



FINANCIAL STATEMENTS

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the ASA Council
American Sociological Association
Washington, D.C.

We have audited the accompanying financial statements of American Sociological Association, which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Sociological Association as of December 31, 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 Guidance

As discussed in Note 1 to the financial statements, American Sociological Association adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
April 29, 2020

AMERICAN SOCIOLOGICAL ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,729,397	\$ 1,894,159
Accounts receivable, net	246,251	246,065
Pledges receivable, current portion	68,748	59,796
Investments	265,587	223,087
Prepaid expenses and other assets	112,257	115,905
Total current assets	2,422,240	2,539,012
Fixed assets, net	7,042,936	7,361,933
OTHER ASSETS		
Deposits	7,847	12,129
Deferred rent asset	74,643	86,459
Pledges receivable, long-term, net	61,890	126,034
Investments, long-term	9,601,535	8,103,096
Total other assets	9,745,915	8,327,718
Total assets	\$ 19,211,091	\$ 18,228,663
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 201,353	\$ 192,056
Accrued expenses	202,911	278,876
Current portion of notes payable	225,000	265,000
Current portion of deferred revenue	774,088	1,089,251
Total current liabilities	1,403,352	1,825,183
LONG-TERM LIABILITIES		
Notes payable, net of current portion	5,624,577	5,822,089
Interest rate swap obligation	1,349,697	1,074,064
Deferred revenue, net of current portion	270,255	301,316
Security deposit	23,285	23,285
Total long-term liabilities	7,267,814	7,220,754
Total liabilities	8,671,166	9,045,937
NET ASSETS		
Without donor restrictions	7,429,745	6,373,481
With donor restrictions	3,110,180	2,809,245
Total net assets	10,539,925	9,182,726
Total liabilities and net assets	\$ 19,211,091	\$ 18,228,663

See accompanying notes.

AMERICAN SOCIOLOGICAL ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Administration	\$ 121,532	\$ -	\$ 121,532
Membership	1,969,910	-	1,969,910
Annual meeting	1,336,118	-	1,336,118
Publications	2,888,420	69,391	2,957,811
Academic and professional resources	329,723	205,142	534,865
Public engagement	-	2,025	2,025
Net investment return	1,125,748	415,641	1,541,389
Net assets released from restrictions	391,264	(391,264)	-
Total revenue	8,162,715	300,935	8,463,650
EXPENSES			
Program services			
Membership	478,714	-	478,714
Annual Meeting	1,628,008	-	1,628,008
Publications	1,420,217	-	1,420,217
Academic and Professional Resources	1,496,813	-	1,496,813
Public Engagement	706,433	-	706,433
Total program services	5,730,185	-	5,730,185
Supporting activities			
Administration	760,707	-	760,707
Governance	339,926	-	339,926
Total supporting activities	1,100,633	-	1,100,633
Total expenses	6,830,818	-	6,830,818
Change in net assets before other changes in net assets	1,331,897	300,935	1,632,832
OTHER CHANGES IN NET ASSETS			
Change in fair value of interest rate swap obligation	(275,633)	-	(275,633)
Change in net assets	1,056,264	300,935	1,357,199
Net assets at beginning of year	6,373,481	2,809,245	9,182,726
Net assets at end of year	\$ 7,429,745	\$ 3,110,180	\$ 10,539,925

See accompanying notes.

AMERICAN SOCIOLOGICAL ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Administration	\$ 125,613	\$ -	\$ 125,613
Membership	1,980,833	-	1,980,833
Annual meeting	1,360,704	-	1,360,704
Publications	2,826,878	65,822	2,892,700
Academic and professional resources	353,942	422,362	776,304
Public engagement	-	3,862	3,862
Net investment return	(618,529)	(212,533)	(831,062)
Net assets released from restrictions	507,607	(507,607)	-
Total revenue	6,537,048	(228,094)	6,308,954
EXPENSES			
Program services			
Membership	673,035	-	673,035
Annual Meeting	1,554,268	-	1,554,268
Publications	1,435,069	-	1,435,069
Academic and Professional Resources	1,364,455	-	1,364,455
Public Engagement	779,554	-	779,554
Total program services	5,806,381	-	5,806,381
Supporting activities			
Administration	917,097	-	917,097
Governance	319,893	-	319,893
Total supporting activities	1,236,990	-	1,236,990
Total expenses	7,043,371	-	7,043,371
Change in net assets before other changes in net assets	(506,323)	(228,094)	(734,417)
OTHER CHANGES IN NET ASSETS			
Change in fair value of interest rate swap obligation	241,241	-	241,241
Change in net assets	(265,082)	(228,094)	(493,176)
Net assets at beginning of year	6,638,563	3,037,339	9,675,902
Net assets at end of year	\$ 6,373,481	\$ 2,809,245	\$ 9,182,726

See accompanying notes.

AMERICAN SOCIOLOGICAL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services					Supporting Activities			Total Expenses
	Membership	Annual Meeting	Publications	Academic and Professional Resources	Public Engagement	Total Program Services	Administration	Governance	
Grants and scholarships	\$ -	\$ -	\$ -	\$ 171,720	\$ 8,889	\$ 180,609	\$ -	\$ -	\$ 180,609
Salaries and wages	245,836	302,090	348,636	699,198	388,334	1,984,094	457,832	166,955	2,608,881
Professional fees	16,028	11,822	758,110	75,791	36,132	897,883	44,581	31,551	974,015
Conferences and conventions	-	1,023,789	13,966	29,677	-	1,067,432	-	52,475	1,119,907
Occupancy	34,775	42,732	49,316	98,906	54,929	280,658	64,762	23,617	369,037
Depreciation	30,896	37,966	43,816	87,875	48,807	249,360	57,540	20,983	327,883
Interest	27,750	34,099	39,354	78,924	43,835	223,962	51,679	18,846	294,487
Information technology	48,803	65,772	27,706	48,714	23,271	214,266	36,661	16,819	267,746
Office expenses	10,959	32,795	63,056	23,209	8,633	138,652	17,485	3,711	159,848
Section allocation and dues	-	-	-	135,697	-	135,697	-	-	135,697
Memberships and subscriptions	-	-	53,994	959	76,991	131,944	-	-	131,944
Business fees	42,235	42,234	9,386	-	-	93,855	17,556	-	111,411
Insurance	3,714	8,063	5,267	10,562	5,866	33,472	6,916	2,522	42,910
Bond costs amortization	2,590	3,183	3,673	7,367	4,092	20,905	4,824	1,759	27,488
Travel	-	19,310	-	15,842	-	35,152	-	-	35,152
Advertising and promotion	-	-	-	-	926	926	-	-	926
Miscellaneous	15,128	4,153	3,937	12,372	5,728	41,318	871	688	42,877
Total expenses	\$ 478,714	\$ 1,628,008	\$ 1,420,217	\$ 1,496,813	\$ 706,433	\$ 5,730,185	\$ 760,707	\$ 339,926	\$ 6,830,818

See accompanying notes.

AMERICAN SOCIOLOGICAL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services					Supporting Activities			Total Expenses
	Membership	Annual Meeting	Publications	Academic and Professional Resources	Public Engagement	Total Program Services	Administration	Governance	
Grants and scholarships	\$ -	\$ 16,200	\$ -	\$ 160,638	\$ 9,000	\$ 185,838	\$ -	\$ -	\$ 185,838
Salaries and wages	361,839	309,826	303,899	559,347	439,348	1,974,259	544,585	157,124	2,675,968
Professional fees	8,377	151,946	792,266	57,138	15,286	1,025,013	47,835	28,671	1,101,519
Conferences and conventions	-	769,587	70,071	123,531	390	963,579	-	42,622	1,006,201
Occupancy	53,330	45,664	44,791	82,440	64,754	290,979	78,901	23,158	393,038
Depreciation	52,442	44,903	44,044	81,067	63,675	286,131	77,586	22,772	386,489
Interest	40,994	35,102	34,430	63,371	49,776	223,673	60,651	17,801	302,125
Information technology	56,976	65,814	24,837	39,667	25,506	212,800	41,721	16,316	270,837
Office expenses	42,943	39,786	43,866	25,553	13,366	165,514	29,142	4,780	199,436
Section allocation and dues	-	-	-	135,717	-	135,717	-	-	135,717
Memberships and subscriptions	-	-	56,210	1,235	69,073	126,518	-	-	126,518
Business fees	44,436	44,436	9,875	-	-	98,747	21,340	-	120,087
Insurance	5,062	7,835	4,252	7,826	6,147	31,122	7,490	2,198	40,810
Bond costs amortization	3,854	3,300	3,237	5,958	4,680	21,029	5,702	1,674	28,405
Travel	-	11,309	-	13,273	-	24,582	-	-	24,582
Advertising and promotion	-	-	-	-	1,888	1,888	-	-	1,888
Miscellaneous	2,782	8,560	3,291	7,694	16,665	38,992	2,144	2,777	43,913
Total expenses	\$ 673,035	\$ 1,554,268	\$ 1,435,069	\$ 1,364,455	\$ 779,554	\$ 5,806,381	\$ 917,097	\$ 319,893	\$ 7,043,371

See accompanying notes.

AMERICAN SOCIOLOGICAL ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,357,199	\$ (493,176)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	327,883	386,489
Net realized and unrealized (gains) losses on investments	(1,274,676)	1,099,728
Change in fair value of interest rate swap obligation	275,633	(241,241)
(Increase) decrease in assets		
Accounts receivable	(186)	70,481
Pledges receivable	55,192	(2,430)
Prepaid expenses and other assets	3,648	4,718
Deposits	4,282	(3,007)
Deferred rent asset	11,816	(86,459)
Increase (decrease) in liabilities		
Accounts payable	9,297	13,193
Accrued expenses	(75,965)	66,770
Deferred revenue	(346,224)	448,823
Security deposit	-	23,285
Net cash flows from operating activities	347,899	1,287,174
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends retained in investments	(266,263)	(268,666)
Purchases of fixed assets	(8,886)	(9,909)
Net cash flows from investing activities	(275,149)	(278,575)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(237,512)	(226,595)
Net change in cash	(164,762)	782,004
Cash at beginning of year	1,894,159	1,112,155
Cash at end of year	<u>\$ 1,729,397</u>	<u>\$ 1,894,159</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 294,712	\$ 304,358

See accompanying notes.

AMERICAN SOCIOLOGICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

American Sociological Association (ASA) is a national not-for-profit incorporated in 1905 in Washington, D.C. The mission of ASA is to serve sociologists in their work, advance sociology as a science and profession, and promote the contributions and use of sociology to society. Revenue is derived primarily from membership dues, journal royalties, and annual meeting registration. The Association accomplishes its mission by delivering the following program services to its members:

Membership

The Association provides support for the professional lives of sociologists including, among other things, teaching, research, and career development. Sections are communities of sociologists whose research focuses on specific topical areas.

Annual Meeting

The Association produces an annual meeting for over 5,000 sociology students, teachers, scholars, and practitioners. The meeting includes nearly 600 formal educational sessions as well as a variety of opportunities for professional networking.

Publications

The Association publishes 14 scholarly journals including American Sociological Review, Contemporary Sociology, Contexts, Journal of Health and Social Behavior, Social Psychology Quarterly, Sociological Methodology, Sociological Theory, Sociology of Education, Socius, Teaching Sociology, City & Community, Journal of World-Systems Research, Society and Mental Health, and Sociology of Race and Ethnicity. The Association also publishes a few non-serial publications.

Academic and Professional Resources and Public Engagement

The Association engages in a wide range of activities designed to enhance the professional lives of its members and strengthen public engagement with the discipline of sociology.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentrations of Credit Risk

ASA maintains its cash balances in one financial institution located in Washington, D.C. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Occasionally during the year the balances may exceed federally insured limits. ASA historically has not experienced any losses and believes it is not exposed to any significant credit risk with respect to these balances.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At both December 31, 2019 and 2018, the allowance for doubtful accounts was \$120.

AMERICAN SOCIOLOGICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at their fair values in the statements of financial position. Investment return is reported in the statements of activities and consists of interest and dividends and realized and unrealized gains and losses.

Pledges Receivable

Unconditional pledges are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

Fixed Assets

All acquisitions of fixed assets in excess of \$5,000 are capitalized. Depreciation is computed using the straight-line method. Depreciation expense for the years ended December 31, 2019 and 2018 was \$327,882 and \$386,489, respectively.

Deferred Revenue

Income from membership dues and journal subscription fees is deferred and recognized over the periods to which the dues and fees relate. Annual meeting revenues are recognized in the year in which the annual meeting is held.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, occupancy, depreciation, office expenses, information technology, insurance, and miscellaneous expenses, which are allocated on the basis of estimates of time and effort.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

AMERICAN SOCIOLOGICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

ASA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Adoption of New Accounting Guidance

During 2019, ASA adopted the Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

ASA adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, ASA elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The adoption of the new guidance did not have a significant impact on ASA's financial statements. The majority of ASA's revenue arrangements generally consist of a single performance obligation to deliver services and are satisfied within one year or less. In addition, the majority of ASA's contracts do not contain variable consideration and contract modifications are generally minimal. Based on ASA's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Additionally, ASA adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. ASA adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

Date of Management's Review

Management has evaluated subsequent events through April 29, 2020, the date the financial statements were available to be issued.

The extent of the impact of COVID-19 on ASA's operations will depend on certain developments, including the duration and spread of the outbreak, and impact on the ASA employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the ASA's operations is uncertain.

AMERICAN SOCIOLOGICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 68,748	\$ 59,796
Receivable in one to five years	<u>74,890</u>	<u>142,034</u>
Total pledges receivable	143,638	201,830
Allowance for uncollectible pledges	<u>(13,000)</u>	<u>(16,000)</u>
Pledges receivable, net	<u>\$ 130,638</u>	<u>\$ 185,830</u>

NOTE 3 – INVESTMENTS

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 36,968	\$ 18,766
Bonds	28,289	7,379
Equities	142,919	124,210
Mutual funds	<u>9,658,946</u>	<u>8,175,828</u>
Total investments	<u>\$ 9,867,122</u>	<u>\$ 8,326,183</u>

NOTE 4 – FIXED ASSETS

Fixed assets consist of the following:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 9,951,023	\$ 9,951,023
Equipment	1,024,258	1,020,106
Furniture and fixtures	<u>434,643</u>	<u>434,643</u>
Fixed assets	11,409,924	11,405,772
Accumulated depreciation	<u>(4,366,988)</u>	<u>(4,043,839)</u>
Fixed assets, net	<u>\$ 7,042,936</u>	<u>\$ 7,361,933</u>

NOTE 5 – INTEREST RATE SWAP

To hedge against interest rate risk on the variable rate loan, ASA entered into an interest rate swap with a bank as the counterparty. The swap has a declining notional value matching the outstanding principal over time of the original revenue bond. ASA pays interest on the notional value at 3.58%, and receives interest on the notional value based on 67% of the floating rate. The swap matures on December 1, 2037. At December 31, 2019 and 2018, the fair value of the interest rate swap obligation was \$1,349,697 and \$1,074,064. In 2019 and 2018, the unrealized gain (loss) due to changes in the interest rate swap's fair value were (\$275,633) and \$241,241.

AMERICAN SOCIOLOGICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 6 – NOTES PAYABLE

In 2014, ASA refinanced its variable rate DC revenue bonds into a \$6,950,000 conventional variable rate loan and term loan of \$250,000 to cover closing costs. The variable rate loan is subject to covenants requiring ASA to maintain certain levels of liquidity and debt coverage. At year end, ASA was in compliance with these loan covenants.

Notes payable consist of the following:

	<u>2019</u>	<u>2018</u>
Variable rate note requiring monthly interest payments and principal due annually. Matures December 1, 2024 and is secured by real estate and standard business security agreement.	\$ 5,970,000	\$ 6,185,000
Note requiring monthly principal payments with interest. Matured and balance paid December 1, 2019.	-	50,000
Notes payable	5,970,000	6,235,000
Current portion of notes payable	(225,000)	(265,000)
Unamortized loan acquisition costs	<u>(120,423)</u>	<u>(147,911)</u>
Notes payable, net of current portion	<u>\$ 5,624,577</u>	<u>\$ 5,822,089</u>

The future scheduled maturities of notes payable are as follows:

2020	\$ 225,000
2021	230,000
2022	245,000
2023	255,000
2024	<u>5,015,000</u>
	<u>\$ 5,970,000</u>

NOTE 7 – LESSOR ARRANGEMENT

ASA subleases a portion of its office space under an operating lease that requires monthly rent payments with annual escalations of 3.75% in base rent. The lease matures in July 2025. Future annual minimum lease payments to be collected are as follows:

2020	\$ 99,953
2021	103,701
2022	107,590
2023	111,625
2024	115,810
2025	<u>69,938</u>
	<u>\$ 608,617</u>

AMERICAN SOCIOLOGICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8 – ENDOWMENT

ASA's endowment consists of individual funds established by donors for a variety of purposes. Net assets associated with the endowment are classified and reported based on the existence or absence of donor-imposed restrictions. The ASA Council has determined that its net assets held to perpetuity meet the definition of endowment funds under UPMIFA and has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result, ASA retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by ASA in a manner consistent with the standard of prudence prescribed by UPMIFA. ASA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effects of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of ASA, and (7) ASA's investment policies.

Spending Policy: The Association has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, ASA considered the long-term expected return on its endowment. Accordingly, over the long-term, ASA expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with ASA's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment by net asset composition and changes in endowment net assets are as follows:

	With Donor Restrictions	
	2019	2018
Endowment net assets at beginning of year	\$ 33,658	\$ 37,074
Investment return, net	6,220	(3,416)
Endowment net assets at end of year	\$ 39,878	\$ 33,658

NOTE 9 – RETIREMENT PLAN

ASA sponsors a voluntary retirement plan (the Plan) for its eligible employees. Under the Plan, ASA contributes five percent of the employees' salaries to the Teachers Insurance and Annuity Association. In addition, if an employee contributes a percentage of his or her salary to the Plan, ASA will make matching contributions of up to an additional four percent. Contributions by ASA on behalf of employees amounted to \$173,874 and \$169,587 in 2019 and 2018.

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NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Subject to expenditure for specified purpose:		
Annual Meeting International Travel Fund	\$ 7,500	\$ 10,000
American Sociological Fund	789,216	684,077
Annual Meeting Travel Fund	164,872	155,220
Boguslaw	3,628	3,062
Clifford Clogg	5,166	4,360
Congressional Fellow	428	428
D.L. Stevenson	17,980	15,174
Donald W. Light Award	9,394	6,975
Doris Entwistle	14,543	12,274
Fund for the Advancement of the Discipline	5,050	3,057
Graduate Student Investigator Award	43,919	38,244
Howard B. Kaplan	8,837	7,458
Howery TEF	65,626	58,076
Jim Short	500	500
L. Johnson	28,190	23,791
L. Pearlin	29,471	28,268
Lewis A. Coser	60,173	51,049
M.P. Levine	27,406	26,073
Math Dissertation	242,789	203,758
Minority Fellowship Program	717,321	656,327
Pollner Prize	26,054	21,988
Reeder	5,774	3,624
Reiss	5,805	3,339
Roberta Simmons	5,299	3,695
Rose	261,250	246,230
Sections	311,081	311,066
Si Goode	3,235	3,235
SOE Web	9,776	9,776
Soft Currency Fund	23,128	23,943
Sorokin	76,757	64,778
Spivack	117,012	106,400
	<u>3,087,180</u>	<u>2,786,245</u>
Subject to spending policy and appropriation:		
Roberta Simmons	5,000	5,000
Leo Reeder	8,000	8,000
Albert Reiss	10,000	10,000
	<u>23,000</u>	<u>23,000</u>
Total net assets with donor restrictions	<u>\$ 3,110,180</u>	<u>\$ 2,809,245</u>

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NOTE 11 – FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis are as follows:

As of December 31, 2019			
Assets	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Bonds	\$ 28,289	\$ -	\$ 28,289
Equities	142,919	142,919	-
Mutual funds	9,658,946	9,658,946	-
	<u>\$ 9,830,154</u>	<u>\$ 9,801,865</u>	<u>\$ 28,289</u>
Liabilities			
Interest rate swap obligation	<u>\$ 1,349,697</u>	<u>\$ -</u>	<u>\$ 1,349,697</u>
As of December 31, 2018			
Assets	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Bonds	\$ 7,379	\$ -	\$ 7,379
Equities	124,210	124,210	-
Mutual funds	8,175,828	8,175,828	-
	<u>\$ 8,307,417</u>	<u>\$ 8,300,038</u>	<u>\$ 7,379</u>
Liabilities			
Interest rate swap obligation	<u>\$ 1,074,064</u>	<u>\$ -</u>	<u>\$ 1,074,064</u>

Fair values for mutual funds and equities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for bonds are determined based on recent prices of similar assets. The interest rate swap is valued using a third party's proprietary discounted cash flow model which considers past, present, and future assumptions regarding interest rates and market conditions to estimate its fair value.

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NOTE 12 – LIQUIDITY AND AVAILABILITY

The following reflects ASA's financial assets as of the date of the statement of financial position reduced by amounts not available for general expenditures within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions:

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,729,397	\$ 1,894,159
Accounts receivable, net	246,251	246,065
Pledges receivable, net	130,638	185,830
Investments	<u>9,867,122</u>	<u>8,326,183</u>
Financial assets at year-end	11,973,408	10,652,237
Less amounts not available for general expenditures within one year due to:		
Pledges to be collected in more than one year	(74,890)	(142,034)
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	<u>(3,110,180)</u>	<u>(2,809,245)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,788,338</u>	<u>\$ 7,700,958</u>

As part of ASA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association invests cash in excess of daily requirements in short-term investments and money market funds.

NOTE 13 – COMMITMENTS

ASA has entered into several contracts for hotel rooms for Annual Meetings to be held through 2026. In the event of cancellation, ASA is required to pay various costs stipulated by the contracts; the amounts of each are dependent on the date of cancellation.