

SOCIETY OF BIBLICAL LITERATURE

FINANCIAL REPORT

JUNE 30, 2017

SOCIETY OF BIBLICAL LITERATURE

FINANCIAL REPORT JUNE 30, 2017

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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, 2017 and 2016, and the related statements of activities and changes in net assets, 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, 2017 and 2016, 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia
October 12, 2017

SOCIETY OF BIBLICAL LITERATURE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,762,171	\$ 1,595,269
Marketable securities	3,117,468	2,454,030
Accounts receivable	151,135	159,434
Prepaid expenses and other assets	70,621	49,710
Book inventories, net of valuation reserve	97,215	97,672
Furniture and equipment, net of accumulated depreciation	30,485	51,424
Net share of Luce Center assets	1,937,756	1,918,252
	<hr/>	<hr/>
Total assets	<u>\$ 7,166,851</u>	<u>\$ 6,325,791</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 233,353	\$ 215,264
Deferred revenue		
Memberships and subscriptions	512,509	499,528
Annual meetings	917,488	807,817
International meeting	157,752	89,445
Other	4,616	43,843
	<hr/>	<hr/>
Total deferred revenue	1,592,365	1,440,633
Total liabilities	<u>1,825,718</u>	<u>1,655,897</u>
Net assets		
Unrestricted net assets	4,521,267	3,953,974
Temporarily restricted net assets	525,236	421,290
Permanently restricted net assets	294,630	294,630
	<hr/>	<hr/>
Total net assets	5,341,133	4,669,894
Total Liabilities and Net Assets	<u><u>\$ 7,166,851</u></u>	<u><u>\$ 6,325,791</u></u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains				
Congresses	\$ 1,425,860	\$ -	\$ -	\$ 1,425,860
Membership				
Membership fees	589,953	-	-	589,953
Marketing	43,894	-	-	43,894
Professions				
Employment center	78,334	-	-	78,334
Grant revenue	38,762	-	-	38,762
Fonts	500	-	-	500
Publications				
Book sales	497,454	-	-	497,454
Subscriptions	256,340	-	-	256,340
Royalties	93,218	-	-	93,218
Marketing	26,025	-	-	26,025
Permissions	20,703	-	-	20,703
Membership fees	104,109	-	-	104,109
Contract income	50,000	-	-	50,000
Fee income	10,366	-	-	10,366
Development and fundraising	38,930	1,350	-	40,280
Investment income and change in market value, net	348,629	106,005	-	454,634
Rental income, net	20,263	-	-	20,263
Net assets released from restrictions	3,409	(3,409)	-	-
Total revenues and gains	3,646,749	103,946	-	3,750,695
Expenses				
Congresses	1,087,905	-	-	1,087,905
Membership	193,682	-	-	193,682
Professions	274,651	-	-	274,651
Publications	1,177,409	-	-	1,177,409
Regions	67,644	-	-	67,644
Research and technology	67,472	-	-	67,472
Total program expenses	2,868,763	-	-	2,868,763
Development and fundraising	34,056	-	-	34,056
General and administration	176,637	-	-	176,637
Total expenses	3,079,456	-	-	3,079,456
Increase in net assets	567,293	103,946	-	671,239
Net assets at beginning of year	3,953,974	421,290	294,630	4,669,894
Net assets at end of year	\$ 4,521,267	\$ 525,236	\$ 294,630	\$ 5,341,133

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and gains				
Congresses	\$ 1,367,273	\$ -	\$ -	\$ 1,367,273
Membership				
Membership fees	582,354	-	-	582,354
Marketing	43,475	-	-	43,475
Professions				
Employment center	81,506	-	-	81,506
Grant revenue	5,289	-	-	5,289
Fonts	150	-	-	150
Publications				
Book sales	414,796	-	-	414,796
Subscriptions	269,129	-	-	269,129
Royalties	124,056	-	-	124,056
Marketing	20,000	-	-	20,000
Permissions	11,258	-	-	11,258
Membership fees	99,408	-	-	99,408
Contract income	50,000	-	-	50,000
Fee income	16,033	-	-	16,033
Development and fundraising	33,610	51,370	-	84,980
Investment income and change in market value, net	(4,287)	15,220	-	10,933
Rental income, net	(1,079)	-	-	(1,079)
Net assets released from restrictions	3,050	(3,050)	-	-
Total revenues and gains	<u>3,116,021</u>	<u>63,540</u>	<u>-</u>	<u>3,179,561</u>
Expenses				
Congresses	940,162	-	-	940,162
Membership	190,421	-	-	190,421
Professions	360,723	-	-	360,723
Publications	1,104,791	-	-	1,104,791
Regions	123,155	-	-	123,155
Research and technology	129,424	-	-	129,424
Total program expenses	<u>2,848,676</u>	<u>-</u>	<u>-</u>	<u>2,848,676</u>
Development and fundraising	54,002	-	-	54,002
General and administration	185,267	-	-	185,267
Total expenses	<u>3,087,945</u>	<u>-</u>	<u>-</u>	<u>3,087,945</u>
Increase in net assets	28,076	63,540	-	91,616
Net assets at beginning of year	<u>3,925,898</u>	<u>357,750</u>	<u>294,630</u>	<u>4,578,278</u>
Net assets at end of year	<u>\$ 3,953,974</u>	<u>\$ 421,290</u>	<u>\$ 294,630</u>	<u>\$ 4,669,894</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2017

	Congresses	Membership	Professions	Publications	Regions	Research and Technology	Total Programs	Development and Fundraising	General and Admin.	Total
Salaries and wages	\$ 327,383	\$ 106,943	\$ 121,808	\$ 417,100	\$ 7,212	\$ 35,271	\$ 1,015,717	\$ 9,822	\$ 36,831	\$ 1,062,370
Employee benefits	74,073	21,543	31,894	72,076	1,872	8,248	209,706	1,962	7,032	218,700
Payroll taxes	22,047	7,010	8,269	29,410	486	2,313	69,535	664	2,392	72,591
	<u>423,503</u>	<u>135,496</u>	<u>161,971</u>	<u>518,586</u>	<u>9,570</u>	<u>45,832</u>	<u>1,294,958</u>	<u>12,448</u>	<u>46,255</u>	<u>1,353,661</u>
Advertising	185	80	15	13,325	5	10	13,620	10	50	13,680
Building depreciation	-	-	-	-	-	-	-	-	66,424	66,424
Communication	62,446	10,238	15,325	27,913	591	4,148	120,661	1,910	11,773	134,344
Cost of publications sold	-	-	-	22,604	-	-	22,604	-	-	22,604
Depreciation - furniture and equipment	8,598	3,718	697	6,739	232	465	20,449	465	2,324	23,238
Distribution costs	-	-	-	69,934	-	-	69,934	-	-	69,934
Donations and discounts	4,192	1,866	1,246	26,746	7,613	227	41,890	677	1,638	44,205
Equipment and supplies	182,465	3,281	8,447	17,983	3,946	2,234	218,356	595	2,407	221,358
Grants to individuals	-	-	5,017	-	-	-	5,017	-	-	5,017
Occupancy	11,517	4,217	10,270	18,691	403	7,333	52,431	3,670	9,900	66,001
Printing	4,909	-	1,554	231,020	-	-	237,483	45	-	237,528
Professional fees	110,413	6,880	28,277	105,253	7,256	1,262	259,341	11,565	28,269	299,175
Provision for inventory valuation	-	-	-	19,754	-	-	19,754	-	-	19,754
Royalties	-	-	2,150	41,879	-	-	44,029	-	-	44,029
Travel and hospitality	232,095	10,644	36,582	40,532	36,798	5,151	361,802	2,134	5,406	369,342
Other	47,582	17,262	3,100	16,450	1,230	810	86,434	537	2,191	89,162
Total expenses	<u>\$ 1,087,905</u>	<u>\$ 193,682</u>	<u>\$ 274,651</u>	<u>\$ 1,177,409</u>	<u>\$ 67,644</u>	<u>\$ 67,472</u>	<u>\$ 2,868,763</u>	<u>\$ 34,056</u>	<u>\$ 176,637</u>	<u>\$ 3,079,456</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2016

	Congresses	Membership	Professions	Publications	Regions	Research and Technology	Total Programs	Development and Fundraising	General and Admin.	Total
Salaries and wages	\$ 255,990	\$ 93,657	\$ 150,090	\$ 387,517	\$ 35,412	\$ 50,814	\$ 973,480	\$ 20,749	\$ 39,099	\$ 1,033,328
Employee benefits	59,459	19,400	31,831	70,134	7,247	11,809	199,880	3,958	7,420	211,258
Payroll taxes	18,214	6,671	10,649	29,346	2,432	4,116	71,428	1,426	2,675	75,529
	<u>333,663</u>	<u>119,728</u>	<u>192,570</u>	<u>486,997</u>	<u>45,091</u>	<u>66,739</u>	<u>1,244,788</u>	<u>26,133</u>	<u>49,194</u>	<u>1,320,115</u>
Advertising	-	-	61	16,385	-	-	16,446	-	-	16,446
Building depreciation	-	-	-	-	-	-	-	-	75,824	75,824
Communication	59,071	9,407	21,269	25,411	6,347	12,948	134,453	3,986	7,817	146,256
Cost of publications sold	-	-	-	31,117	-	-	31,117	-	-	31,117
Depreciation - furniture and equipment	4,591	3,060	4,591	6,121	3,060	3,060	24,483	3,060	3,060	30,603
Distribution costs	-	-	-	70,242	-	-	70,242	-	-	70,242
Donations and discounts	3,044	1,324	2,218	19,889	4,993	1,324	32,792	1,112	1,324	35,228
Equipment and supplies	199,360	4,514	21,444	20,573	4,398	3,782	254,071	1,602	3,227	258,900
Grants to individuals	-	-	5,335	-	-	-	5,335	-	-	5,335
Occupancy	15,116	6,572	10,516	11,830	5,258	6,572	55,864	3,286	6,572	65,722
Printing	5,851	-	6,190	228,552	-	-	240,593	-	-	240,593
Professional fees	111,995	22,042	42,169	99,716	19,168	26,388	321,478	7,234	30,366	359,078
Provision for inventory valuation	-	-	-	20,969	-	-	20,969	-	-	20,969
Royalties	-	-	-	11,329	-	-	11,329	-	-	11,329
Travel and hospitality	163,937	8,451	50,548	45,305	32,882	7,506	308,629	3,066	6,133	317,828
Other	43,534	15,323	3,812	10,355	1,958	1,105	76,087	4,523	1,750	82,360
Total expenses	<u>\$ 940,162</u>	<u>\$ 190,421</u>	<u>\$ 360,723</u>	<u>\$ 1,104,791</u>	<u>\$ 123,155</u>	<u>\$ 129,424</u>	<u>\$ 2,848,676</u>	<u>\$ 54,002</u>	<u>\$ 185,267</u>	<u>\$ 3,087,945</u>

See Notes to Financial Statements.

SOCIETY OF BIBLICAL LITERATURE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Increase in net assets	\$ 671,239	\$ 91,616
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	89,661	106,427
Realized (gains) losses on marketable securities	(29,819)	18,390
Unrealized (gains) losses on marketable securities	(315,586)	81,787
Changes in operating assets and liabilities		
Accounts receivable	8,299	144,771
Pledges receivable, net	-	4,100
Prepaid expenses and other assets	(20,911)	(6,303)
Book inventories and books in production, net	457	(16,892)
Accounts payable	18,089	26,267
Deferred revenue	151,732	(12,719)
	<u>573,161</u>	<u>437,444</u>
Net cash provided by operating activities		
INVESTING ACTIVITIES		
Acquisition of furniture and equipment	(11,245)	(49,650)
Purchases of marketable securities	(1,052,420)	(947,488)
Proceeds from sales of marketable securities	657,406	778,317
	<u>(406,259)</u>	<u>(218,821)</u>
Net cash used in investing activities		
Increase in cash and cash equivalents	166,902	218,623
Cash and cash equivalents at beginning of year	1,595,269	1,376,646
Cash and cash equivalents at end of year	<u>\$ 1,762,171</u>	<u>\$ 1,595,269</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:

The Society has adopted FASB’s *Accounting for Contributions Received and Contributions Made*, and FASB’s *Financial Statements of Not-For-Profit Organizations*. Under these provisions, net assets and revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions. The Society records contributions of cash and other assets as unrestricted income unless specifically restricted by the donor. Restricted contributions are recorded as restricted income. When the donor stipulation expires, the temporarily restricted net assets are reclassified to unrestricted net assets and are reported as net assets released from restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

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

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

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 Expenses:

The costs of providing the program services and management activities have been summarized on a functional basis. Expenses are charged directly to program, general and administrative, or development and fundraising based on specific identification, and certain indirect expenses have been allocated based on level of effort.

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 Expense Recognition:

Revenue is recognized when earned or received. Deferred revenue represents revenue received in advance for future events and future memberships and subscriptions.

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.

Building, Furniture and Equipment:

At June 30, 2017 and 2016, furniture and equipment is stated at cost, less accumulated depreciation of \$126,365 and \$121,599, 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 its capital assets over \$1,000. Depreciation expense on the Society's furniture and equipment for the years ended June 30, 2017 and 2016 was \$23,238 and \$30,603, respectively. Depreciation expense on Luce Center building and equipment for the years ended June 30, 2017 and 2016 was \$66,424 and \$75,824, respectively.

Inventories:

At June 30, 2017 and 2016, book inventories are stated at cost using the first-in, first-out ("FIFO") method, less a valuation reserve of \$125,872 and \$130,485, respectively. The valuation reserve reflects the estimated decline in value of certain books since their original publication.

NOTES TO FINANCIAL STATEMENTS

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

Income Taxes:

The Society is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. Unrelated business income, if any, may be subject to income tax. The Society paid no taxes on unrelated business income for the years ended June 30, 2017 and 2016.

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.

New Accounting Pronouncements:

In 2016, the Society adopted Accounting Standards Update 2015-07 which is available to private companies for the disclosure of investments for which fair value is measured using the net asset value per share (or its equivalent) practical expedient. Under the newly adopted standard, the Society is no longer required to categorize, within the fair value hierarchy, all investments for which fair value is measured using the net asset value per share practical expedient. The effect of adopting the new standard changes the presentation of the fair value hierarchy located in Note 3.

NOTE 2. MARKETABLE SECURITIES

The aggregate cost and fair values, as well as unrealized appreciation, of marketable securities as of June 30, 2017 and 2016 were:

	2017		
	Cost	Unrealized Appreciation	Fair Value
Corporate stocks	\$ 429,600	\$ 167,256	\$ 596,856
Mutual funds and ETFs	2,021,484	227,932	2,249,416
Private limited partnerships	261,300	9,896	271,196
Total	\$ 2,712,384	\$ 405,084	\$ 3,117,468
Equity securities - Luce Center endowment fund corpus and accumulated earnings	\$ 434,599	\$ 179,763	\$ 614,362
	2016		
	Cost	Unrealized Appreciation	Fair Value
Corporate stocks	\$ 379,371	\$ 128,162	\$ 507,533
Mutual funds and ETFs	1,825,437	17,394	1,842,831
Private credit fund	100,000	3,666	103,666
Total	\$ 2,304,808	\$ 149,222	\$ 2,454,030
Equity securities - Luce Center endowment fund corpus and accumulated earnings	\$ 411,468	\$ 120,040	\$ 531,508

NOTES TO FINANCIAL STATEMENTS

NOTE 2. MARKETABLE SECURITIES (Continued)

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

	2017	2016
Interest and dividends	\$ 109,229	\$ 111,110
Realized gains/(losses)	29,819	(18,390)
Unrealized gains/(losses)	315,586	(81,787)
	\$ 454,634	\$ 10,933

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, 2017 and 2016:

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
June 30, 2017				
Private credit fund (a)	\$ 203,420	\$ -	Quarterly	-
Private real estate fund (b)	67,776	-		
Total	\$ 271,196	\$ -		

	2016			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
June 30, 2016				
Private credit fund (a)	\$ 103,666	\$ -	Quarterly	-

- (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 3. 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, 2017 and 2016.

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 3. 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks				
Common stocks	\$ 596,856	\$ -	\$ -	\$ 596,856
Mutual Funds and ETFs				
Large blend	57,429	-	-	57,429
Moderate allocation	507,607	-	-	507,607
Mid-cap blend	316,087	-	-	316,087
Small blend	47,068	-	-	47,068
Bond fund	407,460	-	-	407,460
Large growth	484,550	-	-	484,550
Small growth	24,690	-	-	24,690
Large value	183,307	-	-	183,307
Mid-cap value	23,249	-	-	23,249
Small value	23,032	-	-	23,032
Commodities	22,252	-	-	22,252
International	152,685	-	-	152,685
Total Mutual Funds and ETFs	<u>2,249,416</u>	-	-	<u>2,249,416</u>
Other investments measured at net asset value	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,196</u>
Total	<u>2,846,272</u>	-	-	<u>3,117,468</u>
Equity Securities - Luce Center				
Luce Center endowment fund corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	<u>364,362</u>	<u>-</u>	<u>-</u>	<u>364,362</u>
Total Equity Securities - Luce Center	<u>614,362</u>	<u>-</u>	<u>-</u>	<u>614,362</u>
Total Investments at Fair Value	<u>\$ 3,460,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,731,830</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. 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, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks				
Common stocks	\$ 507,533	\$ -	\$ -	\$ 507,533
Mutual Funds and ETFs				
Large blend	121,177	-	-	121,177
Moderate allocation	450,350	-	-	450,350
Mid-cap blend	324,096	-	-	324,096
Bond fund	366,109	-	-	366,109
Large growth	414,478	-	-	414,478
International	166,621	-	-	166,621
Total Mutual Funds and ETFs	<u>1,842,831</u>	<u>-</u>	<u>-</u>	<u>1,842,831</u>
Other investments measured at net asset value	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,666</u>
Total	<u>2,350,364</u>	<u>-</u>	<u>-</u>	<u>2,454,030</u>
Equity Securities - Luce Center				
Luce Center endowment fund Corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	<u>281,508</u>	<u>-</u>	<u>-</u>	<u>281,508</u>
Total Equity Securities - Luce Center	<u>531,508</u>	<u>-</u>	<u>-</u>	<u>531,508</u>
Total Investments at Fair Value	<u>\$ 2,881,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,985,538</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.

NOTE 4. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. LUCE CENTER ASSETS (Continued)

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

	2017	2016
Luce Center building	\$ 2,249,830	\$ 2,249,830
Luce Center furniture	35,452	32,378
	2,285,282	2,282,208
Less accumulated depreciation	(961,888)	(895,464)
	1,323,394	1,386,744
Luce Center endowment fund investments		
Corpus - permanently restricted	250,000	250,000
Accumulated earnings - temporarily restricted	364,362	281,508
	614,362	531,508
Total Net Share of Luce Center	\$ 1,937,756	\$ 1,918,252

NOTE 5. 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 classifies permanently restricted net assets as: (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 5. 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, 2017 and 2016, 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 temporarily 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. ENDOWMENT (Continued)

The Endowment Net Asset Composition by type of Fund at June 30, 2017 is:

Endowment Net Asset Composition by Type of Fund as of June 30, 2017				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 442,188	\$ 294,630	\$ 736,818

The Changes in Endowment Net Assets for the year ended June 30, 2017 are:

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 348,224	\$ 294,630	\$ 642,854
Net appreciation	-	68,941	-	68,941
Investment income	-	26,638	-	26,638
Contributions	-	200	-	200
Appropriation of endowment assets for expenditure	-	(1,815)	-	(1,815)
Endowment net assets, end of year	\$ -	\$ 442,188	\$ 294,630	\$ 736,818

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA

Total endowment funds classified as permanently restricted net assets	<u>\$ 294,630</u>
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Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:

Without purpose restrictions	\$ -
With purpose restrictions	<u>442,188</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 442,188</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. ENDOWMENT (Continued)

The Endowment Net Asset Composition by type of Fund at June 30, 2016 is:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 348,224	\$ 294,630	\$ 642,854

The Changes in Endowment Net Assets for the year ended June 30, 2016 are:

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 282,916	\$ 294,630	\$ 577,546
Net depreciation	-	(7,007)	-	(7,007)
Investment income	-	23,141	-	23,141
Contributions	-	50,485	-	50,485
Appropriation of endowment assets for expenditure	-	(1,311)	-	(1,311)
Endowment net assets, end of year	\$ -	\$ 348,224	\$ 294,630	\$ 642,854

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA

\$ 294,630

Total endowment funds classified as permanently restricted net assets

\$ 294,630

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:

Without purpose restrictions

\$ -

With purpose restrictions

348,224

Total endowment funds classified as temporarily restricted net assets

\$ 348,224

NOTES TO FINANCIAL STATEMENTS

NOTE 6. 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, 2017 and 2016 was \$100,541 and \$102,893, respectively.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, temporarily restricted net assets were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Luce Center Maintenance Fund	\$ 364,362	\$ 281,508
Scholarships and Awards	102,396	85,460
Bible Odyssey	<u>58,478</u>	<u>54,322</u>
	<u>\$ 525,236</u>	<u>\$ 421,290</u>

During 2017, \$2,000 was released from restrictions for scholarships and awards and \$1,409 was released for investment expenses. During 2016, \$2,000 was released for scholarships and awards and \$1,050 was released for investment expenses. Temporarily restricted net assets are included in cash and cash equivalents and marketable securities on the statements of financial position.

NOTE 8. PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, permanently restricted net assets were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Luce Center Endowment Principal	\$ 250,000	\$ 250,000
Scholarships and Awards	<u>44,630</u>	<u>44,630</u>
	<u>\$ 294,630</u>	<u>\$ 294,630</u>

Permanently restricted net assets are included in cash and cash equivalents and marketable securities on the statements of financial position.

NOTE 9. SUBSEQUENT EVENTS

The Society has evaluated subsequent events through October 12, 2017, the date on which the financial statements were available to be issued.