

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

Consolidated Financial Statements
June 30, 2013 and 2012

American Academy of Religion, Inc. & Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

To the Finance Committee
American Academy of Religion, Inc.

We have audited the accompanying consolidated financial statements of **American Academy of Religion, Inc. & Subsidiaries (the Academy)**, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and changes in net assets, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States. 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. 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 our 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, we consider 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 consolidated financial position of American Academy of Religion, Inc. & Subsidiaries as of June 30, 2013 and 2012, and the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

February 10, 2014

Windham Brannon, P.C.
Certified Public Accountants

American Academy of Religion, Inc. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2013 and 2012

	2013	2012
Assets		
Cash in banks	\$ 529,623	\$ 475,304
Accounts receivable, net	105,354	37,216
Luce grant receivable	-	100,000
Prepaid expenses and other assets	24,026	65,756
Furniture and software, net	409,353	323,012
Share of Luce Center assets, net	1,992,884	2,042,281
Marketable securities	6,783,324	6,583,471
Total assets	\$ 9,844,564	\$ 9,627,040
Liabilities and net assets		
Line of credit	\$ 225,000	\$ 245,000
Accounts payable and accrued expenses	411,139	394,821
Accrued vacation	80,391	83,538
Deferred revenue - membership	442,728	438,048
Deferred revenue - annual meeting	663,912	756,208
Total liabilities	1,823,170	1,917,615
Net assets		
Unrestricted	5,843,877	5,574,793
Temporarily restricted	977,517	934,632
Permanently restricted	1,200,000	1,200,000
Total net assets	8,021,394	7,709,425
Total liabilities and net assets	\$ 9,844,564	\$ 9,627,040

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

American Academy of Religion, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Membership dues	\$ 935,511	\$ -	\$ -	\$ 935,511
Regional and annual meeting registration and exhibits	1,366,514	-	-	1,366,514
Employment information services	113,423	-	-	113,423
Label sales	35,570	-	-	35,570
Royalties	12,704	-	-	12,704
Publications	57,241	-	-	57,241
Contributions and gifts in kind	194,670	3,535	-	198,205
Luce Center rental income	122,500	-	-	122,500
Interest and dividends	77,531	31,866	-	109,397
Miscellaneous	22,519	-	-	22,519
Net assets released from restrictions	173,368	(173,368)	-	-
Total revenues and other support	3,111,551	(137,967)	-	2,973,584
Expenses				
Program				
Research and publications	125,962	-	-	125,962
Member services	883,352	-	-	883,352
Professional development services	205,152	-	-	205,152
External relations	101,282	-	-	101,282
Regional and annual meeting	1,338,432	-	-	1,338,432
Total program expenses	2,654,180	-	-	2,654,180
Luce center expenses	161,458	-	-	161,458
General and administrative	210,274	-	-	210,274
Fundraising	19,256	-	-	19,256
Total expenses	3,045,168	-	-	3,045,168
Increase (decrease) in net assets				
before depreciation and amortization				
and investment gains	66,383	(137,967)	-	(71,584)
Depreciation and amortization	(192,470)	-	-	(192,470)
Investment gains	395,171	180,852	-	576,023
Increase in net assets	269,084	42,885	-	311,969
Net assets, beginning of year	5,574,793	934,632	1,200,000	7,709,425
Net assets, end of year	\$ 5,843,877	\$ 977,517	\$ 1,200,000	\$ 8,021,394

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

American Academy of Religion, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2012

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

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

American Academy of Religion, Inc. and Subsidiaries

Consolidated Statements of Cash Flows For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Increase (decrease) increase in net assets	\$ 311,969	\$ (17,894)
Reconciliation of increase (decrease) in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	192,470	120,932
Investment (gains) losses	(576,023)	30,099
Changes in assets and liabilities:		
Accounts receivable	(68,138)	71,094
Grant receivable	100,000	100,000
Prepaid expenses	41,730	(41,312)
Accounts payable and accrued expenses	16,318	152,424
Accrued vacation	(3,147)	(62,638)
Deferred revenue	(87,616)	(13,992)
Net cash (used) provided by operating activities	(72,437)	338,713
Cash flows from investing activities		
Acquisition of property and equipment	(210,213)	(464,910)
Proceeds from sale of marketable securities	465,625	149,243
Purchase of marketable securities	(108,657)	(154,792)
Net cash provided (used) by investing activities	146,756	(470,459)
Cash flows from financing activities		
Repayments of line of credit	(20,000)	-
Borrowings on line of credit	-	95,000
Net cash (used) provided by financing activities	(20,000)	95,000
Net increase (decrease) in cash	54,319	(36,746)
Cash at beginning of year	475,304	512,050
Cash at end of year	\$ 529,623	\$ 475,304
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 7,477	\$ 6,007

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

1. Nature of Operations and Summary of Significant Accounting Policies

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

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

Principles of Consolidation

The consolidated financial statements include the Academy and the Regions as of and for the years ended June 30, 2013 and 2012. All significant intercompany transactions have been eliminated in the presentation of those consolidated financial statements.

Basis of Accounting

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

Basis of Presentation

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

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

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

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

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Use of Estimates

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

Cash in Banks

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

Marketable Securities

All investments in marketable securities are reported at fair value as determined by quoted prices in an active market (Level 1), with gains and losses included in the Statements of Activities and Changes in Net Assets.

Receivables

Receivables are primarily for advertising and rental of exhibit booths for the annual meeting and are recorded at the amount of cash estimated as realizable. The Academy provides reserves for uncollectible accounts when accounts are deemed uncollectible. At June 30, 2013 and 2012, accounts receivable are net of an allowance for doubtful accounts of \$1,500.

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.

Revenue Recognition

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

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 unrestricted contributions.

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

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

Deferred Revenue

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

Donated Space

Donated space of \$167,500 has been reflected in the financial statements for fiscal 2013 for the fair value of a convention center for the meetings held by the Academy. Fair value was computed using market rate for its regular rental. There was no donated space in fiscal 2012.

Income Taxes

The Academy is classified as a Section 501(c)(3) publicly supported charity under the Internal Revenue Code. The Academy is generally exempt from income taxes on activities related to its exempt purpose. Accordingly, no provision for Federal and state income taxes is required.

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

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 10, 2014, which is the date the financial statements were available to be issued.

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

2. Marketable Securities

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

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

The Academy held investments at June 30, 2013 and 2012 as follows:

	2013	2012
Mutual Funds:		
Money Market	\$ 825,892	\$ 184,067
Fixed Income/Bond Funds	2,431,882	2,063,642
Growth Funds	1,895,582	1,983,906
Value Funds	559,466	1,591,174
Emerging Markets	382,955	276,149
Foreign Funds	687,547	340,183
Real Estate	-	144,350
Total Mutual Funds	\$ 6,783,324	\$ 6,583,471

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

	2013		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 77,531	\$ 31,866	\$ 109,397
Realized gains	473,459	151,899	625,358
Unrealized gains (losses)	(78,288)	28,953	(49,335)
	\$ 472,702	\$ 212,718	\$ 685,420

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

3. Luce Center

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

Summarized financial information for the years ended June 30, 2013 and 2012 for the Luce Center assets is as follows:

	2013	
	Luce Center	American Academy of Religion's Share
Building	\$ 4,729,220	\$ 2,364,610
Furniture	41,924	20,962
Leasehold interest in land	165,000	82,500
Accumulated depreciation	(1,772,310)	(886,155)
Restricted investments, at fair value	821,934	410,967
Share of Luce Center	\$ 3,985,768	\$ 1,992,884

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements June 30, 2013 and 2012

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

The Academy's share of unrestricted and restricted investments at June 30, 2013 and 2012 consist of the following:

	2013	2012
TIAA-CREF Bond Plus Fund	\$ 78,101	\$ 119,948
TIAA-CREF Social Choice Equity Fund	153,584	123,663
TIAA-CREF Equity Index Fund	179,283	148,154
Total	\$ 410,967	\$ 391,765

4. Furniture and Software

	2013	2012
Furniture	\$ 71,872	\$ 70,886
Software	550,182	418,519
	622,054	489,405
Accumulated depreciation and amortization	(212,701)	(166,393)
	\$ 409,353	\$ 323,012

5. Line of Credit

The Academy entered into a line of credit with a financial institution that matures on March 11, 2014 in the amount of \$250,000. Outstanding borrowings under the line of credit carry interest at the London Interbank Offered Rate (LIBOR) plus 2.25% with a floor of 3.0%.

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements June 30, 2013 and 2012

The interest rate was 3.0% at June 30, 2013 and 2012. Payments of monthly interest only are required until maturity. Certain investment accounts of the Academy are pledged as collateral.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 and 2012 consist of the following:

	2013	2012
Funds functioning as endowment:		
Research grants	\$ 276,565	\$ 243,389
Publications	188,328	162,569
Annual meeting speakers	72,803	64,499
Share of Luce Center endowment earnings	160,966	112,837
Raj endowment earnings	18,375	12,466
Total funds functioning as endowment	717,037	595,760
Other temporarily restricted net assets:		
Time and purpose restricted		
Luce Religious Pluralism Grant	59,288	142,251
Purpose Restricted		
Lilly Strengthening College and University Religion and Theology	9,613	10,448
American Lecture in History of Religions	161,217	154,068
Teagle Foundation	21,948	25,971
Religion and Ecology	4,734	4,734
Student annual meeting scholarship	2,280	-
Hinduism Unit	900	900
Other	500	500
Total	\$ 977,517	\$ 934,632

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

7. Net Assets Released from Temporary Restrictions

Net assets released from temporary restrictions for the years ended June 30, 2013 and 2012 consist of the following:

	2013	2012
Research Grants	\$ 28,715	\$ 29,540
Publications	23,532	23,675
Annual Meeting Speakers	7,524	7,554
Teagle Foundation	4,023	19,309
Raj Endowment Earnings	5,000	5,000
Luce Endowment Earnings	11,821	125,000
American Lecture in History of Relations	7,715	3,784
Public Understanding of Religion	-	2,000
Student Annual Meeting Scholarship	1,240	-
Lilly Strengthening College and University Religion and Theology	834	-
Luce Religious Pluralism Grant	82,964	74,991
Total	\$ 173,368	\$ 290,853

8. Permanently Restricted Net Assets and Endowments

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

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

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

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

Relationship of Spending Policy to Investment Objectives

The Board of Directors has determined that no more than five percent of a three-year average of the market value of the endowment portion of marketable securities may be transferred to temporarily restricted funds in any given year. The market value is determined as of the last day of December. Any remaining gains and losses, after the transfer, are considered additions or reductions in the principal amount of the endowment fund and are reported as increases or decreases in temporarily restricted net assets. For the years ended June 30, 2013 and 2012, the total amount of income and gains transferred was \$ 76,592 and \$190,768.

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements June 30, 2013 and 2012

The following table presents the Academy's endowment composition, changes, and net asset classifications as of and for the years ended June 30, 2013 and 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets,				
June 30, 2011	\$ -	\$ 753,674	\$ 1,200,000	\$ 1,953,674
Investment gain	-	32,854	-	32,854
Releases from restriction	-	(190,768)	-	(190,768)
Endowment net assets,				
June 30, 2012	-	595,760	1,200,000	1,795,760
Investment gain	-	197,869	-	197,869
Releases from restriction	-	(76,592)	-	(76,592)
Endowment net assets				
June 30, 2013	\$ -	\$ 717,037	\$ 1,200,000	\$ 1,917,037

Return Objectives and Risk Parameters

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

Permanently Restricted Net Assets

The nature of the permanently restricted net asset endowments balance at June 30, 2013 and 2012 is summarized as follows:

	2013	2012
Grants	\$ 500,000	\$ 500,000
Publications	350,000	350,000
Annual meeting speakers	100,000	100,000
Luce Center endowment corpus	250,000	250,000
Total	\$ 1,200,000	\$ 1,200,000

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

9. Related Party Transactions

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

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

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

The Academy's share of rental income was \$122,500 and \$116,556 and direct expenses were \$161,458 and \$155,861 for the years ended June 30, 2013 and 2012.

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).

10. 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:

Employee Contributes

1%
2%

Academy Matches With

1.5%
3%

American Academy of Religion, Inc. & Subsidiaries

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The maximum contribution made by the Academy on behalf of an employee is nine percent. Total retirement plan expense for the years ended June 30, 2013 and 2012 was approximately \$86,000 and \$68,000.

11. 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, 2013, contracts for hotel space had been entered into through 2021. While the rooms will ultimately be paid for by members of the Academy, the Academy has guaranteed the rooms in advance to ensure availability. In the event the annual meetings are cancelled, or minimum percentages of reserved rooms are not used by members or minimum food and beverage charges are not incurred, the Academy may be liable for a cancellation fee. However, due to the numerous variables involved, the Academy's ultimate liability under these contracts cannot be determined.

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

12. Functional Expenses

The functional expenses for the year ended June 30, 2013 are:

	Research and Publications	Member Services	Professional Development Services	External Relations	Regional and Annual Meeting	Luce Center Expenses	General and Administrative	Fundraising	Total
Salaries and wages	\$ 32,808	\$ 404,379	\$ 49,932	\$ 46,071	\$ 213,628	\$ 32,431	\$ 99,054	\$ 6,141	\$ 884,444
Payroll taxes and benefits	9,036	111,376	13,753	12,689	58,838	8,932	27,282	1,691	243,597
Staff development	285	3,548	434	400	4,048	282	861	53	9,911
Temporary help	772	9,510	1,174	1,084	23,076	2,390	2,331	144	40,481
Total personnel	42,901	528,813	65,293	60,244	299,590	44,035	129,528	8,029	1,178,433
Advertising and promotion	-	6,341	-	1,095	6,573	-	-	-	14,009
Conferences and meetings	4,373	86,194	31,586	2,765	212,560	501	1,470	1,803	341,252
Dues and subscriptions	208	4,057	415	4,928	2,098	431	1,264	22	13,423
Equipment rental and maintenance	1,588	31,696	3,011	5,682	48,242	8,388	9,641	8,169	116,417
Grants and subventions	38,365	17,319	32,661	3,315	11,108	277	812	14	103,871
Insurance	251	4,529	475	513	5,241	3,045	1,521	26	15,601
Occupancy	2,724	49,223	5,379	5,575	27,711	85,580	16,535	285	193,012
Postage and shipping	232	5,638	430	339	18,991	239	702	195	26,766
Printing and publications	20,374	11,345	1,253	186	32,351	138	404	7	66,058
Professional fees	988	24,914	1,872	2,021	388,373	2,428	5,995	103	426,694
Service charges and fees	7,427	75,468	7,623	8,231	214,744	10,274	24,412	421	348,600
Supplies	192	3,106	1,202	479	5,928	1,514	1,001	17	13,439
Telephone	266	4,706	1,124	491	2,989	1,851	1,426	25	12,878
Travel and meeting expense	5,790	24,399	52,292	4,839	57,433	2,172	6,370	110	153,405
Other	283	5,604	536	579	4,500	585	9,193	30	21,310
Total expenses	\$ 125,962	\$ 883,352	\$ 205,152	\$ 101,282	\$ 1,338,432	\$ 161,458	\$ 210,274	\$ 19,256	\$ 3,045,168

American Academy of Religion, Inc. & Subsidiaries

Notes to Consolidated Financial Statements June 30, 2013 and 2012

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

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