Exhibit C: Notes for
FY 2020 Budget to Forecast
FY 2021 Budget

General comments on FY 2020 Budget to Forecast:

Bottom line: The forecast is for a slight deficit, which is very positive given that the Board previously approved utilizes $100,000 from previous surpluses (our "rainy day fund") to enable ASOR to make the transition from Boston to Alexandria. We used $35,000 of that surplus in Fiscal Year 2019, so we still have allocated funds remaining—which will most likely be needed because Fiscal Years 2021 (and maybe 2022) will be more challenging. We need to save as much of our "rainy day fund" as possible because of the probable challenges caused by the economic side effects due to the COVID-19 crisis.

Some assumptions in the forecast that may be overly optimistic and could result in a larger deficit (see detailed discussion for more):

- Memberships revenue (#8) may be overly optimistic by $5,000
- Annual Fund (#11) is listed as the budgeted amount ($125,000), but current is $74,000.
- Forecast PPP Loan Forgiveness (#20') is listed as $110,000. This amount may be as high as $118,700 or as low as $90,000 (see below).

Summary for FY 2020: If the assumption above are overly optimistic, we may have a deficit that approaches the $65,000 allotment previously approved. If we manage our expenses and have success with the Annual Fund, I think that we stand a good chance to end the year near break-even. The forecast for Fiscal Year 2021 is more challenging.

1. **Annual meeting income/expenses.** Income includes registration fees, exhibitor fees, program advertising, grants (TFBA), hotel concessions and reimbursements from research centers. Income was better in San Diego than Denver. The forecast for Boston (FY 2021) higher based on current registrations. However, this could be dramatically lower if the Annual Meeting is canceled or experiences sharp declines in attendance.

Note about NEH Grant Proposal: ASOR has applied for a NEH CARES grant to develop online resources, and this grant would offset losses if the Annual Meeting in Boston is cancelled. ASOR will apply for further grants or forgivable loans as future federal CARES funding is announced.

2. **Other educational events.** We budgeted a return to FOA events, but they were not carried out because of other pressures, including COVID-19 and delays in planning. There was a plan to operate a couple trips in FY 2021, and these are included in the budget. However, these plans are on hold until we still if there is a demand for travel, and until we see if it's safe.

3. **Fellowship income and expenses.** Most of the fellowship income and expenses are detailed in the Temporarily Restricted column and in the Permanently Restricted column. New rows for funds placed in endowment and for annual distributions have been added this fiscal year. These rows are QuickBooks categories will help with FY20's audit. Two numbers are remarkable—a) Amounts for scholarships awarded are near zero, because scholarships were

deferred to 2021; b) Amounts placed in endowments are higher for gifts to the Dana Fund, the Geraty Fund, and the Mason Fund.

4. **Support for Online Media and FOA.** No longer used in FY20 or FY21.

5. **Nies Trust income and expenses.** We anticipate about $19,500 of income for FY20 and slightly less in FY21. The amount spent from this line item is lower because grants were deferred to 2021.

6. **Cultural Heritage Initiatives (CHI).** We have broken this category into federal and non-federal grants. We anticipate some federal revenue, and we have forecasted a minimal amount of non-federal funds. We anticipate about $150,000 in federal grants in FY21 and FY22. This is a substantial increase from FY19 and FY20, but the levels are much lower than prior fiscal years. Most of the funds are used for non-continuing ASOR staff.

7. **Funds for non-federal CHI grants.** The indirect is a conservative forecast for FY20 and FY21. The estimate for FY21 is an estimate based on anticipated spending of grants already in hand. We hope to receive further grants, but we have not included them in the budget.

8. **Subscription and membership and journal revenue and expenses.** This year we have separated forecasts for memberships and subscriptions. The budget for FY20 and FY21 are based on guaranteed royalties. We had hope to exceed guarantees starting in FY21, but we have not budgeted for any increase due to anticipated academic cuts as a result of the COVID-19 pandemic.

9. **Royalties and advertising**. Income for FY20 is based be solely JSTOR, as the other royalties are run through our UCP publishing agreement. The amount from JSTOR saw a decrease for the first time in several years.

10. **OF designated for books.** These were previously in/out revenues and expenses. We have changed how we handle these in our audit, but the forecasts are based on past methods. They will not impact our bottom line significantly either way.

11. **Annual Fund**. FY19 was reduced because we anticipated asking for gifts for the building. The Board approved an increase in the Annual Fund for FY 2020, and we will need to see substantial increases in the last two months of the FY to meet our goal. If we do not meet our goal, we will need to use part of the previously allocated surplus (see summary above).

12. **Institutional memberships.** Institutional memberships have dropped to 62, and we are concerned about further reductions if universities and colleges cut their budget. The good news is that institutional memberships are already low and thus not a large percentage of our revenue.

13. **Endowment distribution.** There is a slight increase each year in the endowment distribution due to steady, but modest, contributions to the endowment. We anticipate a large influx into the endowment ($500,000) due to an anticipated legacy gift from P.E. MacAllister.

14. Interest income and administrative fees: interest rates are near zero, so our income from this category will drop by about $15,000 for FY21. Interest revenue for FY20 is near budgeted amount because we invested in treasury bills before the interest rates collapsed. We will see a slight uptick in revenue from administrative fees from named endowment accounts.

15. Designated gifts for endowment. We anticipate an extremely large gift to the endowment in FY20 from P. E. MacAllister. We do not anticipate large gifts in FY21.

16. Designated gifts for building purchase, furnishing, and maintenance. We have added a new category based on our tremendous success to date. We have established a separate account with Charles Schwab, and we are currently places all gifts in that fund rather than using them for operating costs for the James Strange Center. The Finance Committee and Board will need to discuss when to start using distributions from the building fund for operating costs for the Strange Center. In the long run, this quasi-endowment should pay all of the operating and ongoing costs for the Strange Center. ASOR will face pressure until FY24 or FY25, when the Building Account is fully funded.

17. Other designated gifts.

18. Designated gifts for development. These are gifts to support development travel, fundraising events, and other development expenses. This also included non-deductible payments for the Legacy Circle Dinner at the Annual Meeting.

19. Use of prior year unrestricted balance. This is an allowance for relocation expenses for ASOR to move to Alexandria, VA. As stated above, the Board allocated $100,000, and to date we have used $35,000 in FY19. The Board may need to consider increasing this allocation if the 2020 Annual Meeting is cancelled, and if ASOR does not receive grants to offset that potential loss.

20. Rent subvention and rental income. The reimbursements in lieu of rent is from FY20 is from ACOR/CAARI. This number could rise if we receive grant funding to support the use of the 3rd floor of the James Strange Center.

20'. PPP Loan Forgiveness. The loan was for $118,700. We are hopeful that all of it can be forgiven, but we are waiting for further guidance from the SBA. We have forecast $110,000, but it is possible that the amount could be as high as $118,700 or as low as $90,000.

21. Legal services (in-kind). This is a new category because it is a significant line item each year. We anticipate higher services from the building purchase and from research relating to the banking secrecy act for art sales. We also anticipate increased costs if we are not able to reach an agreement with the hotels about future annual meetings.

22. Other In-kind gifts. In/out items that do not affect the profit/loss of the organization.

23. Designated categories in Archaeology and Policy Support.

Levantine Ceramic Project: This is the largest amount in this line, and we have not been successful in locating donations or other financial support.

24. Salaries. This forecast amount for FY20 includes salaries that will be forgiven from the PPP loan. The forecast for FY21 is substantially lower than FY20. The FY21 amount assumes a salary freeze for the executive director and modest cost of living increases for most other employees.

25. Allocable Expenses. Almost all of the expenses were within the budget or slightly lower. The audit was higher than budgeted because ASOR had not been billed for our tax preparation costs for FY17 and FY18. We thus paid for three years in FY20. The audit cost has exceeded our budgeted amount for several years, but it may be difficult to put the audit work out for bid during the COVID-19 crisis.

26. Development expenses for special events or travel. These expenses are supported, in part, through designated gifts. The forecasted amount for FY20 is higher than the budget, but it is lower compared to the amount of donations received.

27. Depreciation. Allowance for items identified in the audit.