

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

**Consolidated Financial Statements**  
June 30, 2012 and 2011

# American Academy of Religion, Inc. & Subsidiaries

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## INDEPENDENT AUDITOR'S REPORT

To the Finance Committee  
American Academy of Religion, Inc.

We have audited the accompanying consolidated statements of financial position of **American Academy of Religion, Inc. & Subsidiaries** (a nonprofit organization) as of June 30, 2012 and 2011, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Academy of Religion, Inc. & Subsidiaries as of June 30, 2012 and 2011, and the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Windham Brannon, P.C.*

Certified Public Accountants

September 20, 2012

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statements of Financial Position June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash in banks	\$ 475,304	\$ 512,050
Accounts receivable, net	37,216	108,310
Luce grant receivable	100,000	200,000
Prepaid expenses and other assets	65,756	24,444
Furniture and equipment, net	323,012	38,063
Share of Luce Center assets, net	2,042,281	2,046,305
Marketable securities	6,583,471	6,544,968
<b>Total assets</b>	<b>\$ 9,627,040</b>	<b>\$ 9,474,140</b>
<b>Liabilities and net assets</b>		
Line of credit	\$ 245,000	\$ 150,000
Accounts payable and accrued expenses	394,821	242,397
Accrued vacation	83,538	146,176
Deferred revenue - membership	438,048	452,332
Deferred revenue - annual meeting	756,208	755,916
	1,917,615	1,746,821
<b>Net assets</b>		
Unrestricted	5,574,793	5,344,452
Temporarily restricted	934,632	1,182,867
Permanently restricted	1,200,000	1,200,000
<b>Total net assets</b>	<b>7,709,425</b>	<b>7,727,319</b>
<b>Total liabilities and net assets</b>	<b>\$ 9,627,040</b>	<b>\$ 9,474,140</b>

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

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and other support</b>				
Membership dues	\$ 937,090	\$ -	\$ -	\$ 937,090
Grants, net	1,650	500	-	2,150
Annual meeting registration and exhibits	1,284,311	-	-	1,284,311
Employment information services	107,750	-	-	107,750
Label sales	35,610	-	-	35,610
Royalties	7,598	3,903	-	11,501
Publications	37,721	-	-	37,721
Contributions and gifts in kind	31,084	3,075	-	34,159
Luce Center rental income	116,556	-	-	116,556
Interest and dividends	101,218	40,028	-	141,246
Miscellaneous	18,098	-	-	18,098
Net assets released from restrictions	290,853	(290,853)	-	-
<b>Total revenues and other support</b>	<b>2,969,539</b>	<b>(243,347)</b>	<b>-</b>	<b>2,726,192</b>
<b>Expenses</b>				
<b>Program</b>				
Research and publications	110,236	-	-	110,236
Member services	824,693	-	-	824,693
Professional development services	243,654	-	-	243,654
External relations	109,239	-	-	109,239
Annual meeting	981,536	-	-	981,536
<b>Total program expenses</b>	<b>2,269,358</b>	<b>-</b>	<b>-</b>	<b>2,269,358</b>
Luce center expenses	155,861	-	-	155,861
General and administrative	220,450	-	-	220,450
Fundraising	21,878	-	-	21,878
<b>Total expenses</b>	<b>2,667,547</b>	<b>-</b>	<b>-</b>	<b>2,667,547</b>
<b>Increase (decrease) in net assets before depreciation and amortization and gains (losses)</b>	<b>301,992</b>	<b>(243,347)</b>	<b>-</b>	<b>58,645</b>
<b>Depreciation and amortization</b>	<b>(120,932)</b>	<b>-</b>	<b>-</b>	<b>(120,932)</b>
<b>Investment losses</b>	<b>(25,211)</b>	<b>(4,888)</b>	<b>-</b>	<b>(30,099)</b>
<b>Inherent contribution of unrestricted assets of the Regions (See Note 1)</b>	<b>74,492</b>	<b>-</b>	<b>-</b>	<b>74,492</b>
<b>Increase (decrease) in net assets</b>	<b>230,341</b>	<b>(248,235)</b>	<b>-</b>	<b>(17,894)</b>
<b>Net assets, beginning of year</b>	<b>5,344,452</b>	<b>1,182,867</b>	<b>1,200,000</b>	<b>7,727,319</b>
<b>Net assets, end of year</b>	<b>\$ 5,574,793</b>	<b>\$ 934,632</b>	<b>\$ 1,200,000</b>	<b>\$ 7,709,425</b>

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and other support</b>				
Membership dues	\$ 905,555	\$ -	\$ -	\$ 905,555
Grants, net	-	200,000	-	200,000
Annual meeting registration and exhibits	907,118	-	-	907,118
Employment information services	148,252	-	-	148,252
Label sales	22,234	-	-	22,234
Royalties	16,939	3,457	-	20,396
Publications	58,158	-	-	58,158
Contributions and gifts in kind	34,479	1,000	-	35,479
Luce Center rental income	107,258	-	-	107,258
Interest and dividends	88,489	37,948	-	126,437
Miscellaneous	13,002	-	-	13,002
Net assets released from restrictions	160,240	(160,240)	-	-
<b>Total revenues and other support</b>	<b>2,461,724</b>	<b>82,165</b>	<b>-</b>	<b>2,543,889</b>
<b>Expenses</b>				
<b>Program</b>				
Research and publications	118,047	-	-	118,047
Member services	854,634	-	-	854,634
Professional development services	243,189	-	-	243,189
External relations	120,248	-	-	120,248
Annual meeting	902,877	-	-	902,877
<b>Total program expenses</b>	<b>2,238,995</b>	<b>-</b>	<b>-</b>	<b>2,238,995</b>
Luce center expenses	157,011	-	-	157,011
General and administrative	264,230	-	-	264,230
Fundraising	25,968	-	-	25,968
<b>Total expenses</b>	<b>2,686,205</b>	<b>-</b>	<b>-</b>	<b>2,686,205</b>
<b>Increase (decrease) in net assets before depreciation and amortization and gains (losses)</b>	<b>(224,480)</b>	<b>82,165</b>	<b>-</b>	<b>(142,315)</b>
<b>Depreciation and amortization</b>	<b>(81,669)</b>	<b>-</b>	<b>-</b>	<b>(81,669)</b>
<b>Investment gains</b>	<b>772,749</b>	<b>320,757</b>	<b>-</b>	<b>1,093,506</b>
<b>Loss on disposal of equipment</b>	<b>(828)</b>	<b>-</b>	<b>-</b>	<b>(828)</b>
<b>Increase in net assets</b>	<b>465,772</b>	<b>402,922</b>	<b>-</b>	<b>868,693</b>
<b>Net assets, beginning of year</b>	<b>4,878,681</b>	<b>779,945</b>	<b>1,200,000</b>	<b>6,858,626</b>
<b>Net assets, end of year</b>	<b>\$ 5,344,453</b>	<b>\$ 1,182,867</b>	<b>\$ 1,200,000</b>	<b>\$ 7,727,319</b>

# American Academy of Religion, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows For the Years Ended June 30, 2012 and 2011

	2012	2011
<b>Cash flows from operating activities</b>		
<b>(Decrease) increase in net assets</b>	\$ (17,894)	\$ 868,693
<b>Reconciliation of increase in net assets to net cash provided (used) by operating activities</b>		
Depreciation and amortization	120,932	81,669
Investment gains (losses)	30,099	(1,093,505)
Loss on disposal of furniture and equipment	-	828
Changes in assets and liabilities:		
Accounts receivable	71,094	27,622
Grant receivable	100,000	(100,000)
Prepaid expenses	(41,312)	33,762
Accounts payable and accrued expenses	152,424	(120,222)
Accrued vacation	(62,638)	86,329
Deferred revenue	(13,992)	205,618
<b>Net cash (used) provided by operating activities</b>	<b>338,713</b>	<b>(9,206)</b>
<b>Cash flows from investing activities</b>		
Acquisition of furniture and equipment	(464,910)	(35,664)
Proceeds from sale of marketable securities	149,243	1,193,190
Purchase of marketable securities	(154,792)	(867,434)
<b>Net cash provided (used) by investing activities</b>	<b>(470,459)</b>	<b>290,092</b>
<b>Cash flows from financing activities</b>		
Repayments of line of credit	-	(95,000)
Borrowings on line of credit	95,000	190,000
<b>Net cash provided by financing activities</b>	<b>95,000</b>	<b>95,000</b>
<b>Net (decrease) increase in cash</b>	<b>(36,746)</b>	<b>375,886</b>
<b>Cash at beginning of year</b>	<b>512,050</b>	<b>136,164</b>
<b>Cash at end of year</b>	<b>\$ 475,304</b>	<b>\$ 512,050</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 6,007	\$ 4,996

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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

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

The accompanying consolidated financial statements for fiscal 2012 include ten regions (Regions) of the Academy that were acquired by the Academy as of July 1, 2011 (collectively the Academy). The Regions are nonprofit organizations which support the work of the Academy at a regional level. The fair value of the Regions' net assets at the acquisition date was \$74,492 composed entirely of unrestricted cash.

#### Principles of Consolidation

The consolidated financial statements include the Academy and the Regions as of and for the year ended June 30, 2012. As of and for the year ended June 30, 2011 the financial statements are solely for the Academy because the Regions all operated autonomously and separate from the Academy until July 1, 2011. All significant intercompany transactions have been eliminated in the presentation of those consolidated financial statements.

#### Basis of Accounting

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

#### Basis of Presentation

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

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

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

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



# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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### Use of Estimates

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

### Cash in Banks

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

### Marketable Securities

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

### Receivables

Receivables are primarily for advertising and rental of exhibit booths for the annual meeting and are recorded at the amount of cash estimated as realizable. The Academy provides reserves for uncollectible accounts when accounts are deemed uncollectible. At June 30, 2012 and 2011, accounts receivable are net of an allowance for doubtful accounts of \$1,500.

### Luce Grant Receivable

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

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

### Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is recorded using the straight-line method over estimated useful lives ranging from three to seven years. Accumulated depreciation at June 30, 2012 and 2011 totaled \$166,393 and \$117,471. The Academy's policy is to capitalize fixed asset additions exceeding \$1,000.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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### Revenue Recognition

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

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

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

### Deferred Revenue

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

### 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 filed income tax returns and recognizes a liability for or discloses 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.

### 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 September 20, 2012, which is the date the financial statements were available to be issued.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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### 2. Marketable Securities

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

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

The Academy held investments at June 30, 2012 and 2011 as follows:

	2012	2011
Mutual Funds:		
Money Market	\$ 184,067	\$ 86,323
Fixed Income/Bond Funds	2,063,642	2,044,241
Growth Funds	1,983,906	1,675,859
Value Funds	1,591,174	1,051,274
Blended Funds	-	679,559
Emerging Markets	276,149	310,483
Foreign Funds	340,183	404,785
Commodities	-	121,917
Real Estate	144,350	170,527
Total Mutual Funds	\$ 6,583,471	\$ 6,544,968

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

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

	2012		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 101,218	\$ 40,028	\$ 141,246
Realized gains	228,018	75,561	303,579
Unrealized gains	(253,229)	(80,449)	(333,678)
	<u>\$ 76,007</u>	<u>\$ 35,140</u>	<u>\$ 111,147</u>

  

	2011		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 88,489	\$ 37,948	\$ 126,437
Realized losses	128,241	40,779	169,020
Unrealized gains	644,507	279,978	924,485
	<u>\$ 861,238</u>	<u>\$ 358,705</u>	<u>\$ 1,219,943</u>

### 3. Luce Center

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

Summarized financial information for the years ended June 30, 2012 and 2011 for the Luce Center assets is as follows:

	2012	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,724,040	\$ 2,362,020
Furniture	41,924	20,962
Leasehold interest in land	165,000	82,500
Accumulated depreciation	(1,629,932)	(814,966)
Unrestricted investments, at fair value	57,856	28,928
Restricted investments, at fair value	725,675	362,837
<b>Share of Luce Center</b>	<b>\$ 4,084,563</b>	<b>\$ 2,042,281</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

	2011	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,480,892	\$ 2,240,446
Furniture	41,924	20,962
Leasehold interest in land	165,000	82,500
Accumulated depreciation	(1,504,842)	(752,421)
Unrestricted investments, at fair value	56,375	28,188
Restricted investments, at fair value	853,262	426,630
Share of Luce Center	\$ 4,092,611	\$ 2,046,305

The Academy's share of unrestricted and restricted investments at June 30, 2012 and 2011 consist of the following:

	2012	2011
TIAA-CREF Bond Plus Fund	\$ 119,948	\$ 135,764
TIAA-CREF Social Choice Equity Fund	123,663	149,489
TIAA-CREF Equity Index Fund	148,154	169,566
Total	\$ 391,765	\$ 454,818

#### 4. Line of Credit

The Academy entered into a line of credit with a financial institution that matures on March 12, 2013 in the amount of \$250,000. Outstanding borrowings under the line of credit carry interest at the London Interbank Offered Rate (LIBOR) plus 2.25% with a floor of 3.0%. The interest rate was 3.0% at June 30, 2012 and 2011. Payments of monthly interest only are required until maturity. Certain investment accounts of the Academy are pledged as collateral.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

### 5. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011 consist of the following:

	2012	2011
<b>Funds functioning as endowment:</b>		
Research grants	\$ 243,389	\$ 263,229
Publications	162,569	178,526
Annual meeting speakers	64,499	69,582
Share of Luce Center endowment earnings	112,837	226,631
Raj endowment earnings	12,466	15,706
<b>Total funds functioning as endowment</b>	<b>595,760</b>	<b>753,674</b>
<b>Other temporarily restricted net assets:</b>		
<b>Time and purpose restricted</b>		
Luce Religious Pluralism Grant	142,251	217,242
<b>Purpose Restricted</b>		
Lilly Strengthening College and University Religion and Theology	10,448	10,448
American Lecture in History of Religions	154,068	150,089
Teagle Foundation	25,971	45,280
Religion and Ecology	4,734	4,734
Hinduism Unit	900	900
Other	500	500
<b>Total</b>	<b>\$ 934,632</b>	<b>\$ 1,182,867</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

### 6. Net Assets Released from Temporary Restrictions

Net assets released from temporary restrictions June 30, 2012 and 2011 consist of the following:

	2012	2011
Lilly Strengthening College and University Religion and Theology	\$ -	\$ 2,654
Research Grants	29,540	23,800
Publications	23,675	22,133
Annual Meeting Speakers	7,554	6,742
Pew Religion Source Grant	-	(34)
Religion and Ecology	-	1,266
Teagle Foundation	19,309	7,397
Raj Endowment Earnings	5,000	-
Luce Endowment Earnings	125,000	-
American Lecture in History of Relations	3,784	7,232
Public Understanding of Religion	2,000	-
Luce Religious Pluralism Grant	74,991	89,050
<b>Total</b>	<b>\$ 290,853</b>	<b>\$ 160,240</b>

### 7. Permanently Restricted Net Assets and Endowments

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

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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The Academy has interpreted the “Uniform Prudent Management of Institutional Funds Act” (UPMIFA), as adopted by the State of Georgia, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Academy classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Academy in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate endowment funds:

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

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

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

The Board of Directors has determined that no more than five percent of a three-year average of the market value of the endowment portion of marketable securities may be transferred to temporarily restricted funds in any given year. The market value is determined as of the last day of December. Any remaining gains and losses, after the transfer, are considered additions or reductions in the principal amount of the endowment fund and are reported as increases or decreases in temporarily restricted net assets. For the years ended June 30, 2012 and 2011, the total amount of income and gains transferred was \$190,768 and \$52,675.



# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

The following table presents the Academy's endowment composition, changes, and net asset classifications as of and for the years ended June 30, 2012 and 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2010	\$ -	\$ 472,742	\$ 1,200,000	\$ 1,672,742
Investment gain	-	333,607	-	333,607
Releases from restriction	-	(52,675)	-	(52,675)
Endowment net assets, June 30, 2011	-	753,674	1,200,000	1,953,674
Investment gain	-	32,854	-	32,854
Releases from restriction	-	(190,768)	-	(190,768)
Endowment net assets <b>June 30, 2012</b>	\$ -	\$ 595,760	\$ 1,200,000	\$ 1,795,760

### Return Objectives and Risk Parameters

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

### Permanently Restricted Net Assets

The nature of the permanently restricted net asset endowments balance at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
Grants	\$ 500,000	\$ 500,000
Publications	350,000	350,000
Annual meeting speakers	100,000	100,000
Luce Center endowment corpus	250,000	250,000
<b>Total</b>	<b>\$ 1,200,000</b>	<b>\$ 1,200,000</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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### 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 its liabilities. Accordingly, the Academy began performing internally or outsourcing these services to unrelated third parties.

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

The Academy's share of rental income was \$116,556 and \$107,258 and direct expenses were \$155,861 and \$157,011 for the years ended June 30, 2012 and 2011.

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).

### 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%	1.5%
2%	3%

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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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, 2012 and 2011, was approximately \$68,000 and \$71,000.

### **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, 2012, contracts for hotel space had been entered into through 2015. While the rooms will ultimately be paid for by members of the Academy, the Academy has guaranteed the rooms in advance to ensure availability. In the event the annual meetings are cancelled, or minimum percentages of reserved rooms are not used by members or minimum food and beverage charges are not incurred, the Academy may be liable for a cancellation fee. However, due to the numerous variables involved, the Academy's ultimate liability under these contracts cannot be determined.

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2012 and 2011

### 11. Functional Expenses

The functional expenses for the year ended June 30, 2012 are:

	Research and Publications	Member Services	Professional Development Services	External Relations	Annual Meeting	Luce Center Expenses	General and Administrative	Fundraising	Total
Salaries and wages	\$ 29,010	\$ 358,975	\$ 60,125	\$ 55,686	\$ 210,345	\$ 28,524	\$ 109,063	\$ 6,780	\$ 858,508
Payroll taxes and benefits	8,217	101,677	17,030	15,772	59,578	8,079	30,891	1,920	243,164
Staff development	228	2,857	473	438	1,654	224	858	53	6,785
Temporary help	3	31	5	5	27,159	2	11	1	27,217
<b>Total personnel</b>	<b>37,458</b>	<b>463,540</b>	<b>77,633</b>	<b>71,901</b>	<b>298,736</b>	<b>36,829</b>	<b>140,823</b>	<b>8,754</b>	<b>1,135,674</b>
Advertising and promotion	3	952	2,735	1,185	4,482	6	29	1	9,393
Conferences and meetings	4,401	79,996	24,365	2,236	87,365	354	1,624	2,386	202,727
Dues and subscriptions	169	4,001	558	5,876	1,502	327	1,502	47	13,982
Equipment rental and maintenance	1,180	42,745	5,335	3,754	54,704	6,981	10,514	7,464	132,677
Grants and subventions	36,731	19,558	24,418	3,223	17,069	206	944	30	102,179
Insurance	205	4,861	653	416	7,976	2,432	1,825	57	18,425
Occupancy	795	18,860	2,536	1,613	7,081	90,715	7,081	222	128,903
Postage and shipping	322	6,453	364	161	22,265	76	353	1,291	31,285
Printing and publications	15,230	10,617	2,470	415	53,756	357	1,639	118	84,602
Professional fees	856	32,181	2,980	1,736	305,044	3,684	7,625	239	354,345
Service charges and fees	3,190	76,717	10,179	6,473	67,930	7,563	28,425	891	201,368
Supplies	110	3,759	1,106	223	3,791	2,265	979	31	12,264
Telephone	202	4,062	943	339	1,522	1,723	1,374	43	10,208
Travel and meeting expense	9,354	51,075	87,284	9,628	44,052	2,057	9,445	296	213,191
Other	30	5,316	95	60	4,261	286	6,268	8	16,324
<b>Total expenses</b>	<b>\$ 110,236</b>	<b>\$ 824,693</b>	<b>\$ 243,654</b>	<b>\$ 109,239</b>	<b>\$ 981,536</b>	<b>\$ 155,861</b>	<b>\$ 220,450</b>	<b>\$ 21,878</b>	<b>\$ 2,667,547</b>

# American Academy of Religion, Inc. & Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

The functional expenses for the year ended June 30, 2011 are:

	Research and Publications	Member Services	Professional Development Services	External Relations	Annual Meeting	Luce Center Expenses	General and Administrative	Fundraising	Total
Salaries and wages	\$ 43,144	\$ 349,193	\$ 57,596	\$ 60,206	\$ 223,171	\$ 30,143	\$ 139,406	\$ 14,104	\$ 916,964
Payroll taxes and benefits	11,291	91,387	15,073	15,756	58,406	6,685	39,957	3,691	242,247
Staff development	517	4,183	690	721	4,979	301	1,829	169	13,389
Temporary help	69	3,127	1,032	97	26,026	40	246	23	30,660
<b>Total personnel</b>	<b>55,021</b>	<b>447,890</b>	<b>74,392</b>	<b>76,780</b>	<b>312,582</b>	<b>37,170</b>	<b>181,437</b>	<b>17,987</b>	<b>1,203,260</b>
Advertising and promotion	-	1,467	-	910	17,162	-	-	-	19,539
Conferences and meetings	3,859	29,138	36,055	2,538	65,558	151	1,321	3,936	142,555
Dues and subscriptions	186	3,873	338	6,228	1,280	124	1,086	44	13,159
Equipment rental and maintenance	2,660	64,069	4,537	7,729	46,448	5,321	15,541	1,387	147,693
Grants and subventions	28,903	47,602	49,365	4,896	19,854	39	342	14	151,014
Insurance	391	6,036	666	605	10,071	718	2,283	92	20,862
Occupancy	1,003	15,500	1,711	1,554	6,904	98,583	5,862	236	131,354
Postage and shipping	446	2,108	403	589	6,504	68	597	222	10,935
Printing and publications	15,563	11,081	747	1,543	13,996	126	1,105	44	44,205
Professional fees	1,893	70,771	3,306	2,967	273,740	3,521	11,062	445	367,706
Service charges and fees	4,450	68,761	7,616	6,893	52,205	4,576	26,001	1,047	171,549
Supplies	210	3,838	884	388	15,378	4,016	1,229	49	25,992
Telephone	430	4,408	1,777	639	1,970	1,438	1,409	57	12,128
Travel and meeting expense	2,560	76,140	60,635	5,829	52,913	1,061	9,302	381	208,821
Other	473	1,952	757	161	6,311	99	5,654	27	15,433
<b>Total expenses</b>	<b>\$ 118,047</b>	<b>\$ 854,634</b>	<b>\$ 243,189</b>	<b>\$ 120,248</b>	<b>\$ 902,877</b>	<b>\$ 157,011</b>	<b>\$ 264,230</b>	<b>\$ 25,968</b>	<b>\$ 2,686,205</b>