

**AMERICAN SCHOOLS OF ORIENTAL RESEARCH
FALL EXECUTIVE COMMITTEE MEETING
FY 2013 FINANCE COMMITTEE REPORT
SEPTEMBER 28, 2013**

To the Executive Committee of the ASOR Board of Trustees:

Enclosed, for your review, are the following documents and information:

- FY 2013 Memberships and Subscriptions Cash Flow Report (Exhibit A)
- FY 2013 Investment Report (Exhibit B)
- FY 2014 Investment Report (through August 31, 2013) (Exhibit C)

FY 2013 BIG PICTURE FAST FACTS AT A GLANCE

ITEM	AMOUNT	CHANGE FROM FY 2012
Increase in unrestricted assets available for operations (<i>i.e.</i> , unrestricted net income)	\$8360	N.A.
Increase in total net assets (all sources)	\$213,647	+15.87%
General Fund (<i>i.e.</i> , unrestricted cash available for operations)	\$494,389	+23.3%
Market value of all Investment Accounts	\$1,156,038	+24.2%
Total value of all financial accounts (checking accounts, savings accounts and Investment Accounts)	\$1,776,422	+21.7%
Memberships and subscriptions revenue	\$400,661	+.72%
Investment income (Fellowship Accounts)	\$74,212	+18.3%
Investment income (Endowment Accounts)	\$77,352	+17.6%
Number of 2013 excavation scholarships and grants awarded	55	+31%

FY 2013 INCREASE IN UNRESTRICTED ASSETS AVAILABLE FOR OPERATIONS

At the Spring Board Meeting, we projected a small FY 2013 loss. However, ASOR handily beat this forecast. While the annual audit is not yet complete, the FY 2013 increase in unrestricted assets available for operations (*i.e.*, unrestricted net income) is projected to be \$8360. That said, it is important to note FY 2013 unrestricted net income would have been \$19,290 (*i.e.*, \$10,930 greater) but for the following two events.

Baghdad Committee expenses. ASOR was required to cover a \$9,021 deficit in the Baghdad Committee Temporary Restricted Accounts (TRA). Because the TRA cannot carry a negative balance from fiscal year to fiscal year, ASOR covered the deficit out of unrestricted cash available for operations (*i.e.*, the General Fund).

The deficit resulted from overspending the Nies Trust TRA to produce a JCS Supplemental Series volume without reducing a corresponding amount of other expenses, such as the JCS subvention and/or the Mesopotamian Fellowship. The JCS editor requested permission to incur the additional expense after the volume was finished. The Baghdad Committee did not want to eliminate the 2013 Mesopotamian Fellowship, so the decision was made to print the volume (the printing costs were a relatively small part of the overage) with the idea of promoting sales of JCS Supplemental Series volumes to cover the deficit. Sales to date, however, have not covered the deficit.

The Treasurer and Executive Director recommend this situation be placed on the agenda for discussion by the Executive Committee to determine whether \$9,021 of FY 2014 Nies Trust revenue should be used to “reimburse” ASOR’s unrestricted cash available for operations (General Fund). Although this appears to be the logical solution, it would negatively impact the Baghdad Committee’s work because there would not be adequate revenue to support its normal operations. The Baghdad Committee would be required to forego either the JCS subvention or the FY 2014 Mesopotamian Fellowship—neither of which is a desired outcome.

MacAllister Endowment. Because of market fluctuations and the timing of its establishment, the June 30, 2013 market value of the MacAllister Endowment was lower than its historic dollar amount of contributions by approximately \$1,909. As a result, an accounting entry was made to reduce ASOR’s unrestricted cash available for operations by \$1,909. That said, as of August 31, 2013, the market value of the MacAllister Endowment was back above its historic dollar amount of contributions. We fully anticipate the MacAllister Endowment will continue to prosper in the current market. Assuming its market value at June 30, 2014 is above its historic dollar amount of contributions, a corresponding accounting entry will be made to increase ASOR’s unrestricted cash available for operations at the end of FY14. The Executive Committee need not take action on this issue; it is noted for information only.

FY 2013 INVESTMENT RESULTS

ASOR’s FY 2013 investment results were solid once again. ASOR Fellowship Accounts generated a collective gain of \$74,211.63 (+18.3%), while the Endowment Accounts generated a collective gain of \$77,351.93 (+17.6%). *See* Exhibit B. By way of comparison, the S&P 500 was up 20.6% for the same twelve month period.

FY 2013 CASH AND INVESTMENT ACCOUNTS

General Fund. The General Fund comprises the three cash accounts containing unrestricted cash available for operations. Subject to any adjustments arising out of the annual audit, the General Fund balance at June 30, 2013 is projected to be \$494,389, which is a 23.3% increase over the General Fund balance at June 30, 2012. *See* Exhibit B. In fact, as reflected in the following table, since FY 2010, the General Fund balance has steadily increased. *Id.*

	FY 2010	FY 2011	FY 2012	FY 2013
Year-end General Fund balance	\$198,887	\$325,530	\$400,939	\$494,389
Increase over previous year	N.A.	+63.7%	+23.2%	+23.3%

That said, it is important to note some funds in the June 30, 2013 General Fund balance are FY 2014 budgeted revenue received in FY 2013. Some of these funds also will be used to satisfy certain outstanding commitments.

Investment Accounts. The Investment Accounts comprise the Fellowship Accounts and the Endowment Accounts. Subject to any adjustments arising out of the annual audit, the total market value of the Investment Accounts at June 30, 2013 is \$1,156,038, which is a 24.2% increase over the market value of the Investment Accounts at June 30, 2012. *See Exhibit B.* In fact, as reflected in the following table, since FY 2010, the year-end market value of the Investment Accounts has steadily increased despite fluctuations in the financial markets. *Id.*

	FY 2010	FY 2011	FY 2012	FY 2013
Year-end market value of the Investment Accounts	\$787,842	\$972,821	\$930,619	\$1,156,038
Increase over previous year	N.A.	+23.5%	-4.3%	+24.2%

Total value of all financial accounts. Subject to any adjustments arising out of the annual audit, the total value of all financial accounts (checking accounts, savings accounts and Investment Accounts) at June 30, 2013 is projected to be \$1,776,422, which is a 21.7% increase over the total value of all financial accounts at June 30, 2012. *See Exhibit B.* In fact, as reflected in the following table, since FY 2010, the total year-end value of all financial accounts has steadily increased despite fluctuations in the financial markets. *Id.*

	FY 2010	FY 2011	FY 2012	FY 2013
Total year-end value of all financial accounts	\$1,088,131	\$1,397,459	\$1,459,559	\$1,776,422
Increase over previous year	N.A.	+28.4%	+4.4%	+21.7%

FY 2013 MEMBERSHIPS AND SUBSCRIPTION REVENUE

Memberships and subscription revenue (on a cash receipts basis) increased approximately .72% from \$397,620 in FY 2012 to \$400,464 in FY 2013. *See Exhibit A.* Although this is a modest increase over FY 2012, it is the fourth year in a row memberships and subscription revenue has increased on a cash receipts basis. *Id.*

FY 2013 SUMMER EXCAVATION SCHOLARSHIPS AND GRANTS

Despite a tough economy, due to ASOR’s generous donors and sound fiscal management, ASOR was privileged to award 55 excavation scholarships and grants for the 2013 summer dig season (Harris, Platt, Heritage and Wright/Meyers)—an all-time high. Since 2007, ASOR has awarded 243 excavation scholarships and grants. In fact, as reflected in the following table, the number of awarded excavation scholarships and grants has steadily increased since 2010.

	FY 2010	FY2011	FY 2012	FY 2013
Number of awards	20	38	42	55
Increase over previous year	N.A.	+90%	+10.5%	+31%

The FY 2014 goal is to award 65 excavation scholarships and grants for the 2014 summer dig season.

FY 2013 ANNUAL AUDIT

Romeo, Wiggins & Co., LLP, the ASOR outside audit firm, has completed its fieldwork in Boston, so we should have complete audited financial statements well in advance of the Annual Meeting in November.

FY 2014 BUDGET

For the first two months of FY 2014, ASOR is on track with the budget passed by the Board at the Spring Meeting. At this point, it is too early to identify any issues that may significantly impact the FY 2014 budget, which again calls for unrestricted operating revenue to equal operating expenses.

FY 2014 INVESTMENT RESULTS

ASOR's investment accounts are off to a good start in FY 2014. For the two-month period ending August 31, 2013, the Fellowship Accounts generated a collective gain of \$12,547.26 (+2.3%), while the Endowment Accounts generated a collective gain of \$11,746.41 (+2.2%). See Exhibit C. By way of comparison, the S&P 500 was up 2.0% for the same two month period.

In closing, congratulations are again due to Andy, the crack ASOR staff, and the Board for operating ASOR in a fiscally responsible manner again this year.

If you have any questions about this Report or ASOR's finances prior to the September 28 Fall Executive Committee Meeting, please call or email me.

Respectfully submitted,

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