

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**TABLE OF CONTENTS**

**Page**

<b>INDEPENDENT AUDITOR'S REPORT.....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>Consolidated statements of financial position.....</b>	<b>2</b>
<b>Consolidated statements of activities.....</b>	<b>3 and 4</b>
<b>Consolidated statements of cash flows.....</b>	<b>5</b>
<b>Notes to financial statements.....</b>	<b>6-18</b>



## 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, 2020 and 2019, and the related consolidated statements of activities 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, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Atlanta, Georgia  
January 20, 2021

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Cash in banks	\$ 962,106	\$ 822,810
Accounts receivable, net of allowance for doubtful accounts	85,295	45,414
Related party receivable	3,764	18,939
Grant receivable	500,000	-
Prepaid expenses and other assets	116,550	142,830
Furniture and software, net of accumulated depreciation	204,159	70,114
Work in process - software development	-	169,815
Share of Luce Center assets, net of accumulated depreciation	1,969,780	1,981,057
Marketable securities, at fair value	7,875,547	8,045,423
Total assets	\$ 11,717,201	\$ 11,296,402
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 53,980	\$ 122,110
Related party payables	633,589	137,052
Deferred revenue - membership	260,922	444,479
Deferred revenue - annual meeting	306,271	871,908
PPP note payable	218,175	-
Total liabilities	1,472,937	1,575,549
Net assets		
Without donor restrictions	6,433,027	6,872,067
With donor restrictions	3,811,237	2,848,786
Total net assets	10,244,264	9,720,853
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,717,201</b>	<b>\$ 11,296,402</b>

See Notes to Consolidated Financial Statements.

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

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and other support</b>			
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>
<b>Expenses</b>			
<b>Program services</b>			
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>
<b>Supporting services</b>			
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>
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
<b>Net assets at beginning of year</b>	<u>6,872,067</u>	<u>2,848,786</u>	<u>9,720,853</u>
<b>Net assets at end of year</b>	<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 ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**See Notes to Consolidated Financial Statements.**

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	2019
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 523,411	\$ (225,905)
Adjustments to reconcile increase in net assets to net cash (used in) operating activities:		
Depreciation	160,167	189,607
Investment gains	(76,536)	(595,066)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(39,881)	36,129
(Increase) decrease in related party receivable	15,175	(10,387)
(Increase) in grant receivable	(500,000)	-
(Increase) decrease in prepaid expenses	26,280	(101,533)
Increase (decrease) in accounts payable and accrued expenses	(68,130)	31,065
Increase (decrease) in related party payable	496,537	(175,058)
Increase (decrease) in deferred revenue	(749,194)	78,848
	<b>(212,171)</b>	<b>(772,300)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(62,649)	(33,357)
Additions to work in process - software development	-	(43,515)
Proceeds from sale of marketable securities	3,762,652	9,214,521
Purchase of marketable securities	(3,566,711)	(8,468,281)
	<b>133,292</b>	<b>669,368</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from PPP note payable	218,175	-
	<b>218,175</b>	-
Net cash provided by financing activities	<b>218,175</b>	-
Net increase (decrease) in cash in banks	<b>139,296</b>	<b>(102,932)</b>
Cash in banks, beginning of year	<b>822,810</b>	<b>925,742</b>
Cash in banks, end of year	<b>\$ 962,106</b>	<b>\$ 822,810</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<b>\$ 1,587</b>	<b>\$ 1,267</b>
Write-off of fully depreciated furniture and equipment no longer in use	<b>\$ 5,403</b>	<b>\$ 2,140</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, 2020 and 2019. 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, 2020 and 2019, accounts receivable are net of an allowance for doubtful accounts of \$5,500.

#### Furniture and Software

Furniture and software are recorded at cost. Depreciation is recorded using the straight-line method over estimated useful lives ranging from three to seven years. The Academy's policy is to capitalize furniture and software additions exceeding \$1,000.

#### Software Development Costs

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

#### Luce Center

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### Revenue Recognition

Contributions without donor-imposed restrictions are recognized as support to the Academy in the period in which the pledge is made, which is generally when received. Contributions with donor-imposed restrictions are classified as with donor restrictions according to the donor stipulations.

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

Contributions with donor-imposed restrictions that have been spent in the same year have been recorded as without donor restrictions. Membership dues and annual meeting registration are recorded in the period earned.

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

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

#### Deferred Revenue

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

#### Shipping and Handling Costs

The Academy reports shipping and handling fees charged to members as part of membership dues and the associated expense as part of functional expenses.

#### Functional Allocation of Expenses

Note 13 presents categories of expenses that are attributable to one or more program or supporting services of the Academy and have been summarized on a functional basis. Accordingly, costs have been allocated among the programs and supporting services 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

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. For the year ended June 30, 2020, the Academy adopted ASU No. 2018-08. 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 January 20, 2021, 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, 2020 and 2019 as follows:

	2020	2019
Mutual funds:		
Money market	\$ 409,032	\$ 243,261
Fixed income/bond funds	1,905,767	2,034,612
Emerging markets	274,841	412,803
Foreign funds	716,978	797,955
Total mutual funds	3,306,618	3,488,631
Equities:		
Energy	165,778	189,872
Materials	295,280	283,287
Industrials	403,049	445,801
Consumer discretionary	443,019	446,648
Consumer staples	313,590	214,942
Health care	754,541	751,817
Financials	855,836	933,676
Information technology	940,363	823,495
Telecommunication services	308,149	351,068
Utilities	89,324	116,186
Total equities	4,568,929	4,556,792
Total marketable securities	\$ 7,875,547	\$ 8,045,423

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

	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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2. MARKETABLE SECURITIES (Continued)

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

### NOTE 3. SHARE OF LUCE CENTER

Summarized financial information for the years ended June 30, 2020 and 2019 for the Luce Center assets is as follows:

	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

  

	2019	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,874,662	\$ 2,437,331
Furniture	56,510	28,255
Leasehold interest in land	165,000	82,500
Accumulated depreciation	(2,624,956)	(1,312,478)
Restricted investments, at fair value	1,490,898	745,449
Share of Luce Center	\$ 3,962,114	\$ 1,981,057

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Academy's share of restricted investments at June 30, 2020 and 2019 consists of the following:

	2020	2019
TIAA-CREF Bond Plus Fund	\$ 102,615	\$ 96,689
TIAA-CREF Social Choice Equity Fund	313,659	290,828
TIAA-CREF Equity Index Fund	379,902	357,932
Total	\$ 796,176	\$ 745,449

### NOTE 4. FURNITURE AND SOFTWARE

The Academy's furniture and software at June 30, 2020 and 2019 consists of the following:

	2020	2019
Furniture	\$ 113,398	\$ 96,326
Software	1,226,794	1,027,810
	1,340,192	1,124,136
Accumulated depreciation	(1,136,033)	(1,054,022)
	\$ 204,159	\$ 70,114

Depreciation expense was \$160,167 and \$189,607 for the years ended June 30, 2020 and 2019, respectively, of which \$70,925 and \$71,177, 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% and 4.65% at June 30, 2020 and 2019, respectively. Payments of monthly interest only are required until terminated. Certain investment accounts of the Academy are pledged as collateral. For the years ended June 30, 2020 and 2019, 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, 2020 and 2019, is as follows:

	Balance at June 30, 2018	Additions	Net Assets Released From Restrictions	Balance at June 30, 2019	Additions	Net Assets Released From Restrictions	Balance at June 30, 2020
<b>Endowments:</b>							
<b>Subject to appropriation and expenditure when a specific event occurs:</b>							
Research grants	\$ 371,979	\$ 69,020	\$ (36,550)	\$ 404,449	\$ 18,001	\$ (36,997)	\$ 385,453
Publications	264,994	55,092	(29,200)	290,886	14,305	(29,553)	275,638
Annual meeting speakers	96,618	17,588	(9,350)	104,856	4,606	(9,448)	100,014
Share of Luce Center endowment earnings	437,021	58,428	-	495,449	50,726	-	546,175
Raj endowment earnings	52,363	13,831	(10,000)	56,194	3,603	(7,222)	52,575
<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>2,422,975</b>	<b>213,959</b>	<b>(85,100)</b>	<b>2,551,834</b>	<b>91,241</b>	<b>(83,220)</b>	<b>2,559,855</b>
<b>Other net assets with donor restrictions:</b>							
<b>Time and purpose restricted</b>							
Luce Fellowship in Religion and International Affairs Grant	93,734	-	(91,992)	1,742	-	-	1,742
<b>Purpose restricted</b>							
Luce Advancing Public Scholarship Grant	-	-	-	-	1,000,000	(55,626)	944,374
Luce COVID-19 AAR member aid fund	-	-	-	-	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	93,236	-	(26,989)	66,247	-	(6,415)	59,832
Teagle Foundation	202,673	18,201	(9,754)	211,120	4,750	(9,469)	206,401
Travel Grants	2,076	-	-	2,076	-	-	2,076
Religion and Ecology	3,210	550	(3,760)	-	-	-	-
Religion and the Arts	3,234	-	-	3,234	-	(2,834)	400
Hinduism Unit	3,154	-	(1,134)	2,020	-	(976)	1,044
	900	-	-	900	-	-	900
<b>Total</b>	<b>\$ 2,834,805</b>	<b>\$ 232,710</b>	<b>\$ (218,729)</b>	<b>\$ 2,848,786</b>	<b>\$ 1,120,991</b>	<b>\$ (158,540)</b>	<b>\$ 3,811,237</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, 2020 and 2019, the total amount of income and gains transferred was \$83,220 and \$85,100, 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.

	2020	2019
Cash	\$ 962,106	\$ 822,810
Accounts receivable	85,295	45,414
Related party receivable	3,764	18,939
Grant receivable	500,000	-
Marketable securities	7,875,547	8,045,423
Total financial assets	9,426,712	8,932,586
Less contractual or donor-imposed restrictions:		
Endowment funds and donor restrictions	3,811,237	2,848,786
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,615,475	\$ 6,083,800



## 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 \$138,770 and \$136,751 and direct expenses were \$90,337 and \$97,680 for the years ended June 30, 2020 and 2019, 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 \$628,307 and \$127,582 recorded at June 30, 2020 and 2019, respectively, related to these services included in related party payable on the consolidated statements of financial position.

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 9. RETIREMENT PLAN

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

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

The maximum contribution made by the Academy on behalf of an employee is nine percent. Total retirement plan expense for the years ended June 30, 2020 and 2019, was approximately \$97,000 and \$107,000, 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, 2020, 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

The Academy applied for and received \$218,175 from the Paycheck Protection Program on May 8, 2020. The monies were received via a Paycheck Protection Program Promissory Note to be paid via a fixed payment schedule commencing seven months from the date the loan is funded, consisting of 18 monthly payments of principal and interest with a rate of 1.00% per annum. The Academy plans to request and expects to be granted full forgiveness for the note during the fiscal year ended June 30, 2021. The Academy had an outstanding note payable balance of \$218,175 as of June 30, 2020.

The remaining total principal payments due as of June 30, 2020 are as follows:

2021	\$	84,457
2022		<u>133,718</u>
	\$	<u>218,175</u>

### NOTE 12. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are worldwide. The related financial impacts and duration cannot be reasonably estimated.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 13. FUNCTIONAL EXPENSES

The functional expenses for the year ended June 30, 2020 were:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 13. FUNCTIONAL EXPENSES (Continued)**

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

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