

SOCIETY OF BIBLICAL LITERATURE

FINANCIAL REPORT

JUNE 30, 2019

SOCIETY OF BIBLICAL LITERATURE

FINANCIAL REPORT JUNE 30, 2019

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT	1
---	----------

FINANCIAL STATEMENTS

Statements of financial position	2
Statements of activities.....	3 and 4
Statements of functional expenses.....	5 and 6
Statements of cash flows	7
Notes to financial statements	8-20



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **Society of Biblical Literature** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Society of Biblical Literature as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 16, 2019

SOCIETY OF BIBLICAL LITERATURE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 2,128,437	\$ 2,211,204
Marketable securities	4,227,734	3,794,985
Accounts receivable	174,278	253,244
Pledges receivable	25,000	-
Prepaid expenses and other assets	312,483	227,050
Book inventories, net of valuation reserve	101,636	94,425
Furniture and equipment, net of accumulated depreciation	9,309	15,865
Capitalized software, net of accumulated amortization	230,051	-
Net share of Luce Center assets	1,951,817	1,944,361
	<u>1,951,817</u>	<u>1,944,361</u>
Total assets	<u>\$ 9,160,745</u>	<u>\$ 8,541,134</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 366,769	\$ 359,601
Deferred revenue		
Memberships and subscriptions	521,485	559,767
Annual meetings	901,720	893,050
International meetings	121,831	142,648
Other	440,080	435,629
	<u>1,985,116</u>	<u>2,031,094</u>
Total deferred revenue	<u>1,985,116</u>	<u>2,031,094</u>
Total liabilities	<u>2,351,885</u>	<u>2,390,695</u>
Net assets		
Without donor restrictions		
Undesignated	517,996	5,237,196
Designated by the Board for operating reserve	4,016,504	-
Invested in Luce Center property, equipment, and operations	1,206,069	-
	<u>5,740,569</u>	<u>5,237,196</u>
With donor restrictions	1,068,291	913,243
	<u>1,068,291</u>	<u>913,243</u>
Total net assets	<u>6,808,860</u>	<u>6,150,439</u>
Total Liabilities and Net Assets	<u><u>\$ 9,160,745</u></u>	<u><u>\$ 8,541,134</u></u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Revenues and gains			
Congresses	\$ 1,403,733	\$ -	\$ 1,403,733
Membership			
Membership fees	607,028	-	607,028
Marketing	26,669	-	26,669
Professions			
Career center	75,555	-	75,555
Grant revenue	16,847	-	16,847
Sponsorship income	10,875	-	10,875
Fonts	1,600	-	1,600
Press			
Book sales	453,353	-	453,353
Subscriptions	289,751	-	289,751
Royalties	109,838	-	109,838
Marketing	15,691	-	15,691
Permissions	13,909	-	13,909
Membership fees	107,123	-	107,123
Contract income	38,872	-	38,872
Grant revenue	39,500	-	39,500
Sponsorship income	25,375	-	25,375
Fee income	12,291	-	12,291
Regional meetings revenue	42,212	-	42,212
Development and fundraising	44,393	80,610	125,003
Investment income and change in market value, net	266,982	77,277	344,259
Rental income, net	39,071	-	39,071
Net assets released from restrictions	2,839	(2,839)	-
Total revenues and gains	3,643,507	155,048	3,798,555
Expenses			
Congresses	1,082,029	-	1,082,029
Membership	186,331	-	186,331
Professions	277,694	-	277,694
Press	1,299,599	-	1,299,599
Regional meetings	74,481	-	74,481
Research and technology	49,848	-	49,848
Total program expenses	2,969,982	-	2,969,982
Development and fundraising	8,154	-	8,154
General and administration	161,998	-	161,998
Total expenses	3,140,134	-	3,140,134
Increase in net assets	503,373	155,048	658,421
Net assets at beginning of year	5,237,196	913,243	6,150,439
Net assets at end of year	<u>\$ 5,740,569</u>	<u>\$ 1,068,291</u>	<u>\$ 6,808,860</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Congresses	\$ 1,548,265	\$ -	\$ 1,548,265
Membership			
Membership fees	605,894	-	605,894
Marketing	44,006	-	44,006
Fee income	393	-	393
Professions			
Career center	75,200	-	75,200
Grant revenue	127	-	127
Contract income	5,000	-	5,000
Fonts	2,700	-	2,700
Press			
Book sales	527,196	-	527,196
Subscriptions	224,370	-	224,370
Royalties	154,973	-	154,973
Marketing	12,800	-	12,800
Permissions	16,766	-	16,766
Membership fees	106,923	-	106,923
Contract income	74,189	-	74,189
Grant revenue	296	-	296
Fee income	11,875	-	11,875
Regional meetings revenue	29,208	-	29,208
Development and fundraising	53,429	1,320	54,749
Investment income and change in market value, net	316,200	95,637	411,837
Rental income, net	10,329	-	10,329
Net assets released from restrictions	3,580	(3,580)	-
Total revenues and gains	3,823,719	93,377	3,917,096
Expenses			
Congresses	1,144,079	-	1,144,079
Membership	178,293	-	178,293
Professions	246,188	-	246,188
Press	1,238,974	-	1,238,974
Regional meetings	49,873	-	49,873
Research and technology	60,124	-	60,124
Total program expenses	2,917,531	-	2,917,531
Development and fundraising	17,184	-	17,184
General and administration	173,075	-	173,075
Total expenses	3,107,790	-	3,107,790
Increase in net assets	715,929	93,377	809,306
Net assets at beginning of year	4,521,267	819,866	5,341,133
Net assets at end of year	\$ 5,237,196	\$ 913,243	\$ 6,150,439

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2019

	Congresses	Membership	Professions	Press	Regional Meetings	Research and Technology	Total Programs	Development and Fundraising	General and Admin.	Total
Salaries and wages	\$ 348,715	\$ 99,256	\$ 133,511	\$ 487,099	\$ 6,028	\$ 28,102	\$ 1,102,711	\$ 2,550	\$ 45,085	\$ 1,150,346
Employee benefits	74,804	21,189	34,122	101,615	1,596	6,363	239,689	457	8,616	248,762
Payroll taxes	24,139	6,881	9,025	34,717	427	1,978	77,167	188	3,046	80,401
	447,658	127,326	176,658	623,431	8,051	36,443	1,419,567	3,195	56,747	1,479,509
Advertising	-	-	-	8,883	-	-	8,883	-	-	8,883
Bank and credit card fees	36,335	17,377	1,920	22,191	1,591	14	79,428	710	71	80,209
Communication	39,422	8,216	11,708	34,579	403	3,596	97,924	233	10,703	108,860
Cost of publications sold	-	-	-	18,716	-	-	18,716	-	-	18,716
Dues, memberships and subscriptions	6,145	1,965	1,310	5,541	4,500	752	20,213	495	2,428	23,136
Equipment and supplies	32,057	3,426	7,616	31,095	1,697	1,392	77,283	-	1,943	79,226
Insurance	8,115	1,137	1,010	3,196	-	250	13,708	-	796	14,504
Occupancy	19,800	7,260	10,560	23,100	-	2,640	63,360	-	2,640	66,000
Press distribution costs	-	-	-	74,293	32	-	74,325	-	-	74,325
Production and printing	6,600	-	36	259,996	-	-	266,632	-	-	266,632
Professional fees	80,185	5,451	15,137	73,388	6,149	976	181,286	2,830	4,986	189,102
Royalties	-	-	-	35,053	-	-	35,053	-	-	35,053
Meeting audiovisual expenses	195,034	-	-	-	238	-	195,272	-	-	195,272
Meetings, travel and hospitality	202,203	11,555	37,723	48,077	51,820	3,476	354,854	691	8,227	363,772
Travel grants	2,850	-	7,110	-	-	-	9,960	-	-	9,960
Miscellaneous	789	242	161	922	-	40	2,154	-	202	2,356
Depreciation and amortization	4,836	2,376	6,745	17,798	-	269	32,024	-	1,343	33,367
Building depreciation	-	-	-	-	-	-	-	-	66,279	66,279
Book inventory depreciation	-	-	-	19,340	-	-	19,340	-	-	19,340
Provision for income taxes	-	-	-	-	-	-	-	-	5,633	5,633
Total expenses	\$ 1,082,029	\$ 186,331	\$ 277,694	\$ 1,299,599	\$ 74,481	\$ 49,848	\$ 2,969,982	\$ 8,154	\$ 161,998	\$ 3,140,134

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2018

	Congresses	Membership	Professions	Press	Regional Meetings	Research and Technology	Total Programs	Development and Fundraising	General and Admin.	Total
Salaries and wages	\$ 315,272	\$ 88,785	\$ 117,475	\$ 440,979	\$ 5,869	\$ 33,873	\$ 1,002,253	\$ 7,629	\$ 46,020	\$ 1,055,902
Employee benefits	72,742	19,739	28,640	84,712	1,367	8,179	215,379	1,809	9,336	226,524
Payroll taxes	21,823	6,388	8,054	31,892	416	2,253	70,826	566	3,121	74,513
	409,837	114,912	154,169	557,583	7,652	44,305	1,288,458	10,004	58,477	1,356,939
Advertising	-	-	2,500	8,701	-	-	11,201	68	-	11,269
Bank and credit card fees	38,163	16,616	1,915	21,727	1,336	19	79,776	845	114	80,735
Communication	41,457	8,162	10,496	36,594	103	3,802	100,614	434	10,859	111,907
Cost of publications sold	-	-	-	16,630	-	-	16,630	-	-	16,630
Dues, memberships and subscriptions	4,039	1,490	1,300	5,722	-	955	13,506	495	4,540	18,541
Equipment and supplies	39,854	2,642	4,621	26,361	1,205	1,969	76,652	7	2,182	78,841
Insurance	9,668	1,369	1,087	4,004	-	391	16,519	-	1,287	17,806
Occupancy	19,140	7,260	9,570	21,780	-	4,620	62,370	-	3,630	66,000
Press distribution costs	-	-	-	64,845	-	-	64,845	-	-	64,845
Production and printing	9,041	-	-	280,715	-	-	289,756	-	-	289,756
Professional fees	97,947	9,316	12,926	90,457	6,342	1,758	218,746	3,086	10,352	232,184
Royalties	-	-	825	28,079	-	-	28,904	-	-	28,904
Meeting audiovisual expenses	167,605	-	-	-	702	-	168,307	-	-	168,307
Meetings, travel and hospitality	301,086	14,619	40,565	54,178	32,514	1,958	444,920	2,245	11,167	458,332
Travel grants	-	-	5,000	-	-	-	5,000	-	-	5,000
Miscellaneous	4	1	1	1,340	19	-	1,365	-	1	1,366
Depreciation	6,238	1,906	1,213	5,545	-	347	15,249	-	2,079	17,328
Building depreciation	-	-	-	-	-	-	-	-	66,193	66,193
Book inventory depreciation	-	-	-	14,713	-	-	14,713	-	-	14,713
Provision for income taxes	-	-	-	-	-	-	-	-	2,194	2,194
Total expenses	<u>\$ 1,144,079</u>	<u>\$ 178,293</u>	<u>\$ 246,188</u>	<u>\$ 1,238,974</u>	<u>\$ 49,873</u>	<u>\$ 60,124</u>	<u>\$ 2,917,531</u>	<u>\$ 17,184</u>	<u>\$ 173,075</u>	<u>\$ 3,107,790</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Increase in net assets	\$ 658,421	\$ 809,306
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	99,646	83,521
Realized gains on marketable securities	(73,374)	(85,265)
Unrealized gains on marketable securities	(63,530)	(202,425)
Changes in operating assets and liabilities		
Accounts receivable	78,966	(102,109)
Pledges receivable	(25,000)	-
Prepaid expenses and other assets	(85,433)	(156,429)
Book inventories and books in production, net	(7,211)	2,790
Accounts payable	7,168	126,248
Deferred revenue	(45,978)	438,729
	<u>543,675</u>	<u>914,366</u>
Net cash provided by operating activities		
INVESTING ACTIVITIES		
Acquisition of furniture and equipment	(22,183)	(3,310)
Software development costs	(249,715)	-
Purchases of marketable securities	(2,257,912)	(1,426,861)
Proceeds from sales of marketable securities	1,903,368	964,838
	<u>(626,442)</u>	<u>(465,333)</u>
Net cash used in investing activities		
(Decrease) increase in cash and cash equivalents	(82,767)	449,033
Cash and cash equivalents at beginning of year	<u>2,211,204</u>	<u>1,762,171</u>
Cash and cash equivalents at end of year	<u>\$ 2,128,437</u>	<u>\$ 2,211,204</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

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

Significant Accounting Policies:

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

Basis for Presentation:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Basis of Accounting:

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

Functional 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.

Use of Estimates:

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

NOTES TO FINANCIAL STATEMENTS

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

Revenue and Revenue Recognition:

Revenue is recognized when earned. Revenue received in advance for future events and future memberships and subscriptions is deferred to the applicable period in which the related services are performed.

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

Cash and Cash Equivalents:

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

Marketable Securities:

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

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

Inventories:

At June 30, 2019 and 2018, book inventories are stated at cost using the first-in, first-out ("FIFO") method, less a valuation reserve of \$103,305 and \$116,020, respectively. The valuation reserve reflects the estimated decline in value of certain books since their original publication.

Building, Furniture and Equipment:

At June 30, 2019 and 2018, furniture and equipment is stated at cost, less accumulated depreciation of \$151,096 and \$139,645, respectively.

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

Long-lived assets, held and used by the Society, are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable. The Society's policy is to capitalize furniture and equipment expenditures greater than \$1,000. Depreciation expense on the Society's furniture and equipment for the years ended June 30, 2019 and 2018 was \$13,703 and \$17,328, respectively. Depreciation expense on Luce Center building and equipment for the years ended June 30, 2019 and 2018 was \$66,279 and \$66,193, respectively.

NOTES TO FINANCIAL STATEMENTS

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

Capitalized Software:

At June 30, 2019, capitalized software is stated at cost, less accumulated amortization of \$19,664. Software is amortized using the straight-line method over an estimated life of five years. Amortization expense on capitalized software for the year ended June 30, 2019 was \$19,664. There was no capitalized software for the year ended June 30, 2018.

Income Taxes:

The Society is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, if any, may be subject to income tax. A provision of \$5,633 and \$2,194 has been included in these financial statements for taxes on unrelated business income for the years ended June 30, 2019 and 2018, respectively.

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

Recent accounting pronouncements:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The Society adopted the provisions of this new standard during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 2), and disclosures related to functional allocation of expenses.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	1,271,376
Accounts receivable		174,278
	\$	<u>1,445,654</u>

The Society's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

As part of the Society's liquidity management plan, cash in excess of daily requirements is invested overnight in an interest-bearing account to maximize return on excess funds. The board also designates a portion of any operating surplus to its operating reserve, which was \$4,016,504 as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. MARKETABLE SECURITIES

The aggregate cost and fair values, as well as unrealized appreciation, of marketable securities as of June 30, 2019 and 2018 were:

	2019		
	Cost	Unrealized Appreciation	Fair Value
Corporate stocks	\$ 464,785	\$ 216,765	\$ 681,550
Mutual funds and ETFs	2,797,876	375,166	3,173,042
Private limited partnerships	373,142	-	373,142
Total	<u>\$ 3,635,803</u>	<u>\$ 591,931</u>	<u>\$ 4,227,734</u>
Equity securities - Luce Center endowment fund corpus and accumulated earnings	<u>\$ 486,719</u>	<u>\$ 258,870</u>	<u>\$ 745,589</u>

	2018		
	Cost	Unrealized Appreciation	Fair Value
Corporate stocks	\$ 638,840	\$ 31,439	\$ 670,279
Mutual funds and ETFs	2,195,689	518,645	2,714,334
Private limited partnerships	410,372	-	410,372
Total	<u>\$ 3,244,901</u>	<u>\$ 550,084</u>	<u>\$ 3,794,985</u>
Equity securities - Luce Center endowment fund corpus and accumulated earnings	<u>\$ 453,777</u>	<u>\$ 233,382</u>	<u>\$ 687,159</u>

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

	2019	2018
Interest and dividends	\$ 242,049	\$ 154,476
Realized gains/(losses)	73,374	85,265
Unrealized gains/(losses)	63,530	202,425
Investment expenses	(34,694)	(30,329)
	<u>\$ 344,259</u>	<u>\$ 411,837</u>

The following tables summarize the fair value measurements of certain investments that calculate net asset value per share (or its equivalent) as of June 30, 2019 and 2018:

NOTES TO FINANCIAL STATEMENTS

NOTE 3. MARKETABLE SECURITIES (Continued)

		2019		
		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)
				Redemption Notice Period
<u>June 30, 2019</u>				
Private credit fund (a)	\$	235,123	\$ -	Quarterly
Private real estate fund (b)		138,019	-	
Total	\$	373,142	\$ -	
		2018		
		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)
				Redemption Notice Period
<u>June 30, 2018</u>				
Private credit fund (a)	\$	217,667	\$ -	Quarterly
Private real estate fund (b)		192,705	-	
Total	\$	410,372	\$ -	

- (a) This fund invests in private credit and specialty finance assets with shorter duration and contractual cash flows. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (b) This fund focuses on originating and purchasing real estate backed debt instruments. The fair value of the investment in this category is based on the net asset value of the Organization's ownership interest in partners' capital.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Mutual funds, corporate stocks, and ETFs: Valued at the closing price reported on the active market on which the individual securities are traded.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks				
Common stocks	\$ 681,550	\$ -	\$ -	\$ 681,550
Mutual Funds and ETFs				
Large blend	458,045	-	-	458,045
Mid-cap blend	46,187	-	-	46,187
Small blend	34,596	-	-	34,596
Bond fund	324,775	-	-	324,775
Large growth	1,514,179	-	-	1,514,179
Small growth	210,598	-	-	210,598
Emerging markets	119,412	-	-	119,412
International	100,594	-	-	100,594
World large stocks	292,260	-	-	292,260
Utilities	33,810	-	-	33,810
Natural resources	34,983	-	-	34,983
Bear market	3,603	-	-	3,603
Total Mutual Funds and ETFs	3,173,042	-	-	3,173,042
Other investments measured at net asset value	-	-	373,142	373,142
Total	3,854,592	-	373,142	4,227,734
Equity Securities - Luce Center				
Luce Center endowment fund Corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	495,589	-	-	495,589
Total Equity Securities - Luce Center	745,589	-	-	745,589
Total Investments at Fair Value	\$ 4,600,181	\$ -	\$ 373,142	\$ 4,973,323

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks				
Common stocks	\$ 670,279	\$ -	\$ -	\$ 670,279
Mutual Funds and ETFs				
Mid-cap blend	247,687	-	-	247,687
Small blend	27,602	-	-	27,602
Bond fund	445,011	-	-	445,011
Large growth	1,064,939	-	-	1,064,939
Mid-cap growth	27,162	-	-	27,162
Small growth	233,975	-	-	233,975
Large value	280,200	-	-	280,200
Commodities	54,980	-	-	54,980
International	95,600	-	-	95,600
World large stocks	156,978	-	-	156,978
Technology	26,671	-	-	26,671
Communications	25,420	-	-	25,420
Real estate	28,109	-	-	28,109
Total Mutual Funds and ETFs	<u>2,714,334</u>	<u>-</u>	<u>-</u>	<u>2,714,334</u>
Other investments measured at net asset value	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,372</u>
Total	<u>3,384,613</u>	<u>-</u>	<u>-</u>	<u>3,794,985</u>
Equity Securities - Luce Center				
Luce Center endowment fund corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	<u>437,159</u>	<u>-</u>	<u>-</u>	<u>437,159</u>
Total Equity Securities - Luce Center	<u>687,159</u>	<u>-</u>	<u>-</u>	<u>687,159</u>
Total Investments at Fair Value	<u>\$ 4,071,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,482,144</u>

In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LUCE CENTER ASSETS

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

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

	2019	2018
Luce Center building	\$ 2,249,830	\$ 2,249,830
Luce Center furniture	45,108	35,452
	<u>2,294,938</u>	<u>2,285,282</u>
Less accumulated depreciation	(1,088,710)	(1,028,080)
	<u>1,206,228</u>	<u>1,257,202</u>
Luce Center endowment fund investments		
Corpus – maintained in perpetuity	250,000	250,000
Accumulated earnings – with donor restrictions	495,589	437,159
	<u>745,589</u>	<u>687,159</u>
Total Net Share of Luce Center	<u>\$ 1,951,817</u>	<u>\$ 1,994,361</u>

NOTE 6. ENDOWMENT

Interpretation of Relevant Law

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 6. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2019 and 2018, the Society did not have any such deficiencies in the endowment.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy

The Luce Center Endowment allows for spending of the accumulated earnings for repairs and maintenance to the Luce Center and the Scholarship and Awards Endowment allows for spending of the accumulated earnings on awards to scholars. During the fiscal year ended June 30, 2016, the Society received a \$50,000 donor restricted term endowment, the Philip G. and Lois F. Roets Endowment. The Roets Endowment allows for spending of principal and income for new content for the Bible Odyssey website. During the fiscal year ended June 30, 2019, the Society received a \$50,000 donor restricted term endowment, the A.R. Pete Diamond Endowment for Innovations in Biblical Interpretation which allows for spending of principal and income for new content for the Bible Odyssey website. Of that amount, \$25,000 was received in the year ended June 30, 2019 and \$25,000 was accrued as a pledge receivable. The Society also received a \$30,000 donor restricted endowment to be maintained in perpetuity, The A.R. Pete Diamond Award for Integrative Scholarship. This endowment allows for spending of the accumulated earnings on awards to scholars.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. ENDOWMENT (Continued)

Endowment net asset composition by type of fund and changes in endowment net assets are summarized as follows:

Endowment Net Asset Composition by Type of Fund as of June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts to be maintained in perpetuity by donor	\$ -	\$ 324,630	\$ 324,630
Accumulated investment gains	-	645,590	645,590
	<u>\$ -</u>	<u>\$ 970,220</u>	<u>\$ 970,220</u>
Changes in Endowment Net Assets For the year ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ -	\$ 820,692	\$ 820,692
Investment return:			
Investment income	-	43,041	43,041
Net appreciation (realized and unrealized)	-	28,522	28,522
Total investment return	-	71,563	71,563
Contributions received	-	80,100	80,100
Appropriation of endowment assets for expenditure	-	(2,135)	(2,135)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 970,220</u>	<u>\$ 970,220</u>
Endowment Net Asset Composition by Type of Fund as of June 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts to be maintained in perpetuity by donor	\$ -	\$ 294,630	\$ 294,630
Accumulated investment gains	-	526,062	526,062
	<u>\$ -</u>	<u>\$ 820,692</u>	<u>\$ 820,692</u>
Changes in Endowment Net Assets For the year ended June 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ -	\$ 736,818	\$ 736,818
Investment return:			
Investment income	-	22,562	22,562
Net appreciation (realized and unrealized)	-	62,775	62,775
Total investment return	-	85,337	85,337
Contributions received	-	450	450
Appropriation of endowment assets for expenditure	-	(1,913)	(1,913)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 820,692</u>	<u>\$ 820,692</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFIT PLAN

Introductory full-time, regular full-time, and regular part-time employees of the Society are eligible to participate in a tax-deferred annuity plan. Under the plan, the Society made contributions equal to 10% of annual salary to the Teacher's Insurance and Annuity Association and/or College Retirement Equities Fund ("TIAA-CREF") defined contribution plan. Employee contributions are voluntary. Total retirement expense for the years ended June 30, 2019 and 2018 was \$109,373 and \$103,188, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Scholarships and Awards	\$ <u>98,071</u>	\$ <u>92,551</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for		
Luce Center Maintenance Fund	495,588	437,159
Scholarships and Awards	31,482	26,367
Bible Odyssey	118,520	62,536
	<u>645,590</u>	<u>526,062</u>
Endowments:		
Subject to NFP endowment spending policy and appropriation:		
Luce Center	250,000	250,000
Scholarships and Awards	74,630	44,630
	<u>324,630</u>	<u>294,630</u>
Total endowments	<u>970,220</u>	<u>820,692</u>
Total net assets with donor restrictions	<u>\$ 1,068,291</u>	<u>\$ 913,243</u>

During 2019, \$1,000 was released from restrictions for scholarships and awards and \$1,839 was released for investment expenses. During 2018, \$2,000 was released for scholarships and awards and \$1,580 was released for investment expenses.

NOTE 9. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll fees, phone, postage, office supplies, equipment leases, rent and insurance which are allocated based on estimates of time and effort. All other allocated expenses are based on the percentage of each program's direct revenue and direct expenses reduced by approximately 1.5% for general and administrative.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. SUBSEQUENT EVENTS

The Society has evaluated subsequent events through October 16, 2019, the date on which the financial statements were available to be issued.