

Audited Financial Statements
American Society of Overseas Research
Years Ended June 30, 2021 and 2020

Audited Financial Statements

American Society of Overseas Research

Years Ended June 30, 2021 and 2020

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Independent Auditors' Report

Board of Trustees
American Society of Overseas Research
Alexandria, Virginia

We have audited the accompanying financial statements of American Society of Overseas Research (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 American Society of Overseas Research as of June 30, 2021 and 2020, 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 2014-09

As described in Note A to the financial statements, American Society of Overseas Research adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

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

Raleigh, North Carolina
November 8, 2021

Statements of Financial Position

American Society of Overseas Research

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,010,204	\$ 1,027,406
Grants receivable	24,966	-
Other receivables	230,154	6,860
Prepaid expenses and other assets	23,041	35,561
Investments (including permanent endowments)	4,183,901	2,915,184
Fixed assets, net	<u>1,075,253</u>	<u>1,096,032</u>
TOTAL ASSETS	<u>\$ 6,547,519</u>	<u>\$ 5,081,043</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 43,288	\$ 32,547
Deferred revenue	263,780	240,180
Deferred support	50,953	20,203
PPP forgivable loans	<u>118,700</u>	<u>118,700</u>
TOTAL LIABILITIES	476,721	411,630
NET ASSETS		
Without donor restrictions:		
Available for operations	413,247	423,259
Board-designated:		
Building Fund	248,161	-
Publications Opportunity Fund	135,587	120,591
Norma Kershaw Fund for Membership Outreach	<u>200,000</u>	<u>-</u>
Total Board-designated net assets	583,748	120,591
Fixed assets, net	<u>1,075,253</u>	<u>1,096,032</u>
Total net assets without donor restrictions	2,072,248	1,639,882
With donor restrictions:		
Other than endowments	143,383	293,581
Held under endowments	<u>3,855,167</u>	<u>2,735,950</u>
Total net assets with donor restrictions	<u>3,998,550</u>	<u>3,029,531</u>
TOTAL NET ASSETS	<u>6,070,798</u>	<u>4,669,413</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,547,519</u>	<u>\$ 5,081,043</u>

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

Statement of Activities

American Society of Overseas Research

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 413,706	\$ 498,100	\$ 911,806
Federal grants		141,816	141,816
Income from forgiveness of PPP loan	118,700		118,700
In-kind contributions	29,942		29,942
Book revenue	8,156		8,156
Journals revenue	115,440		115,440
Institutional memberships	59,000		59,000
Individual memberships	180,948		180,948
Annual meeting	165,952		165,952
Royalties and other income	34,580		34,580
Miscellaneous income	1,670		1,670
Reimbursement income	19,181		19,181
Net investment income	53,393	827,011	880,404
Net assets released from restrictions:			
Released from non-endowed funds	384,819	(384,819)	-
Appropriated from endowment funds	113,089	(113,089)	-
	<u>1,698,576</u>	<u>969,019</u>	<u>2,667,595</u>
Total Support and Revenue			
EXPENSES AND LOSSES			
Program services:			
Annual Meeting and Events	270,139		270,139
Academic Programs & Policy Support	321,679		321,679
Cultural Heritage Initiatives	196,098		196,098
Journals	98,260		98,260
Books	47,154		47,154
	<u>933,330</u>	<u>-</u>	<u>933,330</u>
Support services:			
Management and general	228,929		228,929
Fundraising	103,951		103,951
	<u>332,880</u>	<u>-</u>	<u>332,880</u>
Total Expenses	<u>1,266,210</u>	<u>-</u>	<u>1,266,210</u>
Change in Net Assets	432,366	969,019	1,401,385
Net Assets, Beginning of Year	<u>1,639,882</u>	<u>3,029,531</u>	<u>4,669,413</u>
Net Assets, End of Year	<u>\$ 2,072,248</u>	<u>\$ 3,998,550</u>	<u>\$ 6,070,798</u>

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

Statement of Activities

American Society of Overseas Research

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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)	-
	<u>1,348,573</u>	<u>902,533</u>	<u>2,251,106</u>
Total Support and Revenue			
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>
	<u>1,171,681</u>	<u>-</u>	<u>1,171,681</u>
Total Expenses			
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.

Schedule of Support and Revenue and Functional Expenses

American Society of Overseas Research

Year Ended June 30, 2021

	Annual Meeting and Events	Academic Programs & Policy Support	Cultural Heritage Initiatives	Journals	Books	Management and General	Fundraising	Total
SUPPORT, REVENUES, AND OTHER INCOME:								
Contributions	\$ 6,596	\$ 763,880	\$ 4,310	\$ 500	\$ 450	\$ 136,022	\$ 48	\$ 911,806
Federal grant			141,816					141,816
PPP financial assistance						118,700		118,700
In-kind contributions	1,269	1,269	5,828	1,269		15,230	5,077	29,942
Book revenue					8,156			8,156
Journals revenue				115,440				115,440
Institutional memberships						59,000		59,000
Individual memberships				36,190		144,758		180,948
Annual meeting	165,952							165,952
Royalties and other income				34,580				34,580
Reimbursement income						19,181		19,181
Miscellaneous income						1,670		1,670
Net investment income								
		502,018	6		27,496	350,884		880,404
Total Support, Revenues, and Other Income	173,817	1,267,167	151,960	187,979	36,102	845,445	5,125	2,667,595
EXPENSES:								
Annual meeting expenses	31,322							31,322
Depreciation	1,051	1,051	1,051	1,051		12,371	4,204	20,779
Fellowships and grants	17,515	104,382						121,897
Specific projects		9,694						9,694
General and administrative	6,085	13,074	177	99	33	6,915	3,010	29,393
Insurance	1,954	1,582	1,127	634	214	9,907	1,328	16,746
Postage and supplies	4,152	2,941	14,363	1,034	349	9,439	4,298	36,576
Production and editorial costs		18,096		45,741	29,678			93,515
Legal and accounting	2,750	2,750	2,750	2,750		33,003	11,001	55,004
Building expenses, including insurance	3,047	2,467	1,758	988	333	3,715	2,071	14,379
Salaries, contract payments and benefits	195,559	151,428	138,683	45,293	16,346	148,204	76,346	771,859
Other direct costs			18,654					18,654
Travel, meetings, and Chair support	5,330	13,102	16,742	225	51	2,796	401	38,647
Utilities and telephone	1,374	1,112	793	445	150	2,579	1,292	7,745
Total Expenses	270,139	321,679	196,098	98,260	47,154	228,929	103,951	1,266,210
Change in Net Assets	\$ (96,322)	\$ 945,488	\$ (44,138)	\$ 89,719	\$ (11,052)	\$ 616,516	\$ (98,826)	\$ 1,401,385

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

Schedule of Support and Revenue and Functional Expenses

American Society of Overseas 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
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.

Statements of Cash Flows

American Society of Overseas Research

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 1,401,385	\$ 1,079,425
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	20,779	21,238
Unrealized and realized gains on investments	(834,071)	(2,568)
Income from forgiveness of PPP loan	(118,700)	-
Contributions restricted for long-term purposes:		
Building Fund	(97,950)	(430,697)
Permanent endowments	(155,935)	(728,957)
Changes in operating assets and liabilities:		
Grants receivable	(24,966)	5,613
Other receivables	(223,294)	47,748
Prepaid expenses and other assets	12,520	(27,773)
Accounts payable and accrued expenses	10,741	(3,666)
Deferred revenue	23,600	(11,483)
Deferred support	30,750	20,203
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>44,859</u>	<u>(30,917)</u>
INVESTING ACTIVITIES:		
Proceeds from sales of investments	1,211,590	1,645,717
Purchases of investments	(1,646,236)	(2,501,070)
Purchases of fixed assets	-	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(434,646)</u>	<u>(855,353)</u>
FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes:		
Building Fund	97,950	430,697
Permanent endowments	155,935	728,957
Proceeds from line of credit borrowings	-	-
Repayment of line of credit borrowings	-	(325,000)
Proceeds from PPP forgivable loans	118,700	118,700
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>372,585</u>	<u>953,354</u>
NET CHANGE IN CASH	(17,202)	67,084
Cash and cash equivalents, beginning of year	<u>1,027,406</u>	<u>960,322</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,010,204</u>	<u>\$ 1,027,406</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

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

Notes to Financial Statements

American Society of Overseas Research

Years Ended June 30, 2021 and 2020

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Organization: American Society of Overseas Research (ASOR/the Organization/ and formerly, American Schools of Oriental Research), 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 membership dues, grants, contributions, scholarly journals, webinars, and annual programs.

Effective December 9, 2020, and following a year-long process with two surveys of membership about ASOR's new name, ASOR's Board of Trustees voted to change the name of the Organization to "American Society of Overseas Research" and to continue using the acronym "ASOR". Effective October 27, 2021, the responsible authority in the District of Columbia approved the amendment to ASOR's Articles of Incorporation. At the date on which these financial statements were available to be issued, management is in the process of filing the legal name change with financial institutions and with local, state, and federal agencies.

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 2014-09: Effective July 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method of transition. The core principle of the guidance in ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The Organization applied the requirements of the standard to agreements that either were not complete at July 1, 2020, or were entered into after July 1, 2020. The adoption of ASU 2014-09 resulted in no significant changes in the way the Organization recognizes revenue; therefore, no cumulative effect adjustment was required as of July 1, 2020. The presentation and disclosures of revenue have been enhanced as required by the standard.

Net Assets: 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. ASOR's net assets without donor restrictions include \$583,748 and \$120,591 at June 30, 2021 and 2020, respectively, that are subject to Board designations and 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: ASOR's primary revenue sources that are accounted for as exchange transactions include membership dues, Annual Meeting registrations and reimbursements, and journals revenue.

American Society of Overseas Research

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

Management believes ASOR has an implicit contract with its members to provide benefits that include, but are not limited to, access to on-line resources, member discounts, and journals. Dues and benefits vary across membership levels, but are generally believed to be commensurate in value. Dues for certain membership levels that account for approximately five percent of individual membership dues are considered to have both an exchange element and a contribution element. Member benefits are considered to represent a single performance obligation which is satisfied ratably over the membership period; therefore, ASOR recognizes the exchange portion of membership dues ratably over the one-year membership period. The contribution portion of dues is recognized immediately. Dues collected in advance are held in deferred revenue in the statement of financial position.

Registration fees for the Annual Meeting are recognized when the event is held, whether in-person or virtually. The Annual Meeting is typically held in November, with the location varying from year to year. Amounts received prior to the date of service are held in deferred revenue in the statement of financial position.

Journals revenue is recognized and paid quarterly according to the terms and conditions of a publishing contract.

Deferred revenue at June 30, 2021, includes advances received for membership dues of \$147,575 and Annual Meeting of \$116,205. All amounts in deferred revenue at June 30, 2021, are expected to be earned and recognized as revenue in Fiscal 2022. Deferred revenue at June 30, 2020, included advances for membership dues of \$120,935 and Annual Meeting of \$119,245. All amounts included in deferred revenue at June 30, 2020, were earned and recognized as revenue in Fiscal 2021.

PPP Forgivable Loans: ASOR has elected to account for *forgivable* loans received 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), as obligations until the loans are forgiven or repaid. Income therefrom will be recognized upon forgiveness of the loans. Refer also to *Note K--Commitments and Contingencies* as pertains to *COVID-19*.

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. (Refer also to *Note F--Net Assets With Donor Restrictions, Other Than Endowments*). Amounts received against conditional promises to give are held as deferred support until conditions for recognition are met. 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.

Deferred support at June 30, 2021, includes advances of \$50,953 received under federal grants. All amounts in deferred support at June 30, 2021, are expected to be earned and recognized as revenue in Fiscal 2022. Deferred revenue at June 30, 2020, included advances of \$20,203 received under federal grants. All amounts included in deferred support at June 30, 2020, were earned and recognized as revenue in Fiscal 2021.

In-Kind Contributions: In-kind contributions of \$29,942 and \$13,630, respectively, are included in support (and expenses) for Fiscal 2021 and 2020 at the estimated fair value of such. In-kind contributions relate primarily to services provided by attorneys. 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 were not met.

American Society of Overseas Research

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

Cash and 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. Cash and money market funds held under investment portfolios are included in investments in the accompanying financial statements. Refer also to *Note C--Investments* and *Note H--Fair Value Measurements*.

Grants Receivable: Grants receivable consists of amounts due from federal agencies. Management feels all amounts are collectible; therefore, no allowance for doubtful accounts is provided.

Other Receivables: Other receivables at June 30, 2021 include \$200,000 due from a donor's estate and various amounts due from other donors, all of which were collected subsequently. Management feels all amounts are collectible; therefore, no allowance for doubtful accounts is provided. Receivables are due within a year and are unsecured.

Investments (including permanent endowments): Investments include amounts held in cash, money market funds, mutual funds, exchange-traded funds, and managed equity securities. Investments, other than cash holdings, 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, as well as 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.

Impairment of Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

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, 2021 and 2020 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, webinars, travel to archaeological and cultural sites, and public lectures.

American Society of Overseas Research

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

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.

Journals: ASOR's publication program has a long and venerable history, dating back to the publication of the first volume of the *Bulletin of American Society of Overseas 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.

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, 2021 and 2020, based on the short-term maturity of these financial instruments. Investments are carried at fair value based on quoted market prices. The carrying value of PPP forgivable loans approximates the fair value of such based on the terms and conditions of the federal program. Refer also to *Note H--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.

Reclassifications: Certain amounts previously reported in the Fiscal 2020 financial statements have been reclassified to conform to the Fiscal 2021 presentation.

Notes to Financial Statements -- Continued

American Society of Overseas Research

NOTE B -- AVAILABILITY AND LIQUIDITY OF ASSETS

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:

	June 30,	
	<u>2021</u>	<u>2020</u>
Financial assets at year-end (cash, investments, and receivables)	\$ 5,449,225	\$ 3,949,450
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	(3,998,550)	(3,029,531)
Board-designations	<u>(583,748)</u>	<u>(120,591)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 866,927</u>	<u>\$ 799,328</u>

ASOR's distribution policy for endowments provides for distributions at 3.5% of endowment assets annually. The Board increased the rate to 5.0% for distributions taken after December 31, 2020.

The Organization also has 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*.

NOTE C -- INVESTMENTS

Investments consist of the following:

	June 30,	
	<u>2021</u>	<u>2020</u>
Held by two brokerage firms:		
Cash and money market funds	\$ 395,100	\$ 182,211
Mutual funds:		
Money market funds	-	45,147
Equities	2,045,045	1,098,142
Bonds	176,311	108,069
Exchange-traded funds:		
Equities	688,640	219,038
Bonds	387,380	200,613
Managed equities	489,385	603,320
Held by a bank:		
Money market account	<u>2,040</u>	<u>458,644</u>
	<u>\$ 4,183,901</u>	<u>\$ 2,915,184</u>

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

Notes to Financial Statements -- Continued

American Society of Overseas Research

NOTE D -- FIXED ASSETS

Fixed assets consist of the following:

	June 30,	
	<u>2021</u>	<u>2020</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>(71,893)</u>	<u>(51,114)</u>
	<u>\$ 1,075,253</u>	<u>\$ 1,096,032</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. At June 30, 2021, net assets of \$248,161 are Board-designated for the maintenance and upkeep of the building.

Depreciation and amortization expense totaled \$20,779 and \$21,238 for Fiscal 2021 and 2020, respectively.

NOTE E -- LINE OF CREDIT BORROWINGS

ASOR has a \$550,000 bank line of credit that 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. No balance was outstanding on the line at June 30, 2021 and 2020.

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, 2021, the Securities Account had a market value of approximately \$1,678,604.

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 satisfaction of donor-imposed purpose restrictions as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Specific projects	\$ 18,548	\$ 15,500
Cultural Heritage Initiatives	330	36,642
Member supported fellowships and student support	34,289	5,852
Book subvention	6,730	4,600
Diversity Initiative	31,867	-
Building Fund	124,434*	306,561
DOS grants	141,820	91,887
Other	<u>26,801</u>	<u>25,239</u>
	<u>\$ 384,819</u>	<u>\$ 486,281</u>

* Reclassified to Board-designated net assets in Fiscal 2021.

Notes to Financial Statements -- Continued

American Society of Overseas Research

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

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

	<u>2021</u>	<u>2020</u>
Specific projects	\$ 16,921	\$ 13,218
Cultural Heritage Initiatives	19,378	17,398
Member supported fellowships and student support	4,061	23,563
Book subvention	11,530	17,810
Building Fund	948	125,382
Herbert Mason Fellowship Fund	-	49,363*
Diversity Initiative	24,989	-
Non-federal grants	12,923	14,953
Other	<u>52,633</u>	<u>31,894</u>
	<u>\$ 143,383</u>	<u>\$ 293,581</u>

* Reclassified to a donor-restricted endowment in Fiscal 2021.

Conditional promises to give (made to ASOR) are as follows at June 30, 2021:

Ambassador's Fund for Cultural Preservation (AFCP) Grant (Cyrene), reimbursement grant, term ends December 31, 2021.	\$ 35,665
U.S. Department of State, LEO reimbursement grant (Libya), term ends June 4, 2022.	40,286

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

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.

Notes to Financial Statements -- Continued

American Society of Overseas 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, 2021:

	Subject to <u>Approp'n</u>	Subject to Investment <u>in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds:			
General Endowment	\$ 642,786	\$ 1,037,857	\$ 1,680,643
Harris Fund	61,529	123,975	185,504
Platt Fund	303,142	20,000	323,142
Wright/Meyers Fund	57,484	57,466	114,950
P.E. MacAllister Fund	70,768	132,820	203,588
Eric and Carol Meyers Fund	68,293	159,207	227,500
Strange/Midkiff Fund	44,484	109,280	153,764
Joe D. Seger Excavation Fund	25,112	56,895	82,007
Stevan B. Dana Scholarship Fund	89,362	307,757	397,119
Lawrence T. Geraty Fund	18,827	89,560	108,387
Herbert Mason Fellowship Fund	3,806	53,008	56,814
Stevan B. Dana #2 Fund	1,524	118,960	120,484
BIPOC Endowment Fund	1,265	200,000	201,265
Board-designated endowment funds*	-	-	-
Total endowment funds, June 30, 2021	<u>\$ 1,388,382</u>	<u>\$ 2,466,785</u>	<u>\$ 3,855,167</u>

*A Board-designated endowment fund of \$200,000 was funded after June 30, 2021. The \$200,000 commitment, included in other receivables and Board-designated net assets at June 30, 2021, was collected in July 2021 and invested as directed by the Board.

	Subject to <u>Approp'n</u>	Subject to Investment <u>in Perpetuity</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 679,344	\$ 2,056,606	\$ 2,735,950
Investment return, net	822,127	4,881	827,008
Contributions	-	155,935	155,935
Reclassification of donor-restricted net assets	-	249,363	249,363
Appropriation of endowment assets for expenditure	<u>(113,089)</u>	<u>-</u>	<u>(113,089)</u>
Endowment net assets, June 30, 2021	<u>\$ 1,388,382</u>	<u>\$ 2,466,785</u>	<u>\$ 3,855,167</u>

Notes to Financial Statements -- Continued

American Society of Overseas 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, 2020:

	Subject to <u>Approp'n</u>	Subject to Investment <u>in Perpetuity</u>	<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	-	-	-
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>

NOTE H -- 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.

Notes to Financial Statements -- Continued

American Society of Overseas Research

NOTE H -- FAIR VALUE MEASUREMENTS -- Continued

The following represents assets measured at fair value on a recurring basis by ASOR at June 30, 2021 and 2020:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2021</u>				
<i>Cash equivalents:</i>				
Money market funds	\$ 160,378	\$ 160,378	\$ -	\$ -
<i>Investments, excluding cash held by brokers</i>	<u>3,853,419</u>	<u>3,853,419</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,013,797</u>	<u>\$ 4,013,797</u>	<u>\$ -</u>	<u>\$ -</u>
<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>

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, 2021 and 2020.

At June 30, 2021 and 2020, ASOR had no assets or liabilities classified within Level 2 or Level 3 of the fair value hierarchy.

NOTE I -- SIGNIFICANT CONCENTRATIONS (including a subsequent event)

ASOR maintains one of its primary operating accounts with Charles Schwab. The account balance generally consists of cash and money market funds (non-sweep). Cash and cash equivalents at June 30, 2021 and 2020, include approximately \$486,000 and \$801,000, respectively, held in the Charles Schwab operating account. These amounts are not eligible for FDIC insurance. ASOR also maintains an operating account with a bank, the balance of which approximated \$516,000 and \$221,000 at June 30, 2021 and 2020, respectively. At June 30, 2021, bank holdings exceeded federally insured limits by approximately \$267,000.

ASOR's investments at June 30, 2021 and 2020, are invested with two brokerage firms. 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. Refer also to *Note C--Investments*.

Other receivables at June 30, 2021 include \$200,000 due from a donor's estate, all of which was collected subsequently.

Federal grant support of \$141,816 and \$91,883 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, 2021 and 2020, respectively.

American Society of Overseas Research

NOTE J -- 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 \$37,385 and \$35,700 for the years ended June 30, 2021 and 2020, respectively. ASOR made no discretionary, nonelective contributions for the plan years ended December 31, 2020 and 2019.

NOTE K -- 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.

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. The loan was forgiven in full by the SBA on January 11, 2021, resulting in the recognition of \$118,700 of *income from forgiveness of PPP loan* during Fiscal 2021.

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. On October 18, 2021, ASOR signed a contract for its 2022 Annual Meeting in Boston with 0% attrition, and management continues to utilize available measures to mitigate risk.

On February 19, 2021, ASOR received loan proceeds of \$118,700 from a second *forgivable* loan under the Payroll Protection Program. Management expects the PPP loan to be eligible for forgiveness based on the Organization's use of the proceeds to fund eligible payroll and other qualifying expenses within 24 weeks ("the Covered Period") 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 until the date on which the SBA determines the amount of forgiveness and pays that amount to the lender, or if no application for forgiveness is received by lender, ten months after the expiration of the Covered Period. Thereafter, the note will require monthly payments of principal and interest over the remainder of the five-year term. PPP loans are unsecured by the borrower. Refer also to Note A herein as pertains to *PPP Forgivable Loans*.

On September 7, 2021, ASOR and ACOR/CAARI staff who reside in or near Alexandria, VA, returned to in-person work at the James F. Strange Center. Staff and guests are required to be fully vaccinated with a WHO-approved COVID-19 vaccine, and are required to follow local and federal recommendations. ASOR will continue utilizing and following public health guidance and recommendations in Fiscal 2022 and beyond as needed.

At the date on which these financial statements were available to be issued, management continues to monitor the situation. Revenues for Fiscal 2022 are currently stable. However, due to the ongoing threat of the coronavirus and its variants, the resulting impact on operations cannot be reasonably estimated at this time.

Notes to Financial Statements -- Continued

American Society of Overseas Research

NOTE L -- 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 Research (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 were charged approximately \$19,091 for use of the building, utilities, and postage in Fiscal 2021, of which \$7,698 is included in other receivables at June 30, 2021.

Members of the ASOR Board of Trustees contributed approximately \$598,106 and \$1,004,623 to ASOR for the years ended June 30, 2021 and 2020, respectively.

NOTE M -- SUBSEQUENT EVENTS (not otherwise disclosed)

Grants Awarded: ASOR was subsequently awarded three federal grants totaling approximately \$1,035,240 that are expected to be expended for program services during the next two fiscal years.

Management has evaluated subsequent events through November 8, 2021, the date on which the financial statements were available to be issued. No further adjustments to or disclosures in the financial statements are considered necessary.