

SOCIETY OF BIBLICAL LITERATURE

FINANCIAL REPORT

JUNE 30, 2020

SOCIETY OF BIBLICAL LITERATURE

FINANCIAL REPORT JUNE 30, 2020

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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, 2020 and 2019, 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, 2020 and 2019, 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 22, 2020

SOCIETY OF BIBLICAL LITERATURE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,533,481	\$ 2,128,437
Marketable securities	4,628,992	4,227,734
Accounts receivable	229,996	174,278
Unconditional promises to give	-	25,000
Prepaid expenses and other assets	464,554	312,483
Book inventories, net of valuation reserve	55,772	101,636
Furniture and equipment, net of accumulated depreciation	10,721	9,309
Capitalized software, net of accumulated amortization	229,340	230,051
Net share of Luce Center assets	1,943,968	1,951,817
	<u>1,943,968</u>	<u>1,951,817</u>
Total assets	<u>\$ 9,096,824</u>	<u>\$ 9,160,745</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 260,204	\$ 366,769
PPP note payable	281,600	-
Deferred revenue		
Memberships and subscriptions	497,013	521,485
Annual meetings	435,669	880,903
International meetings	-	142,648
Other	326,527	440,080
	<u>1,259,209</u>	<u>1,985,116</u>
Total deferred revenue	<u>1,259,209</u>	<u>1,985,116</u>
Total liabilities	<u>1,801,013</u>	<u>2,351,885</u>
Net assets		
Without donor restrictions		
Undesignated	430,256	517,996
Designated by the Board for operating reserve	4,325,486	4,016,504
Invested in Luce Center property, equipment, and operations	1,160,251	1,206,069
	<u>5,915,993</u>	<u>5,740,569</u>
With donor restrictions	<u>1,379,818</u>	<u>1,068,291</u>
Total net assets	<u>7,295,811</u>	<u>6,808,860</u>
Total Liabilities and Net Assets	<u><u>\$ 9,096,824</u></u>	<u><u>\$ 9,160,745</u></u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Congresses	\$ 1,465,415	\$ -	\$ 1,465,415
Membership			
Membership fees	605,963	-	605,963
Marketing	20,900	-	20,900
Fee income	40	-	40
Professions			
Career center	61,585	-	61,585
Grant revenue	697	-	697
Press			
Book sales	401,407	-	401,407
Subscriptions	239,403	-	239,403
Royalties	118,473	-	118,473
Marketing	14,497	-	14,497
Permissions	11,901	-	11,901
Membership fees	106,935	-	106,935
Contract income	107,500	-	107,500
Grant revenue	1,603	-	1,603
Fee income	11,675	-	11,675
Subvention income	5,920	-	5,920
Regional meetings revenue	8,895	-	8,895
Development and fundraising	47,070	250,837	297,907
Investment income and change in market value, net	175,665	63,690	239,355
Rental income, net	48,428	-	48,428
Net assets released from restrictions	3,000	(3,000)	-
Total revenues and gains	3,456,972	311,527	3,768,499
Program services			
Congresses	1,167,818	-	1,167,818
Membership	198,142	-	198,142
Professions	286,622	-	286,622
Press	1,381,078	-	1,381,078
Regional meetings	35,324	-	35,324
Research and technology	39,481	-	39,481
Total program services	3,108,465	-	3,108,465
Supporting services			
Development and fundraising	17,591	-	17,591
General and administration	155,492	-	155,492
Total expenses	3,281,548	-	3,281,548
Increase in net assets	175,424	311,527	486,951
Net assets at beginning of year	5,740,569	1,068,291	6,808,860
Net assets at end of year	\$ 5,915,993	\$ 1,379,818	\$ 7,295,811

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Congresses	\$ 1,403,733	\$ -	\$ 1,403,733
Membership			
Membership fees	607,028	-	607,028
Marketing	26,669	-	26,669
Fee income	56	-	56
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	12,235	-	12,235
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
Program services			
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 services	2,969,982	-	2,969,982
Supporting services			
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	\$ 5,740,569	\$ 1,068,291	\$ 6,808,860

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services			
	Congresses	Membership	Professions	Press	Regional Meetings	Research and Technology	Total Programs	Development and Fundraising	General and Admin.	Total
Salaries and wages	\$ 350,047	\$ 110,275	\$ 135,028	\$ 500,643	\$ 11,550	\$ 23,156	\$ 1,130,699	\$ 6,454	\$ 43,056	\$ 1,180,209
Employee benefits	85,282	24,947	41,994	119,960	3,614	4,692	280,489	1,462	9,361	291,312
Payroll taxes	23,997	7,685	9,001	35,052	792	1,603	78,130	444	2,793	81,367
	459,326	142,907	186,023	655,655	15,956	29,451	1,489,318	8,360	55,210	1,552,888
Advertising	-	-	-	10,230	-	-	10,230	-	-	10,230
Bank and credit card fees	19,412	12,809	1,561	17,580	303	1	51,666	1,447	6	53,119
Communication	36,280	7,386	13,089	34,698	-	3,361	94,814	91	9,785	104,690
Cost of publications sold	-	-	-	12,188	-	-	12,188	-	-	12,188
Dues, memberships and subscriptions	3,493	1,165	776	3,380	3,000	293	12,107	454	1,540	14,101
Equipment and supplies	37,073	3,017	4,898	29,697	1,456	1,373	77,514	-	1,377	78,891
Insurance	14,980	1,493	1,206	4,121	-	301	22,101	-	1,119	23,220
Occupancy	19,800	6,958	10,863	23,705	-	2,035	63,361	-	2,640	66,001
Press distribution costs	-	-	-	62,667	23	-	62,690	-	-	62,690
Production and printing	4,730	-	-	347,534	-	-	352,264	-	-	352,264
Professional fees	105,296	5,030	11,539	72,156	5,304	877	200,202	3,309	4,162	207,673
Royalties	-	-	1,950	24,782	-	-	26,732	-	-	26,732
Meeting audiovisual expenses	224,458	-	-	-	-	-	224,458	-	-	224,458
Meetings, travel and hospitality	237,646	8,047	33,670	39,795	9,282	1,660	330,100	1,641	5,370	337,111
Travel grants	3,000	-	6,500	-	-	-	9,500	-	-	9,500
Miscellaneous	75	24	16	376	-	4	495	1	21	517
Depreciation	2,249	9,306	14,531	34,985	-	125	61,196	2,288	625	64,109
Building depreciation	-	-	-	-	-	-	-	-	69,325	69,325
Book inventory depreciation	-	-	-	7,529	-	-	7,529	-	-	7,529
Provision for income taxes	-	-	-	-	-	-	-	-	4,312	4,312
Total expenses	<u>\$ 1,167,818</u>	<u>\$ 198,142</u>	<u>\$ 286,622</u>	<u>\$ 1,381,078</u>	<u>\$ 35,324</u>	<u>\$ 39,481</u>	<u>\$ 3,108,465</u>	<u>\$ 17,591</u>	<u>\$ 155,492</u>	<u>\$ 3,281,548</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services						Supporting Services			
	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	<u>\$ 1,082,029</u>	<u>\$ 186,331</u>	<u>\$ 277,694</u>	<u>\$ 1,299,599</u>	<u>\$ 74,481</u>	<u>\$ 49,848</u>	<u>\$ 2,969,982</u>	<u>\$ 8,154</u>	<u>\$ 161,998</u>	<u>\$ 3,140,134</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

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

	2020	2019
OPERATING ACTIVITIES		
Increase in net assets	\$ 486,951	\$ 658,421
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	133,434	99,646
Realized losses (gains) on marketable securities	38,957	(73,374)
Unrealized (gains) on marketable securities	(124,505)	(63,530)
Changes in operating assets and liabilities		
Accounts receivable	(55,718)	78,966
Pledges receivable	25,000	(25,000)
Prepaid expenses and other assets	(152,071)	(85,433)
Book inventories and books in production, net	45,864	(7,211)
Accounts payable	(106,565)	7,168
Deferred revenue	(725,907)	(45,978)
Net cash (used in) provided by operating activities	(434,560)	543,675
INVESTING ACTIVITIES		
Acquisition of furniture and equipment	(18,408)	(22,183)
Software development costs	(57,150)	(249,715)
Purchases of marketable securities	(810,657)	(2,257,912)
Proceeds from sales of marketable securities	444,219	1,903,368
Net cash (used in) investing activities	(441,996)	(626,442)
FINANCING ACTIVITIES		
Proceeds from note payable	281,600	-
Net cash provided by financing activities	281,600	-
Decrease in cash and cash equivalents	(594,956)	(82,767)
Cash and cash equivalents at beginning of year	2,128,437	2,211,204
Cash and cash equivalents at end of year	\$ 1,533,481	\$ 2,128,437

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, 2020 and 2019, book inventories are stated at cost using the first-in, first-out ("FIFO") method, less a valuation reserve of \$93,591 and \$103,305, respectively. The valuation reserve reflects the estimated decline in value of certain books since their original publication.

Building, Furniture and Equipment:

At June 30, 2020 and 2019, furniture and equipment is stated at cost, less accumulated depreciation of \$151,041 and \$151,096, 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, 2020 and 2019 was \$6,247 and \$13,703, respectively. Depreciation expense on Luce Center building and equipment for the years ended June 30, 2020 and 2019 was \$69,325 and \$66,279, respectively.

NOTES TO FINANCIAL STATEMENTS

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

Capitalized Software:

At June 30, 2020 and 2019, capitalized software is stated at cost, less accumulated amortization of \$77,525 and \$19,664, respectively. 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, 2020 and 2019 was \$57,862 and \$19,664, respectively.

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 \$4,312 and \$5,633 has been included in these financial statements for taxes on unrelated business income for the years ended June 30, 2020 and 2019, 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 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 Society adopted ASU No. 2018-08. The adoption of this ASU did not have an impact on the timing of revenue recognition for the Society.

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 statements of financial position dates of June 30, 2020 and 2019, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 1,253,345	\$ 1,271,376
Accounts receivable	229,996	174,278
	<u>\$ 1,483,341</u>	<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 \$4,325,486 and \$4,016,504 as of June 30, 2020 and 2019, respectively.

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, 2020 and 2019 were:

	2020		
	Cost	Unrealized Appreciation	Fair Value
Corporate stocks	\$ 351,424	\$ 203,754	\$ 555,178
Mutual funds and ETFs	3,421,337	293,921	3,715,258
Private limited partnerships	358,556	-	358,556
Total	<u>\$ 4,131,317</u>	<u>\$ 497,675</u>	<u>\$ 4,628,992</u>
Equity securities - Luce Center endowment fund corpus and accumulated earnings	<u>\$ 511,847</u>	<u>\$ 284,468</u>	<u>\$ 796,315</u>
	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>

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

	2020	2019
Interest and dividends	\$ 191,479	\$ 242,049
Realized gains/(losses)	(38,957)	73,374
Unrealized gains/(losses)	124,505	63,530
Investment expenses	(37,672)	(34,694)
	<u>\$ 239,355</u>	<u>\$ 344,259</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, 2020 and 2019:

NOTES TO FINANCIAL STATEMENTS

NOTE 3. MARKETABLE SECURITIES (Continued)

		2020		
		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)
				Redemption Notice Period
<u>June 30, 2020</u>				
Private credit fund (a)	\$	243,034	\$ -	Quarterly
Private real estate fund (b)		<u>115,522</u>	-	
Total	\$	<u>358,556</u>	\$ -	
		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)		<u>138,019</u>	-	
Total	\$	<u>373,142</u>	\$ -	

- (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, 2020 and 2019.

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks				
Common stocks	\$ 555,178	\$ -	\$ -	\$ 555,178
Corporate Bonds	273,841	-	-	273,841
Mutual Funds and ETFs				
Large blend	461,614	-	-	461,614
Mid-cap blend	42,767	-	-	42,767
Small blend	31,625	-	-	31,625
Bond fund	179,304	-	-	179,304
Large growth	1,688,636	-	-	1,688,636
Small growth	218,624	-	-	218,624
Emerging markets	254,893	-	-	254,893
International	93,282	-	-	93,282
World large stocks	349,161	-	-	349,161
Utilities	31,996	-	-	31,996
Natural resources	33,697	-	-	33,697
Real estate	55,818	-	-	55,818
Total Mutual Funds and ETFs	3,441,417	-	-	3,441,417
Other investments measured at net asset value	-	-	-	358,556
Total	4,270,436	-	-	4,628,992
Equity Securities - Luce Center				
Luce Center endowment fund Corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	546,315	-	-	546,315
Total Equity Securities - Luce Center	796,315	-	-	796,315
Total Investments at Fair Value	\$ 5,066,751	\$ -	\$ -	\$ 5,425,307

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:

	Level 1	Level 2	Level 3	Total
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
Total	3,854,592	-	-	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	\$ -	\$ -	\$ 4,973,323

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:

	2020	2019
Luce Center building	\$ 2,260,580	\$ 2,249,830
Luce Center furniture	45,108	45,108
	<u>2,305,688</u>	<u>2,294,938</u>
Less accumulated depreciation	<u>(1,158,035)</u>	<u>(1,088,710)</u>
	<u>1,147,653</u>	<u>1,206,228</u>
Luce Center endowment fund investments		
Corpus – maintained in perpetuity	250,000	250,000
Accumulated earnings – with donor restrictions	<u>546,315</u>	<u>495,589</u>
	<u>796,315</u>	<u>745,589</u>
Total Net Share of Luce Center	<u>\$ 1,943,968</u>	<u>\$ 1,951,817</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 2019, 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, 2020	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	-	700,196	700,196
	<u>\$ -</u>	<u>\$ 1,024,826</u>	<u>\$ 1,024,826</u>
Changes in Endowment Net Assets For the year ended June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ -	\$ 970,220	\$ 970,220
Investment return:			
Investment income	-	32,689	32,689
Net appreciation (realized and unrealized)	-	23,667	23,667
Total investment return	-	56,356	56,356
Contributions received	-	250	250
Appropriation of endowment assets for expenditure	-	(2,000)	(2,000)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,024,826</u>	<u>\$ 1,024,826</u>
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>

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, 2020 and 2019 was \$113,754 and \$109,373, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Subject to expenditure for specified purpose:		
Scholarships and Awards	\$ 104,992	\$ 98,071
Bible Odyssey	250,000	-
	<u>354,992</u>	<u>98,071</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for		
Luce Center Maintenance Fund	546,315	495,588
Scholarships and Awards	37,891	31,482
Bible Odyssey	115,990	118,520
	<u>700,196</u>	<u>645,590</u>
Endowments:		
Subject to NFP endowment spending policy and appropriation:		
Luce Center	250,000	250,000
Scholarships and Awards	74,630	74,630
	<u>324,630</u>	<u>324,630</u>
Total endowments	<u>1,024,826</u>	<u>970,220</u>
Total net assets with donor restrictions	<u>\$ 1,379,818</u>	<u>\$ 1,068,291</u>

During 2020, \$3,000 was released from restrictions for scholarships and awards. During 2019, \$2,839 was released for scholarships and awards.

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. PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

The Society applied for and received \$281,600 from the Paycheck Protection Program on May 10, 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 Society plans to request and expects to be granted full forgiveness for the note during the fiscal year ended June 30, 2021. The Society had an outstanding note payable balance of \$281,600 as of June 30, 2020.

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

2021	\$	109,565
2022		<u>172,035</u>
	\$	<u>281,600</u>

NOTE 11. 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.

NOTE 12. SUBSEQUENT EVENTS

The Society has evaluated subsequent events through October 22, 2020, the date on which the financial statements were available to be issued.