

**SUBJECT TO APPROVAL BY THE FINANCE COMMITTEE
AT ITS APRIL 14, 2016 MEETING**

**American Schools of Oriental Research
Finance Committee Report
Board of Trustees Meeting
April 17, 2016**

To the ASOR Board of Trustees:

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

- March 31, 2016 Memberships and Subscriptions Cash Flow Report (Exhibit A)
- March 31, 2016 Investment Report (Exhibit B)
- Comparison of FY 2016 Budget to Forecasted Actual Revenue and Expenses (Exhibit C)
- [Proposed] FY 2017 Budget (Exhibit C)
- Notes to the Comparison of FY 2016 Budget to Forecasted Actual Revenue and Expenses and [Proposed] FY 2017 Budget (Exhibit D)
- Proposed Amendments to the Investment and Spending Policies (Exhibit E)

**PROJECTED FY 2016 INCREASE IN UNRESTRICTED ASSETS AVAILABLE FOR
OPERATIONS (*i.e.*, UNRESTRICTED NET INCOME)**

Consistent with the FY 2016 Budget, ASOR is projected to break even or generate a modest increase in unrestricted assets available for operations (*i.e.*, unrestricted net income). See Exhibit C. The following points merit further consideration.

Subscriptions and Memberships Revenue (Note 10). Although subscriptions and memberships revenue remains flat, certain initiatives have been initiated to increase BASOR subscriptions and memberships, including (i) 90% off BASOR subscriptions for new Institutional subscribers (libraries) for the remainder of calendar year 2016, and (ii) \$20 - \$40 discounted membership rates for memberships (a) that have been lapsed for over a year, (b) for non-North American members, and (c) for undergraduate students.

Annual Fund Contributions (Note 14). The FY 2016 Budget calls for \$80,000. However, to date, ASOR has only received \$35,000, and we must receive at least \$64,000 before June 30 to make budget – or cuts will have to be made in other areas.

Annual Meeting Expenses (Note 1): The FY 2016 Budget called for \$85,000, but notwithstanding a favorable hotel contract, ASOR incurred \$121,875 of 2015 Annual Meeting expenses. The increased expenses were principally due to (i) the desire to schedule more receptions and serve better food, (ii) providing food for committee meetings, (iii) comping more hotel rooms for speakers and committee chairs, (iv) increased AV expenses, and (v) holding a reception for the program chairs.

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FY 2016 INVESTMENT RESULTS (THROUGH MARCH 31, 2016)

There is bad news and better news. First, the bad news. ASOR's FY 2016 investment results for the nine-month period ending March 31, 2016 are less than stellar. But the financial markets also have been volatile during the same period. The Fellowship Accounts generated a collective loss of \$63,488 (-8.5%), while the Endowment Accounts generated a collective loss of \$67,086 (-9.9%). *See* Exhibit B. By comparison, the ASOR Custom Benchmark was -2.7% for the same period.

And now, the better news. A careful review of the "% Return" column of the March 31, 2016 Investment Report (Exhibit B) will confirm that the Charles Schwab investments performed at or better than the ASOR Custom Benchmark. The significant drag on ASOR's overall investment return is due to one investment—the Sequoia Fund.

Historically, Sequoia has done a tremendous job of navigating the markets. Over time, the fund has benefitted from management's disciplined buy-and-hold strategy. In its 45-year existence, Sequoia has generated an annual average return of +14.01% compared to +10.75% for the S&P 500. Its average return over the last five years is +6.85%.

However, since mid-2015, Sequoia has posted significant losses (calendar year 2016 year-to-date return is -11.07%) because of its overly concentrated investment in Valeant Pharmaceuticals, one of the equities in its portfolio. Valeant's business model and accounting practices have been under attack since early last year, causing the stock to decline in value by 65%, and negatively impacting the Sequoia's (and ASOR's) investment returns.

But change is in the air at both Valeant and the Sequoia that bodes well for the future. Robert Goldfarb, the Sequoia lead manager who last year, allowed Sequoia's investment in Valeant to comprise 32% of its portfolio at its peak, resigned last month. In late March, Sequoia sold 1.5 million Valeant shares; its investment in Valeant is now down to approximately 19% of its total net assets.

Valeant's Board and management team also is in the process of being overhauled. Valeant recently added two board members from the Research Triangle area who, based on their reputations (according to Sheldon Fox), would not have joined the Valeant board if they did not believe the company has long term potential. Granted, these developments are anecdotal, but they are positive.

The bottom line. ASOR's investments have fared well over the last five years and are well-positioned going forward. The Charles Schwab investments are solid.

Sequoia historically has been held only by the Harris and Platt Fellowship funds and the Endowment fund. As a result of certain moves set in motion by the Finance

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Committee at the 2015 Annual Meeting, as of March 31, 2016, Sequoia comprises only 10.8% of the Harris and Platt Fellowship funds, and 8.3% of the Endowment. Correspondingly, Valeant effectively comprises only 2.05% of the Harris and Platt Fellowship funds, and 1.6% of the Endowment. None of the other Fellowships own Sequoia or Valeant.

While ASOR's Sequoia investments have taken a recent hit because of Valeant, steps have been taken at Sequoia and Valeant to potentially rectify the situation. Whether that happens remains to be seen. But now is not the time to return to the days of picking and holding individual stocks. Rather, ASOR should continue to make its investments through carefully selected, thoughtfully managed, and regularly monitored mutual funds.

Sequoia historically has been a well-managed fund, and has the potential to regain its status as an industry leader. Plus, ASOR's Sequoia losses are only paper losses unless and until the Sequoia investments are sold. Thus, the recommendation at this juncture is that before making any further decisions regarding Sequoia, ASOR should stay the course, maintain the Sequoia investments (for now), and closely monitor them in 2016. Trust but verify – which we will do.

{PROPOSED} FY 2017 BUDGET

The [Proposed] FY 2017 Budget is presented alongside the Comparison of FY 2016 Budget to Forecasted Actual Revenue and Expenses. *See* Exhibit C. The [Proposed] FY 2017 Budget is consistent with the FY 2016 forecasted actual revenue and expenses, and assumes the renewal of the State Department CHI grant and other grants.

That said, the organization is positioned to appropriately manage its expenses should the grants not be renewed or the projected revenue streams not materialize. Should the State Department CHI grant not be renewed, a revised FY 2017 Budget will be presented to the Executive Committee.

AUDITOR REVIEW AND SELECTION PROCESS

ASOR's policy is to review contracts with vendors every three years to make sure the organization is paying current market prices for goods and services. Because of the CHI, and the corresponding increased budget and additional government reporting requirements, we deferred the auditor review and selection process until this year.

In March, we sent requests for proposals to five outstanding CPA firms that had previously expressed an interest in submitting a proposal to serve as ASOR's outside auditors, including our current outside audit firm, Romeo, Wiggins & Co., LLP. Earlier

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this month, we received proposals from four of the firms, each of which was strong in its own right.

The proposals were independently reviewed by the Executive Director and the Treasurer who reached the same conclusion: Romeo, Wiggins & Co., LLP's proposal presented the strongest combination of experience, expertise, familiarity with ASOR and its financial picture, price, and price flexibility should the CHI not continue. Accordingly, the Executive Director and the Treasurer recommended to the Finance Committee that ASOR retain Romeo, Wiggins & Co., LLP as its outside audit firm for FY 2016, FY 2017, and FY 2018.

The Finance Committee considered the recommendation during its annual spring teleconference earlier this month, and unanimously recommends the retention of Romeo, Wiggins & Co., LLP for the next three fiscal years.

PROPOSED AMENDMENTS TO THE INVESTMENT AND SPENDING POLICIES

It has been over three years since the Investment and Spending Policies were amended. Since that time, ASOR has added the Strange/Midkiff Fellowship Endowment, the Eric and Carol Meyers Fellowship Endowment, and the Joe D. Seger Endowment to the Fellowship and Endowment portfolios. Accordingly, the Finance Committee determined that it is time to amend the Investment and Spending Policies (i) to formally bring the new funds under the ambit of these policies, (ii) make certain other amendments to the policies for clarification and consistency of presentation.

Attached as Exhibit E are redlined and clean versions of the proposed amendments to the Investment and Spending Policies recommended by the Finance Committee.

LEGAL PROCEEDINGS

In late 2015, ASOR was served with a lawsuit, styled *Klenck v. American Schools of Oriental Research, et. al*; Case No.: 16-2015-CA-005978; in the Circuit Court of Duval County (Jacksonville), Florida.

Plaintiff Joel D. Klenck, a Florida resident and self-employed "professional archaeologist," accuses ASOR and fifteen other defendants of wrongdoing relating to an alleged archaeological site on Turkey's Mount Ararat that he believes is Noah's Ark. Although Mr. Klenck asserts a variety of claims against the other defendants, he only asserts claims for negligence and gross negligence against ASOR; to wit, that ASOR negligently failed to (i) properly promote or publicize the videotape of a lecture about the site that he delivered at the 2013 Annual Meeting in Baltimore, and (ii) take steps to

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protect the site in Turkey. He seeks damages for past, present, and future lost wages, loss of consortium, and attorney's fees and expenses.

Mr. Klenck is representing himself in the lawsuit. ASOR is represented by the Houston office of Arnold & Porter, LLP, and the Jacksonville office of Holland & Knight, LLP, two venerable national defense firms.

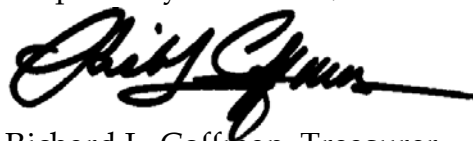
ASOR's counsel's initial – and proper – response to the lawsuit was to file a motion to dismiss for lack of jurisdiction; *i.e.*, that ASOR is not subject to personal jurisdiction in a Florida court because (i) none of ASOR's allegedly wrongful conduct took place in Florida, (ii) ASOR is not incorporated in Florida, (iii) ASOR does not maintain its principal place of business in Florida, and (iv) ASOR does not regularly conduct business in Florida.

As such, ASOR asserts, the court lacks jurisdiction over Mr. Klenck's claims against ASOR. ASOR further asserts that the exercise of personal jurisdiction over it by the Florida court would not comport with "traditional notions of fair play and substantial justice."

ASOR's motion to dismiss and the motions to dismiss filed by the other defendants are set for hearing on April 19, 2016. The judge may rule from the bench, or take the matter under advisement and issue a ruling at a later date. Either way, we will continue to monitor the litigation closely, and keep the Board apprised of any substantive case developments.

In closing, ASOR remains financially healthy, is on track to meet the FY 2016 Budget, and is moving forward to FY 2017. If you have any questions about this Report or ASOR's finances prior to the April 17 Board meeting, please call or email me.

Respectfully submitted,



Richard L. Coffman, Treasurer

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AMERICAN SCHOOLS OF ORIENTAL RESEARCH
Memberships and Subscriptions Cash Flow Report
March 31, 2016

FY13	FY14	FY15	FY16
Jul-12 \$ 12,019.50	Jul-13 \$ 12,555.21	Jul-14 \$ 19,464.10	Jul-15 \$ 20,184.05
Aug-12 \$ 7,477.87	Aug-13 \$ 14,240.79	Aug-14 \$ 15,412.24	Aug-15 \$ 17,814.85
Sep-12 \$ 26,046.90	Sep-13 \$ 20,853.02	Sep-14 \$ 15,767.14	Sep-15 \$ 17,216.18
\$ 45,544.27	\$ 47,649.02	\$ 50,643.48	\$ 55,215.08
Oct-12 \$ 19,410.84	Oct-13 \$ 22,647.20	Oct-14 \$ 23,627.90	Oct-15 \$ 23,756.07
Nov-12 \$ 38,474.97	Nov-13 \$ 39,995.89	Nov-14 \$ 30,206.55	Nov-15 \$ 30,920.85
Dec-12 \$ 111,592.65	Dec-13 \$ 94,598.75	Dec-14 \$ 99,197.37	Dec-15 \$ 76,287.25
\$ 169,478.46	\$ 157,241.84	\$ 153,031.82	\$ 130,964.17
Jan-13 \$ 48,737.61	Jan-14 \$ 66,030.64	Jan-15 \$ 65,932.25	Jan-16 \$ 84,353.69
Feb-13 \$ 46,150.68	Feb-14 \$ 48,068.13	Feb-15 \$ 40,380.27	Feb-16 \$ 40,320.62
Mar-13 \$ 28,992.02	Mar-14 \$ 31,383.60	Mar-15 \$ 31,315.78	Mar-16 \$ 27,759.51
\$ 123,880.31	\$ 145,482.37	\$ 137,628.30	\$ 152,433.82
Apr-13 \$ 20,466.53	Apr-14 \$ 18,589.08	Apr-15 \$ 19,949.51	Apr-16 \$ 6,014.80
May-13 \$ 17,561.09	May-14 \$ 18,454.36	May-15 \$ 19,321.26	May-16
Jun-13 \$ 23,730.67	Jun-14 \$ 25,324.67	Jun-15 \$ 25,058.86	Jun-16
\$ 61,758.29	\$ 62,368.11	\$ 64,329.63	\$ 6,014.80
\$ 400,661.33	\$ 412,741.34	\$ 405,633.23	\$ 344,627.87
Total FY13	Total FY14	Total FY15	Total FY16
\$ 3,041.40	\$ 12,080.01	\$ (7,108.11)	\$ (61,005.36)
Over FY12	Compared to FY13	Compared to FY14	Compared to FY15

AMERICAN SCHOOLS OF ORIENTAL RESEARCH
Investment Report
March 31, 2016

Account Name & Bank	30-Jun-13	30-Jun-14	30-Jun-15	31-Mar-16	Net Change	Contributions	Distributions	FY16 to date Investment Return	FY16 to date % Return	ASOR Custom Benchmark
ASOR Fellowships:										
Harris Fell. - Sequoia Fund	\$ 63,303.23	\$ 69,945.12	\$ 68,736.68	\$ 13,854.57	\$ (54,882.11)	\$ -	\$ 36,900.00	\$ (17,982.11)	-26.2%	
Harris Fell. - Charles Schwab	\$ 72,059.09	\$ 81,499.70	\$ 85,630.99	\$ 116,437.26	\$ 30,806.27	\$ 39,046.51	\$ 5,453.00	\$ (2,787.24)	-3.3%	
1) Total Harris Fellowship	\$ 135,362.32	\$ 151,444.82	\$ 154,367.67	\$ 130,291.83	\$ (24,075.84)	\$ 39,046.51	\$ 42,353.00	\$ (20,769.35)	-13.5%	
Platt Fellowship - Sequoia Fund	\$ 121,628.86	\$ 131,126.49	\$ 128,325.54	\$ 26,194.40	\$ (102,131.14)	\$ -	\$ 68,600.00	\$ (33,531.14)	-26.1%	
Platt Fell. - Charles Schwab	\$ 135,212.91	\$ 153,306.36	\$ 158,702.09	\$ 214,483.99	\$ 55,781.90	\$ 72,607.35	\$ 12,306.00	\$ (4,519.45)	-2.8%	
2) Total Platt Fellowship	\$ 256,841.77	\$ 284,432.85	\$ 287,027.63	\$ 240,678.39	\$ (46,349.24)	\$ 72,607.35	\$ 80,906.00	\$ (38,050.59)	-13.3%	
3) Wright/Meyers Fund - Charles Schwab	\$ 64,339.68	\$ 83,230.04	\$ 81,631.04	\$ 77,449.80	\$ (4,181.24)		\$ 2,839.00	\$ (1,342.24)	-1.6%	
4) PE MacAllister Fellowship - Charles Schwab	\$ 84,532.19	\$ 112,470.84	\$ 120,636.46	\$ 120,613.39	\$ (23.07)	\$ 6,000.00	\$ 4,107.00	\$ (1,916.07)	-1.6%	
5) Jim Strange Fellowship - Charles Schwab		\$ 30,950.05	\$ 51,112.78	\$ 59,216.63	\$ 8,103.85	\$ 10,100.00	\$ 1,287.57	\$ (708.58)	-1.4%	
6) Carol and Eric Meyers Scholarship - Charles Schwab		\$ 7,000.00	\$ 56,403.78	\$ 64,640.74	\$ 8,236.96	\$ 11,050.00	\$ 2,111.58	\$ (701.46)	-1.2%	
7) Joe Seger Excavation Fund - Charles Schwab				\$ 44,695.01	\$ 44,695.01			\$ 44,695.01		
Total ASOR Fellowships	\$ 541,075.96	\$ 669,528.60	\$ 751,179.36	\$ 737,585.79	\$ (58,288.58)	\$ 138,803.86	\$ 133,604.15	\$ (63,488.29)	-8.5%	-2.70%
ASOR Endowment:										
1) Endowment (ASOR) - Charles Schwab	\$ 360,796.66	\$ 461,561.33	\$ 454,092.35	\$ 618,535.06	\$ 164,442.71	\$ 191,537.52	\$ 16,061.00	\$ (11,033.81)	-2.4%	
Endowment - Sequoia Fund	\$ 166,905.96	\$ 192,396.83	\$ 221,036.22	\$ 55,784.13	\$ (165,252.09)	\$ -	\$ 109,200.00	\$ (56,052.09)	-25.4%	
Total ASOR Endowment	\$ 527,702.62	\$ 653,958.16	\$ 675,128.57	\$ 674,319.19	\$ (809.38)	\$ 191,537.52	\$ 125,261.00	\$ (67,085.90)	-9.9%	-2.70%
Publications OF - Charles Schwab (Books)	\$ 87,259.77	\$ 100,251.09	\$ 98,773.28	\$ 101,683.77	\$ 2,910.49	\$ 2,681.80		\$ 228.69	0.2%	
INVESTMENTS SUBTOTAL	\$ 1,156,038.35	\$ 1,423,737.85	\$ 1,525,081.21	\$ 1,513,588.75	\$ (56,187.47)	\$ 333,023.18	\$ 258,865.15	\$ (130,345.50)	-8.5%	-2.70%
1) Temp. Restricted - Citizens Bank										
Citizens Savings	\$ 126,012.17	\$ 197,864.99	\$ 331,123.19	\$ 197,716.63						
Citizens Savings - CHI funds				\$ 233,532.18						
2) ASOR General Fund- Charles Schwab	\$ 81,802.57	\$ 115,145.00	\$ 129,536.67	\$ 143,818.86						
Citizens Savings	\$ 411,199.84	\$ 353,298.73	\$ 427,303.08	\$ 533,695.30						
Citizens Bank Checking	\$ 1,368.86	\$ 7,050.34	\$ 2,535.34	\$ 3,657.03						
	\$ 494,371.27	\$ 475,494.07	\$ 559,375.09	\$ 681,171.19						
3) Journals Escrow Account - Charles Schwab										
Citizens savings										
GRAND TOTAL	\$ 1,650,409.62	\$ 2,097,096.91	\$ 2,415,579.49	\$ 2,392,476.57	\$ (56,187.47)	\$ 333,023.18	\$ 258,865.15	\$ (130,345.50)		
DSP - Calvert Account	\$ 0.28	\$ 0.28								
DSP - Citizens Account	\$ 46,514.39	\$ 46,439.39	\$ 46,652.53	\$ 46,652.53						
HESI - Huntington Bank	\$ 28,778.59	\$ -								
Total Sponsored projects	\$ 75,293.26	\$ 46,439.67	\$ 46,652.53	\$ 46,652.53	\$ -					
Nies Fund - Citigroup	\$ 440,263.29	\$ 506,506.59	\$ 497,147.68	\$ 465,034.19	\$ (32,113.49)					

American Schools of Oriental Research
Comparison of FY 2016 Budget to Forecasted Actual Revenue and Expenses/Proposed FY 2017 Budget
April 2016

Notes	INCOME	FY16 Budget	FY16 Forecast	FY17 Budget
	Annual Meeting:			
1	-Registration fees and other income	\$ 215,000.00	\$ 220,991.03	\$ 225,000.00
2	-Other educational events			
	-Designated gifts for other events			
	Archaeological and Policy Support:			
3	-Fellowships Awarded (Heritage, Platt, Designated, etc.)	\$ 50,000.00	\$ 55,000.00	\$ 50,000.00
3	-Fellowships Endowment (P.E. MacAllister, Meyers/Wright, Strange, C&E Meyers)	\$ 40,000.00	\$ 27,500.00	\$ 25,000.00
4	-Field Research Support Awarded (Harris and Seger distribution)	\$ 10,000.00	\$ 10,000.00	\$ 5,000.00
4	-Field Research Support Endowment (Harris and Seger)	\$ 50,000.00	\$ 31,979.00	\$ 25,000.00
5	-Directors exchange funds	\$ -	\$ -	
6	-Support for Online Media and FOA TR Releases	\$ 40,000.00	\$ 38,000.00	\$ 38,000.00
7	-Nies Trust income	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
8	Syrian Heritage Initiative (SHI)			
8	-Revenue not used from TR account for social media because CHI			
8	-CHI revenue for continuing ASOR staff salaries	\$ 20,000.00	\$ 19,350.77	\$ 20,000.00
8	-CHI revenue for new employees	\$ 430,675.00	\$ 278,519.54	\$ 285,000.00
8	-CHI revenue for travel expenses	\$ 30,000.00	\$ 18,534.30	\$ 25,000.00
8	-CHI revenue for equipment and/or rent	\$ 5,000.00	\$ 6,000.00	\$ 5,000.00
8	-CHI revenue for contractors	\$ 135,000.00	\$ 156,942.00	\$ 225,000.00
8	-CHI revenue for supplies and other	\$ 20,500.00	\$ 1,500.00	\$ 2,500.00
8	-CHI revenue for indirect costs (will be used for some ASOR staff and digital media)	\$ 131,325.00	\$ 94,082.52	\$ 106,000.00
8	-CHI other direct costs (Cultural Heritage Monitor)		\$ 79,580.00	\$ 60,000.00
8	-CHI designated gifts and grants		\$ 65,000.00	\$ 75,000.00
8	-Money set aside for CHI audit		\$ 6,000.00	\$ -
	Archives Project			
9	-Salaries ASOR staff		\$ 6,045.00	\$ 1,500.00
	-Salaries Archivist, asst.			
	-Consultant and travel			
	-Supplies and services			
9	-External funds raised	\$ 1,000.00	\$ 100.00	\$ 100.00
	Journals/Memberships:			
10	-Subscriptions/memberships	\$ 395,000.00	\$ 390,000.00	\$ 400,000.00
11	-Royalties and advertising	\$ 41,000.00	\$ 58,000.00	\$ 50,000.00
12	-Support from OF and gifts	\$ 500.00	\$ 300.00	\$ 500.00
12	-Other Journal Support		\$ 2,500.00	\$ 1,000.00
	Books:			
13	-Funds from Opportunity Fund	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
13	-Sales revenue designated for Opportunity Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
	- Book subventions			\$ -
	Undesignated Revenue:			
14	-Annual fund contributions	\$ 80,000.00	\$ 64,000.00	\$ 80,000.00
15	-Institutional memberships	\$ 81,000.00	\$ 79,000.00	\$ 80,000.00
16	-Distribution from Endowment	\$ 20,500.00	\$ 21,672.00	\$ 22,400.00
17	-Investment income	\$ 4,500.00	\$ 3,100.00	\$ 3,500.00
18	-Administrative fees and misc. income	\$ 7,200.00	\$ 7,991.57	\$ 8,000.00
	Other Designated Revenue:			
19	-Designated gifts for Endowment	\$ 85,000.00	\$ 75,535.00	\$ 5,000.00
20	-Other designated gifts (including printing)	\$ 1,000.00		
21	-Development Fund and designated gifts	\$ 1,000.00	\$ 750.00	\$ 1,000.00
22	-NEH Summit		\$ 22,406.51	\$ 5,000.00
	In-kind Donations:			
23	-Rent subvention from BU	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00
24	-In kind legal	\$ 20,000.00	\$ 65,000.00	\$ 50,000.00
	Total Income	\$ 2,004,200.00	\$ 1,994,379.24	\$ 1,968,500.00

Notes	EXPENSES	FY16 Budget	FY16 Forecast	FY17 Budget
	Annual Meeting:			
1	-Annual meeting expenses	\$ 85,000.00	\$ 121,874.83	\$ 121,000.00
2	-Other Educational Events			
	Archaeological and Policy Support:			
3	-Fellowships Awarded (Heritage, Platt, Designated, etc.)	\$ 50,000.00	\$ 55,000.00	\$ 50,000.00
3	-Fellowships Endowment (P.E. MacAllister, Meyers/Wright, Strange, C&E Meyers, Joe Seger)	\$ 40,000.00	\$ 27,500.00	\$ 25,000.00
4	-Field Research Support (current Harris distribution)	\$ 10,000.00	\$ 10,000.00	\$ 5,000.00
4	-Field Research Support (endowment)	\$ 50,000.00	\$ 31,979.00	\$ 25,000.00
5	-Directors exchange funds	\$ -		
6	-Campaign Support for Online Digital Media Resources			
7	-Nies Trust expenses	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
8	-New employees for CHI project and ASOR	\$ 443,000.00	\$ 278,519.54	\$ 285,000.00
8	-Travel for CHI project	\$ 30,000.00	\$ 18,534.30	\$ 25,000.00
8	-Equipment and computers for SHI project	\$ 5,000.00	\$ 6,000.00	\$ 5,000.00
8	-Contractors for SHI project	\$ 135,000.00	\$ 156,942.00	\$ 225,000.00
8	-CHI project supplies, mitigation projects, and other	\$ 20,500.00	\$ 1,500.00	\$ 2,500.00
8	-CHI other direct costs (CHM)		\$ 72,580.00	\$ 60,000.00
8	-Contingency for SHI office and non-direct expenses	\$ 34,700.00		\$ 10,000.00
8	-CHI non federal expenses		\$ 58,500.00	\$ 62,250.00
8	-Money set aside for SHI audit	\$ 15,000.00		\$ 6,000.00
25	-Chair support (moved from allocable exp.)	\$ 7,500.00	\$ 10,000.00	\$ 7,500.00
26	-Travel for arch. Support	\$ 2,000.00	\$ 1,600.00	\$ 2,000.00
27	-Meetings (moved from allocable exp.)	\$ 3,000.00	\$ 4,000.00	\$ 4,000.00
22	-NEH summit		\$ 19,406.51	\$ 5,000.00
28	-Website (moved from allocable exp.)	\$ 20,000.00	\$ 26,000.00	\$ 15,000.00
29	-Presidential discretionary expenses	\$ 3,000.00	\$ 3,089.54	\$ 3,000.00
	Archives Project:			
9	-Consultant and travel	\$ 1,000.00	\$ 7,000.00	\$ 2,500.00
9	-Supplies and services	\$ 1,000.00	\$ 500.00	\$ 500.00
	Journals/Memberships:			
30	-BASOR (2 issues per year)	\$ 76,000.00	\$ 72,000.00	\$ 76,000.00
30	-NEA (4 issues per year)	\$ 66,000.00	\$ 70,000.00	\$ 68,000.00
30	-JCS (ASOR portion)	\$ 3,500.00	\$ 7,000.00	\$ 3,500.00
7	-JCS (Nies Trust portion)	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00
	-JCS Supplement			
31	-Newsletter			
32	-JSTOR	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
33	-Other journal expenses	\$ 2,000.00	\$ 1,250.00	\$ 1,250.00
34	-Membership, FOA & Informz expenses	\$ 25,000.00	\$ 36,000.00	\$ 27,500.00
	Books:			
13	-Book production	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
13	-Transfer of book revenue to Opportunity Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
	Other Designated Expense:			
19	-Designated gifts for Endowment	\$ 85,000.00	\$ 75,535.00	\$ 5,000.00
20	-Other designated gifts (including printing)	\$ 1,000.00	\$ -	
21	-Development Fund and designated gifts			
	Allocable Expenses:			
35	-Salaries and benefits	\$ 551,000.00	\$ 548,000.00	\$ 570,000.00
23	-Rent subvention from BU	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00
36	-Telephone and Utilities	\$ 7,500.00	\$ 7,000.00	\$ 7,500.00
36	-Postage, Postage mach. and Copier	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
36	-Bank charges	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
36	-Insurance	\$ 12,000.00	\$ 10,000.00	\$ 12,000.00
37	-Audit	\$ 23,000.00	\$ 25,000.00	\$ 25,000.00
38	-Equipment and supplies (incl. computers)	\$ 11,000.00	\$ 10,000.00	\$ 11,000.00
39	-Abila/ Avectora expenses	\$ 11,000.00	\$ 9,000.00	\$ 11,000.00
40	-Office events, Jibrin, Payroll services, consulting	\$ 5,000.00	\$ 4,500.00	\$ 5,000.00
41	-Dues, etc.	\$ 8,000.00	\$ 7,000.00	\$ 8,000.00
42	-Travel	\$ 15,000.00	\$ 10,500.00	\$ 15,000.00
24	-In kind legal	\$ 20,000.00	\$ 65,000.00	\$ 50,000.00
43	-Development	\$ 5,000.00	\$ 4,500.00	\$ 5,000.00
44	-Depreciation	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
45	-Bad Debts			
46	-Dead Sea Plains Account transfer			
		FY16 Budget	FY16 Forecast	FY17 Budget
	Total Expenses	\$ 2,004,200.00	\$ 1,994,310.72	\$ 1,968,500.00
	Total	\$ -	\$ 68.52	\$ -

American Schools of Oriental Research
Notes to the FY 2016 Budget to Forecast Comparison and [Proposed] FY 2017 Budget
April 2016

1. Annual meeting income/expenses. Income includes registration fees, exhibitor fees, program advertising, grants (TFBA, AIIrS), hotel concessions, and reimbursements from research centers. Income level high in FY 2016 because of strong registrations and concessions from the hotel. Expenses in FY 2016 exceeded the budget because we hosted better receptions, and received fewer comped rooms. We also paid for more rooms and food than in the past. FY 2017 is forecast to stay at the level of FY 2016 in terms of expenses and income.

2. No ASOR/BAS events were held in FY 2015 and none are planned for FY 2016.

3. Fellowship income.

a. FY 2016. Figures listed are the totals distributed from all of our fellowship accounts plus annual gifts to March Fellowship Madness, the Heritage program, and other designated gifts. Fellowship awards include for the second time the William G. Dever Archaeological Fellowship for Biblical Scholars. Gifts to endowment include MacAllister Fund, Meyers Fund, and Strange/Midkiff Fund.

b. FY 2017. We are budgeting at near the same level of the FY 2016 fellowships awarded. The amount budgeted for the endowment includes finishing a challenge campaign for the Meyers Fellowship and additional funds for the Strange/Midkiff Fund.

4. Field Research Support (for affiliated projects).

a. FY 2016. The forecast is the amount used from the temporarily restricted account for Harris. No funds were available this year for Seger. No designated gifts were received.

b. FY 2017. Budget is for \$5,000 from Harris revenue. We do not anticipate revenue to support a Seger Fellowship until FY 2018. Endowment budget is for gifts that have been pledged (and hopefully a few more for the Seger Fund).

5. Directors' exchange funds. This temporarily restricted account has been spent, and we do not anticipate further funds for FY 2017.

6. Support for online digital media resources. This continues to be a priority identified in the Foundational Campaign.

a. The FY 2016 figure represents the funds spent in FY 2016. About \$30,000 will be left in this temporarily restricted account to be spent in FY 2017 and beyond. This line item supports the FOA initiative, and also includes designated support for News@ASOR by the Kershaw Family Trust.

b. FY 2017 amount represents the amount carried over from FY 2016 plus an anticipated designated gift.

7. **Nies Trust.** \$7,500 for support of JCS and the remainder of trust funds for Mesopotamian Fellowship and other activities of the Baghdad Committee.

8. **ASOR Cultural Heritage Initiatives.** The forecasted amounts for FY 2016 indicate actual experience from FY 2016. We hope that the project will be continued in FY 2017, and accordingly, forecasted similar funding. Indirect was calculated at a negotiated 17%. The expenses reflect our best estimate as of the date the budget was prepared; the ASOR Executive Director, President, and Treasurer will make sure that the final agreement does not negatively impact our bottom line.

9. **Archives Project.** FY 2016 revenue represents a reimbursement from AIA for time the ASOR's archivist worked on an AIA project.

10. **Subscriptions and memberships revenue.** FY 2016 projections are flat from last year (slightly below budget). The staff is also working on a plan to grow subscription revenue in general (*e.g.*, we have just instituted a steep discount for new institutional subscribers to BASOR). Efforts have been held back, in part, by the level of effort expended on the CHI program and the outreach initiatives. The Forecast for FY 2017 includes a slight increase in subscription revenue.

11. **Royalties and advertising.** FY 2016 actual income was higher than budgeted due to an additional royalty payment of approximately \$20,000, which resulted from an agreement with Logos Systems to sell a searchable version of JCS, BASOR, and NEA. While a positive benefit, it cannot be forecast to repeat in FY 2017. The 2017 budget returns to expected revenue streams that are forecast to grow more than the FY 2016 budget because of the increased royalties (though not as high as in FY 2016).

12. **BASOR and NEA support.** These numbers represent UBC support for NEA.

13. **Book proceeds from the Opportunity Fund and sales.** In and out item for the budget. These items impact our Board-designated unrestricted net assets. They, however, do not impact our net assets available for operations.

14. **Annual Fund.** The FY 2016 projection is lower than previous years, in part, because we are encouraging gifts to support areas identified in the strategic plan. However, we have experienced a drop in Trustee giving to the Annual Fund. The FY 2017 Annual Fund contributions are estimated to be \$80,000, which is below our "normal" \$100,000 level, but more in keeping with experience from FY 2015 and FY 2016.

15. **Institutional memberships** have leveled out at around 80 member institutions.

16. **Endowment distribution.** There is a slight increase each year in the Endowment distribution due to positive market returns and modest contributions to the Endowment.

17. **Interest income** is minimal due to low rates.
18. **Administrative fees and misc. income.** We project a slight increase from FY 2016 levels due to higher market values and more permanently restricted funds.
19. **Designated gifts for Endowment.** A relatively small amount forecast for FY 2017. The FY 2016 forecast amount includes an anticipated legacy gift from the W. Weir Estate. ASOR has received notification of the gift, but the estate will not be settled until sometime in FY 2017. It is uncertain at this juncture where the Board will place these new permanently restricted funds, so they have been put here as a placeholder.
20. **Other designated gifts.** From time to time, ASOR receives designated gifts to reimburse us for designated expenses.
21. **Development Fund and designated gifts.** These are gifts to support development travel, fundraising events, and other development expenses.
22. **NEH Summit.** ASOR and AIA received a NEH Chairman's grant to hold a summit in Washington in December 2015. We anticipate a smaller second grant for FY 2017.
23. **Rent.** This is in-kind support from Boston University. Please see the President's report for an update on the status of this in-kind support.
24. **In-kind legal gifts.** In/out items that do not affect the profit/loss of the organization. The principal in-kind gift is legal services performed by Arnold and Porter, our law firm. This amount is higher for FY 2016 and FY 2017 because of ongoing support of our cultural heritage work. The amount is also higher because ASOR was sued by a scholar for not posting academic work online. We consider the lawsuit to be without merit, but we have incurred in-kind legal expenses defending it.
25. **Chair support.** This line item provides funding to support the work of the chairs of the academic committees. Expense items include travel, meals, small receptions for chairs, special requests, and CCC expenses (including a retreat, if any). The amount was higher for FY 2016 because of an extra strategic planning meeting to support the branding project in which the Board voted to engage after the budget was passed.
26. **Travel for Archaeological Support.** This line item provides travel support for the Executive Director or other staff or officers to visit archaeological sites or affiliated research centers. Expenditures have been less in recent years because designated gifts (usually by the Executive Director) have paid many of the expenses.
27. **Meetings.** This line item is for meetings other than the annual meeting. Examples include Board meetings or other special events/conferences.

28. Website. This line item is higher than the budget because the Board directed ASOR to engage a branding consultant (C&G), which charged \$22,000+. The rest of the forecasted expenses are for charges of a web-designer retained before the Board got involved in the process whose work was halted when the professional branding consultant was retained. The FY 2017 amount is for implementation of the branding consultant's recommendations.

29. Presidential discretionary expenses. This line item provides a small amount of money that the ASOR President may allocate for events or special needs at his or her discretion. It may also be used to support the expenses the President incurs working as a volunteer on behalf of ASOR.

30. Journal expenses. Budgeted level for BASOR increase a few years ago for color and 25% more pages. We moved to an editorial manager system in FY 2015; there were some one-time expenses associated with the move.

31. Newsletter. We have discontinued our print newsletter. Expenses for News@ASOR are contained in other line items (mainly staff salaries [Note 35] and Membership, FOA, and Informz Expenses [Note 34]).

32. JSTOR. This is the expense for the provision of online access to our journals through JSTOR CSP. It does not include sales commissions or other charges that are deducted directly from our JSTOR revenue (above)

33. Other Journal Expenses. This mainly includes charges for the Publications Manager providing materials to the printers and journal editors. We may want to consider allocating these expenses directly to BASOR and NEA in the future.

34. Membership, FOA and Informz expenses. Direct expenses of FOA and membership drives that are not in the salary line item. Expenses include a stipend for the editor of ANE Today. This line item also includes Informz expenses and the News@ASOR expenses (not including staff time).

35. Salaries. The FY 2016 forecast number is slightly lower than our budget due to support received from CHI project and other designated funding. The FY 2017 salary number includes a 3% increase to the salary pool for raises. It also includes a 3% increase in salaries that will enable ASOR to begin offering retirement benefits that began on January 1, 2016.

36. Telephone and utilities, postage, postage machine and copier, bank charges, and insurance. The FY 2017 budget amount based on the forecast for FY 2016 and projected amounts needed for FY 2017.

37. Audit. The FY 2017 amount is on par with FY 2016, and represents a new bid price from Romeo and Wiggins.

38. Equipment and Supplies. The FY 2017 budget amount based on the forecast for FY 2016 and projected amounts needed for FY 2017.

- 39. Abila/Avecetra expenses.** This is for the ASOR online store and online database.
- 40. Office events, Jibrin, payroll, and other expenses.** The FY 2017 budget amount is based on the forecast for FY 2016 and projected amounts needed for FY 2017. The Jibrin expense is a retirement benefit for the widow of a former AIAR cook (Omar Jibrin). As part of a long-standing agreement, ASOR pays this retirement benefit to the dependent of an AIAR employee. Payroll expenses are for PayChex to process ASOR's payroll and related expenses.
- 41. Dues, etc.** The FY 2017 budget amount based on the forecast for FY 2016 and projected amounts needed for FY 2017. This includes organizations, such as ACLS and NHA. It does not include dues for individual staff members or ASOR officers.
- 42. Travel.** This includes the Executive Director's travel (\$8,000) account as well as other travel for staff to board meetings, conferences, development, and other events. CHI travel is segregated in a separate part of the budget.
- 43. Development.** Now that the temporarily restricted fund is depleted, this figure will be about \$5,000 per year unless we have special events (and then the expense will be higher). This line item also allows the President, Development Committee Chair, and Executive Director to use a small amount of money for fundraising or development purposes.
- 44. Depreciation.** Depreciation is calculated by the auditors during the yearly audit, and does not affect our unrestricted budget.
- 45. Bad Debt Expense.** Almost all past pledges were paid off this past year, so we no longer have outstanding bad debts. No bad debts are anticipated for FY 2016 or FY 2017.
- 46. Dead Sea Plans Account transfer.** No amounts are shown because this line item will be a reduction in our temporarily restricted account (which will show up in the audit as an unrestricted asset—but not for operations). This amount (about \$57,000) reflects the transfer of funds that have been in the temporarily restricted account since the 1970's. ASOR has not been able to use the funds for any purpose other than the DSP project, and ASOR has not received any administrative fee for the account. By mutual agreement (after the death of Principal Investigator Tom Schaub), these funds were transferred to a temporarily restricted account at Notre Dame University. The funds will be used for their original purpose—to pay for publishing the DSP Project.

**THE AMERICAN SCHOOLS OF ORIENTAL RESEARCH
INVESTMENT AND SPENDING POLICIES
Approved by the ASOR Board of Trustees on November 18, 2012
(Amendment proposed to ASOR Board on April 17, 2016)**

INVESTMENT POLICY

General

It is the general policy of The American Schools of Oriental Research (ASOR) to invest funds to achieve growth in principal value over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. The funds include permanently restricted funds, temporarily restricted funds, Board-designated funds, and unrestricted funds.

Notwithstanding this general policy, all restrictions placed by donors on the interest and investment earnings on donated funds will be honored.

Fund Categories, Objectives and Authority

Unrestricted Funds

- Description. These funds are not restricted in their use and are sometimes referred to as short-term funds or operating funds. They include cash, surplus from current operations, unexpended portions of unrestricted grants, and other unrestricted funds received.
- Investment Objective. Preservation of principal. These funds will be invested in a manner that minimizes the risk of loss of principal while seeking to maximize earnings in a way that allows for immediate liquidity to meet ongoing operational requirements.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASOR.

Board-Designated Funds

- Description. These funds are designated by the Board to be held in reserve to support future years' operations or specific programs. They may include accumulations from past years' annual results of operations, investment income, and other funds designated by the Board.
- Investment Objective. The objective for funds held in reserve to support future years' operations is the same as the objective for Unrestricted Funds. For funds held in reserve to support specific programs, which may be similar to endowment funds, the objective is the preservation of real purchasing power of principal, while seeking to maximize earnings in a way that allows for sufficient liquidity to meet ongoing program requirements.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASOR. With regard to funds that are similar to endowment funds, the Finance Committee will establish the appropriate asset allocation targets or ranges for investment of these funds.¹

¹ See Appendix I for specific asset allocation targets or ranges for existing ASOR funds overseen by the Finance Committee.

Temporarily Restricted Funds

- Description. These funds are restricted in time or purpose. They include donated funds that are restricted to program use or, over time, expected to be used for operating expenses. They also include accumulated earnings on endowments that have not yet been distributed in accordance with the purpose of the particular endowment.
- Investment Objective. The objective for donated funds that are expected to be used for operating expenses within five years or less is the same as the objective for Unrestricted Funds. The objective for accumulated earnings on endowments, except for funds that are expected to be used for the intended purposes within the next twelve months or less, is the same as the objective for Permanently Restricted Funds.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASOR in accordance with donor restrictions. With regard to the accumulated earnings on endowments, the authority will follow the authority for investment of the underlying endowment funds.

Permanently Restricted Funds

- Description. Permanently Restricted Funds are endowments that have been given in perpetuity, through which the principal of the fund remains intact and the income used by the organization.
- Investment Objective. Preservation of real purchasing power of principal, while seeking to maximize earnings in a way that allows for sufficient liquidity to meet ongoing distribution requirements.
- Authority. The Finance Committee will establish the appropriate asset allocation targets or ranges for investment of these funds.

Authorized and Unauthorized Investments

Authorized Investment Types

- Cash or cash equivalents, including money market instruments and certificates of deposit.
- Fixed income obligations of the U.S. government, its agencies, or corporations.
- Mutual funds or exchange traded funds that own fixed income or equity securities.

Unauthorized Investment Types

- Individual equity securities.
- Hedge funds.
- Private equity funds.
- Commodities.
- Real estate.

Exceptions

The Finance Committee may authorize additional investment types on an exception basis to cover unusual situations, provided such authorization is obtained in advance and the Finance Committee concludes that permitting the additional investment type does not cause undue risk to ASOR.

SPENDING POLICY

ASOR adopts spending policies for its endowments in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was adopted by Massachusetts in 2009. The spending policies set forth in Appendix II for each of ASOR's existing endowments can be applied consistently over time regardless of short-term fluctuations in the market value of the funds. Each policy sets spending rates allowing for long-term growth in the corpus of its corresponding endowment, while also providing funds for ASOR to spend fulfilling its mission. This Spending Policy and amendments (if any) supersede any previous spending policies adopted by ASOR.

ROLES AND RESPONSIBILITIES

Finance Committee Responsibilities

- The Finance Committee is responsible for the oversight of all of ASOR's funds.
- The Finance Committee is responsible for reviewing the Investment and Spending Policies on a periodic basis, and recommending any necessary changes to the ASOR Board of Trustees.
- The Finance Committee will review investment performance and portfolio allocations for Permanently Restricted Funds and the related accumulated earnings, as well as any appropriate Board-Designated Funds, on at least a semi-annual basis, and will direct the Executive Director and Treasurer to make any changes as appropriate.
- The Finance Committee will also oversee investment performance for Unrestricted Funds, Board-Designated Funds, and Temporarily Restricted Funds, where the investment objective is preservation of principal, to ensure that the Executive Director and Treasurer are using appropriate investment vehicles consistent with the investment objectives.

Executive Director and Treasurer Responsibilities

- The Executive Director and Treasurer are 1) responsible for monitoring the investment performance and portfolio allocations between periodic reviews by the Finance Committee, and 2) delegated the authority to take action to rebalance funds in between such reviews.
- The Executive Director and Treasurer are responsible for the appropriate investment of Unrestricted Funds, Board-Designated Funds, and Temporarily Restricted Funds where the investment objective is preservation of principal.
- At least semi-annually, the Executive Director and Treasurer will provide the Finance Committee information about 1) asset allocation, 2) investment performance, 3) future investment strategies, and 4) any other matters of interest to the Committee.
- At least annually, the Executive Director and Treasurer will report on overall investment performance to the ASOR Executive Committee and Board of Trustees, including a comparison of investment results to appropriate indices.
- Subject to Finance Committee approval, the Executive Director and Treasurer may agree that one or the other is primarily responsible for the duties above, and will consult with the other party as necessary.

OTHER POLICIES

Fees for Administrative Oversight of Endowed Scholarships and Fellowships

- Description. ASOR has existing endowment funds whose earnings are used to support fellowships or scholarships for archaeological fieldwork or support. Additional funds may be created in the future for similar purposes. The principal of endowment funds will be kept intact, and the income distributed to support the purpose of the funds.
- Fees. The process for reviewing grant applications and selecting recipients of fellowships and scholarships can require significant support from ASOR staff. Accordingly, unless prohibited by the endowment fund guidelines, the Executive Director is authorized to charge a fee against fund assets of an appropriate amount, not to exceed one percent (1%) of the average fair market value of the fund at the end of the last twelve (12) quarters, in order to recoup ASOR staff costs. For purposes of computing the average fair market value of a fund, quarters where a new fund has not reached a minimum market value of \$50,000 will not be used. No fees will be charged for endowment funds that have not reached a minimum threshold principal amount of \$50,000.

Fees for Administrative Oversight of Current Gifts of Scholarships and Fellowships

- Description. In addition to endowment funds whose earnings are used to support fellowships or scholarships for archaeological fieldwork or support, ASOR also receives current gifts that are designated to support similar programs, such as the Heritage fellowships. These designated funds normally are given with the intent that they be spent within the fiscal year of donation for the designated purposes.
- Fees. The process for reviewing grant applications and selecting recipients of fellowships and scholarships can require significant support from ASOR staff. Accordingly, unless specifically prohibited by the donor, the Executive Director is authorized to charge a fee against current designated gifts of an appropriate amount, not to exceed twenty percent (20%) of the designated gift amount (*e.g.*, \$500 for a designated gift of \$2,500, consistent with the existing Heritage fellowship program).

APPENDIX I – INVESTMENT TARGETS AND RANGES
Approved by the ASOR Board of Trustees on November 18, 2012
Amendment approved on November 24, 2013
(Amendment proposed to ASOR Board on April 17, 2016)

ASOR General Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Platt Fellowship Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Harris Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

MacAllister Fellowship Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Eric and Carol Meyers Fellowship Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Joe D. Seger Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Shirlee Meyers / G. E. Wright Fellowship Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Strange/Midkiff Fellowship Endowment (including accumulated earnings)

- Large Cap Equities 45%
- Small Cap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Board-Designated Publications Opportunity Fund

- Large Cap Equities 25–35%
- Small Cap Equities 5–10%
- International Equities 10–15%
- Fixed Income and Cash 40–60%

APPENDIX II – SPENDING POLICIES
Approved by the ASOR Board of Trustees on November 18, 2012
(Amended by ASOR Board on November 24, 2013)
(Amendment proposed to ASOR Board on April 17, 2016)

Endowment and Investment Fund Distributions

Unless otherwise specified, endowment and investment fund distributions will be made quarterly in an amount equal to one fourth (1/4) of a fund’s Annual Spending Percentage multiplied by the Calculated Distribution Value of the fund.

The Calculated Distribution Value of a fund is the average of its closing market values at the end of the preceding twelve (12) calendar quarters (the “Quarterly Closing Market Value”). A fund’s Quarterly Closing Market Value will comprise all assets in the fund including, without limitation, principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter.

Endowment and investment fund distributions will be made promptly following the close of each quarter.

To prevent erosion of the principal of a fund, if the Quarterly Closing Market Value is less than seventy-five percent (75%) of the fund’s historic dollar value, the distribution calculated above will be reduced by fifty percent (50%).²

Annual Spending Percentages

• ASOR General Endowment	3.5%
• Harris Endowment	5.0%
• MacAllister Fellowship Endowment	5.0%
• Meyers Fellowship Endowment	5.0%
• Meyers/Wright Fellowship Endowment	5.0%
• Platt Fellowship Endowment	6.0%
• Seger Endowment	5.0%
• Strange/Midkiff Fellowship Endowment	5.0%

² Notwithstanding the above, the Harris Endowment governing instrument precludes distributions when the fund’s Quarterly Closing Market Value is at any amount below its historic dollar value.

**THE AMERICAN SCHOOLS OF ORIENTAL RESEARCH
INVESTMENT AND SPENDING POLICIES**
Approved by the ASOR Board of Trustees on November 18, 2012
(Amendment proposed to the ASOR Board on April 17, 2016)

INVESTMENT POLICY

General

It is the general policy of The American Schools of Oriental Research (ASOR) to invest funds to achieve growth in principal value over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. The funds include permanently restricted funds, temporarily restricted funds, ~~b~~Board-designated funds, and unrestricted funds.

Notwithstanding this general policy, all restrictions placed by donors on the interest and investment earnings on donated funds will be honored.

Fund Categories, Objectives and Authority

Unrestricted Funds

- Description. These funds are not restricted in their use and are sometimes referred to as short-term funds or operating funds. They include cash, surplus from current operations, unexpended portions of unrestricted grants, and other unrestricted funds received.
- Investment Objective. Preservation of principal. These funds ~~will should~~ be invested in a manner that minimizes the risk of loss of principal while ~~still~~ seeking to maximize earnings in a way that allows for immediate liquidity to meet ongoing operational requirements.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASOR.

Board-Designated Funds

- Description. These funds ~~are have been~~ designated by the ~~b~~Board to be held in reserve to support future years' operations or specific programs. They may include accumulations from past years' annual results of operations, investment income, and other funds designated by the ~~b~~Board.
- Investment Objective. The objective for funds held in reserve to support future years' operations ~~will be is~~ the same as the objective for Unrestricted Funds. For funds held in reserve to support specific programs, which may be similar to endowment funds, the objective ~~is the shall be~~ preservation of real purchasing power of principal, while ~~still~~ seeking to maximize earnings in a way that allows for sufficient liquidity to meet ongoing program~~matic~~ requirements.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASOR. With regard to funds that are similar to endowment funds, the Finance Committee ~~will shall~~ establish the appropriate asset allocation targets or ranges for investment of these funds.¹

¹ See Appendix I for specific asset allocation targets or ranges for existing ASOR funds overseen by the Finance Committee.

Temporarily Restricted Funds

- Description. These funds are restricted in time or purpose. They include donated funds that are restricted to program use or, over time, ~~and are~~ expected to be used for operating expenses. They also include accumulated earnings on endowments that have not yet been distributed in accordance with the purpose of the particular endowment.
- Investment Objective. The objective for donated funds that are expected to be used for operating expenses within five years or less ~~is will be~~ the same as the objective for Unrestricted Funds. The objective for accumulated earnings on endowments, except for funds that are expected to be used for the intended purposes within the next twelve months or less, ~~will be is~~ the same as the objective for Permanently Restricted Funds.
- Authority. The Executive Director and Treasurer have authority to invest the funds, and to spend principal and interest to meet the operational needs of ASOR in accordance with donor restrictions. With regard to the accumulated earnings on endowments, the authority will follow the authority for investment of the underlying endowment funds.

Permanently Restricted Funds

- Description. Permanently Restricted Funds are endowments that have been given in perpetuity, through which the principal of the fund remains intact and the income ~~is distributed to be~~ used by the organization.
- Investment Objective. Preservation of real purchasing power of principal, while ~~still~~ seeking to maximize earnings in a way that allows for sufficient liquidity to meet ongoing distribution requirements.
- Authority. The Finance Committee ~~will shall~~ establish the appropriate asset allocation targets or ranges for investment of these funds.
~~See Appendix I for specific asset allocation targets or ranges for existing ASOR funds that are overseen by the Finance Committee.~~

Authorized and Unauthorized Investments

Authorized Investment Types

- Cash or cash equivalents, including money market instruments and certificates of deposit.
- Fixed income obligations of the U.S. government, its agencies, or corporations.
- Mutual funds or exchange traded funds that own fixed income ~~and/or~~ equity securities.

Unauthorized Investment Types

- Individual ~~E~~equity ~~S~~securities.
- Hedge funds.
- Private equity funds.
- Commodities.
- Real estate.

Exceptions

The Finance Committee may authorize additional investment types on an exception basis to cover unusual situations, provided such authorization is obtained in advance and the Finance Committee concludes that permitting the additional investment type does not cause undue risk to ASOR.

SPENDING POLICY

ASOR adopts spending policies for its endowments in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was adopted by Massachusetts in 2009. ~~In adopting t~~The spending policies, ~~which are specified set forth~~ in Appendix II for each of ASOR's existing endowments, ~~the organization attempts to adopt policies that~~ can be applied consistently over time regardless of short-term fluctuations in the market value of the funds. ~~Furthermore, the specific Each~~ policy ~~ies~~ sets spending rates ~~that~~ allowing for long-term growth in the corpus of ~~each of its~~ corresponding endowments, while also providing funds for ASOR to ~~ex~~spend ~~on a current basis to~~ fulfilling its mission. ~~This~~ Spending pPolicy and amendments (if any) supercede ~~any~~ previous spending policies adopted by ASOR.

ROLES AND RESPONSIBILITIES

Finance Committee Responsibilities

- The Finance Committee is responsible for the oversight of all of ASOR's funds.
- The Finance Committee is responsible for reviewing the Investment and Spending Policies on a periodic basis, and recommending any necessary changes to the ASOR Board of Trustees.
- The Finance Committee will review investment performance and portfolio allocations for Permanently Restricted Funds and the related accumulated earnings, as well as any appropriate Board--Designated Funds, on at least a semi-annual basis, and will direct the Executive Director and Treasurer to make any changes as appropriate.
- The Finance Committee will also oversee investment performance for Unrestricted Funds, Board--Designated Funds, and Temporarily Restricted Funds, where the investment objective is preservation of principal, ~~in order~~, to ensure that the Executive Director and Treasurer are using appropriate investment vehicles consistent with the investment objectives.

Executive Director and Treasurer Responsibilities

- The Executive Director and Treasurer ~~are will be 1)~~ responsible for monitoring the investment performance and portfolio allocations between periodic reviews by the Finance Committee, and ~~are 2)~~ delegated the authority to take action to rebalance funds in between such reviews.
- The Executive Director and Treasurer ~~are will be~~ responsible for the appropriate investment of Unrestricted Funds, Board--Designated Funds, and Temporarily Restricted Funds, where the investment objective is preservation of principal.
- At least semi-annually, the Executive Director and Treasurer will provide the Finance Committee information about 1) asset allocation, 2) investment performance, 3) future investment strategies, and 4) any other matters of interest to the ~~e~~Committee.
- At least annually, ~~T~~the Executive Director and Treasurer will report on overall investment performance to the ASOR Executive Committee and Board of Trustees, including a comparison of investment results to appropriate indices.
- Subject to Finance Committee approval, the Executive Director and Treasurer may agree that one or the other is primarily responsible for the duties above, and will consult with the other party as necessary.

OTHER POLICIES

Fees for Administrative Oversight of Endowed Scholarships and Fellowships

- Description. ASOR has existing endowment funds whose earnings are used to support fellowships or scholarships for archaeological fieldwork or support. ~~Furthermore,~~ ~~a~~Additional funds may be created in the future for similar purposes. The principal of ~~these~~ endowment funds ~~will be kept~~ ~~remains~~ intact, and the income ~~is paid out~~ ~~distributed~~ to support the purpose of the funds.
- Fees. The process for reviewing grant applications and selecting recipients of fellowships and scholarships can require significant support from ASOR staff. Accordingly, unless prohibited by the endowment fund guidelines, the Executive Director is authorized to charge a fee against fund assets of an appropriate amount, not to exceed one percent (1%) of the average ~~of fair~~ market value of the fund at the end of the last twelve (12) quarters, in order to recoup ASOR staff costs. For ~~the~~ purposes of computing the ~~is~~ average fair market value of a fund, quarters where a new fund has not reached a minimum market value of \$50,000 ~~sh~~will not be used. No fees will be charged for endowment funds that have not reached a minimum threshold principal amount of \$50,000.

Fees for Administrative Oversight of Current Gifts of Scholarships and Fellowships

- Description. In addition to endowment funds whose earnings are used to support fellowships or scholarships for archaeological fieldwork or support, ASOR also receives current gifts ~~that are~~ designated to support similar programs, such as the Heritage fellowships. These designated funds normally are given with the intent ~~ion to~~ ~~that they~~ be spent within ~~the a~~ fiscal year of donation for the designated purposes.
- Fees. The process for reviewing grant applications and selecting recipients of fellowships and scholarships can require significant support from ASOR staff. Accordingly, unless specifically prohibited by the donor, the Executive Director is authorized to charge a fee against current designated gifts of an appropriate amount, not to exceed twenty percent (20%) of the designated gift amount (~~f~~*e.g.*, \$500 for a designated gift of \$2,500, consistent with the existing Heritage fellowship program).

APPENDIX I – INVESTMENT TARGETS AND RANGES
Approved by the ASOR Board of Trustees on November 18, 2012
Amendment approved on November 24, 2013
(Amendment proposed to ASOR Board on April 17, 2016)

ASOR General Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Platt Fellowship Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Harris Fellowship Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

MacAllister Fellowship Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Eric and Carol Meyers Fellowship Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Joe D. Seger Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Shirlee Meyers / G. E. Wright Fellowship Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Strange/Midkiff Fellowship Endowment (including accumulated earnings)

- Large eCap Equities 45%
- Small eCap Equities 15%
- International Equities 20%
- Fixed Income 15%
- Cash 5%

Board--Designated Publications Opportunity Fund

- Large eCap Equities 25–35%
- Small eCap Equities 5–10%
- International Equities 10–15%
- Fixed Income and Cash 40–60%

APPENDIX II – SPENDING POLICIES
Approved by the ASOR Board of Trustees on November 18, 2012
(Amended by ASOR Board on November 24, 2013)
(Amendment proposed to ASOR Board on April 17, 2016)

Endowment and Investment Fund Distributions

Unless otherwise specified, endowment and investment fund distributions ~~sh~~will be made quarterly in an amount equal to one ~~—~~fourth (1/4) of a fund’s Annual Spending Percentage multiplied by the Calculated Distribution Value of the fund.

The Calculated Distribution Value of a fund is the average of its closing market values at the end of the preceding twelve (12) calendar quarters (the “Quarterly Closing Market Value”). A fund’s Quarterly Closing Market Value ~~sh~~will comprise all assets in the fund including, without limitation, principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter.

Endowment and investment fund distributions ~~sh~~will be made promptly following the close of each quarter.

To prevent erosion of the principal of a fund, if the Quarterly Closing Market Value is less than seventy ~~—~~five percent (75%) of the fund’s historic dollar value, the distribution calculated above ~~sh~~will be reduced by fifty percent (50%).²

Annual Spending Percentages

• ASOR General Endowment	3.5%
• Harris Endowment	5.0%
• MacAllister Fellowship Fund Endowment	5.0%
• <u>Meyers Fellowship Endowment</u>	<u>5.0%</u>
• Meyers/Wright Fellowship Fund Endowment	5.0%
• Platt Fellowship Endowment	6.0%
• <u>Seger Endowment</u>	<u>5.0%</u>
• <u>Strange/Midkiff Fellowship Endowment</u>	<u>5.0%</u>

² —Notwithstanding the above, the Harris Endowment governing instrument precludes distributions when the fund’s Quarterly Closing Market Value is at any amount below its historic dollar value.