

American Schools of Oriental Research
Finance Committee Report
September 12, 2011

COMMENTS

Fiscal Year Ended June 30, 2011

Fiscal year 2011 ended as a very good year financially, beating our forecast from the spring and helping us to establish a meaningful cushion in our unrestricted assets available for operations. While our year-end audit is not yet complete, it appears that our operating revenue for the fiscal year exceeded our operating expenses by approximately \$117,000. \$109,000 of this amount represents true operating benefit, while \$8,000 represents the remaining recovery of the loss recorded two years ago for the decline in market value below the corpus of the Harris Fund.

Significant variances from the budget that impacted our bottom line were as follows:

<u>Budget Item</u>	<u>\$ Impact Favorable (Unfavorable)</u>
Annual fund and archives contributions	\$38,000
Annual meeting, before allocation of staff time	\$9,000
Memberships and subscriptions earned	\$27,000
Investment income	\$7,000
Institutional memberships	(\$4,000)
NEH grant	(\$2,000)
Salaries and benefits	\$41,000
All other, net	\$1,000
Net Impact	\$117,000

There are additional details in the budget vs. actual report.

Memberships and subscription revenue (on a cash receipts basis) increased about 7% from \$360,000 last year to \$386,000 this year. This is the second year in a row of increasing revenues on a cash basis. We were able to give \$38,000 in fellowship grants for the summer 2011 dig season (Platt and Heritage only), an increase from \$21,000 in the prior year. Congratulations to Andy, the ASOR staff and the Board for operating the organization in a fiscally responsible manner again this year.

As it relates to the year-end audit, our auditors will complete their fieldwork in Boston just before our Executive Committee meeting and will have audited financial statements completed well in advance of the Trustee meeting in November.

From a cash flow standpoint, we ended the year with \$312,000 in the general fund as compared to \$195,000 at June 30, 2010; however, some of these funds represent next year's budgeted revenue received in advance and some will be used to satisfy certain outstanding commitments. Total cash and securities, including our fellowships and other

temporarily restricted funds, our endowment accounts, our journals and publications accounts and our general fund totaled approximately \$1,474,000 as compared to \$1,161,000 at June 30, 2010.

Fiscal Year Ended June 30, 2011 Investment Results

Fiscal year 2011 was a good year for investments. We had net gains from investments of approximately \$87,000 on our fellowship accounts and \$86,000 on our endowment accounts. The gains are approximately 25% and 24%, respectively, on the beginning balances, modestly below the S&P 500, which gained 31%, due to our allocations to cash and bonds. As noted above, we did recover the remaining \$8,000 that the Harris Fund was below its corpus amount at June 30, 2010.

Fiscal Year Ended June 30, 2012

It is a little early in the current fiscal year to see any significant issues that would cause a problem with our fiscal year 2011 budget which calls for operating revenues equal to operating expenses.

Fiscal Year Ended June 30, 2012 Investment Results

For the two months ended August, 2011, we have incurred losses of approximately \$23,000 on our fellowship accounts and approximately \$25,000 on our endowment accounts, representing decreases of 6% on the beginning balances. For comparative purposes, the S&P 500 was down about 7% for the two month period.

REPORTS ATTACHED

ASOR June 30, 2011 Budget to Actual (Preliminary, subject to completion of audit)
Memberships and Subscriptions Cash Flow
ASOR Net Investment Return FY11
ASOR Net Investment Return FY12 (through Aug.)

I look forward to seeing everyone in Boston. If there are any questions prior to the meeting, feel free to call me.

Sheldon Fox

ASOR Budget vs. Actual
June 30, 2011 (Preliminary)

ITEMS EXCLUDING IN AND OUT ITEMS (BUDGETS FOR INCOME AND EXPENSE THE SAME)

Income:	FY11 Budget	Unrestricted		Variance Fav (Unfav)	Comments
			Actual (1)		
Annual Fund + Archives Fundraising	\$ 75,000.00	\$ 112,602.39	\$ 37,602.39	(2)	
Royalties and advertising	\$ 31,500.00	\$ 35,370.18	\$ 3,870.18		
Subscriptions and memberships	\$ 355,000.00	\$ 381,704.99	\$ 26,704.99	(3)	
Institutional memberships	\$ 91,000.00	\$ 87,000.00	\$ (4,000.00)	(4)	
Spending rate release	\$ 12,000.00	\$ 12,659.00	\$ 659.00		
Annual Meeting	\$ 115,000.00	\$ 111,424.75	\$ (3,575.25)	(5)	
NEH Grant	\$ 44,860.00	\$ 76,842.60	\$ 31,982.60	(6)	
Interest and other Investment Gains (Losses)	\$ 2,000.00	\$ 9,233.21	\$ 7,233.21	(7)	
Administrative Recovery Fees and Misc. Income	\$ -	\$ 633.61	\$ 633.61		
Total Income	\$ 726,360.00	\$ 827,470.73	\$ 101,110.73		

Expenses:

Administrative Expenses

Annual Meeting expenses	\$ 78,000.00	\$ 65,131.07	\$ 12,868.93	(5)
NEH Grant expenses	\$ 15,920.00	\$ 49,774.78	\$ (33,854.78)	(6)
Journals	\$ 147,500.00	\$ 146,674.79	\$ 825.21	(8)
Salaries and Benefits	\$ 387,406.40	\$ 345,783.57	\$ 41,622.83	(9)
Other Expenses				
-Postage	\$ 10,500.00	\$ 12,560.04	\$ (2,060.04)	(10)
-Insurance	\$ 5,500.00	\$ 6,017.81	\$ (517.81)	(10)
-Bank charges	\$ 6,000.00	\$ 5,142.59	\$ 857.41	(10)
-Equipment and supplies	\$ 6,000.00	\$ 8,605.31	\$ (2,605.31)	(10)
-Audit	\$ 19,250.00	\$ 18,935.95	\$ 314.05	(10)
-iMIS/Avecetra expenses	\$ 6,000.00	\$ 6,150.00	\$ (150.00)	(10)
-Travel	\$ 14,500.00	\$ 10,100.90	\$ 4,399.10	(10)
-Equipment and computer reserve	\$ 5,000.00	\$ 4,455.69	\$ 544.31	(10)
-Meetings	\$ 5,500.00	\$ 6,769.73	\$ (1,269.73)	(10)
-Depreciation	\$ -	\$ -	\$ -	(11)
-Bad Debts	\$ -	\$ -	\$ -	(11)
-All Other Expenses	\$ 19,283.60	\$ 17,450.62	\$ 1,832.98	(10)
Total Expenses	\$ 726,360.00	\$ 703,552.85	\$ 22,807.15	

Net Income (Loss) \$ - \$ 123,917.88 \$ 123,917.88

IN AND OUT ITEMS THAT IMPACTED UNRESTRICTED RESULTS FAVORABLE (UNFAVORABLE)

Books		\$ (6,526.22)	\$ (6,526.22)	(12)
Adjusted Net Income (Loss)	\$ -	\$ 117,391.66	\$ 117,391.66	

- (1) Our budget attempts to focus only on unrestricted net income items, with the in and out items used to account for temporarily restricted, permanently restricted and board designated items
- (2) Significantly favorable to the budget, total giving of \$133,000, including \$20,000 addition to Endowment increased by almost 40% compared to \$95,000 in FY10
- (3) On a cash receipts basis, memberships and subscriptions increased \$25,000 vs. FY2010; on an accounting basis the increase was about \$50,000 with all of the difference caused by 5 issues of NEA completed during the fiscal year vs. 4 last year
- (4) Budgeted for an increase of 3 while actual was a decrease of 1
- (5) Annual meeting revenues, net of expenses of \$46,000 (before allocation of staff time and indirect costs) exceeded the budgeted amount by \$9,000 and last year by \$18,000
- (6) NEH Grant reimbursements, net of our expenses were budgeted for \$29,000 and the actual amount was \$27,000 for a shortfall of \$2,000.
- (7) This figure includes \$1,100 of investment income, which declined from the prior year due to lower balances and rates plus a recovery of \$8,000, which was the remaining amount the Harris Endowment was below the corpus at the end of last year
- (8) Journal production costs were reduced significantly due to last year's bidding processes and came in \$19,000 below last year and slightly favorable to budget even with 5 issues of NEA; savings from BASOR and from fewer newsletters offset the additional issue of NEA
- (9) Salaries were managed carefully throughout the year.
- (10) All other expenses were favorable by \$1,000 even after paying some discretionary expenses at the end of the year that were not budgeted for the CAP website development
- (11) These expenses have not historically been budgeted as they are non-cash - note that there was no bad debt expense this year as writeoffs were reflected instead as a reduction of journal income
- (13) This variance is caused by the difficulty in budgeting for the impact of books on our operating budget - note that this variance has been favorable for each of the 3 prior years since we refined our accounting for board designated assets related to books

ASOR Investment Report
August 31, 2011

Account Name & Bank	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Aug-11	Net Change	Contributions	Distributions	FY12 to date Investment Return	FY12 to date % Return
ASOR Fellowships:												
1. Harris Fell. - Sequoia Fund	\$ 107,880.50	\$ 116,616.72	\$ 45,998.42	\$ 36,391.98	\$ 42,740.85	\$ 53,989.49	\$ 51,751.77	\$ (2,417.72)	\$ -	\$ 1,283.00	\$ (2,217.72)	-4.1%
Harris Fell. - Charles Schwab			\$ 56,745.99	\$ 52,201.17	\$ 57,541.57	\$ 61,353.99	\$ 61,694.43	\$ (5,441.56)			\$ (4,158.56)	-6.2%
Total Harris Fellowship			\$ 104,444.40	\$ 88,593.16	\$ 100,282.42	\$ 121,305.46	\$ 113,446.20	\$ (7,856.26)		\$ 1,283.00	\$ (6,376.28)	-5.3%
2. Platt Fellowship - Sequoia Fund	\$ 243,337.69	\$ 266,196.65	\$ 105,632.42	\$ 84,120.47	\$ 98,803.30	\$ 114,360.62	\$ 109,861.31	\$ (4,699.31)			\$ (4,699.31)	-4.1%
Platt Fell. - Charles Schwab			\$ 133,017.18	\$ 105,225.20	\$ 105,514.53	\$ 125,322.84	\$ 119,545.39	\$ (5,777.45)			\$ (7,824.45)	-6.2%
Total Platt Fellowship			\$ 238,649.60	\$ 190,345.67	\$ 206,317.83	\$ 246,683.46	\$ 229,406.70	\$ (16,776.76)		\$ 3,263.00	\$ (12,523.76)	-5.2%
3. Wright/Myers Fund - Charles Schwab	\$ 34,391.75	\$ 41,426.98	\$ 41,639.03	\$ 32,793.91	\$ 38,484.42	\$ 53,855.74	\$ 49,341.42	\$ (4,514.32)			\$ (4,514.32)	-9.4%
Total ASOR Fellowships	\$ 386,609.94	\$ 424,240.35	\$ 384,733.03	\$ 311,722.73	\$ 344,084.67	\$ 415,844.68	\$ 387,894.32	\$ (27,950.36)	\$ -	\$ 4,546.00	\$ (23,414.35)	-5.6%
ASOR Endowment:												
1. Endowment (ASOR) - Charles Schwab	\$ 210,866.85	\$ 240,440.03	\$ 285,062.87	\$ 236,825.72	\$ 254,080.28	\$ 321,615.39	\$ 298,106.71	\$ (23,508.68)		\$ 3,243.00	\$ (20,265.68)	-6.3%
Endowment - Sequoia Fund	\$ 118,222.79	\$ 134,602.43	\$ 105,709.66	\$ 84,181.98	\$ 98,875.52	\$ 124,824.63	\$ 119,995.52	\$ (5,128.31)			\$ (5,129.31)	-4.1%
Total ASOR Endowment	\$ 329,089.64	\$ 375,042.46	\$ 390,772.53	\$ 321,007.70	\$ 352,955.80	\$ 446,440.02	\$ 417,802.23	\$ (28,637.99)		\$ 3,243.00	\$ (25,394.99)	-5.7%
Publications OF - Charles Schwab (Books)	\$ 86,861.80	\$ 105,498.63	\$ 101,001.03	\$ 83,444.31	\$ 90,821.98	\$ 110,536.23	\$ 97,765.25	\$ (12,770.97)	\$ 620.46	\$ 8,500.00	\$ (4,891.43)	-4.4%
INVESTMENTS SUBTOTAL	\$ 801,551.38	\$ 904,691.44	\$ 876,506.69	\$ 716,174.74	\$ 787,842.45	\$ 972,821.13	\$ 903,461.81	\$ (69,359.32)	\$ 620.46	\$ 16,279.00	\$ (53,700.78)	-5.5%
1. Temp. Restricted - Charles Schwab	\$ 117,910.89	\$ 91,639.16	\$ 123,812.99	\$ 91,871.18	\$ 10,762.49	\$ 26,376.69	\$ 32,913.31	\$ 15,151.12				
Citizens savings					\$ 90,485.31	\$ 70,730.28	\$ 76,065.65					
2. ASOR General Fund - Charles Schwab	\$ 40,933.34	\$ 61,951.12	\$ 144,794.25	\$ 120,979.05	\$ 145,628.93	\$ 88,226.67	\$ 116,046.83	\$ (27,817.68)				
Citizens savings					\$ 48,843.53	\$ 233,539.71	\$ 220,364.30					
3. Journals Escrow Account - Charles Schwab	\$ 131,151.77	\$ 218,206.27	\$ 150,414.25	\$ 61,021.66	\$ 62.13	\$ 194,872.48	\$ 344,411.21	\$ 153,539.04				
Citizens savings					\$ 153.63	\$ 91.40	\$ 2,764.07					
Citizens Bank	\$ 843.00	\$ 1,415.00	\$ 914.55	\$ 1,443.80	\$ 4,214.42	\$ 2,764.07	\$ -					
GRAND TOTAL	\$ 1,092,390.38	\$ 1,277,902.99	\$ 1,296,442.73	\$ 991,490.73	\$ 1,088,130.65	\$ 1,397,458.55	\$ 1,181,181.12	\$ (215,271.63)	\$ 620.46	\$ 16,279.00	\$ (53,700.78)	-4.9%
DSP - Calvert Account	\$ 45,204.00	\$ 45,754.73	\$ 42,449.05	\$ 43,383.17	\$ 43,404.97	\$ 43,409.24	\$ 43,409.24	\$ -				
DSP - Citizens Account	\$ 8,019.00	\$ 3,999.00	\$ 6,346.17	\$ 4,815.01	\$ 4,930.71	\$ 4,944.04	\$ 4,944.04	\$ -				
HESI - Huntington Bank	\$ 36,052.00	\$ 36,616.00	\$ 34,944.17	\$ 32,749.98	\$ 32,785.53	\$ 32,828.94	\$ 32,828.94	\$ -				
Total Sponsored projects	\$ 89,315.00	\$ 86,369.73	\$ 83,739.39	\$ 80,948.16	\$ 81,221.21	\$ 81,182.22	\$ 81,182.22	\$ -				
Niles Fund - Citigroup	\$ 445,045.00	\$ 521,419.48	\$ 438,218.42	\$ 323,669.30	\$ 346,699.23	\$ 424,252.39	\$ 424,252.39	\$ -				