

Executive Director's Report to the ASOR Board of Trustees
Spring Board Meeting 2015
April 18, 2015

Outline of Report

- General financial update and background financial information (pp. 1-2)
- Observations about revenue (pp. 2-7)
 - Revenue from memberships and subscriptions (pp. 2-3)
 - Revenue from permanently restricted accounts (p. 3)
 - Revenue from donations (pp. 3-4)
 - Revenue from the Annual Meeting (and net revenue) (pp. 4-6)
 - Revenue for Special Initiatives (pp. 6-7)
- Observations about ASOR's overall capacity and strategic planning (p. 8-9)

General financial update and background financial information: ASOR's finances continue to be healthy. The Foundational Campaign provided a very helpful bolstering of our finances. The campaign included a few legacy gifts. When those are received, our balances will be even stronger. The following are a few highlights from the end of FY 2009 (after the financial markets experienced a significant correction). This comparison provides a background for my comments about our need and ability to increase capacity.

- Unrestricted net assets
 - End of FY 2009 (after markets dropped) = \$108,000
 - End of FY 2014 = \$358,000
 - Estimate for FY 2015 = \$360,000 or higher
- Total net assets
 - End of FY 2009 = \$923,000
 - End of FY 2014 = \$1,863,000
 - Estimate for FY 2015 = over \$2,000,000
 - Includes Meyers, Strange / Midkiff, and expected W. Weir legacy gifts
- Total Endowment for Operations
 - End of FY 2009 = \$321,000
 - End of FY 2014 = \$654,000
 - As of April 13, 2015 = \$681,000
- Total of all Endowment Accounts (fellowships, publications, and operations)
 - End of FY 2009 = \$716,000
 - End of FY 2014 = \$1,424,000
 - As of March 31, 2015 = \$1,544,000
 - Estimate for FY 2015 = over \$1,600,000
 - Includes expected W. Weir legacy gift

- Total cash in general fund on specific dates (not accrual based)
 - End of FY 2009 = \$182,000
 - End of FY 2014 = \$475,000
 - As of March 31, 2015 = \$569,000
- Accrual-based Membership and Subscriptions Revenue by Year
 - FY 2010 = \$331,000
 - FY 2011 = \$382,000
 - FY 2012 = \$375,000
 - FY 2013 = \$395,000
 - FY 2014 = \$391,000
 - Estimate FY 2015 = \$380,000
- Total budget amounts by Fiscal Year
 - FY 2009 budget = \$992,000
 - FY 2010 budget = \$1,051,000
 - FY 2012 budget = \$965,000
 - FY 2014 budget = \$1,305,000
 - FY 2015 budget (revised) = \$1,800,000
 - FY 2016 (proposed) = \$2,000,000

Observations about Revenue:

For the past three years, my spring Executive Director's report has used the word "plateau." Last year (May 2014), I wrote that we were starting to move beyond that plateau. About 12 months later, I think we have progressed to new levels in some areas, but we have not yet found ways to move beyond all plateaus.

Revenue from memberships and subscriptions: As the accrual-based data above shows, ASOR has reached a plateau in membership and subscription revenue. Our short-term strategic plan called for us to grow revenues by 3-4% per year in FY14 and FY15 and beyond. In my 2013 report, I wrote that such growth was a conservative estimate because we forecasted institutional subscription levels to grow at least 5% per year. This growth forecast was based on our participation in the JSTOR Current Scholarship Program and anticipation that our subscription prices would increase between 3-4% per year. Unfortunately, JSTOR has not met our expectations or forecasts (nor theirs). In addition, Swets (one of the other subscription agencies) went into bankruptcy this past year, and that bankruptcy has put a strain on some of our other institutional subscription revenues. Inda and Aviva have done an excellent job this year to minimize the negative impact of the Swets bankruptcy, and we have recouped most of the revenue that was initially lost. They have also worked well on supplementing the efforts of JSTOR to increase our subscriptions. Unfortunately, the Swets bankruptcy has put us behind schedule for increasing subscriptions. I am extremely pleased with the effort and planning of our staff, but we now need to implement plans that will allow us to grow this important revenue stream in spite of the challenging environment. To that end, Inda wrote an action plan for increasing

BASOR subscriptions and for increasing memberships for FY16 and beyond. She then reviewed that plan with Assistant Director Selma Omerefendic, and they are updating the plan each quarter. I have included the updated version of that action plan in the board reports.

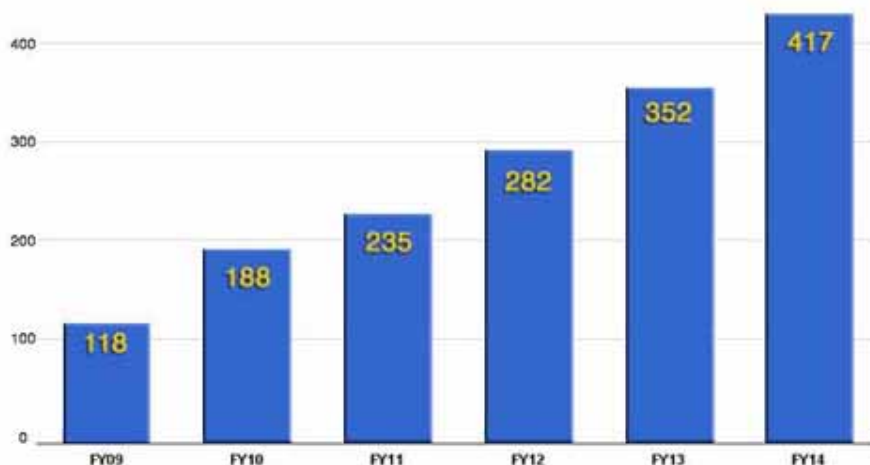
- **Note: BASOR and membership action plans are in the board reports**

The budget for FY16 contains a conservative figure for memberships and subscriptions, and we hope that we will exceed those expectations. Thanks to the excellent work of Inda and her staff, ASOR is not facing a significant shortfall. However, we need to find a way to increase subscriptions even if JSTOR will not be able to provide the increases for us. I am pleased with the plan that has been developed, and we will be reaching out to board members and editorial board members for assistance in recruiting new institutional subscribers.

Revenue from permanently restricted accounts: ASOR receives income from our investments in three ways: 1) Income from our endowment for operations (currently 3.5% of a 12-quarter average); income from an overhead fee from our fellowship accounts (up to 1% of a 12-quarter average); and income from interest from the general fund and temporarily restricted funds (currently less than 1% per year because of very low interest rates). Our estimate for all of these in FY16 is about \$32,000. For comparison, the FY11 budget had a total for \$14,000 from these three sources. We are receiving more than double the revenue from these sources than we did five years ago. At the same time, we have plenty of room for improvement and growth. The goal of the Torch Campaign was for ASOR to have an endowment of operations around \$2,000,000 so that we would have approximately \$100,000 annually from endowment income. Again, we should be pleased with our current level of growth, but we need to continue to find ways to increase this revenue stream to \$100,000 per year.

Revenue from donations: This is an area where ASOR has made tremendous strides over the past decade. As the graph below show, we moved from 118 donors in FY09 to 417 donors in FY14. So far this fiscal year, we have received gifts from 315 donors. We have a way to go to meet our goal of 450 donors for FY15 (this fiscal year), but that goal is within reach. In addition, our total revenue from donations has been growing each year, and the number of donors making large and medium gifts has been growing each year. Finally, we have received several commitments for six-figure legacy gifts, and we received word at the end of calendar year 2014 that ASOR will receive a significant legacy gift from the W. Weir estate (about \$85,000). Ed Wright (Development Committee Chair) and the rest of the committee are hard at work on planning for the next stage. In summary, we are poised for steady growth in development revenue.

INCREASE IN ASOR DONORS OVER LAST SIX YEARS



If there was a down side to development revenue, it is that we have experienced some donor fatigue following the extremely successful conclusion of the Foundational Campaign. There has also been a shift away from annual-fund giving to designated giving. These trends are not unexpected, but they are something to keep in mind. I know that Ed Wright and the Development Committee have been discussing this, and they have well-conceived plans in place to keep things moving smoothly. In the meantime, I encourage all trustees to consider giving at normal rates and to include donations to the annual fund in your contributions to ASOR. Trustee contributions of unrestricted gifts are vital for us to meet our forecast for the annual fund this fiscal year.

Revenue from the Annual Meeting (and net revenue from the Annual Meeting): Over the past eight years, ASOR has seen our annual meeting grow from about 450 registrants to 950 registrants. We hope that we will see attendance grow over 1,000 in 2015 in Atlanta. The revenue from the annual meeting has grown alongside our registration. I encourage all board members to review the last two pages of our annual audit for a quick look at the net revenues of the Annual Meeting over the past eight years. While review of each year's audit is helpful, I have listed several representative years below:

- Fiscal Year 2009 (Nov. 2008 Annual Meeting)
 - Total Revenue = \$124,000
 - Total Expenses (including salaries) = \$217,000
 - Net Amount = (\$93,000)
- Fiscal Year 2011 (Nov. 2010 Annual Meeting)
 - Total Revenue = \$124,000
 - Total Expenses (including salaries) = \$188,000
 - Net Amount = (\$65,000)

- Fiscal Year 2013 (Nov. 2012 Annual Meeting and BAS events combined)
 - Total Revenue = \$212,000
 - Total Expenses (including salaries) = \$289,000
 - Net Amount = (\$77,000)
- Fiscal Year 2014 (Nov. 2013 Annual Meeting)
 - Total Revenue = \$192,000
 - Total Expenses (including salaries) = \$218,000
 - Net Amount = (\$26,000)
- Estimate of Fiscal Year 2015 (Nov. 2014 Annual Meeting)
 - Estimated Total Revenue = \$215,000
 - Estimated Total Expenses (including salaries) = \$255,000
 - Estimated Net Amount = (\$40,000)
 - Note: FY15 is a very preliminary estimate

As you can see, our revenues have grown substantially from FY 2009 to FY 2015. At the same time, our expenses for the annual meeting have grown. You will notice that there is a trend towards reducing the total amount of unrestricted revenue needed to cover the annual meeting expenses (the net figure). The two largest factors in reduction of the amount of unrestricted needed to cover the annual meeting expenses in FY14 and FY15 are a) the reclassification of the meetings director position to a meetings manager position (i.e., a lower salary); and b) advantageous contracts with the hotels. The unfavorable difference between FY14 and FY15 (preliminary estimate) is because of higher expenses in San Diego than in Baltimore, and because of a less favorable hotel contract.

Moving forward, we need to implement plans to grow registration revenue and exhibitor revenue. These revenue streams have been growing slowly, and we need to see them grow about 5% per year in order to cover increased costs from year to year. We have a very favorable contract in 2015 in Atlanta, and then things become more challenging in 2016 and beyond. Another factor to consider is that we will be meeting further and further away from the downtown areas starting in 2016 (San Antonio). Our long-term plan is to spend about \$25,000 of unrestricted revenue each year to cover the net expenses. We are on target to reach this goal. However, we need to continue to see revenue grow and to manage our expenses if we are to meet this goal.

Another very positive aspect of the annual meeting in the past two years is that the implementation of the program and meeting has been much more of a team effort by the staff. Arlene Press has done an outstanding job in leading that team effort this past year, and she has also devoted more time in 2015 to support the Program Committee. As a result, we have reduced the amount of time that she can devote to supporting other meetings (e.g., the spring board meetings or affiliated group meetings at the annual meeting).

On a related note, beginning with the 2014 Annual Meeting, we modified the way that we distributed “perks” related to room upgrades at the Annual Meeting. Each year ASOR receives a number of room upgrades, upgrades to suites at the group rate, and other “perks” (such as access to a club lounge or reduced-rate parking). Starting in 2014, we

distributed more of these “perks” to ASOR’s major donors and major exhibitors than in prior years. In order to accomplish this recognition, we had to reduce the number of room upgrades or other perks available to the affiliated research centers. Because food and beverage minimums rise each year with our hotel contracts, we anticipate that we will distribute more of the perks based on groups that contribute the most toward our expenses, our donations, and toward the food and beverage minimums. We plan to continue to provide complimentary meeting room access for the research centers. The meetings management also will continue, but at a reduced level of support.

Revenue for special initiatives (including the Syrian Heritage Initiative): ASOR decided to make a concerted effort to increase our revenue from foundations for special initiatives about four years ago. We hired a graduate student who conducted a comprehensive assessment of all private foundations in the United States that we thought might be a possible fit for our Archives Initiative or other ASOR programs. We wrote about sixty letters to private foundations, and two of these successfully led to awards. Of particular note, we received a two-year grant from the David Berg Foundation for \$25,000 per year. This grant followed an initial one-year grant of \$5,000. The money from the David Berg Foundation was combined with generous gifts from the Lanier Theological Library to support our Archives Programs. These funds allowed us to continue our Archives Program for the last two fiscal years (FY14 and FY15). We have successfully completed the proposed project—an online exhibit of the Nelson Glueck materials. These designated funds for the Archives Project illustrate how we can support special initiatives that are central to our mission that do not have adequate support from unrestricted funds available in our budget. The Archives Project was a critical component of our current strategic plan and designated funding proved a good way to support this initiative.

Similarly, we began a new outreach initiative two years ago with separate donor-designated funds. One of our trustees, Stevan Dana, had a vision for what grew into the Friends of ASOR Program. This trustee (Dana) made a very generous six-figure gift to start the Friends Program. The Friends Program contains online initiatives that are consistent with priorities outlined in our strategic plan and in the priorities for the Foundational Campaign. These donor-designated funds were combined with very generous gifts from the Lanier Theological Library to support the *Ancient Near East Today* (a monthly e-newsletter) and other outreach initiatives on the ASOR Blog and on ASORtv. The Friends Program has been successful in attracting new people to ASOR (currently about 9,700 Friends). Many of these Friends have made gifts to ASOR, and some of them have joined ASOR. The Friends program is an important part of our action plan for growing the ASOR membership, and it is an important component of our plan to attract more and more attendees (as opposed to paper presenters) to our Annual Meeting. Despite this success, the Friends of ASOR Program has not yet become self-sustaining.

In an effort to make the FOA Program self-sustaining, Dana (following a charge from the membership and outreach committee) has instituted four working groups of volunteers to grow the FOA. One group is focusing on membership, one group is focusing on programs and content, one group is focusing on non-US membership, and one group is focusing on

fund-raising. The committees are hard at work, and the plan is to develop a program that will be self-sustaining by 2017. There are enough donor-designated funds to combine with current annual contribution to keep the FOA Program running through 2016 or 2017.

A common component between the Archives funding and the FOA funding is that ASOR does not have adequate unrestricted revenue to keep either program operating at current levels without new revenue. The designated revenue for the Archives was one way to keep that program going, but we need to seek additional foundation support for the Archives. Similarly, we need to find ways for the FOA program to generate revenue so that it can be self-supporting.

The most recent special initiative is the ASOR Syrian Heritage Initiative. The funding for this initiative comes primarily from the U. S. Department of State (about \$750,000), but we have also received a generous grant (\$57,000) from the J. M. Kaplan Fund, and a gift (\$2,500) from the Getty Conversation Institute. We will try to grow the amount of external funds that are available in future years. As Susan Ackerman outlines in her report, we anticipate that funding from the Department of Status for years two and three of the project is likely.

We devoted much of our Fall Board Meeting to a discussion of the Syrian Heritage Initiative, so I will not repeat that information here. I do want to encourage all of you to peruse the project website: www.asor-syrianheritage.org. The website contains a summary of the project and a detailed description of its mission. It contains periodic reports as well as weekly reports that vary in length from 40-150 pages.

Because the Syrian Heritage Initiative is so important to the work that all ASOR members conduct, we are operating the project at a reduced indirect rate (17%). We have also allocated a third to half of the indirect dollars from FY15 to direct expenses of the project. We made these allocations because the work is central to our mission and because we want to exceed expectations in this unique opportunity. The remaining indirect dollars provide important support for other programs and special initiatives in FY15 and in the FY16 proposed budget. We would not be able to continue the Archives Program without such support (or other funding) in FY16, and this support is also crucial for funding our outreach initiatives, e-newsletters, ASORtv, and the ASOR Blog. It should be noted, however, that the increased work-load of the SHI project has stretched ASOR's capacity and has effectively reduced the amount of time that I am able to devote to other projects (including memberships, subscriptions, and fundraising). We have realized during FY15 that the indirect funding is necessary to support the increased strain on ASOR's budget, so we are trying not to spend those dollars on direct SHI expenses in FY16 and beyond.

Observations about ASOR's overall capacity and strategic planning:

Last year I mentioned in my annual report that the ASOR staff and President Susan Ackerman had been reading two management books (*Forces For Good* by Crutchfield and Grant; and *Seven Measures of Success* by ASAE and The Center for Association Leadership). Both books emphasize that great non-profits have a significant impact on their respective fields. The financial summary presented at the beginning of this report illustrates how ASOR has been able to move beyond “staying afloat.” We are not a wealthy organization, but we are financially healthy, and we have been able to focus on the goals that were identified in our current strategic plan. Our members and supporters have confidence that ASOR will spend our resources well and that we will have a significant impact on our fields. We are poised to have an even greater influence in our fields, so the current strategic planning process is more important than ever.

The two books mentioned above also conclude that great non-profits are considered by the public to be “changing the world.” ASOR has undertaken important work for more than 115 years, but I think that we have had to acknowledge that the public is not keenly aware of what ASOR does. That has been changing in rather dramatic ways over the past twelve months. Last year at its spring meeting and then again in the fall, the ASOR board reaffirmed our desire to be involved in advocacy for our field and to be involved in cultural heritage issues. Susan Ackerman instituted a Cultural Heritage Committee chaired by Stuart Manning. That committee is frequently involved with other groups in promoting cultural heritage responses. ASOR's work with the Syrian Heritage Initiative has combined with these other initiatives, and our work is now frequently cited in major newspapers. ASOR is also considered a crucial organization that should be consulted when questions arise about cultural heritage and the understanding of the past.

The growing awareness of ASOR is certainly tied to the success of our traditional areas of strength—our journals, our annual meeting, our affiliated excavations, the affiliated research centers, and the research of our members. As we have solidified these areas of strength, we have also accomplished much in the areas of outreach and public awareness. It is thus not surprising that our budget has doubled over the last five years. ASOR is thriving, and we are accomplishing our mission as never before. We are also experiencing some “growing pains” as we strive to expand our administrative and management capacity.

Five years ago we had six full-time equivalent (FTE) staff members. Today we have sixteen or seventeen FTE staff members (it depends on how we count some of the part-time SHI employees). Almost half of the FTE employees work for the Syrian Heritage Initiative, but even so ASOR has had to grow its management capacity very quickly over the past twelve months. We have also had to develop the capacity to handle employment issues not encountered in the past with issues such as immigration for non-US citizens who are key members of our cooperative agreement with the U.S. State Department. We have been successful in the SHI project in part because we are nimble and can adapt quickly. At the same time, we need to develop more capacity to handle complex employment and management issues. We have put more money in the budget next year to handle specialized issues, we have almost doubled the amount of money allocated for our audit and consulting time from our auditors, and we will work more closely with our pro bono law firm.

Fortunately, we have an excellent staff that can assume these new tasks. It is also fortunate that our staff—especially Selma, Cynthia, and myself (Andy) —have acquired new skills that allow us to manage a large federal grant and to write large foundation grant requests. I believe that we need to allocate funds to support continued education for key staff members (probably Selma, Cynthia, Michael Danti, and me) to learn specialized skills required for larger federal contracts and grants. I am pleased with our capacity to date, and I think that we will continue to grow in our ability to take on more and broader tasks. At the same time, we will also need to think strategically about what we have the capacity to undertake without adding more staffing.

This year I feel like ASOR is running with all cylinders wide open, and it is the best of times (last year I reference Gary Rendsburg's article in which he said that the humanities were facing the best of times and the worst of times). Nevertheless, we need to think carefully about where we go next. I am very excited about what we are doing, but we are operating at full capacity and have a need to increase capacity. I am thrilled that Susan Ackerman has instituted such a rigorous and thoughtful strategic planning process. The timing could not be better for us to step back and think about where we have been and where we would like to go.