

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of **American Academy of Religion, Inc. and Subsidiaries** (the "Academy"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the 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, 2021 and 2020, 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.

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

Atlanta, Georgia  
June 1, 2022

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash in banks	\$ 596,136	\$ 962,106
Accounts receivable, net of allowance for doubtful accounts	61,331	85,295
Related party receivable	-	3,764
Grant receivable	200,000	500,000
Prepaid expenses and other assets	111,012	116,550
Furniture and software, net of accumulated depreciation	129,075	204,159
Share of Luce Center assets, net of accumulated depreciation	2,201,679	1,969,780
Marketable securities, at fair value	9,533,625	7,875,547
Total assets	\$ 12,832,858	\$ 11,717,201
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 30,105	\$ 53,980
Related party payables	268,497	633,589
Deferred revenue - membership	290,683	260,922
Deferred revenue - annual meeting	499,287	306,271
PPP note payable	433,898	218,175
Total liabilities	1,522,470	1,472,937
Net assets		
Without donor restrictions	7,029,884	6,433,027
With donor restrictions	4,280,504	3,811,237
Total net assets	11,310,388	10,244,264
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,832,858</b>	<b>\$ 11,717,201</b>

**See Notes to Consolidated Financial Statements.**

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

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Membership dues	\$ 489,497	\$ -	\$ 489,497
Regional and annual meeting registration and exhibits	519,750	-	519,750
Employment information services	42,890	-	42,890
Label sales	7,943	-	7,943
Publications and royalties	75,250	-	75,250
Contributions and gifts in kind	55,388	-	55,388
Luce Center rental income	135,680	-	135,680
Interest and dividends, net of investment expenses	86,111	46,083	132,194
Miscellaneous	3,250	-	3,250
Net assets released from restrictions	351,017	(351,017)	-
	<u>1,766,776</u>	<u>(304,934)</u>	<u>1,461,842</u>
Total revenues and other support			
Expenses			
Program services			
Member services	138,090	-	138,090
Scholarly engagement	395,339	-	395,339
Public engagement	631,730	-	631,730
Regional and annual meeting	391,623	-	391,623
	<u>1,556,782</u>	<u>-</u>	<u>1,556,782</u>
Total program expenses			
Supporting services			
Luce Center expenses	76,171	-	76,171
General and administrative	799,374	-	799,374
Fundraising	18,881	-	18,881
	<u>2,451,208</u>	<u>-</u>	<u>2,451,208</u>
Total expenses			
(Decrease) in net assets before depreciation and investment gains	(684,432)	(304,934)	(989,366)
Depreciation	(170,847)	-	(170,847)
Investment gains (realized and unrealized)	1,452,136	774,201	2,226,337
Increase in net assets	596,857	469,267	1,066,124
Net assets at beginning of year	<u>6,433,027</u>	<u>3,811,237</u>	<u>10,244,264</u>
Net assets at end of year	<u>\$ 7,029,884</u>	<u>\$ 4,280,504</u>	<u>\$ 11,310,388</u>

**See Notes to Consolidated Financial Statements.**

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

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Membership dues	\$ 656,499	\$ -	\$ 656,499
Grant revenue	9,100	1,000,000	1,009,100
Regional and annual meeting registration and exhibits	1,514,945	-	1,514,945
Employment information services	61,586	-	61,586
Label sales	10,156	-	10,156
Publications and royalties	96,642	-	96,642
Contributions and gifts in kind	30,036	25,000	55,036
Luce Center rental income	138,770	-	138,770
Interest and dividends, net of investment expenses	105,643	51,496	157,139
Miscellaneous	1,380	-	1,380
Net assets released from restrictions	158,540	(158,540)	-
	<u>2,783,297</u>	<u>917,956</u>	<u>3,701,253</u>
Total revenues and other support			
Expenses			
Program services			
Research and publications	308,178	-	308,178
Member services	263,198	-	263,198
Scholarly engagement	321,675	-	321,675
Public engagement	290,030	-	290,030
Regional and annual meeting	990,766	-	990,766
	<u>2,173,847</u>	<u>-</u>	<u>2,173,847</u>
Total program expenses			
Supporting services			
Luce Center expenses	92,176	-	92,176
General and administrative	811,166	-	811,166
Fundraising	17,022	-	17,022
	<u>3,094,211</u>	<u>-</u>	<u>3,094,211</u>
Total expenses			
Increase (decrease) in net assets before depreciation and investment gains	(310,914)	917,956	607,042
Depreciation	(160,167)	-	(160,167)
Investment gains (realized and unrealized)	32,041	44,495	76,536
Increase (decrease) in net assets	(439,040)	962,451	523,411
Net assets at beginning of year	<u>6,872,067</u>	<u>2,848,786</u>	<u>9,720,853</u>
Net assets at end of year	<u>\$ 6,433,027</u>	<u>\$ 3,811,237</u>	<u>\$ 10,244,264</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, 2021**

	Program Services				Total Programs	Supporting Services			
	Member Services	Scholarly Engagement	Public Engagement	Regional and Annual Meetings		Luce Center Expenses	General and Administrative	Fundraising	Total
Salaries and wages	\$ 86,280	\$ 209,747	\$ 395,144	\$ 166,112	\$ 857,283	\$ 5,287	\$ 316,351	\$ 14,304	\$ 1,193,225
Payroll taxes and benefits	23,295	56,632	106,713	44,851	231,491	1,427	88,347	3,862	325,127
Staff development	-	-	-	-	-	-	8,267	-	8,267
Temporary help	-	-	-	-	-	-	6,090	-	6,090
	109,575	266,379	501,857	210,963	1,088,774	6,714	419,055	18,166	1,532,709
Advertising and promotion	1,629	-	-	-	1,629	-	-	-	1,629
Conferences and meetings	-	-	-	21,187	21,187	-	945	-	22,132
Dues and subscriptions	8,479	1,217	2,393	-	12,089	-	22,034	-	34,123
Equipment rental and maintenance	-	-	-	-	-	-	1,193	-	1,193
Network and computer operations	-	3,844	20,328	32,545	56,717	-	129,281	-	185,998
Grants and subventions	-	88,780	14,233	3,000	106,013	-	25,320	-	131,333
Insurance	-	-	-	4,498	4,498	6,847	15,805	-	27,150
Occupancy	-	-	-	-	-	60,414	68,424	-	128,838
Postage and shipping	-	4,274	-	4,711	8,985	-	2,411	-	11,396
Printing and publications	-	157	-	4,319	4,476	-	1,224	-	5,700
Professional fees	-	15,556	72,958	82,051	170,565	-	58,341	-	228,906
Service charges and fees	18,407	12,068	19,961	27,435	77,871	264	39,566	715	118,416
Supplies	-	486	-	-	486	328	3,035	-	3,849
Telephone	-	-	-	-	-	1,386	5,127	-	6,513
Travel and meeting expense	-	-	-	914	914	-	-	-	914
Other	-	2,578	-	-	2,578	218	7,613	-	10,409
	138,090	395,339	631,730	391,623	1,556,782	76,171	799,374	18,881	2,451,208
Total expenses	\$ 138,090	\$ 395,339	\$ 631,730	\$ 391,623	\$ 1,556,782	\$ 76,171	\$ 799,374	\$ 18,881	\$ 2,451,208

**See Notes to Consolidated Financial Statements.**

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

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services				Total
	Research and Publications	Member Services	Scholarly Engagement	Public Engagement	Regional and Annual Meetings	Total Programs	Luce Center Expenses	General and Administrative	Fundraising	
Salaries and wages	\$ 136,310	\$ 112,662	\$ 119,801	\$ 159,435	\$ 134,874	\$ 663,082	\$ 2,161	\$ 450,688	\$ -	\$ 1,115,931
Payroll taxes and benefits	36,458	30,370	32,350	43,047	36,414	178,639	663	124,837	-	304,139
Staff development	9	75	-	435	-	519	-	15,296	-	15,815
Temporary help	-	-	-	-	13,914	13,914	-	10,469	-	24,383
	<u>172,777</u>	<u>143,107</u>	<u>152,151</u>	<u>202,917</u>	<u>185,202</u>	<u>856,154</u>	<u>2,824</u>	<u>601,290</u>	<u>-</u>	<u>1,460,268</u>
Advertising and promotion	36	-	-	-	133	169	-	100	-	269
Conferences and meetings	7,149	25,413	18,783	2,234	134,219	187,798	-	10,217	-	198,015
Dues and subscriptions	5,072	14,634	4,483	4,369	4,369	32,927	-	4,369	-	37,296
Equipment rental and maintenance	306	-	140	-	150	596	-	2,176	-	2,772
Network and computer operations	37,507	36,267	39,303	37,032	79,958	230,067	-	36,265	-	266,332
Grants and subventions	37,493	4,000	26,718	5,107	21,476	94,794	-	667	17,000	112,461
Insurance	2,630	2,630	2,630	2,630	8,544	19,064	6,136	2,630	-	27,830
Occupancy	12,433	12,433	12,433	12,433	19,651	69,383	76,018	12,433	-	157,834
Postage and shipping	1,533	-	583	-	5,940	8,056	-	1,469	22	9,547
Printing and publications	420	10	25	790	13,996	15,241	-	1,772	-	17,013
Professional fees	15,000	532	35,277	220	378,474	429,503	551	41,881	-	471,935
Service charges and fees	8,401	18,890	9,199	9,586	29,130	75,206	2,167	42,040	-	119,413
Supplies	355	-	161	171	35,135	35,822	1,186	9,637	-	46,645
Telephone	864	864	864	864	862	4,318	1,386	864	-	6,568
Travel and meeting expense	6,012	4,418	18,925	11,572	71,060	111,987	-	37,111	-	149,098
Other	190	-	-	105	2,467	2,762	1,908	6,245	-	10,915
Total expenses	<u>\$ 308,178</u>	<u>\$ 263,198</u>	<u>\$ 321,675</u>	<u>\$ 290,030</u>	<u>\$ 990,766</u>	<u>\$ 2,173,847</u>	<u>\$ 92,176</u>	<u>\$ 811,166</u>	<u>\$ 17,022</u>	<u>\$ 3,094,211</u>

See Notes to Consolidated Financial Statements.



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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,066,124	\$ 523,411
Adjustments to reconcile increase in net assets to net cash (used in) operating activities:		
Depreciation	170,847	160,167
Investment gains	(2,226,337)	(76,536)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	23,964	(39,881)
Decrease in related party receivable	3,764	15,175
Decrease (increase) in grant receivable	300,000	(500,000)
Decrease in prepaid expenses	5,538	26,280
(Decrease) in accounts payable and accrued expenses	(23,875)	(68,130)
(Decrease) increase in related party payable	(365,092)	496,537
Increase (decrease) in deferred revenue	222,777	(749,194)
	<b>(822,290)</b>	<b>(212,171)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(22,798)	(62,649)
Proceeds from sale of marketable securities	1,976,301	3,762,652
Purchase of marketable securities	(1,712,906)	(3,566,711)
	<b>240,597</b>	<b>133,292</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from PPP note payable	215,723	218,175
	<b>215,723</b>	<b>218,175</b>
Net cash provided by financing activities	<b>215,723</b>	<b>218,175</b>
Net (decrease) increase in cash in banks	<b>(365,970)</b>	<b>139,296</b>
Cash in banks, beginning of year	<b>962,106</b>	<b>822,810</b>
Cash in banks, end of year	<b>\$ 596,136</b>	<b>\$ 962,106</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<b>\$ 1,267</b>	<b>\$ 1,587</b>
Write-off of fully depreciated furniture and equipment no longer in use	<b>\$ -</b>	<b>\$ 5,403</b>

**See Notes to Consolidated Financial Statements.**

# AMERICAN ACADEMY OF RELIGION, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The American Academy of Religion, Inc. (“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, 2021 and 2020. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### Cash in Banks

The Academy maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances may exceed FDIC insured limits. The Academy believes it is not exposed to any significant credit risk on cash.

#### 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, 2021 and 2020, 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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### Recent Accounting Pronouncements

Effective July 1, 2020, the Academy adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The adoption of this ASU did not have an impact on the timing of revenue recognition for the Academy.

#### 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 June 1, 2022, which is the date 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, 2021 and 2020 as follows:

	2021	2020
Mutual funds:		
Money market	\$ 360,537	\$ 409,032
Fixed income/bond funds	1,838,749	1,905,767
Emerging markets	376,140	274,841
Foreign funds	936,246	716,978
Total mutual funds	3,511,672	3,306,618
Equities:		
Energy	188,685	165,778
Materials	414,343	295,280
Industrials	563,609	403,049
Consumer discretionary	596,242	443,019
Consumer staples	395,695	313,590
Health care	896,815	754,541
Financials	1,186,048	855,836
Information technology	1,310,815	940,363
Telecommunication services	358,849	308,149
Utilities	110,852	89,324
Total equities	6,021,953	4,568,929
Total marketable securities	\$ 9,533,625	\$ 7,875,547

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of investment expenses	\$ 86,111	\$ 46,083	\$ 132,194
Realized gains	178,145	59,730	237,875
Unrealized gains	1,273,991	714,471	1,988,462
	\$ 1,538,247	\$ 820,284	\$ 2,358,531

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2. MARKETABLE SECURITIES (Continued)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of investment expenses	\$ 105,643	\$ 51,496	\$ 157,139
Realized gains	122,163	40,964	163,127
Unrealized gains (losses)	(90,122)	3,531	(86,591)
	\$ 137,684	\$ 95,991	\$ 233,675

### NOTE 3. SHARE OF LUCE CENTER

Summarized financial information for the years ended June 30, 2021 and 2020 for the Luce Center assets is as follows:

	2021	
	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	(2,916,384)	(1,458,192)
Restricted investments, at fair value	2,202,070	1,101,035
<b>Share of Luce Center</b>	<b>\$ 4,403,358</b>	<b>\$ 2,201,679</b>
	2020	
	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	(2,770,464)	(1,385,232)
Restricted investments, at fair value	1,592,352	796,176
Share of Luce Center	\$ 3,939,560	\$ 1,969,780

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Academy's share of restricted investments at June 30, 2021 and 2020 consists of the following:

	2021	2020
TIAA-CREF Bond Plus Fund	\$ 106,096	\$ 102,615
TIAA-CREF Social Choice Equity Fund	448,857	313,659
TIAA-CREF Equity Index Fund	546,082	379,902
Total	\$ 1,101,035	\$ 796,176

### NOTE 4. FURNITURE AND SOFTWARE

The Academy's furniture and software at June 30, 2021 and 2020 consists of the following:

	2021	2020
Furniture	\$ 120,360	\$ 113,398
Software	1,243,634	1,226,794
	1,363,994	1,340,192
Accumulated depreciation	(1,234,919)	(1,136,033)
	\$ 129,075	\$ 204,159

Depreciation expense was \$170,847 and \$160,167 for the years ended June 30, 2021 and 2020, respectively, of which \$72,960 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, 2021 and 2020. 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, 2021 and 2020, there were no borrowings on the line of credit.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions, including those released from restrictions, for the years ended June 30, 2021 and 2020, is as follows:

	Balance at June 30, 2019	Additions	Net Assets Released From Restrictions	Balance at June 30, 2020	Additions	Net Assets Released From Restrictions	Balance at June 30, 2021
<b>Endowments:</b>							
<b>Subject to appropriation and expenditure when a specific event occurs:</b>							
Research grants	\$ 404,449	\$ 18,001	\$ (36,997)	\$ 385,453	\$ 204,432	\$ (38,601)	\$ 551,284
Publications	290,886	14,305	(29,553)	275,638	163,189	(30,834)	407,993
Annual meeting speakers	104,856	4,606	(9,448)	100,014	52,148	(9,857)	142,305
Share of Luce Center endowment earnings	495,449	50,726	-	546,175	304,860	-	851,035
Raj endowment earnings	56,194	3,603	(7,222)	52,575	41,713	(5,000)	89,288
<b>Subject to nonprofit endowment spending policy and appropriation:</b>							
Grants	500,000	-	-	500,000	-	-	500,000
Publications	350,000	-	-	350,000	-	-	350,000
Annual meeting speakers	100,000	-	-	100,000	-	-	100,000
Luce Center endowment corpus	250,000	-	-	250,000	-	-	250,000
<b>Total endowments</b>	<b>2,551,834</b>	<b>91,241</b>	<b>(83,220)</b>	<b>2,559,855</b>	<b>766,342</b>	<b>(84,292)</b>	<b>3,241,905</b>
<b>Other net assets with donor restrictions:</b>							
<b>Time and purpose restricted</b>							
Luce Fellowship in Religion and International Affairs Grant	1,742	-	-	1,742	-	-	1,742
<b>Purpose restricted</b>							
Luce Advancing Public Scholarship Grant	-	1,000,000	(55,626)	944,374	-	(228,739)	715,635
Luce COVID-19 AAR member aid fund	-	25,000	-	25,000	-	(25,000)	-
Lilly Strengthening College and University Religion and Theology Guide Star for Undergraduate Religions Literacy	9,613	-	-	9,613	-	-	9,613
American Lecture in History of Religions	66,247	-	(6,415)	59,832	-	(2,970)	56,862
Teagle Foundation	211,120	4,750	(9,469)	206,401	53,942	(10,016)	250,327
Travel Grants	2,076	-	-	2,076	-	-	2,076
Religion and Ecology	-	-	-	-	-	-	-
Religion and the Arts	3,234	-	(2,834)	400	-	-	400
Hinduism Unit	2,020	-	(976)	1,044	-	-	1,044
	900	-	-	900	-	-	900
<b>Total</b>	<b>\$ 2,848,786</b>	<b>\$ 1,120,991</b>	<b>\$ (158,540)</b>	<b>\$ 3,811,237</b>	<b>\$ 820,284</b>	<b>\$ (351,017)</b>	<b>\$ 4,280,504</b>

The Academy has certain endowments that have been donated over the years to provide income for the operations of the Academy, meetings, and other purposes. The principal amounts of the initial gifts are endowed and are included in net assets with donor restrictions in the accompanying statements of financial position. The cumulative amount of the net appreciation on the valuation of the investments since the initial gift dates has been included in either net assets without donor restrictions or with donor restrictions in the accompanying statements of financial position according to whether any donor-imposed restrictions were specified at the time of donation. The net assets associated with the endowment funds are classified and reported based on the existence or absence of donor restrictions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Academy has interpreted the “Uniform Prudent Management of Institutional Funds Act” (UPMIFA), as adopted by the State of Georgia, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Academy retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate endowment funds:

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

When the Academy designates funds to function as endowments, they are classified as net assets without donor restrictions.

#### Relationship of Spending Policy to Investment Objectives

The Board of Directors has determined that no more than five percent of a three-year average of the market value of the endowment portion of marketable securities may be transferred to net assets with donor restriction funds in any given year. The market value is determined as of the last day of June. Any remaining gains and losses, after the transfer, are considered additions or reductions in the principal amount of the endowment fund and are reported as increases or decreases in net assets with donor restrictions. For the years ended June 30, 2021 and 2020, the total amount of income and gains transferred was \$84,292 and \$83,220, respectively.

#### Return Objectives and Risk Parameters

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

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

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

	2021	2020
Cash	\$ 596,136	\$ 962,106
Accounts receivable	61,331	85,295
Related party receivable	-	3,764
Grant receivable	200,000	500,000
Marketable securities	9,533,625	7,875,547
Total financial assets	10,391,092	9,426,712
Less contractual or donor-imposed restrictions:		
Endowment funds and donor restrictions	4,280,504	3,811,237
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,110,588	\$ 5,615,475

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

### NOTE 8. RELATED PARTY TRANSACTIONS

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

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

As of June 30, 2001, the Academy and SBL entered into a joint tenancy in common agreement in order to accept certain contributed assets and liabilities from Scholars Press. The agreement stipulated that the net book value of the building at that time of \$4,028,296, net of accumulated depreciation of \$342,569, the related building endowment fund, including accumulated earnings of \$593,085 and the related building debt of \$441,666 be shared equally between the two owners. A building account was opened, and all revenues and expenses related to the building are recorded in this account. The two owners initially paid sixty cents per square foot per month. All net revenues or expenses are shared equally by the two owners. On June 30, 2016, the agreement was updated to eighty-three cents per square foot per month. On June 30, 2019, the agreement was extended through June 30, 2020 with the same terms.

As of April 1, 2014, the Academy and SBL entered into an agreement to lease several rooms in the Luce Center Building to Emory University. The initial term of the lease was from April 1, 2014 through March 31, 2018, at which time Emory University had the option to renew the lease for an additional year under the same terms and conditions. The initial rent was set at \$8,448 per month and increased approximately 3% during years two and three, respectively. Rent proceeds are split evenly between the Academy and SBL. The Academy's share of rental income was \$135,680 and \$138,770 and direct expenses were \$72,281 and \$90,337 for the years ended June 30, 2021 and 2020, respectively.

The Academy reimburses Emory University for salaries and benefits paid to its employees, as well as expenses for ground maintenance of its leased property. The Academy had a payable of \$268,497 and \$628,307 recorded at June 30, 2021 and 2020, respectively, related to these services included in related party payable on the consolidated statements of financial position.

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

During fiscal year 2012, the Academy began development and implementation of a software product to replace the Academy's current software. An application of this software, the Employment Center, will be used by both SBL and AAR. As such, development costs related to this part of the project are being divided evenly between the Academy and SBL.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 9. RETIREMENT PLAN

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

<u>Employee Contributes</u>	<u>Academy Matches With</u>
1.0%	1.5%
2.0%	3.0%

The maximum contribution made by the Academy on behalf of an employee is nine percent. Total retirement plan expense for the years ended June 30, 2021 and 2020, was approximately \$48,000 and \$97,000, respectively.

### NOTE 10. HOTEL CONTRACTS

The Academy reserves hotel space for its annual meetings several years in advance. The contracts stipulate the number of rooms to be reserved and the time period for which they are to be reserved. As of June 30, 2021, 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.

To the extent that the Academy is not granted forgiveness, it will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of March 23, 2026. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

The Academy has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. The Academy plans to request and expects to be granted full forgiveness for the note during the fiscal year ended June 30, 2022.

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 will record forgiveness upon being legally released from the loan obligation. The Academy applied for forgiveness during the year ended June 30, 2021.