	<u>\$ 1,027,522</u>	<u>\$ 3,484,449</u>

See Notes to Consolidated Financial Statements.

American Academy of Religion, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Total Programs	Supporting Services			Total
	Member Services	Scholarly Engagement	Public Engagement	Regional and Annual Meetings		Luce Center Expenses	General and Administrative	Fundraising	
Salaries and wages	\$ 101,750	\$ 249,906	\$ 525,157	\$ 215,360	\$ 1,092,173	\$ 7,230	\$ 299,741	\$ -	\$ 1,399,144
Payroll taxes and benefits	27,472	62,151	143,881	58,822	292,326	2,144	89,068	-	383,538
Staff development	1,488	7,053	3,098	3,328	14,967	-	37,160	-	52,127
Temporary help	-	-	-	25,861	25,861	-	1,579	-	27,440
	130,710	319,110	672,136	303,371	1,425,327	9,374	427,548	-	1,862,249
Advertising and promotion	196	10,910	1,300	-	12,406	-	290	-	12,696
Conferences and meetings	450	51,890	-	17,003	69,343	-	(25,205)	-	44,138
Dues and subscriptions	6,804	699	664	300	8,467	-	26,589	-	35,056
Equipment rental and maintenance	-	411	-	844	1,255	-	7,755	-	9,010
Network and computer operations	-	(4,320)	56,038	82,053	133,771	5,504	135,769	-	275,044
Grants and subventions	-	146,668	2,350	10,000	159,018	-	-	-	159,018
Insurance	-	-	-	-	-	7,273	15,823	-	23,096
Occupancy	-	-	-	2,756	2,756	67,528	58,102	-	128,386
Postage and shipping	257	1,734	3,176	3,128	8,295	1	2,230	-	10,526
Printing and publications	10	112	-	7,814	7,936	-	392	-	8,328
Professional fees	-	16,124	5,809	302,382	324,315	363	23,960	12,600	361,238
Service charges and fees	22,411	13,249	30,803	36,957	103,420	1,313	58,793	-	163,526
Supplies	8,462	1,214	517	933	11,126	1,150	1,726	-	14,002
Telephone	-	465	-	-	465	1,386	5,702	-	7,553
Travel and meeting expense	3,400	1,287	2,117	35,135	41,939	-	2,427	-	44,366
Depreciation	-	-	-	-	-	72,966	87,285	-	160,251
Other	-	6,937	200	33,234	40,371	191	61,526	-	102,088
Total expenses	\$ 172,700	\$ 566,490	\$ 775,110	\$ 835,910	\$ 2,350,210	\$ 167,049	\$ 890,712	\$ 12,600	\$ 3,420,571

See Notes to Consolidated Financial Statements.

American Academy of Religion, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
(Decrease) in net assets	\$ (520,032)	\$ (2,357,519)
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities:		
Depreciation	116,989	160,251
Investment (gains) losses	(491,303)	1,332,114
PPP Loan forgiveness	(215,723)	(218,175)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(25,749)	(12,560)
Decrease in grant receivable	-	200,000
Decrease in prepaid expenses and other assets	45,799	5,580
Increase in accounts payable and accrued expenses	7,918	74,857
Increase in related-party payable	74,196	392,898
Increase (decrease) in deferred revenue	137,823	(59,682)
	<u>(870,082)</u>	<u>(482,236)</u>
Net cash (used in) operating activities		
INVESTING ACTIVITIES		
Acquisition of furniture and software	(2,018)	(12,633)
Proceeds from sales of marketable securities	2,662,254	3,768,594
Purchases of marketable securities	(2,002,231)	(3,065,490)
	<u>658,005</u>	<u>690,471</u>
Net cash provided by investing activities		
Net (decrease) increase in cash in banks	<u>(212,077)</u>	<u>208,235</u>
Cash in banks, beginning of year	<u>804,371</u>	<u>596,136</u>
Cash in banks, end of year	<u>\$ 592,294</u>	<u>\$ 804,371</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 5,315</u>	<u>\$ 951</u>

See Notes to Consolidated Financial Statements.

Notes To Consolidated Financial Statements

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The American Academy of Religion, Inc. ("AAR") 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 AAR is composed of scholars and students who share an interest in this field and who support to work of AAR on behalf of the scholarly study and teaching of religion.

The accompanying consolidated financial statements include ten regions ("Regions") of AAR that were acquired by AAR as of July 1, 2011 (collectively the "Academy"). The Regions are nonprofit organizations which support the work of AAR at a regional level.

Principles of Consolidation

The consolidated financial statements include AAR and the Regions as of and for the years ended June 30, 2023 and 2022. 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 available for use in general operations and not subject to donor (or certain grantor) restrictions.

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.

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. The Academy believes it is not exposed to any significant credit risk on cash.

Notes To Consolidated Financial Statements

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

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, 2023 and 2022, 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. 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

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are allocated include salaries and wages and payroll taxes and benefits which are allocated on the basis of estimates of time and effort.

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.

Notes To Consolidated Financial Statements

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

Income Taxes (Continued)

Management of the Academy considers the likelihood of changes by taxing authorities in its 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.

Subsequent Events

Subsequent events have been evaluated through April 3, 2026, the date which the financial statements were available to be issued.

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, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Mutual funds:		
Money market	\$ 497,060	\$ 591,841
Fixed income/bond funds	1,657,537	1,392,263
Emerging markets	149,487	152,580
Foreign funds	411,092	382,032
Mid-cap	478,198	455,987
	<u>3,193,374</u>	<u>2,974,703</u>
Equities:		
Energy	238,990	226,774
Materials	204,376	256,878
Industrials	416,838	402,446
Consumer discretionary	396,030	455,071
Consumer staples	360,543	298,515
Healthcare	661,670	834,336
Financials	1,026,910	988,647
Information technology	543,542	836,392
Telecommunication services	188,220	238,542
Utilities	96,521	139,100
	<u>4,133,640</u>	<u>4,676,701</u>
Total marketable securities	<u>\$ 7,327,014</u>	<u>\$ 7,651,404</u>

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

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends, net of investment	\$ 106,252	\$ 65,907	\$ 172,159
Realized gains	211,431	71,290	282,721
Unrealized gains	62,118	146,464	208,582
	<u>\$ 379,801</u>	<u>\$ 283,661</u>	<u>\$ 663,462</u>

Notes To Consolidated Financial Statements

NOTE 2. MARKETABLE SECURITIES (CONTINUED)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of investment	\$ 66,947	\$ 38,204	\$ 105,151
Realized gains	386,811	129,780	516,591
Unrealized losses	(1,255,781)	(592,924)	(1,848,705)
	<u>\$ (802,023)</u>	<u>\$ (424,940)</u>	<u>\$ (1,226,963)</u>

NOTE 3. SHARE OF LUCE CENTER

Summarized financial information for the years ended June 30, 2023 and 2022 for the Luce Center assets is as follows:

	2023	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,874,662	\$ 2,437,331
Furniture	56,510	28,255
Leasehold interest in land	186,500	93,250
Accumulated depreciation	(3,208,012)	(1,604,006)
Restricted investments, at fair value	<u>2,203,320</u>	<u>1,101,660</u>
Share of Luce Center	<u>\$ 4,112,980</u>	<u>\$ 2,056,490</u>

	2022	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,874,662	\$ 2,437,331
Furniture	56,510	28,255
Leasehold interest in land	186,500	93,250
Accumulated depreciation	(3,062,300)	(1,531,152)
Restricted investments, at fair value	<u>1,891,982</u>	<u>945,991</u>
Share of Luce Center	<u>\$ 3,947,354</u>	<u>\$ 1,973,675</u>

Notes To Consolidated Financial Statements

NOTE 3. SHARE OF LUCE CENTER (CONTINUED)

The Academy's share of restricted investments at June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
TIAA-CREF Bond Plus Fund	\$ 94,205	\$ 93,632
TIAA-CREF Social Choice Equity Fund	450,887	383,100
TIAA-CREF Equity Index Fund	<u>556,568</u>	<u>469,259</u>
Total	<u>\$ 1,101,660</u>	<u>\$ 945,991</u>

NOTE 4. FURNITURE AND SOFTWARE

The Academy's furniture and software at June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture	\$ 135,011	\$ 132,993
Software	<u>1,243,633</u>	<u>1,243,634</u>
	1,378,644	1,376,627
Accumulated depreciation	<u>(1,364,296)</u>	<u>(1,320,163)</u>
	<u>\$ 14,348</u>	<u>\$ 56,464</u>

Depreciation expense was \$116,989 and \$160,251 for the years ended June 30, 2023 and 2022, respectively, of which \$72,856 and \$70,925, 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 3.00% at June 30, 2023 and 2022. 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, 2023 and 2022, there were no borrowings on the line of credit. The line of credit was terminated as of June 30, 2023.

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, 2023 and 2022, is as follows:

	Balance at June 30, 2021	Net Investment Loss	Net Assets Released From Restrictions	Balance at June 30, 2022	Net Investment Return	Net Assets Released From Restrictions	Balance at June 30, 2023
Endowments:							
Subject to appropriation and expenditure when a specific event occurs:							
Research grants	\$ 551,284	\$ (106,647)	\$ (81,060)	\$ 363,577	\$ 50,463	\$ (83,609)	\$ 330,431
Publications	407,993	(85,247)	(64,744)	258,002	40,285	(66,772)	231,515
Annual meeting speakers	142,305	(27,236)	(20,697)	94,372	12,887	(21,345)	85,914
Share of Luce Center endowment earnings	851,035	(155,045)	-	695,990	155,670	-	851,660
Raj endowment earnings	89,288	(22,564)	(10,000)	56,724	11,063	(10,000)	57,787
Subject to nonprofit endowment spending policy and appropriation:							
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
Total endowments	3,241,905	(396,739)	(176,501)	2,668,665	270,368	(181,726)	2,757,307
Other net assets with donor restrictions:							
Time and purpose restricted							
Luce Fellowship in Religion and International Affairs Grant	1,742	-	-	1,742	-	-	1,742
Purpose restricted							
Luce Advancing Public Scholarship Grant	715,635	-	(307,005)	408,630	-	(133,258)	275,372
Lilly Strengthening College and University Religion and Theology	9,613	-	-	9,613	-	-	9,613
Guide Star for Undergraduate Religions Literacy	56,862	-	(56,862)	-	-	-	-
American Lecture in History of Religions	250,327	(28,201)	(21,360)	200,766	13,293	(22,045)	192,014
Teagle Foundation	2,076	-	-	2,076	-	-	2,076
Religion and Ecology	400	-	-	400	-	-	400
Religion and the Arts	1,044	-	-	1,044	-	(1,044)	-
Hinduism Unit	900	-	-	900	-	-	900
Total	\$ 4,280,504	\$ (424,940)	\$ (561,728)	\$ 3,293,836	\$ 283,661	\$ (338,073)	\$ 3,239,424

Notes To Consolidated Financial Statements

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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.

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 5% 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, 2023 and 2022, the total amount of income and gains transferred was \$181,726 and \$176,501, 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.

Notes To Consolidated Financial Statements

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.

	<u>2023</u>	<u>2022</u>
Cash	\$ 592,294	\$ 804,371
Accounts receivable	99,640	73,891
Marketable securities	7,327,014	7,651,404
Total financial assets	<u>8,018,948</u>	<u>8,529,666</u>
Less contractual or donor-imposed restrictions:		
Endowment funds and donor restrictions	<u>3,239,424</u>	<u>3,293,836</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,779,524</u>	<u>\$ 5,235,830</u>

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.

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, 2019, the agreement was extended through June 30, 2020 with the same terms.

Notes To Consolidated Financial Statements

NOTE 8. RELATED-PARTY TRANSACTIONS (CONTINUED)

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 \$139,665 and \$136,574 and direct expenses were \$82,866 and \$76,200 for the years ended June 30, 2023 and 2022, 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 payables of \$735,591 and \$661,395 recorded at June 30, 2023 and 2022, respectively, related to these services included in related party payables 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, development costs related to this part of the project are being divided evenly between the Academy and SBL.

NOTE 9. RETIREMENT PLAN

The Academy participates in a defined contribution retirement plan administered through Emory University. Currently, the Academy contributes 6% of each eligible employee's annual regular salary to the plan. Additionally, if the employee 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 9%. Total retirement plan expense for the years ended June 30, 2023 and 2022, was approximately \$56,500 and \$62,000, respectively.

Notes To Consolidated Financial Statements

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, 2023, 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 and the impact on the financial position, results of operations, and cash flows of the Academy cannot be determined.

NOTE 11. PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

During the year ended June 30, 2021, the Academy received loan proceeds in the amount of \$215,723 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying organizations in amounts up to 2.5 times the organization's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The Academy initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Academy recognized \$215,723 of loan forgiveness income for the year ended June 30, 2023.

During the year ended June 30, 2020, the Academy received PPP loan proceeds in the amount of \$218,175. The Academy initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Academy recognized \$218,175 of loan forgiveness income for the year ended June 30, 2022.