

**SOCIETY OF BIBLICAL LITERATURE**

**FINANCIAL REPORT**

**JUNE 30, 2015**

# SOCIETY OF BIBLICAL LITERATURE

## FINANCIAL REPORT JUNE 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

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**To the Audit/Finance/Investment Committee  
Society of Biblical Literature  
Atlanta, Georgia**

We have audited the accompanying financial statements of **Society of Biblical Literature** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Society of Biblical Literature as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Mauldin &amp; Jenkins, LLC".

Atlanta, Georgia  
November 10, 2015

# SOCIETY OF BIBLICAL LITERATURE

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,376,646	\$ 1,524,048
Marketable securities	2,397,368	2,091,981
Accounts receivable	304,205	160,036
Pledges receivable, net	4,100	4,400
Prepaid expenses and other assets	43,407	47,217
Book inventories, net of valuation reserve	80,780	78,999
Furniture and equipment, net of accumulated depreciation	38,250	60,071
Net share of Luce Center assets	1,975,871	2,005,178
Total assets	<u>\$ 6,220,627</u>	<u>\$ 5,971,930</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 188,997	\$ 227,050
Deferred revenue		
Memberships and subscriptions	529,269	537,888
Annual meetings	861,518	747,226
International meeting	53,252	145,276
Other	9,313	65,425
Total deferred revenue	<u>1,453,352</u>	<u>1,495,815</u>
Total liabilities	<u>1,642,349</u>	<u>1,722,865</u>
Net assets		
Unrestricted net assets	3,925,898	3,619,742
Temporarily restricted net assets	357,750	334,693
Permanently restricted net assets	294,630	294,630
Total net assets	<u>4,578,278</u>	<u>4,249,065</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 6,220,627</u></u>	<u><u>\$ 5,971,930</u></u>

See Notes to Financial Statements.

# SOCIETY OF BIBLICAL LITERATURE

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains				
Congresses	\$ 1,465,898	\$ -	\$ -	\$ 1,465,898
Membership				
Membership fees	585,805	-	-	585,805
Marketing	38,835	-	-	38,835
Professions				
Employment center	94,682	-	-	94,682
Grant revenue	55,430	-	-	55,430
Fonts	4,500	-	-	4,500
Publications				
Book sales	552,365	-	-	552,365
Subscriptions	278,663	-	-	278,663
Royalties	128,099	-	-	128,099
Marketing	33,550	-	-	33,550
Permissions	11,991	-	-	11,991
Membership fees	103,377	-	-	103,377
Contract income	8,333	-	-	8,333
Fee income	10,303	-	-	10,303
Development and fundraising	40,975	1,148	-	42,123
Investment income and change in market value, net	95,149	24,767	-	119,916
Rental income, net	12,352	-	-	12,352
Net assets released from restrictions	2,858	(2,858)	-	-
Total revenues and gains	3,523,165	23,057	-	3,546,222
Expenses				
Congresses	1,129,998	-	-	1,129,998
Membership	164,421	-	-	164,421
Professions	349,416	-	-	349,416
Publications	1,105,105	-	-	1,105,105
Regions	106,212	-	-	106,212
Research and technology	122,122	-	-	122,122
Total program expenses	2,977,274	-	-	2,977,274
Development and fundraising	57,184	-	-	57,184
General and administration	182,551	-	-	182,551
Total expenses	3,217,009	-	-	3,217,009
Increase in net assets	306,156	23,057	-	329,213
Net assets at beginning of year	3,619,742	334,693	294,630	4,249,065
Net assets at end of year	\$ 3,925,898	\$ 357,750	\$ 294,630	\$ 4,578,278

**See Notes to Financial Statements.**

# SOCIETY OF BIBLICAL LITERATURE

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and gains				
Congresses	\$ 1,342,579	\$ -	\$ -	\$ 1,342,579
Membership				
Membership fees	572,572	-	-	572,572
Marketing	37,327	-	-	37,327
Professions				
Employment center	100,464	-	-	100,464
Grant revenue	172,062	-	-	172,062
Fonts	150	-	-	150
Publications				
Book sales	542,019	-	-	542,019
Subscriptions	315,249	-	-	315,249
Royalties	129,294	-	-	129,294
Marketing	45,375	-	-	45,375
Permissions	14,886	-	-	14,886
Membership fees	101,042	-	-	101,042
Fee income	16,908	-	-	16,908
Development and fundraising	42,770	1,450	-	44,220
Investment income and change in market value, net	314,814	106,749	-	421,563
Rental income, net	6,924	-	-	6,924
Net assets released from restrictions	47,763	(47,763)	-	-
Total revenues and gains	<u>3,802,198</u>	<u>60,436</u>	<u>-</u>	<u>3,862,634</u>
Expenses				
Congresses	1,141,076	-	-	1,141,076
Membership	174,726	-	-	174,726
Professions	376,179	-	-	376,179
Publications	1,149,911	-	-	1,149,911
Regions	116,261	-	-	116,261
Research and technology	141,219	-	-	141,219
Total program expenses	<u>3,099,372</u>	<u>-</u>	<u>-</u>	<u>3,099,372</u>
Development and fundraising	58,721	-	-	58,721
General and administration	165,631	-	-	165,631
Total expenses	<u>3,323,724</u>	<u>-</u>	<u>-</u>	<u>3,323,724</u>
Increase in net assets	478,474	60,436	-	538,910
Net assets at beginning of year	<u>3,141,268</u>	<u>274,257</u>	<u>294,630</u>	<u>3,710,155</u>
Net assets at end of year	<u>\$ 3,619,742</u>	<u>\$ 334,693</u>	<u>\$ 294,630</u>	<u>\$ 4,249,065</u>

**See Notes to Financial Statements.**

**SOCIETY OF BIBLICAL LITERATURE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	Congresses	Membership	Professions	Publications	Regions	Research and Technology		Total Programs	Development and Fundraising		General and Admin.	Total
						Technology	Programs		Fundraising	Admin.		
Salaries and wages	\$ 317,266	\$ 80,890	\$ 134,944	\$ 384,440	\$ 37,864	\$ 63,689	\$ 1,019,093	\$ 26,908	\$ 39,767	\$ 1,085,768		
Employee benefits	76,857	18,290	22,921	74,415	7,685	9,822	209,990	5,155	8,823	223,968		
Payroll taxes	23,472	6,360	10,003	29,582	2,948	3,546	75,911	2,116	3,081	81,108		
	417,595	105,540	167,868	488,437	48,497	77,057	1,304,994	34,179	51,671	1,390,844		
Advertising	23	10	16	20,626	8	10	20,693	5	10	20,708		
Building depreciation	-	-	-	-	-	-	-	-	66,262	66,262		
Communication	50,192	6,659	16,171	20,345	3,913	9,033	106,313	2,891	4,859	114,063		
Cost of publications sold	-	-	-	43,454	-	-	43,454	-	-	43,454		
Depreciation - furniture and equipment	4,993	3,353	5,025	6,715	3,362	3,353	26,801	3,376	3,353	33,530		
Distribution costs	275	119	191	76,939	96	119	77,739	60	119	77,918		
Donations and discounts	2,572	775	1,475	18,385	5,120	775	29,102	848	775	30,725		
Equipment and supplies	218,104	4,145	11,557	11,525	3,370	5,264	253,965	1,354	2,703	258,022		
Grants to individuals	1,000	-	-	-	-	-	1,000	-	-	1,000		
Occupancy	13,800	6,000	16,932	10,800	4,800	6,000	58,332	3,000	6,000	67,332		
Printing	8,279	85	4,491	232,950	68	85	245,958	43	85	246,086		
Professional fees	95,296	10,800	58,988	81,839	12,669	10,987	270,579	6,101	38,357	315,037		
Provision for inventory valuation	-	-	-	17,410	-	-	17,410	-	-	17,410		
Royalties	-	-	-	15,470	-	-	15,470	-	-	15,470		
Travel and hospitality	266,708	8,305	62,023	44,416	22,462	7,984	411,898	4,630	6,766	423,294		
Other	51,161	18,630	4,679	15,794	1,847	1,455	93,566	697	1,591	95,854		
Total expenses	\$ 1,129,998	\$ 164,421	\$ 349,416	\$ 1,105,105	\$ 106,212	\$ 122,122	\$ 2,977,274	\$ 57,184	\$ 182,551	\$ 3,217,009		

**See Notes to Financial Statements.**

**SOCIETY OF BIBLICAL LITERATURE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2014**

	Congresses	Membership	Professions	Publications	Regions	Research and Technology		Total Programs	Development and Fundraising	General and Admin.	Total
						Technolgy	Programs				
Salaries and wages	\$ 303,533	\$ 91,266	\$ 112,290	\$ 387,036	\$ 37,375	\$ 79,113	\$ 24,970	\$ 38,316	\$ 1,073,899		
Employee benefits	72,786	18,195	19,461	71,685	6,800	12,137	4,604	8,096	213,764		
Payroll taxes	22,545	6,712	8,443	28,210	2,832	5,967	1,907	2,972	79,588		
	398,864	116,173	140,194	486,931	47,007	97,217	31,481	49,384	1,367,251		
Advertising	106	46	524	24,659	37	46	23	46	25,487		
Building depreciation	-	-	-	-	-	-	-	-	64,171		
Communication	33,123	6,148	21,942	14,471	2,680	6,991	3,290	3,285	91,930		
Cost of publications sold	-	-	-	31,226	-	-	-	-	31,226		
Depreciation - furniture and equipment	4,964	3,310	4,964	6,619	3,310	3,309	3,310	3,310	33,096		
Distribution costs	3	1	2	81,395	1	1	1	1	81,405		
Donations and discounts	1,599	695	1,113	28,376	5,056	695	798	695	39,027		
Equipment and supplies	213,549	2,568	13,930	7,788	2,850	4,052	1,211	1,953	247,901		
Grants to individuals	-	-	6,000	-	-	-	-	-	6,000		
Occupancy	18,350	8,500	13,450	15,600	7,100	8,500	5,000	8,500	85,000		
Printing	9,170	55	21,592	267,940	44	55	28	55	298,939		
Professional fees	115,822	8,895	93,007	72,255	15,373	9,032	7,973	24,731	347,088		
Provision for inventory valuation	-	-	-	14,549	-	-	-	-	14,549		
Royalties	-	-	-	34,573	-	-	-	-	34,573		
Travel and hospitality	280,802	11,265	53,560	41,886	31,964	10,196	5,074	8,499	443,246		
Other	64,724	17,070	5,901	21,643	839	1,125	532	1,001	112,835		
Total expenses	\$ 1,141,076	\$ 174,726	\$ 376,179	\$ 1,149,911	\$ 116,261	\$ 141,219	\$ 58,721	\$ 165,631	\$ 3,323,724		

See Notes to Financial Statements.



# SOCIETY OF BIBLICAL LITERATURE

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 329,213	\$ 538,910
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	99,792	97,267
Realized gains on marketable securities	(104,749)	(36,985)
Unrealized losses (gains) on marketable securities	97,299	(320,955)
Changes in operating assets and liabilities		
Accounts receivable	(144,169)	53,560
Pledges receivable, net	300	2,300
Prepaid expenses and other assets	3,810	(24,987)
Book inventories and books in production, net	(1,781)	(36,036)
Accounts payable	(38,053)	(19,022)
Deferred revenue	(42,463)	130,148
	<u>199,199</u>	<u>384,200</u>
Net cash provided by operating activities		
<b>INVESTING ACTIVITIES</b>		
Acquisition of furniture and equipment	(25,723)	(59,131)
Purchases of marketable securities	(1,438,346)	(1,030,374)
Proceeds from sales of marketable securities	1,117,468	825,665
	<u>(346,601)</u>	<u>(263,840)</u>
Net cash used in investing activities		
(Decrease) increase in cash and cash equivalents	(147,402)	120,360
Cash and cash equivalents at beginning of year	1,524,048	1,403,688
Cash and cash equivalents at end of year	<u>\$ 1,376,646</u>	<u>\$ 1,524,048</u>

**See Notes to Financial Statements.**

# SOCIETY OF BIBLICAL LITERATURE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization:**

The Society of Biblical Literature (the “Society” or “Organization”) is a not-for-profit organization established to foster biblical scholarship. Membership in the Society is composed of scholars, teachers, and non-specialists throughout the world, with numerous universities, libraries, and members subscribing to the journals and monographic series of the Society.

#### **Significant Accounting Policies:**

The significant accounting policies adopted by the Society are set forth below:

#### **Basis for Presentation:**

The Society has adopted FASB’s *Accounting for Contributions Received and Contributions Made*, and FASB’s *Financial Statements of Not-For-Profit Organizations*. Under these provisions, net assets and revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions. The Society records contributions of cash and other assets as unrestricted income unless specifically restricted by the donor. Restricted contributions are recorded as restricted income. When the donor stipulation expires, the temporarily restricted net assets are reclassified to unrestricted net assets and are reported as net assets released from restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

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

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

#### **Basis of Accounting:**

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

#### **Functional Expenses:**

The costs of providing the program services and management activities have been summarized on a functional basis. Expenses are charged directly to program, general and administrative, or development and fundraising based on specific identification, and certain indirect expenses have been allocated based on level of effort.

#### **Use of Estimates:**

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

## NOTES TO FINANCIAL STATEMENTS

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

#### Revenue and Expense Recognition:

Revenue is recognized when earned or received. Deferred revenue represents revenue received in advance for future events and future memberships and subscriptions.

Receivables represent amounts due for revenue earned prior to year-end. Gifts of cash or other assets are recorded as revenue when received or at the time an unconditional promise to give is made known to the Society.

#### Cash and Cash Equivalents:

The Society considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts. Cash balances are maintained with financial institutions which are insured by the Federal Deposit Insurance Corporation. Balances exceed insured amounts from time to time. The Society believes it is not exposed to any significant credit risk on cash.

#### Marketable Securities:

The Society carries its investments at fair market value in accordance with FASB's *Accounting for Certain Investments Held by Not-For-Profit Organizations*. Realized and unrealized gains and losses, as well as interest and dividends, are recognized as income or loss in the accompanying statements of activities.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

#### Building, Furniture and Equipment:

At June 30, 2015 and 2014, furniture and equipment is stated at cost, less accumulated depreciation of \$152,733 and \$125,385, respectively.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, ranging from three to thirty-nine years.

Long-lived assets, held and used by the Society, are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable. The Society's policy is to capitalize its capital assets over \$500. Depreciation expense on the Society's furniture and equipment for the years ended June 30, 2015 and 2014 was \$33,530 and \$33,096, respectively. Depreciation expense on Luce Center building and equipment for the years ended June 30, 2015 and 2014 was \$66,262 and \$64,171, respectively.

#### Inventories:

At June 30, 2015 and 2014, book inventories are stated at cost using the first-in, first-out ("FIFO") method, less a valuation reserve of \$115,256 and \$104,143, respectively. The valuation reserve reflects the estimated decline in value of certain books since their original publication.

## NOTES TO FINANCIAL STATEMENTS

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

#### Income Taxes:

The Society is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. Unrelated business income, if any, may be subject to income tax. The Society paid no taxes on unrelated business income for the years ended June 30, 2015 and 2014.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Society's tax returns. Management has determined that the Society does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes.

### NOTE 2. MARKETABLE SECURITIES

The aggregate cost and fair values, as well as unrealized appreciation, of marketable securities as of June 30, 2015 and 2014 were:

	2015		
	Cost	Unrealized Appreciation	Fair Value
Corporate stocks	\$ 401,144	\$ 119,695	\$ 520,839
Mutual funds and ETFs	1,773,397	103,132	1,876,529
Total	\$ 2,174,541	\$ 222,827	\$ 2,397,368
Equity securities - Luce Center endowment fund corpus and accumulated earnings	\$ 390,955	\$ 128,221	\$ 519,176
	2014		
	Cost	Unrealized Appreciation	Fair Value
Corporate stocks	\$ 362,469	\$ 116,543	\$ 479,012
Mutual funds and ETFs	1,400,214	212,755	1,612,969
Total	\$ 1,762,683	\$ 329,298	\$ 2,091,981
Equity securities - Luce Center endowment fund corpus and accumulated earnings	\$ 377,184	\$ 119,050	\$ 496,234

Investment income consists of the following for the years ended June 30:

	2015	2014
Interest and dividends	\$ 112,466	\$ 63,623
Realized gains	104,749	36,985
Unrealized (losses)/gains	(97,299)	320,955
	\$ 119,916	\$ 421,563

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. FAIR VALUE MEASUREMENTS

FASB's *Fair Value Measurements and Disclosures* establishes 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this guidance are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially all of the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

*Mutual funds, corporate stocks, and ETFs:* Valued at the net asset value (NAV) of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Corporate Stocks</b>				
Common stocks	\$ 520,839	\$ -	\$ -	\$ 520,839
<b>Mutual Funds and ETFs</b>				
Large blend	375,948	-	-	375,948
World allocation	88,901	-	-	88,901
Moderate allocation	302,716	-	-	302,716
Mid-cap blend	439,879	-	-	439,879
Bond fund	209,037	-	-	209,037
Large growth	256,261	-	-	256,261
Large value	32,057	-	-	32,057
International	171,730	-	-	171,730
Total Mutual Funds and ETFs	<u>1,876,529</u>	<u>-</u>	<u>-</u>	<u>1,876,529</u>
Total Corporate Stocks, Mutual Funds, and ETFs	<u>2,397,368</u>	<u>-</u>	<u>-</u>	<u>2,397,368</u>
<b>Equity Securities - Luce Center</b>				
Luce Center endowment fund corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	<u>269,176</u>	<u>-</u>	<u>-</u>	<u>269,176</u>
Total Equity Securities - Luce Center	<u>519,176</u>	<u>-</u>	<u>-</u>	<u>519,176</u>
Total Investments at Fair Value	<u>\$ 2,916,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,916,544</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Corporate Stocks</b>				
Common stocks	\$ 479,012	\$ -	\$ -	\$ 479,012
<b>Mutual Funds and ETFs</b>				
Large blend	479,534	-	-	479,534
World allocation	129,859	-	-	129,859
Moderate allocation	201,360	-	-	201,360
Mid-cap blend	500,588	-	-	500,588
Multisector bond	72,100	-	-	72,100
Large growth	100,793	-	-	100,793
Large value	19,752	-	-	19,752
Foreign large value	108,983	-	-	108,983
Total Mutual Funds and ETFs	<u>1,612,969</u>	<u>-</u>	<u>-</u>	<u>1,612,969</u>
Total Corporate Stocks, Mutual Funds, and ETFs	<u>2,091,981</u>	<u>-</u>	<u>-</u>	<u>2,091,981</u>
<b>Equity Securities - Luce Center</b>				
Luce Center endowment fund corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	246,234	-	-	246,234
Total Equity Securities - Luce Center	<u>496,234</u>	<u>-</u>	<u>-</u>	<u>496,234</u>
Total Investments at Fair Value	<u>\$ 2,588,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,588,215</u>

### NOTE 4. LUCE CENTER ASSETS

As of June 30, 2001, the Society and the American Academy of Religion (the "Academy"), a related party organization, entered into a joint tenancy in common agreement, which establishes the ownership interests of certain assets and liabilities of the Luce Center. The agreement stipulated that the net book value of the Luce Center building and the Luce Center building endowment fund, including accumulated earnings, be shared equally between the two owners. All net revenues or expenses are also to be shared equally by the two owners. The building is subject to a ground lease with Emory University. This ground lease has a thirty-year term, expiring in March 2027, and there are two ten-year extension options available.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. LUCE CENTER ASSETS (Continued)

The Society's net share of the Luce Center assets are as follows at June 30:

	2015	2014
Luce Center building	\$ 2,243,957	\$ 2,229,944
Luce Center furniture	32,378	32,378
	2,276,335	2,262,322
Less accumulated depreciation	(819,640)	(753,378)
	1,456,695	1,508,944
Luce Center endowment fund investments		
Corpus - permanently restricted	250,000	250,000
Accumulated earnings - temporarily restricted	269,176	246,234
	519,176	496,234
 Total Net Share of Luce Center	 \$ 1,975,871	 \$ 2,005,178

### NOTE 5. ENDOWMENT

#### Interpretation of Relevant Law

With regard to endowments, the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Society classifies permanently restricted net assets as: (a) the original value of gifts donated to the permanent endowment, (b) subsequent gifts to the endowment, and (c) accumulations (appreciation and depreciation in value) 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 accumulations are added to the original gift due to the court-ordered unitrust described below. In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. ENDOWMENT (Continued)

#### **Funds with Deficiencies**

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2015 and 2014, the Society did not have any such deficiencies in the endowment.

#### **Return Objectives and Risk Parameters**

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Society, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### **Spending Policy**

The Luce Center Endowment allows for spending of the accumulated earnings for repairs and maintenance to the Luce Center and the Scholarship and Awards Endowment allows for spending of the accumulated earnings on awards to scholars.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. ENDOWMENT (Continued)

The Endowment Net Asset Composition by type of Fund at June 30, 2015 is:

<b>Endowment Net Asset Composition by Type of Fund as of June 30, 2015</b>				
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 282,916	\$ 294,630	\$ 577,546

The Changes in Endowment Net Assets for the year ended June 30, 2015 are:

<b>Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015</b>				
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 260,139	\$ 294,630	\$ 554,769
Net appreciation	-	7,146	-	7,146
Investment income	-	16,599	-	16,599
Contributions	-	410	-	410
Appropriation of endowment assets for expenditure	-	(1,378)	-	(1,378)
Endowment net assets, end of year	\$ -	\$ 282,916	\$ 294,630	\$ 577,546

#### **Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)**

##### Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA

Total endowment funds classified as permanently restricted net assets	\$ 294,630
	\$ 294,630

##### Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:

Without purpose restrictions	\$ -
With purpose restrictions	282,916
	\$ 282,916

Total endowment funds classified as temporarily restricted net assets

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. ENDOWMENT (Continued)

The Endowment Net Asset Composition by type of Fund at June 30, 2014 is:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 260,139	\$ 294,630	\$ 554,769

The Changes in Endowment Net Assets for the year ended June 30, 2014 are:

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 211,517	\$ 294,380	\$ 506,147
Net appreciation	-	80,115	-	80,115
Investment income	-	14,544	-	14,544
Contributions	-	300	-	300
Appropriation of endowment assets for expenditure	-	(46,337)	-	(46,337)
Endowment net assets, end of year	\$ -	\$ 260,139	\$ 294,630	\$ 554,769

#### Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

##### Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA

\$ 294,630

Total endowment funds classified as permanently restricted net assets

\$ 294,630

##### Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:

Without purpose restrictions

\$ -

With purpose restrictions

260,139

Total endowment funds classified as temporarily restricted net assets

\$ 260,139

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. EMPLOYEE BENEFIT PLAN

Introductory full-time, regular full-time, and regular part-time employees of the Society are eligible to participate in a tax-deferred annuity plan. Under the plan, the Society made contributions equal to 10% of annual salary to the Teacher's Insurance and Annuity Association and/or College Retirement Equities Fund ("TIAA-CREF") defined contribution plan. Employee contributions are voluntary. Total retirement expense for the years ended June 30, 2015 and 2014 was \$109,675 and \$104,989, respectively.

### NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2015 and 2014, temporarily restricted net assets were available for the following purposes:

	2015	2014
Luce Center Maintenance Fund	\$ 269,176	\$ 246,264
Scholarships and Awards	88,574	88,459
	\$ 357,750	\$ 334,693

During 2015, \$2,000 was released from restrictions for scholarships and awards and \$858 was released for investment expenses. During 2014, \$45,000 was released from restrictions from the Luce Center Maintenance Fund for repairs, \$2,000 was released for scholarships and awards, and \$763 was released for investment expenses. Temporarily restricted net assets are included in cash and cash equivalents and marketable securities on the statements of financial position.

### NOTE 8. PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2015 and 2014, permanently restricted net assets were available for the following purposes:

	2015	2014
Luce Center Endowment Principal	\$ 250,000	\$ 250,000
Scholarships and Awards	44,630	44,630
	\$ 294,630	\$ 294,630

Permanently restricted net assets are included in cash and cash equivalents and marketable securities on the statements of financial position.

### NOTE 9. SUBSEQUENT EVENTS

The Society has evaluated subsequent events through November 10, 2015, the date on which the financial statements were available to be issued.