

Audited Financial Statements  
**American Society of Overseas Research**  
Years Ended June 30, 2022 and 2021

**DRAFT**

Independent Auditor’s Report ..... 1  
Statements of Financial Position ..... 3  
Statement of Activities (2022)..... 4  
Statement of Activities (2021)..... 5  
Statement of Support and Revenue and Functional Expenses (2022) ..... 6  
Statement of Support and Revenue and Functional Expenses (2021) ..... 7  
Statements of Cash Flows ..... 8  
Notes to Financial Statements ..... 9

**DRAFT**

Independent Auditor's Report

To the Board of Trustees  
of American Society of Overseas Research  
Alexandria, Virginia

**Opinion**

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

**DRAFT**

Independent Auditor's Report--Continued

- Obtain an understanding of internal control relevant to the audit 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 American Society of Overseas Research's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Society of Overseas Research's ability to continue as a going concern for a reasonable period of time.

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

Raleigh, North Carolina  
November \_\_, 2022

Statements of Financial Position

American Society of Overseas Research

June 30, 2022 and 2021

<b>DRAFT</b>
--------------

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,089,703	\$ 1,010,204
Grants receivable	92,736	24,966
Other receivables	18,659	230,154
Prepaid expenses and other assets	29,335	23,041
Investments (including permanent endowments)	4,003,711	4,183,901
Fixed assets, net	1,057,056	1,075,253
TOTAL ASSETS	\$ 6,291,200	\$ 6,547,519
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 46,159	\$ 43,288
Deferred revenue	276,635	263,780
Deferred support	149,392	50,953
PPP forgivable loans	-	118,700
TOTAL LIABILITIES	472,186	476,721
<b>NET ASSETS</b>		
Without donor restrictions:		
Available for operations	600,154	413,247
Board-designated:		
Building Fund	328,722	248,161
Publications Opportunity Fund	126,731	135,587
Norma Kershaw Fund for Membership Outreach	155,001	200,000
Total Board-designated net assets	610,454	583,748
Fixed assets, net	1,057,056	1,075,253
Total net assets without donor restrictions	2,267,664	2,072,248
With donor restrictions:		
Other than endowments	130,306	143,383
Held under endowments	3,421,044	3,855,167
Total net assets with donor restrictions	3,551,350	3,998,550
TOTAL NET ASSETS	5,819,014	6,070,798
TOTAL LIABILITIES AND NET ASSETS	\$ 6,291,200	\$ 6,547,519

See accompanying independent auditor's report and notes to financial statements.

## Statement of Activities

## American Society of Overseas Research

Year Ended June 30, 2022

**DRAFT**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 263,128	\$ 580,636	\$ 843,764
Federal grants		359,139	359,139
Income from forgiveness of PPP loan	118,700		118,700
In-kind contributions	47,799		47,799
Book revenue	21,698		21,698
Journals revenue	121,052		121,052
Institutional memberships	60,000		60,000
Individual memberships	209,795		209,795
Annual meeting	225,170		225,170
Royalties and other income	32,771		32,771
Miscellaneous income	130		130
Reimbursement income	14,116		14,116
Net investment loss	(86,995)	(652,303)	(739,298)
Net assets released from restrictions:			
Released from non-endowed funds	534,822	(534,822)	-
Appropriated from endowment funds	199,850	(199,850)	-
Total Support and Revenue	<u>1,762,036</u>	<u>(447,200)</u>	<u>1,314,836</u>
<b>EXPENSES AND LOSSES</b>			
Program services:			
Annual Meeting and Events	331,239		331,239
Academic Programs & Policy Support	391,388		391,388
Cultural Heritage Initiatives	375,444		375,444
Journals	68,628		68,628
Books	20,501		20,501
	<u>1,187,200</u>	<u>-</u>	<u>1,187,200</u>
Support services:			
Management and general	327,947		327,947
Fundraising	51,473		51,473
	<u>379,420</u>	<u>-</u>	<u>379,420</u>
Total Expenses	<u>1,566,620</u>	<u>-</u>	<u>1,566,620</u>
Change in Net Assets	195,416	(447,200)	(251,784)
Net Assets, Beginning of Year	<u>2,072,248</u>	<u>3,998,550</u>	<u>6,070,798</u>
Net Assets, End of Year	<u>\$ 2,267,664</u>	<u>\$ 3,551,350</u>	<u>\$ 5,819,014</u>

See accompanying independent auditor's report and notes to financial statements.

## Statement of Activities

## American Society of Overseas Research

Year Ended June 30, 2021

**DRAFT**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
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>
<b>EXPENSES AND LOSSES</b>			
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>
	<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 auditor's report and notes to financial statements.

Statement of Support and Revenue and Functional Expenses

American Society of Overseas Research

Year Ended June 30, 2022

DRAFT

	Annual Meeting and Events	Academic Programs & Policy Support	Cultural Heritage Initiatives	Journals	Books	Management and General	Fundraising	Total
<b>SUPPORT, REVENUES, AND OTHER INCOME:</b>								
Contributions	\$ 1,576	\$ 686,336	\$ 5,190	\$ 310	\$ 8,000	\$ 141,894	\$ 458	\$ 843,764
Federal grants			359,139					359,139
Income from forgiveness of PPP loan						118,700		118,700
In-kind contributions	2,123	2,123	7,458	2,123		25,479	8,493	47,799
Book revenue					21,698			21,698
Journals revenue				121,052				121,052
Institutional memberships						60,000		60,000
Individual memberships				41,959		167,836		209,795
Annual meeting	225,170							225,170
Royalties and other income				32,771				32,771
Reimbursement income						14,116		14,116
Miscellaneous income						130		130
Net investment income								
		(372,659)	4		(9,376)	(357,267)		(739,298)
<b>Total Support, Revenues, and Other Income</b>	<b>228,869</b>	<b>315,800</b>	<b>371,791</b>	<b>198,215</b>	<b>20,322</b>	<b>170,888</b>	<b>8,951</b>	<b>1,314,836</b>
<b>EXPENSES:</b>								
Annual meeting expenses	74,153							74,153
Depreciation	910	910	910	910		10,918	3,639	18,197
Development expense	4,012						948	4,960
Fellowships and grants	26,332	184,449						210,781
Specific projects		18,230		747				18,977
General and administrative	5,633	2,650		45		37,089	2,400	47,817
Insurance						5,424		5,424
Postage and supplies		90	37,267	11	381	14,937		52,686
Production and editorial costs		18,001		43,515	12,523			74,039
Legal and accounting	3,879	3,879	3,879	3,879		46,548	15,516	77,580
Building expenses, including insurance			(540)			17,308		16,768
Salaries, contract payments and benefits	215,452	146,642	277,017	19,521	7,597	177,802	28,970	873,001
Other direct costs			20,567					20,567
Travel, meetings, and Chair support	868	16,537	36,344			9,668		63,417
Utilities and telephone						8,253		8,253
<b>Total Expenses</b>	<b>331,239</b>	<b>391,388</b>	<b>375,444</b>	<b>68,628</b>	<b>20,501</b>	<b>327,947</b>	<b>51,473</b>	<b>1,566,620</b>
<b>Change in Net Assets</b>	<b>\$ (102,370)</b>	<b>\$ (75,588)</b>	<b>\$ (3,653)</b>	<b>\$ 129,587</b>	<b>\$ (179)</b>	<b>\$ (157,059)</b>	<b>\$ (42,522)</b>	<b>\$ (251,784)</b>

See accompanying independent auditor's report and notes to financial statements.

Statement of Support and Revenue and Functional Expenses

American Society of Overseas Research

Year Ended June 30, 2021

DRAFT

	Annual Meeting and Events	Academic Programs & Policy Support	Cultural Heritage Initiatives	Journals	Books	Management and General	Fundraising	Total
<b>SUPPORT, REVENUES, AND OTHER INCOME:</b>								
Contributions	\$ 6,596	\$ 763,880	\$ 4,310	\$ 500	\$ 450	\$ 136,022	\$ 48	\$ 911,806
Federal grants			141,816					141,816
Income from forgiveness of PPP loan						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
<b>Total Support, Revenues, and Other Income</b>	<b>173,817</b>	<b>1,267,167</b>	<b>151,960</b>	<b>187,979</b>	<b>36,102</b>	<b>845,445</b>	<b>5,125</b>	<b>2,667,595</b>
<b>EXPENSES:</b>								
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
<b>Total Expenses</b>	<b>270,139</b>	<b>321,679</b>	<b>196,098</b>	<b>98,260</b>	<b>47,154</b>	<b>228,929</b>	<b>103,951</b>	<b>1,266,210</b>
<b>Change in Net Assets</b>	<b>\$ (96,322)</b>	<b>\$ 945,488</b>	<b>\$ (44,138)</b>	<b>\$ 89,719</b>	<b>\$ (11,052)</b>	<b>\$ 616,516</b>	<b>\$ (98,826)</b>	<b>\$ 1,401,385</b>

See accompanying independent auditor's report and notes to financial statements.



Statements of Cash Flows

American Society of Overseas Research

Years Ended June 30, 2022 and 2021

DRAFT

	2022	2021
<b>OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (251,784)	\$ 1,401,385
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,197	20,779
Unrealized and realized losses (gains) on investments, net	880,451	(834,071)
Income from forgiveness of PPP loan	(118,700)	(118,700)
Contributions restricted for long-term purposes:		
Building Fund	(130,400)	(97,950)
Permanent endowments	(418,030)	(155,935)
Changes in operating assets and liabilities:		
Grants receivable	(67,770)	(24,966)
Other receivables	211,495	(223,294)
Prepaid expenses and other assets	(6,294)	12,520
Accounts payable and accrued expenses	2,871	10,741
Deferred revenue	12,855	23,600
Deferred support	98,439	30,750
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>231,330</b>	<b>44,859</b>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	131,870	1,211,590
Purchases of investments	(832,131)	(1,646,236)
Purchases of fixed assets	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(700,261)</b>	<b>(434,646)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for long-term purposes:		
Building Fund	130,400	97,950
Permanent endowments	418,030	155,935
Proceeds from PPP forgivable loans	-	118,700
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>548,430</b>	<b>372,585</b>
<b>NET CHANGE IN CASH</b>	79,499	(17,202)
Cash and cash equivalents, beginning of year	1,010,204	1,027,406
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,089,703</b>	<b>\$ 1,010,204</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ -	\$ -

See accompanying independent auditor's report and notes to financial statements.

**American Society of Overseas Research**

Years Ended June 30, 2022 and 2021

**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) was established in 1900 and 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 has filed 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.

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 \$610,454 and \$583,748 at June 30, 2022 and 2021, 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.

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.

**American Society of Overseas Research**

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

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

Deferred revenue at June 30, 2022, includes advances received for membership dues of \$150,410 and Annual Meeting of \$126,225. All amounts in deferred revenue at June 30, 2022, are expected to be earned and recognized as revenue in Fiscal 2023. 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.

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. Loans of \$118,700 were recognized in income in Fiscal 2022 and Fiscal 2021 upon forgiveness of the loans.

Recognition of Support/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, 2022, includes advances of \$149,392 received under federal grants. All amounts in deferred support at June 30, 2022, are expected to be recognized as support in Fiscal 2023. Deferred support at June 30, 2021, includes advances of \$50,953 received under federal grants. All amounts in deferred support at June 30, 2021, were recognized as support in Fiscal 2022.

In-Kind Contributions: In-kind contributions of \$47,799 and \$29,942, respectively, are included in support (and expenses) for Fiscal 2022 and 2021 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.

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. Receivables are due within a year and are unsecured. Receivables are due within a year and are unsecured.

Other Receivables: Other receivables at June 30, 2022 include \$18,659 due from various other donors and book sales, all of which were collected subsequently. 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 in Fiscal 2022.

**American Society of Overseas Research**

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

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, 2022 and 2021 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.

*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. ASOR also promotes and carries out education and stewardship programs in these regions.

**American Society of Overseas Research**

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

*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, 2022 and 2021, 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.

## 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 as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end (cash, investments, and receivables)	\$ 5,204,809	\$ 5,449,225
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	(3,551,350)	(3,998,550)
Board designations	(610,454)	(583,748)
Deferred support	<u>(149,392)</u>	<u>(50,953)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 893,613</u>	<u>\$ 815,974</u>

Since December 31, 2020, ASOR's spending policies for endowments provide for distributions at 5% of endowment assets annually. The rate for distributions was previously set at 3.5% annually.

DRAFT

**American Society of Overseas Research**

NOTE C -- INVESTMENTS (including a subsequent event)

Investments consist of the following:

	June 30,	
	2022	2021
Held by two brokerage firms:		
Cash and money market funds	\$ 266,396	\$ 395,100
Exchange-traded funds:		
Equities	572,580	688,640
Bonds	488,450	387,380
Mutual funds:		
Equities	2,127,490	2,045,045
Bonds	171,655	176,311
Managed equities	374,099	489,385
Held by a bank:		
Money market account	3,041	2,040
	\$ 4,003,711	\$ 4,183,901

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

Subsequent Event: At the date on which the financial statements were available to be issued, ASOR's investments are held with one brokerage firm in self-managed accounts.

NOTE D -- FIXED ASSETS

Fixed assets consist of the following:

	June 30,	
	2022	2021
Land	\$ 490,000	\$ 490,000
Building	617,745	617,745
Website development and software	28,514	28,514
Computer equipment	10,887	10,887
	1,147,146	1,147,146
Less: Accumulated depreciation and amortization	(90,090)	(71,893)
	\$ 1,057,056	\$ 1,075,253

On April 24, 2019, ASOR purchased the property in Alexandria, Virginia (now named the James F. Strange Center) for approximately \$1,107,745 to serve as a permanent home for ASOR. The purchase was financed with proceeds from donor pledges, bank borrowings, and operating reserves. At June 30, 2022, net assets of \$328,722 are Board-designated for the maintenance and upkeep of the building.

Depreciation and amortization expense totaled \$18,197 and \$20,779 for Fiscal 2022 and 2021, respectively.

**American Society of Overseas Research**

## NOTE E -- LINE OF CREDIT BORROWINGS (including a subsequent event)

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. ASOR may prepay the outstanding balance on the line, or cancel the line, without penalty. 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, 2022, the Securities Account had a market value of approximately \$1,293,000.

No balance was outstanding on the line at June 30, 2022 and 2021 and no borrowings were made against the line subsequent to June 30, 2022. ASOR closed the line of credit in September 2022.

## 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>2022</u>	<u>2021</u>
Specific projects	\$ 27,277	\$ 18,548
Cultural Heritage Initiatives	2,855	330
Member supported fellowships and student support	40,172	34,289
Book subvention	-	6,730
Diversity Initiative	31,189	31,867
Building Fund	948	124,434*
DOS grants	359,139	141,820
Other	<u>73,242</u>	<u>26,801</u>
	<u>\$ 534,822</u>	<u>\$ 384,819</u>

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

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

	<u>2022</u>	<u>2021</u>
Specific projects	\$ 13,948	\$ 16,921
Cultural Heritage Initiatives	21,021	19,378
Member supported fellowships and student support	14,819	4,061
Book subvention	19,530	11,530
Diversity Initiative	12,000	24,989
Building Fund	-	948
Non-federal grants	-	12,923
Other	<u>48,988</u>	<u>52,633</u>
	<u>\$ 130,306</u>	<u>\$ 143,383</u>

**American Society of Overseas Research**

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

Conditional promises to give (made to ASOR) are as follows at June 30, 2022:

U.S. Department of State, LEO reimbursement grant (Libya), term ends September 30, 2023	\$ 51,455
U.S. Department of State, LEO travel support reimbursement grant (Libya), term ends December 31, 2023.	35,510
U.S. Department of State, DRL Maghreb reimbursement grant, term ends February 28, 2023	537,035
U.S. Department of State, Libya CPAIG reimbursement grant, term ends September 30, 2023	133,514
U.S. Department of State, Tunisia PAS reimbursement grant, term ends December 31, 2023.	26,120

## 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.



**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, 2022:

	Subject to Approp'n	Subject to Investment in Perpetuity	<u>Total</u>
Donor-restricted endowment funds:			
General Endowment	\$ 257,905	\$ 1,038,857	\$ 1,296,762
Harris Fund	27,697	123,975	151,672
Platt Fund	240,838	20,000	260,838
Wright/Meyers Fund	32,829	67,466	100,295
P.E. MacAllister Fund	28,267	132,820	161,087
Eric and Carol Meyers Fund	23,630	185,827	209,457
Strange/Midkiff Fund	15,444	144,380	159,824
Joe D. Seger Excavation Fund	9,534	56,895	66,429
Stevan B. Dana Scholarship Fund	15,804	307,757	323,561
Lawrence T. Geraty Fund*	(2,342)	103,345	101,003
Herbert Mason Fellowship Fund*	(7,635)	53,533	45,898
Stevan B. Dana #2 Fund*	(53,170)	318,960	265,790
BIPOC Endowment Fund*	(39,710)	231,000	191,290
Stevan B. Dana #3 Fund*	<u>(12,862)</u>	<u>100,000</u>	<u>87,138</u>
Total endowment funds, June 30, 2022	<u>\$ 536,229</u>	<u>\$ 2,884,815</u>	<u>\$ 3,421,044</u>
	Subject to Approp'n	Subject to Investment in Perpetuity	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 1,388,382	\$ 2,466,785	\$ 3,855,167
Investment return, net	(652,303)	-	(652,303)
Contributions		418,030	418,030
Reclassification of donor-restricted net assets	-	-	-
Appropriation of endowment assets for expenditure	<u>(199,850)</u>	<u>-</u>	<u>(199,850)</u>
Endowment net assets, June 30, 2022	<u>\$ 536,229</u>	<u>\$ 2,884,815</u>	<u>\$ 3,421,044</u>

\* The spending policies adopted by ASOR for existing endowments can be applied consistently over time regardless of short-term fluctuations in the market value of the funds. Each policy sets spending rates allowing for long-term growth in the corpus of its corresponding endowment, while also providing funds for ASOR to spend in fulfilling its mission. To prevent erosion of the principal of a fund, if the Quarterly Closing Market Value is less than seventy-five percent (75%) of the fund's historic dollar value, the distribution calculated above will be reduced by fifty percent (50%). For Fiscal Year 2022, there were no quarters where any endowments were 75% below the historic dollar value.

**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 Approp'n	Subject to Investment in Perpetuity	<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	<u>1,265</u>	<u>200,000</u>	<u>201,265</u>
Total endowment funds, June 30, 2021	<u>\$ 1,388,382</u>	<u>\$ 2,466,785</u>	<u>\$ 3,855,167</u>
	Subject to	Subject to	<u>Total</u>
	Approp'n	Investment in Perpetuity	
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>

**American Society of Overseas Research**

## 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.

The following represents assets measured at fair value on a recurring basis by ASOR at June 30, 2022 and 2021:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2022</u>				
<i>Cash equivalents:</i>				
Money market funds	\$ 160,496	\$ 160,496	\$ -	\$ -
Treasury bills	345,823	345,823		
<i>Investments, excluding cash held by brokers</i>	<u>3,770,958</u>	<u>3,770,958</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,277,277</u>	<u>\$ 4,277,277</u>	<u>\$ -</u>	<u>\$ -</u>
<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>

*Level 1:* Cash equivalents include money market funds and treasury bills held in an operating account (non-sweep) with Charles Schwab. Investments include amounts held with Charles Schwab and Truist 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*.

At June 30, 2022 and 2021, ASOR had no assets or liabilities classified within Level 2 or Level 3 of the fair value hierarchy.

**American Society of Overseas Research**

NOTE I -- SIGNIFICANT CONCENTRATIONS

ASOR maintains one of its primary operating accounts with Charles Schwab. The account balance generally consists of cash, money market funds (non-sweep) and treasury bills. Cash and cash equivalents at June 30, 2022 and 2021, include approximately \$687,400 and \$486,000, 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 \$400,000 and \$516,000 at June 30, 2022 and 2021, respectively. Bank holdings exceeded federally insured limits by approximately \$153,000 and \$267,000 at June 30, 2022 and 2021, respectively.

ASOR's investments at June 30, 2022 and 2021, 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*.

Federal grant support of \$359,139 and \$141,816 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, 2022 and 2021, respectively.

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 \$40,802 and \$37,385 for the years ended June 30, 2022 and 2021, respectively. ASOR made no discretionary, nonelective contributions for the plan years ended December 31, 2021 and 2020.

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 not aware of 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 not aware of instances of noncompliance with donor restrictions; consequently, no provision has been made for liabilities that may arise from such.

Commitments: On October 18, 2021, ASOR signed a contract for its 2022 Annual Meeting in Boston with 0% attrition, and its 2025 Annual Meeting with 50% attrition. On December 30, 2021, ASOR signed a contract for its 2023 Annual Meeting in Chicago with 0% attrition, and its 2026 Annual Meeting with 50% attrition. Management continues to utilize available measures to mitigate risk.

**American Society of Overseas Research**

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

COVID-19: On March 11, 2020, the World Health Organization declared COVID-19 a global health pandemic. ASOR's staff worked remotely from late-March 2020 until September 7, 2021, at which time ASOR and ACOR/CAARI staff who reside in or near Alexandria, Virginia, returned to in-person work at the James F. Strange Center. ASOR requires all staff to be fully vaccinated.

At the date on which the financial statements were available to be issued, ASOR still requires all occupants of the James F. Strange Center to be masked—a policy that exceeds local requirements. International travel and programs associated with grants outside the United States have resumed. ASOR has developed strategies for virtual delivery of programs if conditions change in the future. However, the resulting impact of COVID-19 on ASOR's future operations cannot be reasonably estimated at this time.

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 \$327,364 and \$598,106 to ASOR for the years ended June 30, 2022 and 2021, respectively. The spouse of a Board member received salary and benefits from ASOR of approximately \$8,400 in Fiscal 2022 for Cultural Heritage Initiatives work.

NOTE M -- SUBSEQUENT EVENTS (not otherwise disclosed)

Federal Grants: ASOR was subsequently awarded federal grants (including renewals) of approximately \$924,000 in the aggregate. Support from these awards is expected to be recognized during Fiscal 2023 and 2024.

New Academic Journal: on November 7, 2022, ASOR executed a Journal Publication Transfer Agreement for *Maarav: A Journal for the Study of the Northwest Semitic Languages and Literatures*. ASOR received the journal as a gift from Western Publishing, and ASOR will receive subvention support from an anonymous family foundation to pay for the transition expenses. This will be the fourth academic journal to be published by University of Chicago Press as ASOR's publishing partner. ASOR will receive royalties from sales of the journal as provided by agreement.

Management has evaluated subsequent events through November \_\_, 2022, 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.