

The Society for Classical Studies

Financial Statements
Years Ended June 30, 2016 and 2015



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THE SOCIETY FOR CLASSICAL STUDIES

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
The Society for Classical Studies
New York, New York**

We have audited the accompanying financial statements of The Society for Classical Studies (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Society for Classical Studies as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BBD, LLP

**Philadelphia, Pennsylvania
December 9, 2016**

THE SOCIETY FOR CLASSICAL STUDIES

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 148,429	\$ 168,835
Accounts receivable		
Grants and contributions	185,300	229,100
Other	7,137	13,669
Prepaid expenses and deposits	-	22,202
Investments	7,144,954	7,534,117
Equipment, net of accumulated depreciation of \$103,578 in 2016 and \$72,894 in 2015	<u>60,768</u>	<u>45,983</u>
Total assets	<u>\$ 7,546,588</u>	<u>\$ 8,013,906</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 63,832	\$ 41,972
Fellowships payable	74,800	74,800
Deferred revenue	<u>127,841</u>	<u>126,202</u>
Total liabilities	<u>266,473</u>	<u>242,974</u>
NET ASSETS		
Unrestricted		
Operating	1,997,460	2,134,471
Board designated	<u>15,000</u>	<u>-</u>
	2,012,460	2,134,471
Temporarily restricted	1,495,513	1,868,319
Permanently restricted	<u>3,772,142</u>	<u>3,768,142</u>
Total net assets	<u>7,280,115</u>	<u>7,770,932</u>
Total liabilities and net assets	<u>\$ 7,546,588</u>	<u>\$ 8,013,906</u>

See accompanying notes

THE SOCIETY FOR CLASSICAL STUDIES

STATEMENTS OF ACTIVITIES

Years ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Membership dues	\$ 279,203	\$ -	\$ -	\$ 279,203	\$ 284,985	\$ -	\$ -	\$ 284,985
Grants and contributions	99,693	36,365	4,000	140,058	81,155	162,890	12,000	256,045
Annual meeting revenue	421,039	-	-	421,039	411,652	-	-	411,652
Publication sales	8,641	-	-	8,641	9,827	-	-	9,827
Placement service fees	34,921	-	-	34,921	40,695	-	-	40,695
Royalties	78,352	-	-	78,352	79,086	-	-	79,086
Other income	20,543	-	-	20,543	27,350	-	-	27,350
Net assets released from restrictions	346,114	(346,114)	-	-	347,756	(347,756)	-	-
Total revenues and support	1,288,506	(309,749)	4,000	982,757	1,282,506	(184,866)	12,000	1,109,640
EXPENSES								
Program services								
Education	104,072	-	-	104,072	95,858	-	-	95,858
Outreach	57,735	-	-	57,735	59,462	-	-	59,462
Placement	125,082	-	-	125,082	90,112	-	-	90,112
Professional matters	62,518	-	-	62,518	58,309	-	-	58,309
Annual meeting	481,759	-	-	481,759	425,634	-	-	425,634
Publications and research	362,184	-	-	362,184	339,859	-	-	339,859
Special projects	27,525	-	-	27,525	-	-	-	-
	1,220,875	-	-	1,220,875	1,069,234	-	-	1,069,234
Supporting services								
Member services	66,086	-	-	66,086	56,910	-	-	56,910
General and administrative	33,472	-	-	33,472	26,803	-	-	26,803
Fundraising	68,569	-	-	68,569	59,657	-	-	59,657
	168,127	-	-	168,127	143,370	-	-	143,370
Total expenses	1,389,002	-	-	1,389,002	1,212,604	-	-	1,212,604
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	(100,496)	(309,749)	4,000	(406,245)	69,902	(184,866)	12,000	(102,964)
OTHER CHANGES								
Investment income (loss)	(21,515)	(63,057)	-	(84,572)	46,785	128,309	-	175,094
CHANGE IN NET ASSETS	(122,011)	(372,806)	4,000	(490,817)	116,687	(56,557)	12,000	72,130
NET ASSETS								
Beginning of year	2,134,471	1,868,319	3,768,142	7,770,932	2,017,784	1,924,876	3,756,142	7,698,802
End of year	\$ 2,012,460	\$ 1,495,513	\$ 3,772,142	\$ 7,280,115	\$ 2,134,471	\$ 1,868,319	\$ 3,768,142	\$ 7,770,932

See accompanying notes

THE SOCIETY FOR CLASSICAL STUDIES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2016

	<u>Education</u>	<u>Outreach</u>	<u>Placement</u>	<u>Professional Matters</u>	<u>Annual Meeting</u>	<u>Publications and Research</u>	<u>Special Projects</u>	<u>Member Services</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and benefits	\$ 24,928	\$24,928	\$ 70,190	\$35,621	\$112,169	\$222,660	\$ -	\$22,073	\$27,209	\$44,835	\$ 584,613
Grants, awards, fellowships and honoraria	47,258	408	108	108	4,308	59,490	27,500	-	-	-	139,180
Bank service fees	65	-	1,193	7	8,319	266	25	305	40	1,328	11,548
Cosponsor share of joint revenue	-	-	-	-	141,362	-	-	-	-	-	141,362
Depreciation	679	679	13,458	1,207	8,485	3,863	-	754	1,207	754	31,086
Equipment rental and maintenance	455	3,299	2,603	416	46,045	1,146	-	51	81	141	54,237
Insurance	3,305	3,305	3,967	3,454	5,652	3,667	-	213	341	213	24,117
Occupancy	881	881	3,914	1,566	6,263	2,544	-	-	1,746	1,957	19,752
Photocopies	-	-	-	-	24	-	-	411	-	-	435
Postage and shipping	93	93	404	163	3,298	4,884	-	2,667	161	3,937	15,700
Printing and publications	124	124	189	137	11,547	15,004	-	2,175	34	8,319	37,653
Professional and management fees	4,868	7,867	9,526	5,552	57,755	16,806	-	35,903	1,566	1,997	141,840
Supplies	62	62	274	110	509	178	-	69	109	3,855	5,228
Telephone	173	108	910	154	467	219	-	65	105	387	2,588
Travel, meals and lodging	16,952	13,230	15,283	11,620	67,637	28,644	-	1,124	434	43	154,967
Other	4,229	2,751	3,063	2,403	7,919	2,813	-	276	439	803	24,696
End of year	<u>\$104,072</u>	<u>\$57,735</u>	<u>\$125,082</u>	<u>\$62,518</u>	<u>\$481,759</u>	<u>\$362,184</u>	<u>\$27,525</u>	<u>\$66,086</u>	<u>\$33,472</u>	<u>\$68,569</u>	<u>\$1,389,002</u>

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See accompanying notes

THE SOCIETY FOR CLASSICAL STUDIES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2015

	<u>Education</u>	<u>Outreach</u>	<u>Placement</u>	<u>Professional Matters</u>	<u>Annual Meeting</u>	<u>Publications and Research</u>	<u>Member Services</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and benefits	\$20,086	\$20,086	\$49,071	\$27,299	\$ 85,110	\$205,851	\$16,612	\$21,968	\$35,411	\$ 481,494
Grants, awards, fellowships and honoraria	42,858	1,408	108	108	1,608	59,601	-	-	-	105,691
Bank service fees	37	7	1,389	10	7,637	112	329	-	956	10,477
Cosponsor share of joint revenue	-	-	-	-	143,445	-	-	-	-	143,445
Depreciation	248	248	1,101	441	1,762	1,626	275	441	275	6,417
Equipment rental and maintenance	712	2,090	3,986	877	35,501	772	35	56	195	44,224
Insurance	3,213	3,213	3,796	3,345	5,213	3,533	188	301	188	22,990
Occupancy	876	876	3,893	1,557	6,228	2,530	973	1,557	973	19,463
Photocopies	-	-	-	-	585	-	487	-	-	1,072
Postage and shipping	89	562	404	158	4,200	5,644	1,437	158	4,188	16,840
Printing and publications	133	6,838	229	155	11,722	14,246	1,927	50	9,969	45,269
Professional and management fees	8,479	8,994	12,242	14,078	60,945	23,074	34,236	1,498	1,452	164,998
Supplies	36	36	162	65	288	105	40	65	3,646	4,443
Telephone	138	138	353	189	501	250	109	105	273	2,056
Travel, meals and lodging	15,715	12,770	11,357	8,634	54,912	19,526	-	41	1,415	124,370
Other	3,238	2,196	2,021	1,393	5,977	2,989	262	563	716	19,355
End of year	<u>\$95,858</u>	<u>\$59,462</u>	<u>\$90,112</u>	<u>\$58,309</u>	<u>\$425,634</u>	<u>\$339,859</u>	<u>\$56,910</u>	<u>\$26,803</u>	<u>\$59,657</u>	<u>\$1,212,604</u>

See accompanying notes

THE SOCIETY FOR CLASSICAL STUDIES

STATEMENTS OF CASH FLOWS

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ (490,817)	\$ 72,130
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Net realized and unrealized loss on investments	517,745	358,349
Depreciation	31,086	6,417
Grants and contributions restricted for long-term purposes	(4,000)	(12,000)
(Increase) decrease in		
Accounts receivable	50,332	(114,072)
Prepaid expenses and deposits	22,202	2,826
Increase (decrease) in		
Accounts payable and accrued expenses	21,860	(20,277)
Fellowships payable	-	14,400
Deferred revenue	1,639	1,040
Net cash provided by operating activities	<u>150,047</u>	<u>308,813</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of investments	(128,582)	(326,127)
Purchase of equipment	(45,871)	(45,285)
Net cash used for investing activities	<u>(174,453)</u>	<u>(371,412)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from grants and contributions received for long-term purposes	4,000	12,000
Net change in cash	(20,406)	(50,599)
CASH		
Beginning of year	<u>168,835</u>	<u>219,434</u>
End of year	<u>\$ 148,429</u>	<u>\$ 168,835</u>

See accompanying notes

THE SOCIETY FOR CLASSICAL STUDIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(1) NATURE OF OPERATIONS

The Society for Classical Studies (the "**Society**") is a nonprofit organization founded as the American Philological Association in 1869 by "professors, friends and patrons of linguistic science." It is now the principal learned society in North America for the study of ancient Greek and Roman languages, literatures and civilizations. The current mission of the Society is to advance knowledge, understanding and appreciation of the Greek and Roman world and its enduring value. While the majority of its members are university and college classics teachers and students and libraries, members also include scholars in other disciplines, primary and secondary school teachers and interested lay people. For over a century, this community has relied on the Society to produce several series of scholarly books and texts; the journal, *TAPA*; and an annual meeting in conjunction with the Archaeological Institute of America, another nonprofit organization. In addition, the Society fosters programs to reassert the importance of primary and secondary school teaching and provide more support for improved pedagogy at all levels of teaching; improves working conditions and scholarly opportunities for university and college teachers; increases communication with audiences beyond its membership; makes sure the Society's research program is appropriate for the needs of the profession; and coordinates and systematizes data collection in order to provide an accessible and reliable information base to support Society goals.

In 2013, the Society completed a capital campaign that raised an Endowment for Classics Research and Teaching that will enable it to create sophisticated and accessible research tools for classics teachers and scholars; develop the next generation of inspired, diverse teachers of classics and classical languages; and support wider public understanding and appreciation of classical civilization.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Society reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets

Net assets that are not subject to donor-imposed restrictions. A portion of unrestricted net assets has been designated by the Board of Directors for a special project to occur in 2017.

Temporarily restricted net assets

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Society and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "***net assets released from restrictions.***"

Permanently restricted net assets

Net assets that are subject to donor-imposed restrictions that neither expire by passage of time, nor can be satisfied by actions of the Society.

Accounting Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America ("**GAAP**"), management makes 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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE SOCIETY FOR CLASSICAL STUDIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as 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. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Society. Unobservable inputs reflect the Society's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Society has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Society's own assumptions.

See Note 10 for application of these principles to the Society's assets and liabilities.

Concentration of Credit Risk

Financial instruments which potentially subject the Society to concentration of credit risk are cash and accounts receivable. The Society maintains its cash at various high-quality financial institutions. At times, these deposits may exceed federally insured limits. The composition of grants and contributions is disclosed in Note 3. Other accounts receivable consist primarily of membership dues, royalties and other fees.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Dividend and interest income is recorded as earned. Restricted investment income whose restrictions are satisfied in the same period are reported as unrestricted.

The Society invests in a professionally managed portfolio that includes various types of securities (**See Note 4**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Equipment

The Society capitalizes expenditures for equipment in excess of \$500. Equipment is reported at cost if purchased, or at fair value on the date of donation if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

Fellowships Payable

Unconditional fellowships authorized but unpaid at year-end are reported as liabilities. The fellowships payable at June 30, 2016 are expected to be paid in 2017. The fellowships payable at June 30, 2015 were paid in 2016.

THE SOCIETY FOR CLASSICAL STUDIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

Membership Dues

Membership dues are recognized as revenue in the year to which they relate. Accordingly, membership dues received in advance of the applicable year are included in deferred revenue in the accompanying statements of financial position.

Grants and Contributions

Grants and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Donor-restricted grants and contributions whose restrictions are satisfied in the same period are reported as unrestricted.

Unconditional grants and contributions are recognized as revenue when the related promise to give is received. Conditional grants and contributions are recognized as refundable advances when received and reclassified to revenue when the conditions are satisfied.

The Society receives a significant amount of donated time from a substantial number of volunteers without compensation for its various program and supporting services. The financial statements do not reflect the value of these contributed services since they do not meet the criteria for recognition.

Annual Meeting

The Society holds its annual meeting with another learned society, the Archaeological Institute of America ("**AIA**"). Registrants pay a single registration fee and may attend sessions organized by either society. The Society administers registration and the overall meeting schedule; AIA administers the exhibit show and certain joint events. Revenue from registration fees and the exhibit show and certain expenses are shared equally by the two societies. However, each society is individually responsible for the costs of putting on its own sessions and also retains all revenue for its own publications or special events. These financial statements include the joint activities that are shared by the two societies and the Society's separate activities that occur during the annual meeting. AIA's share of the joint activities is reported as "**cosponsor share of joint revenue**" in the accompanying statements of functional expenses.

Special Projects

All costs attributable to non-recurring projects are categorized as "**Special Projects**" expense in the statements of activities and functional expenses.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Accordingly, certain expenses have been allocated based upon the program and supporting services benefited.

Income Taxes

The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Society believes that it has no uncertain tax positions as defined in GAAP.

THE SOCIETY FOR CLASSICAL STUDIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(3) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Grants receivable from the National Endowment for the Humanities	\$147,800	\$191,600
Grants receivable from foundations	<u>37,500</u>	<u>37,500</u>
	<u>\$185,300</u>	<u>\$229,100</u>

The grants and contributions receivable are expected to be collected as follows:

In less than one year	\$ 89,233	\$127,200
In one to five years	<u>103,467</u>	<u>117,900</u>
	192,700	245,100
Less discount to present value (at 3% in 2016 and 5% in 2015)	<u>(7,400)</u>	<u>(16,000)</u>
	<u>\$185,300</u>	<u>\$229,100</u>

(4) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 112,133	\$ 62,007
Mutual funds		
Equity	4,498,192	5,227,368
Fixed income	<u>2,534,629</u>	<u>2,244,742</u>
	<u>\$7,144,954</u>	<u>\$7,534,117</u>

Investment income (loss) for the year ended June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 443,023	\$ 551,109
Net realized and unrealized gain (loss)	(517,745)	(358,349)
Investment fees	<u>(9,850)</u>	<u>(17,666)</u>
	<u>\$ (84,572)</u>	<u>\$ 175,094</u>

(5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30 consisted of grants and contributions and investment income restricted for the following purposes:

	<u>2016</u>				
	<u>Balance</u>	<u>Grants</u>	<u>Investment</u>	<u>Released</u>	<u>Balance</u>
	<u>July 1, 2015</u>	<u>and</u>	<u>Income</u>	<u>from</u>	<u>June 30, 2016</u>
		<u>Contributions</u>	<u>(Loss)</u>	<u>Restriction</u>	
Professional matters	\$ 76,605	\$ -	\$ (4,267)	\$ (62,517)	\$ 9,821
Publications	621,253	-	(8,728)	(59,481)	553,044
Fellowships	481,076	11,365	(8,589)	(34,741)	449,111
Research and teaching	569,385	-	(41,473)	(161,850)	366,062
Seminars	115,000	-	-	(27,525)	87,475
Other	<u>5,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
	<u>\$1,868,319</u>	<u>\$ 36,365</u>	<u>\$ (63,057)</u>	<u>\$(346,114)</u>	<u>\$1,495,513</u>

THE SOCIETY FOR CLASSICAL STUDIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

	2015				Balance June 30, 2015
	Balance July 1, 2014	Grants and Contributions	Investment Income	Released from Restriction	
Professional matters	\$ 127,009	\$ -	\$ 9,193	\$ (59,597)	\$ 76,605
Publications	690,958	-	18,803	(88,508)	621,253
Fellowships	367,271	162,890	14,501	(63,586)	481,076
Research and teaching	619,638	-	85,812	(136,065)	569,385
Seminars	115,000	-	-	-	115,000
Other	5,000	-	-	-	5,000
	<u>\$1,924,876</u>	<u>\$162,890</u>	<u>\$128,309</u>	<u>\$(347,756)</u>	<u>\$1,868,319</u>

(6) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30 consisted of the following endowments:

	2016	2015
Pearson bequest – income is restricted for fellowships	\$ 204,150	\$ 204,150
Goodwin bequest – income is unrestricted	60,728	60,728
Coffin Fellowship – income is restricted for fellowships	61,979	61,979
Endowment for Classics Research and Teaching – income is restricted for purposes described in Note 1	3,195,147	3,191,147
The American Philological Association Campaign – income is:		
Restricted for publications	112,563	112,563
Restricted for professional matters	55,030	55,030
Unrestricted	<u>82,545</u>	<u>82,545</u>
	<u>\$3,772,142</u>	<u>\$3,768,142</u>

The Society's permanently restricted net assets include contributions, the principal of which must be maintained intact as required by the donors.

The Society has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The investment policy establishes an achievable return objective through diversification of asset classes within prudent risk parameters.

The spending policy calculates the amount of annual distributions from the permanently restricted endowment funds to support various programs. The current spending policy generally provides for a distribution in an amount equal to 0% to 4.5% of a moving three-year average of the fair value of the endowment funds. The actual percentage depends on current economic conditions and the scope of the Society's programs.

The changes in endowment assets for the years ended June 30 were as follows:

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance at July 1, 2015	\$2,856,713	\$ 909,262	\$3,768,142	\$7,534,117
Contributions	-	-	4,000	4,000
Investment loss	(21,641)	(63,057)	-	(84,698)
Withdrawals	<u>(129,633)</u>	<u>(178,832)</u>	<u>-</u>	<u>(308,465)</u>
Balance at June 30, 2016	<u>\$2,705,439</u>	<u>\$ 667,373</u>	<u>\$3,772,142</u>	<u>\$7,144,954</u>

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	2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at July 1, 2014	\$2,832,439	\$ 977,758	\$3,756,142	\$7,566,339
Contributions	-	-	12,000	12,000
Investment income	46,619	128,309	-	174,928
Spending policy withdrawal	<u>(22,345)</u>	<u>(196,805)</u>	<u>-</u>	<u>(219,150)</u>
Balance at June 30, 2015	<u>\$2,856,713</u>	<u>\$ 909,262</u>	<u>\$3,768,142</u>	<u>\$7,534,117</u>

(7) OPERATING LEASE

During 2016 and 2015, the Society leased office facilities from the University of Pennsylvania under a noncancelable lease that expired August 31, 2016. Rent expense for these facilities was \$19,752 for 2016 and \$19,463 for 2015.

Effective September 1, 2016, the Society moved its office facilities to New York University. The Society and New York University have not yet executed a lease for the office facilities.

(8) PENSION PLAN

The Society participates in a defined contribution plan through the University of Pennsylvania. For an eligible employee's contribution of 5% of annual salary, the Society contributes 9% of an employee's salary to the plan. Total pension expense was \$22,390 for 2016 and \$21,690 for 2015.

(9) COMMITMENTS

The Society and AIA have entered into agreements with hotels providing room accommodations for its annual meetings from 2017 through 2019 and in 2021. These agreements include a guarantee by the Society that a minimum number of rooms will be rented by meeting attendees. The Society and AIA intend to hold the annual meeting at the scheduled hotels.

(10) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents information about the Society's assets and liabilities that are measured at fair value and the valuation inputs used to value them:

<u>Description</u>	<u>Balance June 30, 2016</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments	\$7,144,954	\$7,144,954	\$ -	\$ -
Grants and contributions receivable	<u>185,300</u>	<u>-</u>	<u>185,300</u>	<u>-</u>
	<u>\$7,330,254</u>	<u>\$7,144,954</u>	<u>\$185,300</u>	<u>\$ -</u>
Liabilities				
Fellowships payable	<u>\$ 74,800</u>	<u>\$ -</u>	<u>\$ 74,800</u>	<u>\$ -</u>

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June 30, 2016 and 2015

<u>Description</u>	<u>Balance June 30, 2015</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments	\$7,534,117	\$7,534,117	\$ -	\$ -
Grants and contributions receivable	<u>229,100</u>	<u>-</u>	<u>229,100</u>	<u>-</u>
	<u>\$7,763,217</u>	<u>\$7,534,117</u>	<u>\$229,100</u>	<u>\$ -</u>
Liabilities				
Fellowships payable	<u>\$ 74,800</u>	<u>\$ -</u>	<u>\$ 74,800</u>	<u>\$ -</u>

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 9, 2016, the date on which the financial statements were available to be issued. Except as described in Note 7, no material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in the financial statements.