American Theological Library Association

Financial Report
August 31, 2023

Contents

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Independent Auditor's Report

To the Board of Directors
American Theological Library Association

Opinion

We have audited the financial statements of American Theological Library Association (the "Association"), which comprise the statement of financial position as of August 31, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of August 31, 2023 and 2022 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
American Theological Library Association

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

January 30, 2024

Statement of Financial Position

August 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 914,395	$ 3,937,073
Investments (Note 3)	9,141,790	5,798,732
Accounts and pledge receivable - Net	1,219,065	969,356
Prepaid expenses and other assets	214,489	224,311
Intangible contract costs - Net (Note 5)	7,585,818	6,999,763
Property and equipment - Net (Note 4)	267,306	336,127
Total assets	**$ 19,342,863**	**$ 18,265,362**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 115,865	$ 197,904
Contract liabilities	5,417,503	5,073,532
Accrued liabilities and other:		
Accrued compensation	322,306	295,239
Accrued royalties	1,017,442	892,637
Total accrued liabilities and other	1,339,748	1,187,876
Total liabilities	6,873,116	6,459,312
Net Assets		
Without donor restrictions:		
Undesignated	11,179,466	10,672,876
Board designated	718,277	540,578
Total without donor restrictions	11,897,743	11,213,454
With donor restrictions	572,004	592,596
Total net assets	12,469,747	11,806,050
Total liabilities and net assets	**$ 19,342,863**	**$ 18,265,362**

See notes to financial statements.

Statement of Activities

Years Ended August 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses), and Other Support						
Subscription databases	$ 7,528,620	$ -	$ 7,528,620	$ 7,362,946	$ -	$ 7,362,946
Membership (conference and dues)	180,166	-	180,166	218,760	-	218,760
Contributions	168,086	1,231	169,317	17,505	55,835	73,340
Foundation grants	45,306	-	45,306	-	-	-
Other	21,731	-	21,731	22,806	-	22,806
Investment income (loss) - Net	272,651	11,227	283,878	(84,834)	(72,503)	(157,337)
Net assets released from restrictions	33,050	(33,050)	-	15,750	(15,750)	-
Total revenue, gains (losses), and other support	8,249,610	(20,592)	8,229,018	7,552,933	(32,418)	7,520,515
Expenses						
Program services:						
Products	3,754,928	-	3,754,928	3,829,416	-	3,829,416
Member programs	1,521,145	-	1,521,145	1,419,551	-	1,419,551
Total program services	5,276,073	-	5,276,073	5,248,967	-	5,248,967
Support services:						
Management and general	2,279,113	-	2,279,113	2,315,925	-	2,315,925
Fundraising	10,135	-	10,135	10,083	-	10,083
Total support services	2,289,248	-	2,289,248	2,326,008	-	2,326,008
Total expenses	7,565,321	-	7,565,321	7,574,975	-	7,574,975
Increase (Decrease) in Net Assets	684,289	(20,592)	663,697	(22,042)	(32,418)	(54,460)
Net Assets - Beginning of year	11,213,454	592,596	11,806,050	11,235,496	625,014	11,860,510
Net Assets - End of year	**$ 11,897,743**	**$ 572,004**	**$ 12,469,747**	**$ 11,213,454**	**$ 592,596**	**$ 11,806,050**

See notes to financial statements.

Statement of Functional Expenses

Year Ended August 31, 2023

	Program Services			Support Services			
	Products	Member Programs	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	$ 835,532	$ 811,490	$ 1,647,022	$ 1,434,059	$ 9,914	$ 1,443,973	$ 3,090,995
Royalties to publishers and partners	1,238,394	-	1,238,394	-	-	-	1,238,394
Information and telecommunication	232,571	60,532	293,103	25,488	-	25,488	318,591
Depreciation and amortization	1,175,505	289,851	1,465,356	144,925	-	144,925	1,610,281
Travel	90,272	168,656	258,928	280,764	-	280,764	539,692
Marketing	23,578	7,890	31,468	15,783	156	15,939	47,407
Occupancy	42,018	9,258	51,276	19,941	-	19,941	71,217
Office expenses	1,277	1,531	2,808	23,991	-	23,991	26,799
Professional development	20,459	21,663	42,122	13,422	-	13,422	55,544
Professional services	84,694	13,190	97,884	305,040	-	305,040	402,924
Educational services	-	5,213	5,213	-	-	-	5,213
Conference	-	22,593	22,593	-	-	-	22,593
Awards	-	57,767	57,767	1,900	-	1,900	59,667
Audiovisual	-	41,889	41,889	9,529	-	9,529	51,418
Other	10,628	9,622	20,250	4,271	65	4,336	24,586
Total functional expenses	**$ 3,754,928**	**$ 1,521,145**	**$ 5,276,073**	**$ 2,279,113**	**$ 10,135**	**$ 2,289,248**	**$ 7,565,321**

See notes to financial statements.

Statement of Functional Expenses

Year Ended August 31, 2022

	Program Services			Support Services			
	Products	Member Programs	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	$ 685,290	$ 691,382	$ 1,376,672	$ 1,504,534	$ 7,675	$ 1,512,209	$ 2,888,881
Royalties to publishers and partners	1,274,172	-	1,274,172	-	-	-	1,274,172
Information and telecommunication	207,672	54,052	261,724	22,757	-	22,757	284,481
Depreciation and amortization	1,571,058	408,906	1,979,964	172,171	-	172,171	2,152,135
Travel	28,058	125,078	153,136	92,523	2,338	94,861	247,997
Marketing	2,480	6,677	9,157	36,296	-	36,296	45,453
Occupancy	34,881	7,686	42,567	16,554	-	16,554	59,121
Office expenses	420	1,580	2,000	28,384	70	28,454	30,454
Professional development	5,966	3,812	9,778	19,071	-	19,071	28,849
Professional services	17,932	32,483	50,415	345,912	-	345,912	396,327
Educational services	-	2,356	2,356	-	-	-	2,356
Conference	-	17,748	17,748	-	-	-	17,748
Awards	-	28,479	28,479	15,855	-	15,855	44,334
Audiovisual	-	31,255	31,255	1,652	-	1,652	32,907
Other	1,487	8,057	9,544	60,216	-	60,216	69,760
Total functional expenses	**$ 3,829,416**	**$ 1,419,551**	**$ 5,248,967**	**$ 2,315,925**	**$ 10,083**	**$ 2,326,008**	**$ 7,574,975**

See notes to financial statements.

Statement of Cash Flows

Years Ended August 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 663,697	$ (54,460)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	1,610,281	2,152,135
Unrealized (gain) loss on investments	(431,927)	144,613
Additions to contract cost assets	(2,061,418)	(1,840,639)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts and pledge receivable	(249,709)	112,839
Prepaid expenses and other assets	9,822	86,478
Accounts payable	(82,039)	29,626
Contract liabilities	343,971	(174,496)
Accrued liabilities and other	151,872	62,714
Net cash and cash equivalents (used in) provided by operating activities	(45,450)	518,810
Cash Flows from Investing Activities		
Purchase of property and equipment	(66,097)	(34,453)
Purchases of investments	(6,036,349)	-
Proceeds from sales of investments	3,125,218	2,514,824
Net cash and cash equivalents (used in) provided by investing activities	(2,977,228)	2,480,371
Net (Decrease) Increase in Cash and Cash Equivalents	(3,022,678)	2,999,181
Cash and Cash Equivalents - Beginning of year	3,937,073	937,892
Cash and Cash Equivalents - End of year	**$ 914,395**	**$ 3,937,073**

See notes to financial statements.

Note 1 - Nature of Business

American Theological Library Association (the "Association") is a nonprofit organization providing support to theological and religious studies libraries and librarians. The mission of the Association is to foster the study of theology and religion by enhancing the development of theological and religious studies libraries and librarianship. Established in 1946, the Association is governed by an elected board of directors and has over 800 individual, institutional, and affiliate members. The Association's member libraries and librarians provide resources for scholarly research to students, faculty, staff, and administrators. The Association supports the membership with a wide range of services and products, including an annual conference, members-only publications, and professional development opportunities. The Association is headquartered in Chicago, Illinois, with staff distributed nationwide.

Note 2 - Significant Accounting Policies

Classification of Net Assets

Net assets of the Association are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled, including amounts that have been designated by the Association's board of directors to function as an endowment. Net assets in this category may be expended for any purpose in performing the primary objectives of the Association. Board-designated net assets can be released for program operations upon the direction of the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash and Cash Equivalents

For the purpose of the accompanying financial statements, the Association considers cash on deposit with banks, money market accounts, and any highly liquid investments with original maturities of three months or less to be cash equivalents. The Association maintains its cash balances in bank accounts that at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Investments

Investments are reported at their fair values in the statement of financial position. Donated investments are recorded at their fair value as of the date of contribution. Changes in unrealized gains and losses are included in the accompanying statement of activities. The investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term that could materially affect the amounts reported in the financial statements.

Note 2 - Significant Accounting Policies (Continued)

Accounts and Pledge Receivable

Accounts receivable primarily consist of royalties earned and accrued in connection with subscription databases as of year end and are valued at management's estimate of the amount that ultimately will be collected based on historical collection experience. Accounts receivable as of August 31, 2023 and 2022 were $1,125,172 and $874,191, respectively. No allowance for doubtful accounts was considered necessary at August 31, 2023 and 2022. As of September 1, 2021, the balance of accounts receivable was $992,389.

Pledges of cash and other assets, including unconditional promises to give in the future, are reported as revenue when granted or received, measured at fair value. The pledge receivable as of August 31, 2023 and 2022 was $80,000. The Association has recorded a net present value discount of $5,535 and $9,081 as of August 31, 2023 and 2022, respectively. No allowance for doubtful accounts was considered necessary at August 31, 2023 and 2022. The remaining $80,000 is expected to be collected between 2024 and 2026.

Prepaid Expenses and Deposits

Deposits and other amounts paid in connection with future annual conferences are deferred and recorded as prepaid expenses and recognized as expense when the conference takes place.

Property and Equipment

Property and equipment are recorded at cost. The Association records all capitalized expenditures in excess of $3,000 as additions to property and equipment. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives, which are five years for equipment and software and the shorter of the useful life of the improvement or terms of the lease agreement for leasehold improvements. Costs of maintenance and repairs are charged to expense when incurred.

Intangible Contract Costs

The Association recognizes an asset for costs incurred to fulfill a contract with a customer as intangible contract costs on the statement of financial position. Intangible contract costs are stated at cost and are amortized using the straight-line method over the period of the anticipated service period, which is 10 years. Amortization expense is included in production costs on the statement of activities. Intangible contract costs consist of those that are directly related to generating or enhancing resources of the Association that are used to satisfy the Association's performance obligation with its customer and are expected to be recovered. Intangible contract costs consist of production costs to various databases:

Atla Religion Database (Atla RDB®) - An online index of citations covering journal articles, electronic resources, book reviews, and essay collections in all fields of religion

AtlaSerials (Atlas®) - An online, full-text collection of major religion and theology journals

AtlaSerials PLUS (Atlas PLUS®) - An online, full-text collection of major religion and theology journals

Atla RDB®, Atlas®, and Atlas PLUS® were created through capitalization of internal costs primarily consisting of salaries and related costs.

The Association reviews the assets for impairment if an event or change in circumstance indicates that recoverability of the carrying amount of the costs capitalized is questionable. An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value.

An impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value. If an impairment loss is recognized, the adjusted carrying amount of an asset becomes its new cost basis. Restoration of a previously recognized impairment loss is prohibited. During 2023 and 2022, management of the Association determined that there was no impairment.

Note 2 - Significant Accounting Policies (Continued)

Revenue Recognition from Contracts with Customers

The Association derives revenue primarily from membership dues and royalty fees generated from subscription databases and one-time sales of historical archives products.

The Association's products are available to customers through a third-party online service provider, which pays the Association royalty fees based on subscriptions or one-time sales on a quarterly basis, as noted in the license agreement. The Association's performance obligation consists of providing monthly updates and new content to the databases throughout the year. Royalty fees from one-time sales of historical archives products are recognized at the time of receipt from the third-party online service provider. Revenue is recognized ratably over the subscription term, as the subscribers have access to the benefits provided over time. Of the $7,528,620 and $7,362,946 of the subscription databases revenue recognized from contracts with customers during 2023 and 2022, respectively, revenue recognized at a point in time amounted to $87,973 and $65,727, respectively, while the remainder was recognized over time. Contract liabilities related to subscription databases as of August 31, 2023 and 2022 are $5,392,686 and $5,008,352, respectively. At September 1, 2022 and 2021, the opening balance of contract liabilities related to subscription databases amounted to $5,008,352 and $5,113,862, respectively.

The Association collects yearly membership dues from its individual and institutional members. Invoices are sent out in August for the start of the following membership year, which begins on September 1. For membership dues, the Association provides its members with a monthly newsletter and other publications; opportunities to participate in collaborative programs, such as the Atla Serials Exchange, Atla Digital Library, and the Atla Reciprocal Borrowing Program; and professional development opportunities, such as webinars and other leadership programs. Revenue is recognized ratably over the membership term, as the member has access to the benefits provided. Payment is expected upon submission of a membership application or renewal. Contract liabilities of $30,352 and $29,466 as of August 31, 2023 and 2022, respectively, represent payment received related to the following membership year. At September 1, 2022 and 2021, the opening balance of contract liabilities related to membership dues amounted to $29,466 and $80,595, respectively.

Payments received in advance of a membership or subscription term's commencement, event date, or the Association satisfying its performance obligation are recorded as contract liabilities on the statement of financial position. The changes in contract liabilities are caused by normal timing differences between the satisfaction of performance obligations and customer payments.

Functional Allocation of Expenses

In the statement of functional expenses, costs are charged to program and support services on an actual basis when available. Some costs have been allocated between the various program and support services on several bases and estimates as follows:

- Salaries and benefits, office expenses, information and telecommunication, occupancy, and depreciation and amortization - Based on full-time equivalent
- Professional development and services - Based on direct charge or full-time equivalent

Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

The Association is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3) and applicable state law, except for taxes relating to unrelated business income, if any.

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Association's accounts receivable, by requiring the Association to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The new guidance will be effective for the Association's year ending August 31, 2024. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the year of adoption.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 30, 2024, which is the date the financial statements were available to be issued. Subsequent to August 31, 2023, the Association acquired the net assets of a not-for-profit organization (see Note 15).

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Association has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Association assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Association's accounting policy regarding recognition of transfers between levels of the fair value hierarchy. There were no such transfers during fiscal years 2023 and 2022.

Level 1 includes active listed certificates of deposit, equity mutual funds, U.S. Treasury notes and bills, and certain money market securities.

Note 3 - Fair Value Measurements (Continued)

The following tables present information about the Association's assets measured at fair value on a recurring basis at August 31, 2023 and 2022 and the valuation techniques used by the Association to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at August 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at August 31, 2023
Investments				
Certificates of deposit	$ 1,362,090	$ -	$ -	$ 1,362,090
Mutual funds - Equity	2,421,120	-	-	2,421,120
Money market fund	3,894,183	-	-	3,894,183
U.S. Treasury notes and bills	1,162,203	-	-	1,162,203
Exchange-traded funds	302,194	-	-	302,194
Total investments	$ 9,141,790	$ -	$ -	$ 9,141,790

	Assets Measured at Fair Value on a Recurring Basis at August 31, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at August 31, 2022
Investments				
Certificates of deposit	$ 1,049,703	$ -	$ -	$ 1,049,703
Mutual funds - Equity	978,663	-	-	978,663
Money market fund	2,797,585	-	-	2,797,585
U.S. Treasury notes and bills	972,781	-	-	972,781
Total investments	$ 5,798,732	$ -	$ -	$ 5,798,732

Note 4 - Property and Equipment

Property and equipment are summarized as follows as of August 31:

	2023	2022
Furniture and fixtures	$ 107,482	$ 107,482
Equipment and software	3,867,191	3,801,094
Leasehold improvements	293,745	293,745
Total cost	4,268,418	4,202,321
Accumulated depreciation	4,001,112	3,866,194
Net property and equipment	$ 267,306	$ 336,127

Depreciation expense for 2023 and 2022 was $134,918 and $231,089, respectively.

Note 5 - Intangible Contract Costs

Intangible contract cost assets of the Association at August 31, 2023 and 2022 are summarized as follows:

	2023		2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Assets:				
Atla RDB®	$ 16,205,525	$ 10,570,818	$ 14,642,877	$ 9,497,540
Atlas®	8,310,432	6,364,138	7,811,661	5,962,052
Atlas PLUS®	6,881	2,064	6,881	2,064
Total contract cost assets	$ 24,522,838	$ 16,937,020	$ 22,461,419	$ 15,461,656

Amortization expense totaled $1,475,363 and $1,921,046 for the years ended August 31, 2023 and 2022, respectively.

Estimated future amortization expense for the years ending August 31 is as follows:

Years Ending	Atla RDB®	Atlas®	Atlas PLUS®	Total
2024	$ 1,007,274	$ 366,937	$ 688	$ 1,374,899
2025	934,682	336,363	688	1,271,733
2026	859,208	289,979	688	1,149,875
2027	756,923	259,205	688	1,016,816
2028	657,797	224,523	688	883,008
Thereafter	1,418,823	469,287	1,377	1,889,487
Total	$ 5,634,707	$ 1,946,294	$ 4,817	$ 7,585,818

Note 6 - Credit Agreement

The Association maintains a $500,000 line of credit, with any borrowings secured by all business assets owned by the Association. There were no borrowings during fiscal years 2023 and 2022. The line of credit will expire on May 22, 2024, at which point any outstanding balance will be converted into a term note.

Note 7 - Database Revenue

Royalty and fee revenue generated by databases for fiscal years 2023 and 2022 were as follows:

	2023	2022
Atla RDB®	$ 4,273,487	$ 4,228,002
Atlas®	2,222,574	2,174,964
Atlas PLUS®	445,883	401,370
Atla EBSCO historical digital archives	87,973	65,727
Partner subscription databases	498,703	492,883
Total	$ 7,528,620	$ 7,362,946

Note 8 - Defined Contribution Plan

The Association has a contributory defined contribution pension plan qualified under Section 403(b) of the Internal Revenue Code covering full-time employees who have met certain requirements as to length of service and age. The plan provides for a mandatory matching contribution equal to the amount of the employee's salary reduction, but not to exceed 10 percent of the employee's compensation, subject to Internal Revenue Code limitations. Pension expense was $198,550 and $181,810 for fiscal years 2023 and 2022, respectively.

Note 9 - Leases

The Association leases an office in Chicago from a third-party lessor, with a total monthly rent of approximately $1,500, which expires on July 31, 2024. Management intends to renew the lease prior to expiration; however, no renewal has been signed as of the date of the financial statements. The lease requires the Association to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under this lease was approximately $20,947 and $16,416 for 2023 and 2022, respectively.

Note 10 - Endowments

The Association's endowment fund consists of a fund established by the board of directors to ensure the continued fulfillment of the Association's mission and a fund composed of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Association is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Association had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Association considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Association has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

Note 10 - Endowments (Continued)

Information regarding the endowment net assets as of August 31, 2023 and 2022 and changes in endowment net assets for the years then ended is as follows:

	Endowment Net Asset Composition by Type of Fund as of August 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 718,277	$ -	$ 718,277
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	12,018	12,018
Accumulated investment gains	-	460,418	460,418
Total donor-restricted endowment funds	-	472,436	472,436
Total	$ 718,277	$ 472,436	$ 1,190,713

	Changes in Endowment Net Assets for the Fiscal Year Ended August 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 540,578	$ 461,209	$ 1,001,787
Investment income	13,159	11,227	24,386
Transfers/Contributions	164,540	-	164,540
Endowment net assets - End of year	$ 718,277	$ 472,436	$ 1,190,713

	Endowment Net Asset Composition by Type of Fund as of August 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 540,578	$ -	$ 540,578
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	12,018	12,018
Accumulated investment gains	-	449,191	449,191
Total donor-restricted endowment funds	-	461,209	461,209
Total	$ 540,578	$ 461,209	$ 1,001,787

	Changes in Endowment Net Assets for the Fiscal Year Ended August 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 602,578	$ 533,712	$ 1,136,290
Investment loss	(79,542)	(72,503)	(152,045)
Transfers/Contributions	17,542	-	17,542
Endowment net assets - End of year	$ 540,578	$ 461,209	$ 1,001,787

Note 10 - Endowments (Continued)

Return Objectives and Risk Parameters

The Association has adopted a strategy of long-term growth through diversified mutual funds and ETFs that trade at no cost and a policy of zero spend. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The Association is currently focused on long-term growth of the endowment fund and has established a policy of zero spend.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association 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 Association targets a diversified asset allocation that places a greater emphasis on mutual funds and ETFs that trade at no cost to achieve its long-term return objectives within prudent risk constraints.

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of August 31 are available for the following purposes:

	2023	2022
Scholarships and grants	$ 99,568	$ 131,387
Endowments	472,436	461,209
Total	$ 572,004	$ 592,596

Note 12 - Employment Contract

There are contracts with key employees that require the Association to pay the employee an amount equal to 1 month's salary for each year of service to the Association, up to a maximum of 12 months' severance, in the event of termination by the Association without cause. No estimate can be made related to the probability of the employee's termination without cause, and, therefore, no liability has been accrued.

Note 13 - Liquidity and Availability of Resources

The following reflects the Association's financial assets as of August 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2023	2022
Cash and cash equivalents	$ 914,395	$ 3,937,073
Accounts and pledge receivable - Net	1,219,065	969,356
Investments	9,141,790	5,798,732
Financial assets - At year end	11,275,250	10,705,161
Less those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	532,004	592,596
Board-designated net assets	718,277	540,578
Financial assets available to meet cash needs for general expenditures within one year	$ 10,024,969	$ 9,571,987

Note 13 - Liquidity and Availability of Resources (Continued)

The Association has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet three to six months of normal operating expenses, which are, on average, approximately $500,000 per month. The Association invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments with maturities designed to meet obligations as they become due. In addition, the Association has a $500,000 line of credit with a bank, which can be drawn upon in the event of an unanticipated liquidity need.

Note 14 - Commitments, Contingencies, and Economic Dependence

In the normal course of its activities, the Association enters into electronic publishing agreements and other contracts with service providers. In the event that the terms of these agreements and contracts are not met, the Association could suffer from lost income or be obligated to pay certain penalties. The Association does not anticipate any loss contingencies associated with these contracts and agreements and, therefore, has not recorded a provision for the reporting periods presented in these financial statements.

Atla has distribution agreements in place with a major business partner, EBSCO Information Services (EIS). Institutions access content on Atla's products via licensing and purchasing agreements made directly with EIS, which then remits royalties and fees to Atla. As such, revenue from EIS represents 91.5 percent and 98.5 percent of Atla's overall revenue for the fiscal years ended August 31, 2023 and 2022, respectively.

Note 15 - Subsequent Events

On September 21, 2023, the Association acquired the net assets of the Catholic Research Resources Alliance (CRRA), a Wisconsin not-for-profit organization. The acquisition will provide the Association with the opportunity to grow the theological and religious resources for its members. Estimated value of the net assets received is $324,000. No consideration was paid for the acquired net assets. The transaction will be accounted for as an acquisition under generally accepted accounting principles.