

SOCIETY OF BIBLICAL LITERATURE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012
with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Audit/Finance/Investment Committee Society of Biblical Literature

We have audited the accompanying financial statements of the Society of Biblical Literature (the "Society"), which comprise the statement of financial position as of June 30, 2013 and 2012, 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 the Society of Biblical Literature as of June 30, 2013 and 2012, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Smith + Howard

October 2, 2013

**SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

ASSETS

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 1,403,688	\$ 1,483,829
Marketable securities	1,614,460	1,307,143
Accounts receivable	213,596	195,659
Pledges receivable, net	6,700	8,000
Prepaid expenses and other assets	22,230	43,096
Book inventories, net of valuation reserve	42,963	45,455
Furniture and equipment, net of accumulated depreciation	75,786	28,646
Net share of Luce Center assets	<u>1,942,471</u>	<u>1,983,221</u>
 Total Assets	 <u>\$ 5,321,894</u>	 <u>\$ 5,095,049</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 246,072	\$ 237,276
Deferred revenue		
Memberships and subscriptions	504,978	466,866
Annual meetings	691,617	767,150
International meeting	106,239	120,834
Other	<u>62,833</u>	<u>79,139</u>
	1,365,667	1,433,989
 Total Liabilities	 1,611,739	 1,671,265
Net Assets		
Unrestricted net assets	3,141,268	2,929,457
Temporarily restricted net assets	274,257	199,947
Permanently restricted net assets	<u>294,630</u>	<u>294,380</u>
 Total Net Assets	 <u>3,710,155</u>	 <u>3,423,784</u>
 Total Liabilities and Net Assets	 <u>\$ 5,321,894</u>	 <u>\$ 5,095,049</u>

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

SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2013

	June 30, 2013			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Revenues and gains				
Congresses	\$ 1,367,448	\$ -	\$ -	\$ 1,367,448
Membership				
Membership fees	587,321	-	-	587,321
Marketing	48,776	-	-	48,776
Regions	11,787	-	-	11,787
Professions				
Employment Center	110,710	-	-	110,710
Fonts	1,550	-	-	1,550
Grant revenue	96,459	-	-	96,459
Publications				
Book sales	463,634	-	-	463,634
Subscriptions	290,493	-	-	290,493
Royalties	163,667	-	-	163,667
Marketing	34,525	-	-	34,525
Other	16,680	-	-	16,680
Development and fundraising	47,460	793	250	48,503
Investment income and change in market value, net	143,333	74,150	-	217,483
Rental income, net	22,069	-	-	22,069
Net assets released from restriction	633	(633)	-	-
Total Revenues and Gains	<u>3,406,545</u>	<u>74,310</u>	<u>250</u>	<u>3,481,105</u>
Expenses				
Congresses	1,111,705	-	-	1,111,705
Membership	210,293	-	-	210,293
Professions	301,940	-	-	301,940
Publications	1,034,460	-	-	1,034,460
Regions	128,822	-	-	128,822
Research and technology	162,276	-	-	162,276
Total Program Expenses	<u>2,949,496</u>	<u>-</u>	<u>-</u>	<u>2,949,496</u>
Development and fundraising	85,484	-	-	85,484
General and administration	159,754	-	-	159,754
Total Expenses	<u>3,194,734</u>	<u>-</u>	<u>-</u>	<u>3,194,734</u>
Increase in Net Assets	211,811	74,310	250	286,371
Net Assets at Beginning of the Year	<u>2,929,457</u>	<u>199,947</u>	<u>294,380</u>	<u>3,423,784</u>
Net Assets at End of the Year	<u>\$ 3,141,268</u>	<u>\$ 274,257</u>	<u>\$ 294,630</u>	<u>\$ 3,710,155</u>

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

SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	June 30, 2012			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Revenues and gains				
Congresses	\$ 1,289,779	\$ -	\$ -	\$ 1,289,779
Membership				
Membership fees	593,953	-	-	593,953
Marketing	37,352	-	-	37,352
Regions	42,637	-	-	42,637
Professions				
Employment Center	116,382	-	-	116,382
Fonts	-	-	-	-
Grant revenue	111,468	-	-	111,468
Publications				
Book sales	473,801	-	-	473,801
Subscriptions	311,960	-	-	311,960
Royalties	150,267	-	-	150,267
Marketing	34,625	-	-	34,625
Other	1,333	-	-	1,333
Development and fundraising	59,336	1,747	225	61,308
Investment income and change in market value, net	15,661	14,894	-	30,555
Rental income, net	5,696	-	-	5,696
Net assets released from restriction	76,321	(76,321)	-	-
Total Revenues and Gains	<u>3,320,571</u>	<u>(59,680)</u>	<u>225</u>	<u>3,261,116</u>
Expenses				
Congresses	1,033,278	-	-	1,033,278
Membership	134,955	-	-	134,955
Professions	283,851	-	-	283,851
Publications	1,004,662	-	-	1,004,662
Regions	116,420	-	-	116,420
Research and technology	115,527	-	-	115,527
Total Program Expenses	<u>2,688,693</u>	<u>-</u>	<u>-</u>	<u>2,688,693</u>
Development and fundraising	98,890	-	-	98,890
General and administration	177,640	-	-	177,640
Total Expenses	<u>2,965,223</u>	<u>-</u>	<u>-</u>	<u>2,965,223</u>
Increase (Decrease) in Net Assets	355,348	(59,680)	225	295,893
Net Assets at Beginning of the Year	<u>2,574,109</u>	<u>259,627</u>	<u>294,155</u>	<u>3,127,891</u>
Net Assets at End of the Year	<u>\$ 2,929,457</u>	<u>\$ 199,947</u>	<u>\$ 294,380</u>	<u>\$ 3,423,784</u>

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

**SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013**

	Congresses	Membership	Professions	Publications	Regions	Research and Technology	Total Programs	Development and Fundraising	General and Admin	Total
Salaries and wages	\$ 244,440	\$ 122,158	\$ 95,600	\$ 349,526	\$ 37,212	\$ 94,763	\$ 943,699	\$ 39,504	\$ 34,494	\$ 1,017,697
Employee benefits	45,435	20,845	16,092	63,541	7,091	11,968	164,972	12,298	9,942	187,212
Payroll taxes	18,263	9,201	7,182	28,713	2,791	7,131	73,281	2,989	2,587	78,857
	308,138	152,204	118,874	441,780	47,094	113,862	1,181,952	54,791	47,023	1,283,766
Advertising	366	-	-	19,014	-	-	19,380	-	-	19,380
Building depreciation	-	-	-	-	-	-	-	-	62,738	62,738
Communication	53,339	9,640	19,634	18,194	5,988	10,980	117,775	5,170	7,451	130,396
Cost of publications sold	-	-	-	31,496	-	-	31,496	-	-	31,496
Depreciation - furniture and equipment	2,795	1,921	2,733	3,667	2,216	1,921	15,253	2,033	1,921	19,207
Distribution costs	-	-	-	64,759	-	-	64,759	-	-	64,759
Donations and discounts	1,648	716	1,671	18,101	17,073	716	39,925	508	716	41,149
Equipment and supplies	206,806	2,529	12,406	13,744	2,671	4,931	243,087	1,591	2,916	247,594
Grants to individuals	-	-	4,550	-	-	-	4,550	776	-	5,326
Occupancy	24,500	11,000	17,500	20,000	9,000	11,000	93,000	6,000	11,000	110,000
Other	48,371	16,339	1,964	18,551	927	1,029	87,181	1,414	1,481	90,076
Printing	8,216	-	19,685	222,694	-	-	250,595	-	-	250,595
Professional fees	142,362	8,988	64,249	75,139	16,941	11,679	319,358	9,103	19,365	347,826
Provision for inventory valuation	-	-	-	11,470	-	-	11,470	-	-	11,470
Royalties	-	-	-	43,663	-	-	43,663	-	-	43,663
Travel and hospitality	315,164	6,956	38,674	32,188	26,912	6,158	426,052	4,098	5,143	435,293
Total Expenses	\$ 1,111,705	\$ 210,293	\$ 301,940	\$ 1,034,460	\$ 128,822	\$ 162,276	\$ 2,949,496	\$ 85,484	\$ 159,754	\$ 3,194,734

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

**SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012**

	Congresses	Membership	Professions	Publications	Regions	Research and Technology	Total Programs	Development and Fundraising	General and Admin	Total
Salaries and wages	\$ 242,268	\$ 68,679	\$ 88,034	\$ 342,691	\$ 40,220	\$ 67,085	\$ 848,977	\$ 47,653	\$ 33,604	\$ 930,234
Employee benefits	39,430	14,282	14,651	59,650	7,092	9,286	144,391	13,307	11,181	168,879
Payroll taxes	<u>18,380</u>	<u>5,262</u>	<u>6,835</u>	<u>25,432</u>	<u>3,094</u>	<u>5,362</u>	<u>64,365</u>	<u>3,668</u>	<u>3,991</u>	<u>72,024</u>
	300,078	88,223	109,520	427,773	50,406	81,733	1,057,733	64,628	48,776	1,171,137
Advertising	55	28	44	13,833	1,614	437	16,011	28	28	16,067
Building depreciation	-	-	-	-	-	-	-	-	61,937	61,937
Communication	44,848	8,578	11,388	16,292	5,013	6,905	93,024	8,098	5,968	107,090
Cost of publications sold	-	-	-	34,100	-	-	34,100	-	-	34,100
Depreciation - furniture and equipment	2,598	1,732	2,598	3,465	1,732	1,732	13,857	1,732	1,732	17,321
Distribution costs	-	-	-	69,545	-	-	69,545	-	-	69,545
Donations and discounts	1,694	754	1,206	20,101	10,063	727	34,545	443	754	35,742
Equipment and supplies	207,586	2,428	28,465	9,046	3,082	3,793	254,400	2,526	2,865	259,791
Occupancy	9,856	4,722	7,555	8,500	3,778	4,052	38,463	4,036	4,722	47,221
Other	47,072	13,775	1,619	16,383	842	822	80,513	1,458	1,118	83,089
Printing	16,231	-	3,635	212,893	-	-	232,759	-	10	232,769
Professional fees	118,636	7,820	77,409	75,359	13,734	8,990	301,948	9,665	44,429	356,042
Provision for inventory valuation	-	-	-	13,890	-	-	13,890	-	-	13,890
Royalties	-	-	-	44,435	-	-	44,435	-	-	44,435
Travel and hospitality	<u>284,624</u>	<u>6,895</u>	<u>40,412</u>	<u>39,047</u>	<u>26,156</u>	<u>6,336</u>	<u>403,470</u>	<u>6,276</u>	<u>5,301</u>	<u>415,047</u>
Total Expenses	<u>\$ 1,033,278</u>	<u>\$ 134,955</u>	<u>\$ 283,851</u>	<u>\$ 1,004,662</u>	<u>\$ 116,420</u>	<u>\$ 115,527</u>	<u>\$ 2,688,693</u>	<u>\$ 98,890</u>	<u>\$ 177,640</u>	<u>\$ 2,965,223</u>

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

**SOCIETY OF BIBLICAL LITERATURE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 286,371	\$ 295,893
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	81,945	79,258
Realized (gains) losses on marketable securities	(18,335)	34,458
Unrealized gains on marketable securities	(135,593)	(665)
Change in operating assets and liabilities		
Accounts receivable, net	(17,937)	(107,142)
Pledges receivable, net	1,300	(8,000)
Prepaid expenses and other assets	20,866	(23,430)
Book inventories and books in production	2,492	3,352
Accounts payable	8,796	54,090
Deferred revenue	(68,322)	146,057
	<u>161,583</u>	<u>473,871</u>
Net Cash Provided By Operating Activities		
Cash Flows from Investing Activities:		
Acquisition of furniture and equipment	(69,134)	(143,422)
Purchases of marketable securities	(217,590)	(100,838)
Proceeds from sales of marketable securities	45,000	75,000
	<u>(241,724)</u>	<u>(169,260)</u>
Net Cash Required by Investing Activities		
Increase (Decrease) in Cash and Cash Equivalents	(80,141)	304,611
Cash and Cash Equivalents at the Beginning of the Year	<u>1,483,829</u>	<u>1,179,218</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 1,403,688</u>	<u>\$ 1,483,829</u>

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

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Society of Biblical Literature (the “Society”) 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.

Method of Reporting

The Society’s accounts are maintained, and these financial statements are presented, on the accrual basis of accounting to reflect the results of activities and the financial position in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Financial Statement Presentation

The Society follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB establishes GAAP.

The Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted net assets based on stipulations made by the donor.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any 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.

Financial Instruments and Concentrations of Credit Risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash on deposit and other short term investments with financial institutions. At times, these balances may be in excess of federally insured limits. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Concentrations of Credit Risk (Continued)

Credit risk of accounts receivable is generally diversified due to the large number of entities comprising the customer base.

Cash Equivalents

The Society considers all highly liquid investments available on demand at various financial institutions to be cash equivalents.

Marketable Securities

The Society's investments in equity securities with a readily determinable market value and all investments in debt securities are reported at fair market value with gains and losses included in the statement of activities and changes in net assets.

Fair Values Measured on Recurring Basis

The FASB's pronouncement on fair value measurement defines fair value, establishes a framework for measuring fair value and provides for disclosures about fair value measurements. The statement, when adopted by the Society, did not have any impact on the Society's financial statements.

GAAP establishes 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 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

The tables below represent fair value measurement hierarchy of the assets at fair value as of:

	<u>June 30, 2013</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks				
Common stock	\$ 403,778	\$ -	\$ -	\$ 403,778
Mutual Funds & ETFs				
Small value	74,120	-	-	74,120
Large blend	343,682	-	-	343,682
World allocation	185,131	-	-	185,131
Long/short equity	115,570	-	-	115,570
Moderate allocation	105,477	-	-	105,477
Mid-cap blend	134,422	-	-	134,422
Multisector bond	76,007	-	-	76,007
Large growth	76,544	-	-	76,544
Diversified emerging markets	82,348	-	-	82,348
Large value	17,381	-	-	17,381
Total Mutual Funds & ETFs	<u>1,210,682</u>	<u>-</u>	<u>-</u>	<u>1,210,682</u>
Total Corporate Stocks, Mutual Funds & ETFs	<u>1,614,460</u>	<u>-</u>	<u>-</u>	<u>1,614,460</u>
Equity Securities - Luce Center				
Luce Center endowment fund corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	161,106	-	-	161,106
Total Equity Securities - Luce Center	<u>411,106</u>	<u>-</u>	<u>-</u>	<u>411,106</u>
Total Investments at Fair Value	<u>\$ 2,025,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,025,566</u>

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

	<u>June 30, 2012</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks				
Common stock	\$ 150,948	\$ -	\$ -	\$ 150,948
Mutual Funds & ETFs				
Small value	80,060	-	-	80,060
Large blend	31,142	-	-	31,142
World allocation	277,749	-	-	277,749
Long/short equity	92,231	-	-	92,231
Moderate allocation	38,437	-	-	38,437
Mid-cap blend	67,954	-	-	67,954
Multisector bond	129,662	-	-	129,662
Diversified emerging markets	33,698	-	-	33,698
Large value	22,993	-	-	22,993
Intermediate term bond	145,165	-	-	145,165
Conservative allocation	81,503	-	-	81,503
Bank loan	69,089	-	-	69,089
Market neutral	22,857	-	-	22,857
Commodities broad basket	24,613	-	-	24,613
Equity energy	39,042	-	-	39,042
Total Mutual Funds & ETFs	<u>1,156,195</u>	<u>-</u>	<u>-</u>	<u>1,156,195</u>
Total Corporate Stocks, Mutual Funds & ETFs	<u>1,307,143</u>	<u>-</u>	<u>-</u>	<u>1,307,143</u>
Equity Securities - Luce Center				
Luce Center endowment fund corpus	250,000	-	-	250,000
Luce Center endowment fund accumulated earnings	<u>141,905</u>	<u>-</u>	<u>-</u>	<u>141,905</u>
Total Equity Securities - Luce Center	<u>391,905</u>	<u>-</u>	<u>-</u>	<u>391,905</u>
Total Investments at Fair Value	<u>\$ 1,699,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,699,048</u>

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Accounts Receivable

Accounts receivable consist of trade accounts receivable and are stated at cost less an allowance for doubtful accounts. Credit is extended to customers after an evaluation of the customer's financial condition and, generally, collateral is not required. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions and other risks inherent in the accounts receivable portfolio. In the opinion of management of the Society, all of the accounts receivable at June 30, 2013 and 2012 are deemed to be fully collectible.

Inventories

At June 30, 2013 and 2012, book inventories are stated at cost using the first-in, first out ("FIFO") method, less a valuation reserve of \$130,783 and \$128,033, respectively. The valuation reserve reflects the estimated decline in value of certain books since their original publication.

Furniture and Equipment

At June 30, 2013 and 2012, furniture and equipment is stated at cost, less accumulated depreciation of \$127,450 and \$117,992, 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 \$500. Depreciation expense on the Society's furniture and equipment for fiscal years 2013 and 2012 was \$19,207 and \$17,321, respectively. Depreciation expense on Luce Center building and equipment for fiscal years 2013 and 2012 was \$62,738 and \$61,937, respectively.

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund

FASB requires the following financial statement disclosure requirements effective for the Society for the years ended June 30, 2013 and 2012.

- Classification of Net Assets

Endowment funds are used to account for investments in which the principal is temporarily or permanently restricted or Board-designated for a specific purpose.

- Interpretation of Relevant Law

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 the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society 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 Society in a manner consistent with the standard of prudence prescribed by UPMIFA. 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 and 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.

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- 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(s). 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.

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

Changes in endowment net assets for years ending June 30 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2011	\$ -	\$ 205,100	\$ 294,155	\$ 499,255
Contributions	-	-	225	225
Earnings used in Operations	-	(75,141)	-	(75,141)
Investment return:				
Investment income	-	8,638	-	8,638
Net appreciation	<u>-</u>	<u>4,610</u>	<u>-</u>	<u>4,610</u>
Endowment net assets, June 30, 2012	-	143,207	294,380	437,587
Contributions	-	-	250	250
Earnings used in Operations	-	(279)	-	(279)
Investment return:				
Investment income	-	12,029	-	12,029
Net appreciation	<u>-</u>	<u>56,560</u>	<u>-</u>	<u>56,560</u>
Endowment net assets, June 30, 2013	<u>\$ -</u>	<u>\$ 211,517</u>	<u>\$ 294,630</u>	<u>\$ 506,147</u>

Deferred Revenue

Deferred revenue represents prepaid rental income, membership fees, royalties and subscriptions paid in advance by the Society's members, as well as the Society's share of registration fees, related to future annual meetings, collected as of the statement of financial position date.

Revenue Recognition

The Society recognizes revenue from the sales of books when they are shipped, net of estimated allowances for product returns.

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Society recognizes unconditional promises to give and contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or the nature of donor restrictions.

Assets and marketable securities acquired by gift are recorded at their fair market value on the date of receipt. No amounts have been reflected in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of their time to the Society's programs and supporting services. If the donated services received either created or enhanced non-financial assets or required specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded.

Income Taxes

Under the Internal Revenue Code Section 501(c)(3), the Society is exempt from income taxes. Accordingly, no provision for federal and state income taxes is required.

The Society annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Society takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

In the normal course of business, the Society is subject to examination by the federal and state taxing authorities. In general, the Society is no longer subject to tax examinations for tax years ending before June 30, 2010.

Shipping and Handling Costs

Shipping and handling costs are included in cost of publications sold.

Functional Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 2 – MARKETABLE AND EQUITY SECURITIES

The aggregate cost and fair values, as well as unrealized appreciation (depreciation), of marketable securities as of June 30 were:

	2013		
	<u>Cost</u>	<u>Unrealized Appreciation</u>	<u>Fair Value</u>
Corporate stocks	\$ 353,079	\$ 50,699	\$ 403,778
Mutual funds & ETFs	1,179,761	30,921	1,210,682
Total	<u>\$ 1,532,840</u>	<u>\$ 81,620</u>	<u>\$ 1,614,460</u>
Equity securities – Luce Center endowment fund corpus and accumulated earnings	<u>\$ 365,334</u>	<u>\$ 45,772</u>	<u>\$ 411,106</u>
	2012		
	<u>Cost</u>	<u>Unrealized (Depreciation)/ Appreciation</u>	<u>Fair Value</u>
Corporate stocks	\$ 137,527	\$ 13,420	\$ 150,947
Mutual funds & ETFs	1,172,608	(16,412)	1,156,196
Total	<u>\$ 1,310,135</u>	<u>\$ (2,992)</u>	<u>\$ 1,307,143</u>
Equity securities – Luce Center endowment fund corpus and accumulated earnings (losses)	<u>\$ 397,113</u>	<u>\$ (5,208)</u>	<u>\$ 391,905</u>

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 2 – MARKETABLE AND EQUITY SECURITIES (Continued)

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

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 63,555	\$ 64,348
Realized gains (losses)	18,335	(34,458)
Unrealized gains	<u>135,593</u>	<u>665</u>
	<u>\$ 217,483</u>	<u>\$ 30,555</u>

NOTE 3 – 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:

	<u>2013</u>	<u>2012</u>
Luce Center building	\$ 2,188,195	\$ 2,188,195
Luce Center furniture	<u>32,378</u>	<u>29,591</u>
	2,220,573	2,217,786
Less accumulated depreciation	<u>(689,208)</u>	<u>(626,470)</u>
	1,531,365	1,591,316
Luce Center endowment fund		
Investments		
Corpus – permanently restricted	250,000	250,000
Accumulated earnings – temporarily restricted	<u>161,106</u>	<u>141,905</u>
	<u>411,106</u>	<u>391,905</u>
Total Net Share of Luce Center	<u>\$ 1,942,471</u>	<u>\$ 1,983,221</u>

**SOCIETY OF BIBLICAL LITERATURE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 3 – LUCE CENTER ASSETS (Continued)

During the year ended June 30, 2009, the Society and Academy each mutually agreed to advance approximately \$53,000 to the Luce Center with no specified repayment terms. The purpose of the advance was to fund a capital expenditure.

NOTE 4 – 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 pension expense for fiscal years 2013 and 2012 was \$97,284 and \$88,807, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, the components of temporarily restricted net assets were as follows:

	<u>2013</u>	<u>2012</u>
Luce Center Maintenance Fund	\$ 206,106	\$ 141,905
Scholarships and Awards	<u>68,151</u>	<u>58,042</u>
	<u><u>\$ 274,257</u></u>	<u><u>\$ 199,947</u></u>

During 2013, \$633 was released for investment expenses. During 2012, \$75,000 was released from the Luce Center Maintenance Fund for repairs and \$1,321 was released for honoraria.

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

At June 30, the components of permanently restricted net assets were as follows:

	<u>2013</u>	<u>2012</u>
Luce Center Endowment Principal	\$ 250,000	\$ 250,000
Scholarships and Awards	<u>44,630</u>	<u>44,380</u>
	<u><u>\$ 294,630</u></u>	<u><u>\$ 294,380</u></u>