

Audited Financial Statements
The American Schools of Oriental Research
Years Ended June 30, 2020 and 2019

Audited Financial Statements

The American Schools of Oriental Research

Years Ended June 30, 2020 and 2019

Independent Auditors' Report	1
Statements of Financial Position	2
Statement of Activities (2020).....	3
Statement of Activities (2019).....	4
Statement of Support and Revenue and Functional Expenses (2020)	5
Statement of Support and Revenue and Functional Expenses (2019)	6
Statements of Cash Flows	7
Notes to Financial Statements	8

*Independent Auditors' Report*

Board of Trustees
The American Schools of Oriental Research
Alexandria, Virginia

We have audited the accompanying financial statements of The American Schools of Oriental Research (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, support and revenue and 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 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 American Schools of Oriental Research as of June 30, 2020 and 2019, 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.

Adoption of ASU 2018-08

As described in Note A to the financial statements, The American Schools of Oriental Research adopted FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, in fiscal 2020. Our opinion is not modified with respect to this matter.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
November 30, 2020

Statements of Financial Position

The American Schools of Oriental Research

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,027,406	\$ 960,322
Grants receivable	-	5,613
Accounts receivable:		
Memberships and subscriptions	-	7,033
Book sales and other receivables	6,860	47,575
Inventory and capitalized costs	5,273	4,895
Prepaid expenses and other assets	30,288	2,893
Investments (including permanent endowments)	2,915,184	2,057,263
Fixed assets, net	<u>1,096,032</u>	<u>1,117,270</u>
TOTAL ASSETS	\$ <u>5,081,043</u>	\$ <u>4,202,864</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 32,547	\$ 36,213
Deferred revenue	240,180	251,663
Deferred grant support	20,203	-
Line of credit borrowings	-	325,000
Paycheck Protection Program loan (forgivable)	<u>118,700</u>	<u>-</u>
TOTAL LIABILITIES	411,630	612,876
NET ASSETS		
Without donor restrictions:		
Available for operations	423,259	222,015
Board-designated for publications	120,591	123,705
Fixed assets, net	<u>1,096,032</u>	<u>1,117,270</u>
	<u>1,639,882</u>	<u>1,462,990</u>
With donor restrictions:		
Other than endowments	293,581	193,444
Held under endowments	<u>2,735,950</u>	<u>1,933,554</u>
	<u>3,029,531</u>	<u>2,126,998</u>
TOTAL NET ASSETS	4,669,413	3,589,988
TOTAL LIABILITIES AND NET ASSETS	\$ <u>5,081,043</u>	\$ <u>4,202,864</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

The American Schools of Oriental Research

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 147,637	\$ 1,280,585	\$ 1,428,222
Federal grants		91,883	91,883
Other contracts and grants		14,953	14,953
In-kind contributions	13,630		13,630
Book revenue	(2,120)		(2,120)
Journals revenue	117,722		117,722
Institutional memberships	60,978		60,978
Individual memberships	181,055		181,055
Annual meeting	236,329		236,329
Royalties and other income	33,160		33,160
Miscellaneous income			-
Reimbursement income	14,766		14,766
Net investment income	8,722	51,806	60,528
Net assets released from restrictions:			
Released from non-endowed funds	486,281	(486,281)	-
Appropriated from endowment funds	50,413	(50,413)	-
Total Support and Revenue	<u>1,348,573</u>	<u>902,533</u>	<u>2,251,106</u>
EXPENSES AND LOSSES			
Program services:			
Annual Meeting and Events	275,905		275,905
Academic Programs & Policy Support	232,109		232,109
Cultural Heritage Initiatives	196,883		196,883
Archives Project	3,310		3,310
Journals	142,528		142,528
Books	35,684		35,684
	<u>886,419</u>	<u>-</u>	<u>886,419</u>
Support services:			
Management and general	218,458		218,458
Fundraising	66,804		66,804
	<u>285,262</u>	<u>-</u>	<u>285,262</u>
Total Expenses	<u>1,171,681</u>	<u>-</u>	<u>1,171,681</u>
Change in Net Assets	176,892	902,533	1,079,425
Net Assets, Beginning of Year	<u>1,462,990</u>	<u>2,126,998</u>	<u>3,589,988</u>
Net Assets, End of Year	<u>\$ 1,639,882</u>	<u>\$ 3,029,531</u>	<u>\$ 4,669,413</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

The American Schools of Oriental Research

Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 90,481	\$ 1,025,147	\$ 1,115,628
Federal grants	219,854		219,854
Other contracts and grants		158,071	158,071
In-kind contributions	64,617		64,617
Book revenue	31,177		31,177
Journals revenue	177,389		177,389
Institutional memberships	69,976		69,976
Individual memberships	160,487		160,487
Annual meeting	215,894		215,894
Royalties and other income	44,065		44,065
Miscellaneous income	5,950		5,950
Net investment income	36,301	81,795	118,096
Net assets released from restrictions:			
Released from non-endowed funds	1,073,776	(1,073,776)	-
Appropriated from endowment funds	84,230	(84,230)	-
	<u>2,274,197</u>	<u>107,007</u>	<u>2,381,204</u>
Total Support and Revenue			
EXPENSES AND LOSSES			
Program services:			
Annual Meeting and Events	266,954		266,954
Academic Programs & Policy Support	260,746		260,746
Cultural Heritage Initiatives	473,360		473,360
Archives Project	7,851		7,851
Journals	239,832		239,832
Books	71,081		71,081
	<u>1,319,824</u>	<u>-</u>	<u>1,319,824</u>
Support services:			
Management and general	119,170		119,170
Fundraising	97,412		97,412
	<u>216,582</u>	<u>-</u>	<u>216,582</u>
	<u>1,536,406</u>	<u>-</u>	<u>1,536,406</u>
Total Expenses			
Change in Net Assets	737,791	107,007	844,798
Net Assets, Beginning of Year	<u>725,199</u>	<u>2,019,991</u>	<u>2,745,190</u>
Net Assets, End of Year	<u>\$ 1,462,990</u>	<u>\$ 2,126,998</u>	<u>\$ 3,589,988</u>

See accompanying independent auditors' report and notes to financial statements.

Schedule of Support and Revenue and Functional Expenses

The American Schools of Oriental Research

Year Ended June 30, 2020

	Annual Meeting and Events	Academic Programs & Policy Support	Cultural Heritage Initiatives	Archives Project	Journals	Books	Management and General	Fundraising	Total
SUPPORT, REVENUES, AND OTHER INCOME:									
Contributions	\$ 5,878	\$ 764,192	\$ 1,355	\$	\$	\$ 10,000	\$ 649,507	\$ (2,710)	\$ 1,428,222
Federal grant			91,883						91,883
Other contracts and grants			14,953						14,953
In-kind contributions	4,088	3,408	1,363		1,363		3,408		13,630
Book revenue						(2,120)			(2,120)
Journals revenue					117,722				117,722
Institutional memberships							60,978		60,978
Individual memberships					36,211		144,844		181,055
Annual meeting	236,329								236,329
Royalties and other income					33,160				33,160
Reimbursement income	1,808	3,920			1,808		5,422	1,808	14,766
Miscellaneous income									-
Net investment income		10,307				(614)	50,835		60,528
Total Support, Revenues, and Other Income	248,103	781,827	109,554	-	190,264	7,266	914,994	(902)	2,251,106
EXPENSES:									
Annual meeting expenses	83,374								83,374
Depreciation	3,186	3,186			3,186		9,556	2,124	21,238
Development expense								13,733	13,733
Fellowships and grants	5,500	21,382							26,882
Specific projects		9,810							9,810
General and administrative	1,518	12,919			911		7,427		22,775
Insurance	1,262	1,444	1,413		2,524		4,784		11,427
Postage and supplies	4,215	5,183	11,440	715	3,505	290	7,705	2,950	36,003
Production and editorial costs					62,878	15,758			78,636
Legal and accounting	8,346	10,503	5,620		4,769	851	9,084	2,840	42,013
Building expenses, including insurance	3,252	3,252			3,252		9,758	2,168	21,682
Salaries, contract payments and benefits	161,242	130,666	128,253	2,595	58,200	18,785	160,927	40,027	700,695
Other direct costs			17,972						17,972
Travel, meetings, and Chair support		27,764	32,185						59,949
Loss on disposal of fixed assets									-
Utilities and telephone	976	2,927			976		3,415	1,462	9,756
Other allocated costs	3,034	3,073			2,327		5,802	1,500	15,736
Total Expenses	275,905	232,109	196,883	3,310	142,528	35,684	218,458	66,804	1,171,681
Change in Net Assets	\$ (27,802)	\$ 549,718	\$ (87,329)	\$ (3,310)	\$ 47,736	\$ (28,418)	\$ 696,536	\$ (67,706)	\$ 1,079,425

See accompanying independent auditors' report and notes to financial statements.

Schedule of Support and Revenue and Functional Expenses

The American Schools of Oriental Research

Year Ended June 30, 2019

	Annual Meeting and Events	Academic Programs & Policy Support	Cultural Heritage Initiatives	Archives Project	Journals	Books	Management and General	Fundraising	Total
SUPPORT, REVENUES, AND OTHER INCOME:									
Contributions	\$ 4,566	\$ 996,919	\$	\$	\$	3,680	\$ 116,189	\$ (5,726)	\$ 1,115,628
Federal grant			219,854						219,854
Other contracts and grants			158,071						158,071
In-kind contributions	5,612	5,612	19,760	992	15,806		14,354	2,481	64,617
Book revenue						31,177			31,177
Journals revenue					177,389				177,389
Institutional memberships							69,976		69,976
Individual memberships					40,122		120,365		160,487
Annual meeting	215,894								215,894
Royalties and other income					44,065				44,065
Miscellaneous income							5,950		5,950
Net investment income		81,795				8,515	27,786		118,096
Total Support, Revenues, and Other Income	226,072	1,084,326	397,685	992	277,382	43,372	354,620	(3,245)	2,381,204
EXPENSES:									
Annual meeting expenses	105,847								105,847
Depreciation	1,431	2,385	1,431		1,145	286	1,908	954	9,540
Development expense								5,577	5,577
Fellowships and grants		63,500	37,575						101,075
Specific projects		12,215			7,500				19,715
General and administrative	733	1,997	733		586	147	977	489	5,662
Insurance	1,535	2,558	1,535		1,228	307	2,047	1,023	10,233
Postage and supplies	2,750	4,583	2,755		2,200	550	3,666	1,833	18,337
Production and editorial costs		15,720			113,782	26,698			156,200
Legal and accounting	7,948	10,805	9,046	732	16,245	857	14,869	4,688	65,190
Rent	2,681	3,169	731	260	3,575	146	6,175	1,138	17,875
Salaries, contract payments and benefits	137,762	107,266	368,109	6,859	88,557	40,836	80,229	77,532	907,150
Other direct costs			39,563						39,563
Travel, meetings, and Chair support	123	26,308	5,736		98	25	164	82	32,536
Loss on disposal of fixed assets	6	9	6		4	1	7	4	37
Utilities and telephone	1,227	2,044	1,227		981	245	1,635	818	8,177
Other allocated costs	4,911	8,187	4,913		3,931	983	7,493	3,274	33,692
Total Expenses	266,954	260,746	473,360	7,851	239,832	71,081	119,170	97,412	1,536,406
Change in Net Assets	\$ (40,882)	\$ 823,580	\$ (75,675)	\$ (6,859)	\$ 37,550	\$ (27,709)	\$ 235,450	\$ (100,657)	\$ 844,798

See accompanying independent auditors' report and notes to financial statements.

Statements of Cash Flows

The American Schools of Oriental Research

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 1,079,425	\$ 844,798
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	21,238	9,540
Loss on disposal of fixed assets	-	37
Net increase in fair value of investments	(2,568)	(28,961)
Contributions restricted for long-term purposes:		
Building Fund	(430,697)	(799,662)
Permanent endowments	(728,957)	(136,737)
Changes in operating assets and liabilities:		
Grants receivable	5,613	9,155
Memberships and subscriptions receivable	7,033	25,395
Book sales and other receivables	40,715	(23,625)
Inventory and capitalized costs	(378)	6,433
Prepaid expenses and other assets	(27,395)	4,829
Accounts payable and accrued expenses	(3,666)	(4,365)
Deferred grant revenue	20,203	-
Deferred grant support	(11,483)	(127,719)
NET CASH USED IN OPERATING ACTIVITIES	<u>(30,917)</u>	<u>(220,882)</u>
INVESTING ACTIVITIES:		
(Purchases) sales of investments, net	(855,353)	(106,360)
Purchases of fixed assets	-	(1,107,745)
NET CASH USED IN INVESTING ACTIVITIES	<u>(855,353)</u>	<u>(1,214,105)</u>
FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes:		
Building Fund	430,697	799,662
Permanent endowments	728,957	136,737
Proceeds from line of credit borrowings	-	325,000
Repayment of line of credit borrowings	(325,000)	-
Proceeds from Paycheck Protection Program loan (forgivable)	118,700	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>953,354</u>	<u>1,261,399</u>
NET CHANGE IN CASH	67,084	(173,588)
Cash and cash equivalents, beginning of year	<u>960,322</u>	<u>1,133,910</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,027,406</u>	<u>\$ 960,322</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

The American Schools of Oriental Research

Years Ended June 30, 2020 and 2019

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Organization: The American Schools of Oriental Research (ASOR/the Organization), established in 1900, was incorporated as a not-for-profit public charity in 1935. ASOR is an international organization whose mission is to initiate, encourage, and support research into, and public understanding of, the history and cultures of the Near East and wider Mediterranean, from the earliest times. The principal sources of support and revenue are from scholarly journals and books, annual programs, membership dues, grants, and contributions.

Basis of Accounting: ASOR prepares its financial statements in accordance with U.S. generally accepted accounting principles (GAAP). This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Adoption of ASU 2018-08: During fiscal 2020, ASOR adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarifies how an entity determines whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and whether a contribution should be considered conditional. As required by ASU 2018-08, ASOR applied the requirements on a modified prospective basis to agreements that either were not complete at July 1, 2019, or were entered into after July 1, 2019. The adoption of ASU 2018-08 resulted in no changes to support and revenue recognized or grants expended for the year ended June 30, 2020.

Net Assets: The accompanying financial statements have been prepared in accordance with FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization's net assets have been grouped into the following classes:

Net Assets Without Donor Restrictions: This net asset class is not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. At June 30, 2020 and 2019, ASOR's net assets without donor restrictions include \$120,591 and \$123,705, respectively, that are Board-designated for publications. Board-designated net assets are not available to cover operating expenses, including budget shortfalls, unless specifically approved by the Board.

Net Assets With Donor Restrictions: This net asset class is subject to restrictions imposed by donors and grantors. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that require resources to be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Recognition of Revenue/Deferred Revenue: Revenue is derived primarily from memberships, registrations, subscriptions, and publication sales. Revenues from memberships and subscriptions are recognized ratably over the related period (normally one year). Any unearned amount is presented as deferred revenue in the statement of financial position. Publication sales are recognized at the time of sale.

Recognition of Support/Conditional Awards/Deferred Support: Promises to give, including grants and contributions, to ASOR are generally considered nonreciprocal transactions and are recognized as support when conditions, if any, have been met. A condition exists if the agreement with the donor includes a barrier that must be overcome and either a right of return of assets transferred or a right of release from the donor's obligation to transfer assets. Grants and contributions requiring a match are considered conditional until the match is satisfied, wholly or in part, as defined by agreement. Cost-reimbursement grants are considered conditional until qualifying expenditures are incurred. Amounts received against conditional promises to give are held as deferred support until conditions for recognition are met.

The American Schools of Oriental Research

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Recognition of Support/Conditional Awards/Deferred Support--Continued: Support from unconditional grants and contributions is recognized as an increase in either net assets without donor restrictions or net assets with donor restrictions, based on the absence or presence of any donor-imposed restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions, in the statement of activities, upon satisfaction or expiration of the donor-imposed restrictions.

Federal grant support of \$91,883 and \$219,854 was provided by the Department of State (DOS) for use in connection with ASOR's Cultural Heritage Initiatives program for the years ended June 30 2020 and 2019, respectively.

In-Kind Contributions: In-kind contributions of \$13,630 and \$64,617 are included in support (and expenses) for fiscal 2020 and 2019 at the estimated fair value of such. In-kind contributions relate primarily to services provided by attorneys, services provided by consultants assisting ASOR with its Cultural Heritage Initiatives (2019), and donated office space (2019). Donated services are recognized as contributions in accordance with FASB ASC 958-605, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ASOR. Volunteers provided services that are not recognized as contributions in the accompanying financial statements since the recognition criteria under FASB ASC 958-605 were not met.

Cash Equivalents: ASOR considers all highly liquid investments with an initial maturity of three months or less, to be cash equivalents, including money market funds held in a Charles Schwab operating account. Certain amounts held in a bank money market account are included in investments, rather than in cash and cash equivalents, since held under a donor-restricted endowment fund. Refer also to *Note I--Fair Value Measurements* and *Note J--Significant Concentrations*.

Accounts Receivable: Accounts receivable are stated at net realizable value. Management considers all receivables to be collectible; therefore, no allowance for doubtful accounts is provided at June 30, 2020. An allowance for doubtful accounts of \$2,500 was provided at June 30, 2019. Accounts receivable balances are due within a year and are unsecured.

Inventory and Capitalized Costs: Inventory consists of completed publications that are sold through an independent distributor. Capitalized costs consist of expenses related to the production of publications prior to completion. Inventories are stated at the lower of cost, determined by total production costs capitalized, or market value.

Investments (including permanent endowments): Investments are held in cash with brokers, a bank money market account, money market funds, mutual funds, exchange-traded funds, and managed equity securities. Investments, held in other than cash and a bank money market account, are reported at fair value based on quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Net investment income includes interest and dividends, and realized and unrealized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net investment income restricted by a donor is reported as an increase in net assets with donor restrictions and released to net assets without donor restrictions upon satisfaction of purpose or time restrictions or the appropriation of general-use earnings. Refer also to *Note C--Investments* and *Note G--Net Assets with Donor Restrictions, Held under Endowments*.

Fixed Assets: Fixed assets are carried at cost (or, if donated, at fair value at the date of donation) less accumulated depreciation. Depreciation is calculated on a straight-line method over the estimated useful lives of the respective assets. All acquisitions of fixed assets in excess of \$2,500 and expenditures for repairs and maintenance that materially prolong the useful lives of assets are capitalized. Those items that are not a capital expenditure are expensed when incurred.

Paycheck Protection Program Loan (forgivable): ASOR has elected to account for amounts received under the PPP forgivable loan program as a liability until forgiven or repaid. Management expects the loan to be forgiven in fiscal 2021. Refer also to *Note L--Commitments and Contingencies* as pertains to *COVID-19*.

The American Schools of Oriental Research

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Income Taxes: ASOR is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. ASOR had no income subject to taxation as unrelated business income for the years ended June 30, 2020 and 2019 and management is aware of no uncertain tax positions.

Functional Classification of Expenses: ASOR allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Certain indirect expenses are allocated to program and support services based on estimated usage and/or estimated benefit. ASOR's programs include the following:

Annual Meeting and Events: The Annual Meeting brings together ASOR's vibrant academic community to present their current findings and discuss their research. The conference attracts approximately 1,000 scholars and enthusiasts of archaeology, linguistics, geography, epigraphy, anthropology, and other fields related to the study of the ancient Near East. Other events include seminars, travel to archaeological and cultural sites, and public lectures.

Academic Programs and Policy Support: From its earliest days, ASOR has sponsored projects central to its mission to initiate, encourage, and support research into, and public understanding of, the history and cultures of the Near East and wider Mediterranean. This work includes supporting excavations, ASOR's academic committees, advocacy and education about archaeology and cultural heritage, global awareness of these issues, scholarships and fellowships, and grants for related work.

Cultural Heritage Initiatives: The program is devoted to protecting, preserving and presenting to the public the historic and cultural heritage of North Africa, the Near East, and the wider Mediterranean and to raise awareness of its degradation. We also promote and carry out education and stewardship programs in these regions.

Archives Project: The project is dedicated to protecting and preserving ASOR's own heritage, by cataloguing and safely housing papers, photographs, and other materials that document ASOR's twentieth and twenty-first century contributions to the study of the archaeology and history of the Near East and wider Mediterranean.

Journals: ASOR's publication program has a long and venerable history, dating back to the publication of the first volume of the *Bulletin of the American Schools of Oriental Research (BASOR)* in 1919. Today, ASOR still publishes *BASOR*, as well as two other journals (*Near Eastern Archaeology* and *the Journal of Cuneiform Studies*). In addition, ASOR publishes an e-newsletter for its members (*News@ASOR*) and an outreach e-newsletter for public members and Friends of ASOR (*The Ancient Near East Today*). Beginning in 2019, the University of Chicago Press is responsible for the publication and distribution of *BASOR*, *NEA*, and *JCS*, with royalties payable to ASOR.

Books: ASOR publishes three book series. The first volume of the *ASOR Annual (AASOR)* appeared in 1920, making it ASOR's signature publication. The Annual is a medium for the publication of lengthy preliminary or interim archaeological reports or monograph-length studies relating to archaeology in the Near East.

The *Archaeological Reports Series (ARS)* is devoted to the publication of final excavation reports, surveys, and ethnoarchaeological fieldwork. Excavation projects need not be ASOR-affiliated to be considered. The CAARI Monographs are a subseries of the ASOR-ARS and may include conference proceedings.

ASOR's youngest series, the *JCS Supplemental Series (JCSSS)*, was instituted under the editorship of Piotr Michalowski in 2008. *JCSSS* is now published in partnership with Lockwood Press.

The American Schools of Oriental Research

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Fair Value of Financial Instruments: The carrying value of cash equivalents, accounts receivable, and accounts payable is considered by management to approximate the fair value of such at June 30, 2020 and 2019, based on the short-term maturity of these financial instruments. Investments are carried at fair value based on quoted market prices. Refer also to *Note I--Fair Value Measurements*.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019, as recently deferred by ASU 2020-05. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

NOTE B -- AVAILABILITY AND LIQUIDITY OF ASSETS (including subsequent events)

The following reflects ASOR's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of certain donor-imposed restrictions and Board designations:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end (cash, investments, and receivables)	\$ 3,949,450	\$ 3,077,806
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	(3,029,531)	(2,126,998)
Board-designation for publications	<u>(120,591)</u>	<u>(123,705)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 799,328</u>	<u>\$ 827,103</u>

On April 24, 2019, ASOR purchased a building in Alexandria, Virginia, for approximately \$1,107,745 to serve as a permanent home for ASOR (now named the James F. Strange Center). The purchase was financed with proceeds from donor pledges, bank borrowings, and operating reserves. Donations to the Building Fund of \$430,697 and \$799,662, were recognized (and collected) during fiscal 2020 and 2019, respectively. Related bank debt of \$325,000 was paid off on July 1, 2019. Building Fund donations of \$125,382 remain in net assets with donor restrictions at June 30, 2020, and are available to use for the upkeep and maintenance of the building

On April 24, 2020, ASOR received proceeds of \$118,700 under a Paycheck Protection Program Loan. Management expects the loan to be forgiven as described in *Note L-Commitments and Contingencies* as pertains to *COVID-19*.

ASOR also continues to have access to a \$550,000 bank line of credit should the need for additional borrowings arise. Refer also to *Note E--Line of Credit Borrowings*.

Subsequent Event: ASOR subsequently decided to “retire” the original Building Fund and is looking to raise a total of \$500,000 for a Board-Designated Building Fund to be held under a quasi-endowment. Management plans to ask donors to release restrictions on funds remaining in the original Building Fund, so that these funds may be invested and managed as part of the new fund. The Board-Designated Building Fund will generate annual income to cover part or all of the costs of occupancy and maintenance of the James F. Strange Center.

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

NOTE C -- INVESTMENTS

Investments consist of the following:

	June 30,	
	<u>2020</u>	<u>2019</u>
Held by two brokerage firms:		
Cash and money market funds	\$ 182,211	\$ 66,481
Mutual funds:		
Money market funds	45,147	69,865
Equities	1,098,142	1,315,057
Bonds	108,069	15,606
Exchange-traded funds:		
Equities	219,038	296,076
Bonds	200,613	294,178
Managed equities	603,320	-
Held by a bank:		
Money market account	<u>458,644</u>	<u>-</u>
	<u>\$ 2,915,184</u>	<u>\$ 2,057,263</u>

Refer also to *Note G--Net Assets with Donor Restrictions, Held Under Endowments* and *Note J--Significant Concentrations*.

NOTE D -- FIXED ASSETS

Fixed assets consist of the following:

	June 30,	
	<u>2020</u>	<u>2019</u>
Land (*)	\$ 490,000	\$ 490,000
Building (*)	617,745	617,745
Website development and software	28,514	28,514
Computer equipment	<u>10,887</u>	<u>10,887</u>
	1,147,146	1,147,146
Less: Accumulated depreciation and amortization	<u>(51,114)</u>	<u>(29,876)</u>
	<u>\$ 1,096,032</u>	<u>\$ 1,117,270</u>

(*) Refer also to *Note B--Availability and Liquidity of Assets* as pertains to the purchase of a building to serve as a permanent home for ASOR.

Depreciation and amortization expense totaled \$21,238 and \$9,540 for 2020 and 2019, respectively.

The American Schools of Oriental Research

NOTE E -- LINE OF CREDIT BORROWINGS

On April 9, 2019, ASOR obtained a three-year \$550,000 bank line of credit. The line bears interest at Libor plus 1.60% and requires monthly interest-only payments through its maturity (or renewal) on April 9, 2022. ASOR may prepay the outstanding balance on the line, or cancel the line, without penalty. ASOR took its first draw of \$325,000 against the line on June 27, 2019, and repaid the balance in full on July 1, 2019.

The line of credit is secured by a Securities Account held by a non-bank subsidiary of the bank. The Securities Account is required to maintain a market value of at least \$733,333 at all times while the line of credit is in effect. At June 30, 2020, the Securities Account had a market value of approximately \$906,834.

NOTE F -- NET ASSETS WITH DONOR RESTRICTIONS, OTHER THAN ENDOWMENTS

Net assets with donor restrictions, other than endowments, were released from donor restrictions upon the incurrence of expenses satisfying the donor-imposed purpose restrictions as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Specific projects	\$ 15,500	\$ 19,715
Cultural Heritage Initiatives	36,642	220,505
Member supported fellowships and student support	5,852	15,112
Book subvention	4,600	4,840
Friends of ASOR	-	191
Building Fund	306,561	805,662
DOS grants	91,887	-
Other	<u>25,239</u>	<u>7,751</u>
	<u>\$ 486,281</u>	<u>\$ 1,073,776</u>

Net assets with donor restrictions, other than endowments, are available for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Specific projects	\$ 13,218	\$ 8,523
Cultural Heritage Initiatives	17,398	52,684
Member supported fellowships and student support	23,563	3,913
Book subvention	17,810	12,410
Building Fund	125,382	-
Herbert Mason Fellowship Fund	49,363	38,643
Lawrence T. Geraty Community Archeology Fund (*)	-	39,685
Non-federal grants	14,953	-
Other	<u>31,894</u>	<u>37,586</u>
	<u>\$ 293,581</u>	<u>\$ 193,444</u>

(*) Fund was converted to an endowment fund in fiscal 2020.

Conditional promises to give (made to ASOR) are as follows at June 30, 2020:

Ambassador's Fund for Cultural Preservation (AFCP) Grant, Reimbursement grant (Libya), term ends September 30, 2021.	\$ 20,767
U.S. Department of State, LEO reimbursement grant (Libya), term ends September 30, 2021.	27,457

No support from these conditional promises to give has been recognized in the accompanying financial statements.

The American Schools of Oriental Research

NOTE G -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS

FASB ASC 958-205 provides guidance on the net asset classification of board-designated and donor-restricted endowment funds held by nonprofit organizations, subject to an enacted version of UPMIFA (the *Uniform Prudent Management Institutional Funds Act*). ASOR holds only donor-restricted endowment funds. Therefore, unless stated otherwise in the gift instrument, assets held under endowments are considered donor-restricted assets until appropriated for expenditure by the Organization. Endowment net assets are disaggregated further by ASOR as to which amounts are subject to appropriation by the Organization or to investment in perpetuity. ASOR considers the following to be subject to investment in perpetuity: (1) the original value of gifts donated to endowments, (2) the original value of subsequent gifts to endowments, and (3) accumulations to endowments made in accordance with the direction of the applicable donor gift instruments. Net investment income is considered available for appropriation unless otherwise directed by the gift instrument.

The Organization has adopted investment and spending policies for 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 those endowment assets over the long-term. ASOR's investment portfolio relies on diversification of assets to achieve its long-term return objectives within prudent risk parameters. Endowment funds are held in cash, a bank money market account, brokered money market funds, mutual funds, exchange-traded funds, and managed equity securities, with the net earnings thereon available for ASOR's general use or as otherwise specified by the donor.

The composition of endowment net assets by fund type is as follows at June 30, 2020:

	Subject to <u>Approp'n</u>	Subject to Investment in Perpetuity	<u>Total</u>
Donor-restricted endowment funds:			
General Endowment	\$ 329,320	\$ 1,036,157	\$ 1,365,477
Harris Fund	34,079	119,094	153,173
Platt Fund	235,326	20,000	255,326
Wright/Meyers Fund	31,184	57,466	88,650
P.E. MacAllister Fund	20,131	132,820	152,951
Eric and Carol Meyers Fund	20,954	154,207	175,161
Strange/Midkiff Fund	12,552	109,060	121,612
Joe D. Seger Excavation Fund	9,176	56,645	65,821
Stevan B. Dana Scholarship Fund	(12,654)	307,757	295,103
Lawrence T. Geraty Fund	(724)	63,400	62,676
Board-designated endowment funds	<u>-</u>	<u>-</u>	<u>-</u>
Total endowment funds, June 30, 2020	<u>\$ 679,344</u>	<u>\$ 2,056,606</u>	<u>\$ 2,735,950</u>
Endowment net assets, June 30, 2019	\$ 659,474	\$ 1,274,080	\$ 1,933,554
Investment return, net	50,788	269	51,057
Contributions	-	728,957	728,957
Reclassification of net assets	19,495	53,300	72,795
Appropriation of endowment assets for expenditure	<u>(50,413)</u>	<u>-</u>	<u>(50,413)</u>
Endowment net assets, June 30, 2020	<u>\$ 679,344</u>	<u>\$ 2,056,606</u>	<u>\$ 2,735,950</u>

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

NOTE G -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS -- Continued

The composition of endowment net assets by fund type is as follows at June 30, 2019:

	Subject to <u>Approp'n</u>	Subject to Investment in Perpetuity	<u>Total</u>
Donor-restricted endowment funds:			
General Endowment	\$ 315,647	\$ 535,877	\$ 851,524
Harris Fund	22,955	118,825	141,780
Platt Fund	232,755	20,000	252,755
Wright/Meyers Fund	30,374	55,466	85,840
P.E. MacAllister Fund	18,630	131,620	150,250
Eric and Carol Meyers Fund	19,423	149,207	168,630
Strange/Midkiff Fund	10,967	107,960	118,927
Joe D. Seger Excavation Fund	5,968	56,645	62,613
Stevan B. Dana Scholarship Fund	2,755	98,480	101,235
Board-designated endowment funds	-	-	-
Total endowment funds, June 30, 2019	<u>\$ 659,474</u>	<u>\$ 1,274,080</u>	<u>\$ 1,933,554</u>
Endowment net assets, June 30, 2018	\$ 662,472	\$ 1,136,780	\$ 1,799,252
Investment return, net	81,232	563	81,795
Contributions	-	136,737	136,737
Reclassification of net assets	-	-	-
Appropriation of endowment assets for expenditure	<u>(84,230)</u>	<u>-</u>	<u>(84,230)</u>
Endowment net assets, June 30, 2019	<u>\$ 659,474</u>	<u>\$ 1,274,080</u>	<u>\$ 1,933,554</u>

NOTE H -- OFFICE SPACE

ASOR relocated its offices from Boston, Massachusetts, to Alexandria, Virginia, during fiscal 2019. In August 2018, ASOR made a partial move to space donated by Virginia Theological Seminary.

In April 2019, ASOR purchased a building at 209 Commerce Street in Alexandria (now called the James F. Strange Center) to use as its permanent home. (Refer also to *Note B* herein as pertains to the building purchase.) ASOR employees moved into the building in April 2019.

ASOR previously leased office space at 650 Beacon Street in Boston from June 1, 2017 to June 30, 2018, and at 665 Beacon Street from June 1, 2017 to December 31, 2018. ASOR leased storage space at 665 Beacon Street through May 31, 2019.

Rent expense of \$4,876 and in-kind rent of \$13,000 was recognized for fiscal 2019. No rent expense or in-kind rent was recognized for fiscal 2020.

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

NOTE I -- FAIR VALUE MEASUREMENTS

ASOR applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. 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 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The following represents assets measured at fair value on a recurring basis by ASOR at June 30, 2020 and 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2020</u>				
<i>Cash equivalents:</i>				
Money market funds	\$ 160,362	\$ 160,362	\$ -	\$ -
<i>Investments, excluding cash held by brokers</i>	<u>2,415,781</u>	<u>2,415,781</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,576,143</u>	<u>\$ 2,576,143</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2019</u>				
<i>Cash equivalents:</i>				
Money market funds	\$ 537,921	\$ 537,921	\$ -	\$ -
<i>Investments, excluding cash held by brokers</i>	<u>1,990,782</u>	<u>1,990,782</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,528,703</u>	<u>\$ 2,528,703</u>	<u>\$ -</u>	<u>\$ -</u>

Level 1: Cash equivalents include money market funds held in an operating account (non-sweep) with Charles Schwab. Investments include amounts held with Charles Schwab and BB&T Scott & Stringfellow in various money market funds, mutual funds, exchange-traded funds, and managed equities that are reported at fair value based on quoted market prices. Refer also to *Note C--Investments*.

ASOR reports transfers between levels of the fair value hierarchy, if any, at the end of the reporting period. There were no such transfers at June 30, 2020 and 2019.

At June 30, 2020 and 2019, ASOR had no assets or liabilities classified within Level 2 or Level 3 of the fair value hierarchy.

The American Schools of Oriental Research

NOTE J -- SIGNIFICANT CONCENTRATIONS

ASOR maintains its primary operating account with Charles Schwab. Amounts in the account are generally held in cash, money market funds (non-sweep), and 90-day U.S. Treasury Bills. Cash and cash equivalents at June 30, 2020 and 2019, include approximately \$801,000 and \$607,000, respectively, held in the Charles Schwab operating account. These amounts are not eligible for FDIC insurance. Cash and cash equivalents at June 30, 2020, also include bank holdings of approximately \$221,000, all of which are within FDIC limits. Investments at June 30, 2020, include bank holdings of approximately \$459,000, of which approximately \$430,000 are in excess of federally insured limits.

Cash and cash equivalents of \$801,015 and investments of \$2,456,540 at June 30, 2020, are invested with two brokerage firms. These, as well as other investments, are primarily unsecured, though certain coverage may be provided by the Security Investors Protection Corporation for missing stocks and other securities up to \$500,000, including up to \$100,000 in cash if a brokerage or bank brokerage subsidiary fails. SIPC does not ensure the quality of investments or protect against losses from fluctuating market values.

NOTE K-- 401(k) RETIREMENT PLAN

ASOR sponsors a 401(k) retirement plan on behalf of its employees. Non-excluded employees may make deferrals to the plan upon attaining age 21. ASOR is required to make Safe Harbor Nonelective Contributions equal to 6% of compensation of eligible participants based on each payroll period. The plan also provides for discretionary, nonelective employer contributions on behalf of employees who have attained age 21, completed a Year of Service, and are employed on the last day of the plan year (December 31). Safe Harbor Nonelective Contributions to the plan totaled \$35,700 and \$45,292 for the fiscal years ended June 30, 2020 and 2019, respectively. ASOR made no discretionary, nonelective contributions for the plan years ended December 31, 2019 and 2018.

NOTE L -- COMMITMENTS AND CONTINGENCIES (including subsequent events)

Financial Assistance: Financial assistance from various awarding agencies is subject to special audit. Such audits could result in claims against ASOR for disallowed costs or noncompliance with grantor restrictions. Management is aware of no disallowable costs or instances of noncompliance with grantor restrictions; consequently, no provision has been made for liabilities that may arise from such audits.

Grants, bequests and endowments require the fulfillment of certain conditions set forth in the instruments of the gifts. Failure to fulfill the conditions, or in the case of the endowments, failure to continue to fulfill them, could result in the return of funds to the donor. Management is aware of no instances of noncompliance with donor restrictions; consequently, no provision has been made for liabilities that may arise from such.

COVID-19: On March 11, 2020, the World Health Organization declared COVID-19 a global health pandemic.

The United States and global markets experienced significant declines in value in February and March 2020 due to uncertainty caused by the pandemic. The markets have since reported increases that largely offset the February-March 2020 declines. However, COVID-19 continues to be a serious threat, the impact of which on U.S. and global markets cannot be reasonably estimated at this time.

ASOR's Annual Meeting, scheduled to be held in Boston in November 2020, was converted to a virtual event as a result of the pandemic. (ASOR incurred no penalties as a result of cancelling the on-site event.) ASOR plans both in-person and virtual components for its 2021 Annual Meeting. Management expects that support and revenues from member dues, conference registration fees, and contributions for fiscal 2021 may be reduced as a result of the pandemic.

The American Schools of Oriental Research

NOTE L -- COMMITMENTS AND CONTINGENCIES (including subsequent events) -- Continued

COVID-19--Continued: Due to COVID-19 uncertainties, ASOR applied for a *forgivable* loan under the Paycheck Protection Program (PPP), a program administered through the U.S. Small Business Administration and created with the enactment of the Coronavirus Aid, Relief, and Economy Security Act (the CARES Act). A loan of \$118,700 was approved on April 18, 2020 and was funded on April 24, 2020. Management expects the PPP loan to be eligible for forgiveness based on ASOR's use of all proceeds to fund eligible payroll and other qualifying expenses within twenty-four weeks of receipt. Per program guidelines, any portion of a loan that is not eligible for forgiveness will bear interest at 1.0%, with payments of interest deferred for the first six months. Thereafter, the note will require monthly payments of principal and interest, based on an eighteen-month amortization period, or as otherwise agreed by the lender bank. PPP loans are unsecured.

ASOR staff are working mostly remotely to provide program and support services to members via phone, video conferences, and e-mail. Using a protocol whereby there is only one ASOR staff member in the building at a time, ASOR utilizes the James F. Strange Center for in-office tasks and activities as needed. At the date on which the financial statements were available to be issued, ASOR plans to continue this "mostly remote" policy through at least January 4, 2021. ASOR will reevaluate this remote working policy in 2021, utilizing and following public health guidance and recommendations.

Management continues to monitor the situation; however, the resulting impact of COVID-19 on operations cannot be reasonably estimated at this time. If necessary, ASOR intends to utilize net assets without donor restrictions to maintain its base operations.

NOTE M -- RELATED PARTY TRANSACTIONS

The financial statements include only ASOR's accounts. These financial statements do not include ASOR's affiliates: the William Foxwell Albright Institute of Archeological Research (AIAR) in Jerusalem; the American Center of Oriental Research in Amman, Incorporated (ACOR) in Amman, Jordan; and the Cyprus American Archaeological Research Institute, Inc. (CAARI) in Nicosia, Cyprus.

ASOR allows ACOR and CAARI to use office space in the United States that ASOR owns and/or leases. AIAR does not share office space with ASOR in the United States. ACOR and CAARI reimburse ASOR for their proportional share of building use and utilities.

Members of the ASOR Board of Trustees contributed approximately \$1,004,623 and \$801,950 to ASOR for the years ended June 30, 2020 and 2019, respectively.

NOTE N -- SUBSEQUENT EVENTS (not otherwise disclosed)

Grants Awarded: ASOR was subsequently awarded three federal (Department of State) grants: 1) A U.S. Embassy Grant for participation of Libyan scholars in ASOR Annual Meetings; 2) An amendment to increase an existing U.S. Embassy Grant by \$44,550 to support anti-trafficking activities in Libya; and 3) a new Ambassador's Fund for Cultural Preservation (AFCP) Grant of \$74,992 to protect cultural heritage in Cyrene, Libya.

Name Change for ASOR: The Board of Trustees voted unanimously on August 19, 2020, to remove "Oriental" from ASOR's name. Based on the most recent membership poll, management expects ASOR's new name will be "American Society for Overseas Research". The finalization of the new name is pending a Board vote and an amendment to ASOR's Articles of Incorporation.

Management has evaluated subsequent events through November 30, 2020, the date on which the financial statements were available to be issued.