

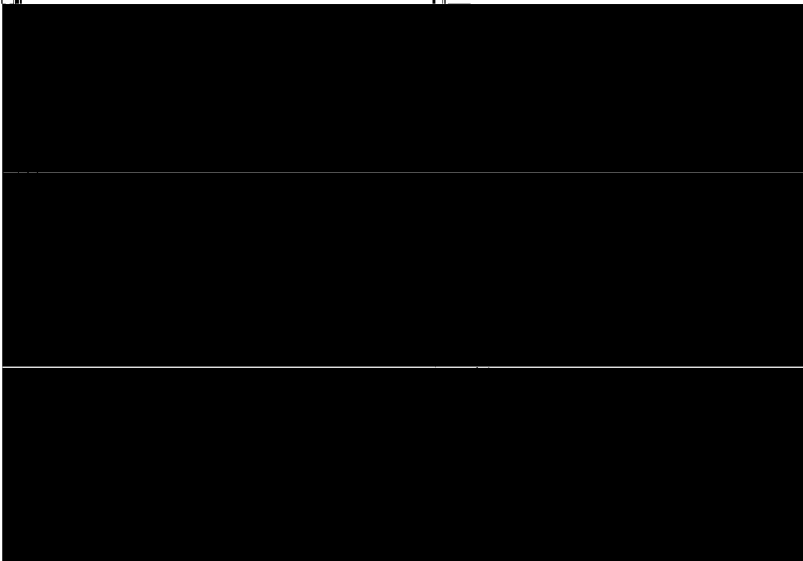
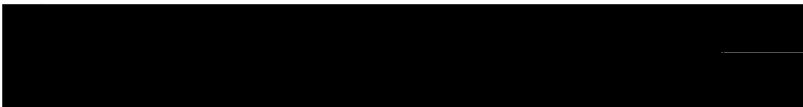


Audited Financial Statements

The American Schools of Oriental Research



Years Ended June 30, 2019 and 2018



||

Audited Financial Statements

The American Schools of Oriental Research

Years Ended June 30, 2019 and 2018

Independent Auditors' Report	1
Statements of Financial Position	2
Statement of Activities (2019).....	3
Statement of Activities (2018).....	4
Statement of Support and Revenue and Functional Expenses (2019)	5
Statement of Support and Revenue and Functional Expenses (2018)	6
Statements of Cash Flows	7

Notes to Financial Statements	8
-------------------------------------	---



Independent Auditors' Report

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

We have audited the accompanying financial statements of The American Schools of Oriental Research (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 generally accepted accounting principles, the 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. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An auditor's performing procedures to obtain reasonable assurance about the accuracy and completeness of 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 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 aspects, the financial position of The American Schools of Oriental Research as of June 30, 2019 and 2018, 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 New Accounting Standard

As described in Note A to the financial statements, The American Schools of Oriental Research adopted FASB Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Romeo, Wiggins & Company, LLP

Raleigh, North Carolina
November 21, 2019

Statements of Financial Position

The American Schools of Oriental Research

June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 960,322	\$ 1,133,910
Grants receivable	5,613	14,768
Accounts receivable:		
Memberships and subscriptions	7,033	32,428
Book sales and other receivables	41,575	23,750
Prenaid expenses and other assets	2,802	7,722
Investments (including permanent endowments)	2,057,263	1,921,942
Fixed assets, net	1,117,270	19,102
TOTAL ASSETS	\$ 4,202,864	\$ 3,165,150
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 36,213	\$ 40,578
Deferred revenue	251,663	379,382
Line of credit borrowings	325,000	-
TOTAL LIABILITIES	612,876	419,960
NET ASSETS		
Without donor restrictions:		
Available for operations	222,015	568,407
Board-designated for publications	123,705	137,690
Fixed assets, net	1,117,270	19,102
	1,462,990	725,199
With donor restrictions:		
Other than endowments	193,444	220,739
Field under endowments	1,933,554	1,799,252
TOTAL NET ASSETS	3,589,988	2,745,190
TOTAL LIABILITIES AND NET ASSETS	\$ 4,202,864	\$ 3,165,150

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

Statement of Activities

The American Schools of Oriental Research

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 90,481	\$ 1,025,147	\$ 1,115,628
Federal grants	210,954	418,834	629,788
Other contracts and grants		158,071	158,071
In-kind contributions	64,617		64,617
Book revenue	31,177		31,177
Journals revenue	177,389		177,389
Institutional memberships	69,976		69,976
Individual memberships	160,487		160,487
Annual meeting	215,894		215,894
Royalties and other income	44,065		44,065
Miscellaneous income	5,950		5,950
Net investment income	36,301	81,795	118,096
Net assets released from restrictions:			
Released from non-endowed funds	1,073,776	(1,073,776)	-
Appropriated from endowment funds	(67,250)	(67,250)	-
Total Support and Revenue	2,274,197	107,007	2,381,204
EXPENSES AND LOSSES			
Program services:			
Annual Meeting and Events	266,954		266,954
Archeology & Policy Support	260,746	260,746	521,492
Cultural Heritage Initiatives	473,360		473,360
Archives Project	7,851		7,851
Journals	239,832		239,832
Books	71,081		71,081
	<u>1,319,824</u>	<u>-</u>	<u>1,319,824</u>
Support services:			
Management and general	119,170	119,170	238,340
Fundraising	97,412		97,412
	<u>216,582</u>	<u>-</u>	<u>216,582</u>
Total Expenses	1,536,406	-	1,536,406
Change in Net Assets	737,791	107,007	844,798
Net Assets, Beginning of Year	725,199	2,019,991	2,745,190
Net Assets, End of Year	\$ 1,462,990	\$ 2,126,998	\$ 3,589,988

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

Statement of Activities

The American Schools of Oriental Research

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 168,754	\$ 334,144	\$ 502,898
Federal grants		712,546	712,546
In-kind contributions	99,170		99,170
Book revenue	41,820		41,820
Institutional memberships	67,022		67,022
Individual memberships	174,531		174,531
Annual meeting	247,800		247,800
Royalties and other income	51,379		51,379
Miscellaneous income	671		671
Net assets released from restrictions:			
Released from non-endowed funds	918,214	(918,214)	-
Appropriated from endowment funds	76,599	(76,599)	-
Total Support and Revenue	2,061,798	225,101	2,286,899
EXPENSES AND LOSSES			
Program services:			
Annual Meeting and Events	259,906	259,906	
Archeology & Policy Support	182,437	182,437	
Cultural Heritage Initiatives	947,610		947,610
Archives Project	35,682		35,682
Journals	282,090		282,090
Books	71,262		71,262
	1,778,987	-	1,778,987
Support services:			
Management and general	129,594		129,594
Fundraising	57,547		57,547
	187,141	-	187,141
Total Expenses	1,966,128	-	1,966,128
Change in Net Assets	95,670	225,101	320,771
Net Assets, Beginning of Year	629,529	1,794,890	2,424,419
Net Assets, End of Year	\$ 725,199	\$ 2,019,991	\$ 2,745,190

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

Schedule of Support and Revenue and Functional Expenses

The American Schools of Oriental Research

Year Ended June 30, 2018

SUPPORT, REVENUES, AND OTHER INCOME:

	2018	Arch. & Policy Support	Cultural Initiatives	Archives Project	Journals	Books	Management	Fundraising	Total
Contributions	4	\$ 143,564	178,020	\$	\$	\$ 10,800	\$ 6,527	\$ 502	\$ 502,898
Federal grants	1		712,546						712,546
In-kind contributions	251,244	39	596,540	50	605		321,519	13	99,170
Book revenue						41,820			41,820
Journals revenue	4				199,169			5	199,169
Institutional memberships	113,790				23,458		3,000	8	67,022
Individual memberships	6				69,812		4,520		174,531
Annual meeting	0								247,800
Royalties and other income		4			51,379			9	51,379
Miscellaneous income	7							4	671
Net investment income	50	173,225				7,042	9,212	2	189,893
	1,743						387		
Total Support, Revenues, and Other Income	1,743	317,188	887,106	50	344,423	59,662	6,563	731	2,286,899

EXPENSES:

Annual meeting expenses	2,200	0					342	2	
Depreciation	4,212						1,510		113,742
Development expense	130,600	690	6	138	2,414		92,295	4	6,897
Fellowships and grants	70	61,108	1					5	61,100
Sponsored projects	65	18,208			7,500		106	3	25,700
General and administrative	37	1,363	1,443	116	1,559		1,193	8	6,559
Insurance	1,173	1,703	4,271	342	4,513		3,386	5	17,083
Postage and supplies	2,444	1,744	6,995	547	4,711		3,680	7	20,276
Production and editorial costs	0	15,514			148,578	49,769			213,965
Legal and accounting	259,941	2,294	4,750	433	5,735		12,594	1,882	21,629
Rent	84	4,200	10,510	841	9,570		0	0	42,041
Salaries, contract payments and benefits	(8,605)	50,963	73,259	32,400	84,732	21,493	19,725	40	1,125,627
Donated services		3	96,540						96,540
Other direct costs		1	38,560						138,560
Travel, meetings, and Chair support	0	20,996	5,736	134	1,308		1,000	3	31,087
Loss on disposal of fixed assets	1	50		10	177			2	507
Utilities and telephone	5	1,130	2,840	227	3,357		2,000	6	11,360
Other allocated costs	5	2,470	2,706	494	7,126		7,000	13	24,487
Total Expenses	5	182,432	47,610	35,682	282,000	71,262	9,500	57,400	1,966,128
Change in Net Assets	\$ 3)	\$ 134,746	39,496	\$ (35,629)	\$ 62,333	\$ (11,600)	\$ 5,000	\$ (56,100)	\$ 320,771

See accompanying independent auditor's report and notes to financial statement

Statements of Cash Flows

The American Schools of Oriental Research

Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES:		
Change in net assets	\$ 844,500	\$ 200,571
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	9,540	6,897
Net increase in fair value of investments	(28,961)	(177,667)
Contributions restricted for long-term purposes:		
Building Fund	(799,662)	(6,000)
Permanent endowments	(136,737)	(38,380)
Changes in operating assets and liabilities:		
Grants receivable	9,155	102,832
Memberships and subscriptions receivable	25,395	(16,060)
Book sales and other receivables	(23,625)	(3,400)
Inventory and capitalized costs	6,433	7,132
Prepaid expenses and other assets	4,829	1,521
Accounts receivable and accrued expenses	(1,266)	26,610
Deferred revenue	(127,719)	(9,810)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(220,882)	264,953
INVESTING ACTIVITIES:		
(Purchases) sales of investments, net	(106,360)	(18,230)
Purchases of fixed assets	(1,107,745)	-
NET CASH USED IN INVESTING ACTIVITIES	(1,214,105)	(18,230)
FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes:		
Building Fund	799,662	6,000
Permanent endowments	136,737	38,380
Proceeds from line of credit borrowings	325,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,261,399	44,380
Cash and cash equivalents, beginning of year	1,133,910	872,001
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 960,322	\$ 1,133,910
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -

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

Notes to Financial Statements

The American Schools of Oriental Research

Years Ended June 30, 2019 and 2018

NOTE A - THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

Adoption of New Accounting Standard: The accompanying financial statements have been prepared in accordance with FASB Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which was first effective for fiscal years beginning after December 15, 2017.

net asset classes:

Net Assets Without Donor Restrictions: This net asset class is subject to donor restrictions and may be expended for any purpose in performing the primary objectives of the Organization. At June 30, 2019 and 2018, ASOR's net assets without donor restrictions include \$123,705 and \$137,690, respectively, that are Board-designated for publications. Board-designated net assets are not available to cover operating expenses, including budget shortfalls, unless specifically approved by the Board.

Net Assets With Donor Restrictions: This net asset class is subject to restrictions imposed by donors and grantors. Some restrictions in nature such as those that are restricted by a donor for use by a charitable organization 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. This net asset class includes amounts that were previously included in temporarily restricted and permanently restricted net asset classes.

ASOR is now required to report expenses by nature and function in one location in the financial statements (as presented in the accompanying statements of support and revenue and functional expenses), and to include both quantitative and qualitative disclosures with regard to the availability and liquidity of assets (as presented in *Note B--Availability and Liquidity of Assets*). ASOR has implemented ASU 2016-14 retrospectively for all periods presented.

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

Recognition of Support / Conditional Awards: Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is satisfied) in the reporting period. Contributions that are not restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The American Schools of Oriental Research

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

Recognition of Support / Conditional Awards--Continued: Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the promise received. Conditional promises to give (including reimbursement grants) are recognized when the conditions on which they depend are substantially met. Amounts received against conditional promises to give are held as deferred support until conditions for recognition are met.

Federal grant support of \$219,854 and \$712,546 for the years ended June 30 2019 and 2018, respectively, was provided by the Department of State (DOS) for use in connection with ASOR's Cultural Heritage Initiatives program. Refer also to *Note M--Subsequent Events*.

In-Kind Contributions: In-kind contributions of \$64,617 and \$99,170 were recognized in support (and expenses), at fair value, for the years ended June 30, 2019 and 2018, respectively, and consist primarily of services provided by consultants assisting ASOR with its Cultural Heritage Initiatives, services provided by attorneys, and donated space. Donations that (a) enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ASOR. Donations provided services that are not recognized as contributions in the accompanying financial statements since the recognition criteria under FASB ASC 958-605 were not met.

Cash Equivalents: ASOR considers all highly liquid investments with an initial maturity of three months or less, to be cash equivalents. Refer also to *Note I--Fair Value Measurements*.

Accounts Receivable: Accounts receivable are stated at net realizable value. Management considers all receivables to be collectible; therefore, no allowance for doubtful accounts is provided at June 30, 2019 and 2018. Accounts receivable balances are due within a year and are unsecured.

Inventory and Capitalized Costs: Inventory consists of completed publications that are sold through an independent distributor. Capitalized costs consist of expenses related to the production of publications prior to completion. Inventory is reported at the lower of cost or market, less a provision for obsolescence and impairment.

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

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

Fair Value of Financial Instruments: The carrying value of accounts receivable and accounts payable is considered by management to approximate the fair value of such at June 30, 2019 and 2018, based on the short-term maturity of these financial instruments. Investments are carried at fair value based on quoted market prices. Refer also to *Note I--Fair Value Measurements*.

The American Schools of Oriental Research

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

Income Taxes: ASOR is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization had no income subject

uncertain tax positions.

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

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

Archaeology and Public Outreach: ASOR's primary focus is the study and preservation of the archaeological and cultural heritage 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 the Near East and the wider Mediterranean and to raise awareness of its degradation. We also promote and carry out education and stewardship programs in these regions.

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

Journals: ASOR's publication program has a long and venerable history, dating back to the publication of the *Journal of the American Schools of Oriental Research* in 1900. ASOR also publishes the *Journal of Near Eastern Studies* in partnership with the University of Chicago Press. 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 *JNES*.

Memorandum of Agreement dated May 1, 2018.

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 other archaeological fieldwork. Excavation projects conducted by ASOR staff are published in the *ASOR Monographs*. Monographs are a subseries of the ASOR-ARS and may include conference proceedings.

ASOR's *Journal of the Society of American Archaeologists (JSAA)* was published in partnership with the University of Chicago Press in 2008. *JCSSS* is now published in partnership with Lockwood Press.

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

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

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification: Certain items have been reclassified to conform to the 2019 presentation.

Future Pronouncements: In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU requires that contributions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) in beginning after December 15, 2018, and for the resource provider in fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this ASU on future financial statements.

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

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

	<u>2019</u>	<u>2018</u>
Financial assets at year-end (cash, investments, and receivables)	\$ 3,077,806	\$ 3,126,998
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	(2,126,998)	(2,019,991)
Board-designation for publications	(123,705)	(137,090)
Financial assets available to meet cash needs for general expenditures within one year	\$ 827,103	\$ 969,917

On April 24, 2019, ASOR purchased a building in Alexandria, Virginia, for approximately \$1,107,745 to serve as a permanent home for ASOR. The purchase was financed with proceeds from donor pledges and operating reserves. Donations to the Building Fund of \$799,662 and \$6,000 were recognized (and collected) during the years ended June 30, 2019 and 2018, respectively. ASOR subsequently recognized (and collected) additional donations to the Building Fund of approximately \$359,000. A matching gift of \$450,000 remains conditional to ASOR raising \$225,000 in new gifts and pledges (made after February 1, 2019). At the date on which the financial statements were available to be issued, ASOR needed approximately \$50,000 in additional donations to satisfy the match. All donations to the Building Fund are donor-restricted for the purchase, furnishing, and maintenance of the building.

Since April 2019, the Organization has had access to a \$550,000 bank line of credit. ASOR took its first draw of \$325,000 against the line on June 27, 2019, and repaid the balance in full on July 1, 2019. The line is available for borrowings until its maturity on April 9, 2022.

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

NOTE C -- INVESTMENTS

Investments consist of the following:

	June 30	
	2019	2018
Mutual funds:		
Money market funds	60,065	-
Equities	1,315,057	1,176,676
Bonds	15,606	-
Exchange-traded funds:		
Equities	296,076	303,485
Bonds	294,178	277,347
Equities	-	94,207
	<u>\$ 2,057,263</u>	<u>\$ 1,921,942</u>

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

NOTE D -- FIXED ASSETS

Fixed assets consist of the following:

	June 30,	
	2019	2018
Land (*)	\$ 490,000	\$ -
Building (*)	617,745	-
Website development and software	28,514	28,511
Computer equipment	10,887	21,363
	1,147,146	49,877
Less: Accumulated depreciation and amortization	(29,876)	(30,775)
	<u>\$ 1,117,270</u>	<u>\$ 19,102</u>

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

Depreciation and amortization expense totaled \$9,540 and \$6,897 for 2019 and 2018, respectively.

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

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

On April 9, 2019, ASOR obtained a three-year \$550,000 bank line of credit. The line bears interest at Libor plus 1.60% and requires monthly interest payments. On April 9, 2019, ASOR drew \$325,000 against the line on June 27, 2019, and repaid the balance in full on July 1, 2019.

The line of credit is secured by a Securities Account held by a non-bank subsidiary of the bank. The Securities Account secures the outstanding balance on the line as of the line without penalty. At June 30, 2019, the Securities Account had a market value of approximately \$851,525.

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

Net assets with donor restrictions, other than endowments, were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as follows:

	Years Ended June 30	
	2019	2018
Sponsored projects	\$ 19,715	\$ 16,593
Cultural Heritage Initiatives	220,505	851,070
Member supported fellowships and student support	15,112	25,676
Book subvention	4,840	5,640
Friends of ASOR	191	12,537
Building Fund	805,662	-
Other	<u>7,751</u>	<u>6,698</u>
	<u>\$ 1,073,776</u>	<u>\$ 918,214</u>

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

	June 30,	
	2019	2018
Sponsored projects	\$ 8,523	\$ 5,429
Cultural Heritage Initiatives	52,684	118,698
Member supported fellowships and student support	3,913	3,117
Book subvention	12,410	13,570
Building Fund	-	6,000
Herbert Mason Fellowship Fund	38,643	34,443
Lawrence T. Geraty Community Archeology Fund	39,685	12,635
Other	<u>37,586</u>	<u>26,847</u>
	<u>\$ 193,444</u>	<u>\$ 220,739</u>

The American Schools of Oriental Research**NOTE G -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS**

FASB ASC 958-205 provides guidance on the net asset classification of board-designated and donor-restricted endowment funds held by nonprofit organizations (including the *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) investments in perpetuity, (2) 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 invested in various stock and money market funds, mutual funds, exchange-traded funds, and equity securities, with the net earnings thereon available for ASOR's general use or as otherwise specified by the donor.

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

	Subject to <u>Approp'n</u>	Subject to Investment in Perpetuity	<u>Total</u>
Donor-restricted endowment funds:			
General Endowment	\$ 315,647	\$ 535,877	\$ 851,524
Harris Fund	22,955	118,825	141,780
Platt Fund	232,755	20,000	252,755
Wright/Meyers Fund	30,374	55,466	85,840
P.E. MacAllister Fund	18,630	131,620	150,250
Eric and Carol Meyers Fund	19,423	149,207	168,630
Strange/Midkiff Fund	10,967	107,960	118,927
Joe B. Steyer Excavation Fund	5,960	56,645	62,605
Steven B. Dana Scholarship Fund	2,755	98,480	101,235
Board-designated endowment funds	-	-	-
Total endowment funds, June 30, 2019	<u>\$ 659,474</u>	<u>\$1,274,080</u>	<u>\$1,933,554</u>
Endowment net assets, June 30, 2018	<u>\$ 662,472</u>	<u>\$1,136,780</u>	<u>\$1,799,252</u>
Investment return, net	81,232	563	81,795
Contributions	-	136,737	136,737
Reclassification of net assets	-	-	-
Appropriation of endowment assets for expenditure	<u>(84,230)</u>	<u>-</u>	<u>(84,230)</u>
Endowment net assets, June 30, 2019	<u>\$ 659,474</u>	<u>\$1,274,080</u>	<u>\$1,933,554</u>

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

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

The composition of endowment net assets by fund type is as follows at June 30, 2018:

	Subject to Approp'n	Subject to Investment in Perpetuity	Total
Donor-restricted endowment funds:			
General Endowment	\$ 307,704	\$ 505,870	\$ 813,574
Harris Fund	26,180	118,262	144,442
Blatt Fund	210,806	20,000	230,806
Wright/Meyers Fund	31,976	55,466	87,442
P.E. MacAllister Fund	20,508	120,520	151,028
Eric and Carol Meyers Fund	18,555	142,207	160,762
Strange/Miukilf Fund	10,341	107,710	118,051
Joe D. Seger Excavation fund	6,534	56,645	63,179
Board-designated endowment funds	-	-	-
Total endowment funds, June 30, 2018	<u>\$ 662,472</u>	<u>\$ 1,136,780</u>	<u>\$ 1,799,252</u>
Endowment net assets, June 30, 2017			
	\$ 567,290	\$ 1,093,118	\$ 1,660,408
Investment return, net	171,781	1,442	173,223
Contributions	-	38,380	38,380
Reclassification of net assets	-	3,840	3,840
Appropriation of endowment assets for expenditure	(76,599)	-	(76,599)
Endowment net assets, June 30, 2018	<u>\$ 662,472</u>	<u>\$ 1,136,780</u>	<u>\$ 1,799,252</u>

NOTE H -- OPERATING LEASES (OFFICE SPACE)

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

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

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

Rent expense approximated \$4,876 and \$42,041 for the years ended June 30, 2019 and 2018, respectively. In-kind support (and expense) of \$13,000 was recognized for the year ended June 30, 2019, based on the estimate fair value of the donated space.

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

NOTE I -- FAIR VALUE MEASUREMENTS

ASOR applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also

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 levels and gives the highest priority to unadjusted quoted prices 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, 2019 and 2018:

Identical Assets	Inputs	Inputs	Quoted Prices in Active Markets	Significant Other Inputs	Significant Inputs
		Fair Value	(Level 1)	(Level 2)	(Level 3)
June 30, 2019					
<i>Cash and cash equivalents:</i>					
	Money market funds	\$ 537,921	\$ 537,921	\$ -	\$ -
	Investments, excluding cash held by brokers	1,990,782	1,990,782	-	-
	Total	\$ 2,528,703	\$ 2,528,703	\$ -	\$ -
June 30, 2018					
<i>Cash and cash equivalents:</i>					
	Money market funds	\$ 322,141	\$ 322,141	\$ -	\$ -
	U.S. Treasury Bill	557,117	557,117	-	-
	Investments, excluding cash held by brokers	1,851,717	1,851,717	-	-
	Total	\$ 2,771,002	\$ 2,771,002	\$ -	\$ -

Level 1 - Cash equivalents include amounts held in an operating account with Charles Schwab. The money market funds are held in a non-sweep account and the U.S. Treasury Bill has a 90-day term. Investments are held with Charles Schwab and BB&T Scott & Stringfellow at June 30, 2019, in various cash and money market funds, mutual funds, exchange-traded funds, and equities that are reported at fair value based on quoted market prices. Investments at June 30, 2018, are held with Charles Schwab and Sequoia Fund. Refer also to *Note C--Investments*.

no such transfers at June 30, 2019 and 2018.

At June 30, 2019 and 2018, ASOR had no assets or liabilities classified within Level 2 or Level 3 of the fair value hierarchy.

Notes to Financial Statements -- Continued

The American Schools of Oriental Research

NOTE J -- SIGNIFICANT CONCENTRATIONS

ASOR maintains its primary operating account with Charles Schwab. Amounts in the account are generally held in cash, money market funds (non-sweep), and 90-day U.S. Treasury Bills. Cash and cash equivalents at June 30, 2019 and 2018, include approximately \$607,000 and \$1,036,000, respectively, held in the Charles Schwab operating account. These amounts are not eligible for FDIC insurance. At June 30 2019, ASOR also had deposits of approximately \$336,000 on deposit with a bank. These holdings are eligible for FDIC coverage of up to \$250,000.

Cash and cash equivalents of \$607,187 and investments of \$2,057,263 at June 30, 2019, are invested with two brokerage firms. These, as well as other investments, are primarily unsecured, though certain coverage may be provided by the Security Investors Protection Corporation for missing stocks and other securities up to \$500,000, including up to \$100,000 in cash if a brokerage or bank brokerage subsidiary fails. SIPC does not ensure the quality of investments or protect against losses from fluctuating market values.

NOTE K -- COMMITMENTS AND CONTINGENCIES

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.

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 Oriental Research in Amman, Incorporated (ACOR) in Amman, Jordan; and the Cyprus American Archaeological Research Institute, Inc. (CAARI) in Nicosia, Cyprus.

ASOR allows ACOR and CAARI to use office space in the United States that ASOR owns and/or leases. AIAR does not share office space with ASOR in the United States. ACOR and CAARI pay ASOR for the use of office space, including building use and utilities. These financial statements reflect the net rent, costs, and utilities paid by ASOR.

Members of the ASOR Board of Trustees contributed approximately \$801,950 and \$158,065 to ASOR for the years ended June 30, 2019 and 2018, respectively.

NOTE M -- SUBSEQUENT EVENTS (not otherwise disclosed)

Federal Grants Awarded: ASOR was subsequently awarded federal grants of \$73,108 and \$67,000 for its Cultural Heritage Initiatives program.

Management has evaluated subsequent events through November 21, 2019, the date on which the financial statements were available to be issued.