

Exhibit K: INVESTMENT AND SPENDING POLICY

Approved by the ASOR Board of Trustees on November 18, 2012, and amended by the ASOR Board of Trustees on April 17, 2016, April 6, 2019, November 24, 2019, December 15, 2020, May 8, 2022, April 16, 2023, and November 19, 2023.

INVESTMENT POLICY

General

It is the general policy of The American Society of Overseas 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. [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 has been adopted by both Virginia and the District of Columbia. 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.

- The Executive Director and Treasurer will make reasonable efforts to rebalance new gifts to according to the schedule below.
 - Under \$3,000: Will normally rebalance during the next periodic rebalancing.
 - \$3,001 – \$10,000: Will normally rebalance as soon as practical.
 - \$10,001 – \$24,999: Will normally rebalance over three months.
 - \$25,000 – \$100,000: Will normally rebalance or invest over three months.
 - \$100,000 – \$250,000: Will normally rebalance or invest over six to twelve (6–12) months.
 - > \$250,000: Will normally rebalance or invest the account over twelve (12) months.
- For gifts > \$25,000, the President and Board Chair will be consulted.
- If a donor recommends a schedule different from above, ASOR will strongly consider such a recommendation.
- With consultation of the President and Board Chair, the Executive Director and Treasurer may, at their sole discretion, rebalance or invest according to an accelerated or extended schedule. They will consult the Finance Committee as appropriate.

OTHER POLICIES

Fees for Administrative Oversight of Endowed Scholarships, Fellowships, Grants and Educational Programming

- Description. ASOR has existing endowment funds whose earnings are used to support fellowships, grants or scholarships for archaeological fieldwork or support or for educational programming. 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, grants, and scholarships can require significant support from ASOR staff. Similarly, supporting educational programming also can require assistance 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, Fellowships, Grants and Educational Programming

- Description. In addition to endowment funds whose earnings are used to support fellowships, scholarships, grants for archaeological fieldwork or support for educational programming, 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, selecting recipients of fellowships and scholarships and providing support for educational programming can require significant assistance 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.

**Amendments approved on November 24, 2013, April 17, 2016, November 24, 2019,
December 16, 2020, May 8, 2022, and November 19, 2023.**

ASOR General Endowment (including accumulated earnings)

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

Board-Designated Building Fund (including accumulated earnings)

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

Board-Designated Kershaw Fund (including accumulated earnings)

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

Board-Designated Publications Opportunity Fund (including accumulated earnings)

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

Lawrence T. Geraty Community Archaeology 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%

Herbert Warren Mason 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%

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%

Platt 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%

Stevan B. Dana Endowment #1 for Scholarships to Support Fieldwork Participation in Israel (including accumulated earnings)

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

Stevan B. Dana Endowment #2 for Grants to ASOR-Affiliated Excavation Projects (including accumulated earnings)

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

Stevan B. Dana Endowment #3 for Grants to ASOR-Affiliated Excavation Projects in the State of Israel (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%

Thomas/Bishop Annual Meeting Endowment (including accumulated earnings)

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

Wayne Shepard Endowment for Urgent Action Grants (including accumulated earnings)

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

Mary Elizabeth Strange Endowment for Diaspora Heritage Program Grants (including accumulated earnings)

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

APPENDIX II – SPENDING POLICIES

Approved by the ASOR Board of Trustees on November 18, 2012.

Amended by ASOR Board on November 24, 2013, April 17, 2016, November 24, 2019,
December 16, 2020, May 8, 2022, and November 19, 2023

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	5.0%
• Board-Designated Building Fund	5.0%
• Board-Designated Kershaw Fund	5.0%
• Board-Designated Publications Fund	5.0%
• Geraty Community Archaeology Fund	5.0%
• Harris Endowment	5.0%
• MacAllister Fellowship Endowment	5.0%
• Mason Fellowship Endowment	5.0%
• Meyers Fellowship Endowment	5.0%
• Meyers/Wright Fellowship Endowment	5.0%
• Platt Fellowship Endowment	6.0%
• Seger Endowment	5.0%
• Stevan B. Dana Endowment #1	5.0%
• Stevan B. Dana Endowment #2	5.0%
• Stevan B. Dana Endowment #3	5.0%
• Strange/Midkiff Fellowship Endowment	5.0%
• Thomas/Bishop Annual Meeting Endowment	5.0%
• Wayne Shepard Endowment for Urgent Action Grants	5.0%
• Mary Elizabeth Strange Endowment for Diaspora Heritage Program Grants	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.