

ASOR Executive Director's Report May 14, 2020

State of ASOR

The state of ASOR is stable, and we are continuing to carry out our work in spite of challenging times caused by the COVID-19 crisis. In some ways, we are expanding our impact and work.

To be honest, I never thought that I would start a report to the Board by saying that we are stable—and being pleased and proud of that statement. Yet, in an environment when many non-profits are facing threats that may threaten their existence or continuation with operating models approximating present ones, being stable is a good thing.

Allow me to unpack this statement. It does not mean that we will not face challenges, and it does not mean that we will not need to modify our operations and continue to seek relief funding and support that may become available; yet, it does mean that we can (and I argue should) plan for the long-run. I urge to Board to consider to plan for what ASOR will look like and due after this global crisis because we will survive the challenges.

ASOR's Membership

I am very pleased to report that we currently have a record high for paid memberships, and we have a record high for Friends of ASOR (non-paying members). Please note that we are seeing a dip in renewals for March and June, but we experienced an uptick in new members earlier in this fiscal year—primarily brought about by people joining in order to propose a paper for the 2020 Annual Meeting in Boston.

As of April 30, 2020, we had 1975 members (using an expiration date of March 31). We typically wait until about one month after the expiration date on our peak month to count our highest membership count. In this way, we can account for people who have joined to present at the Annual Meeting the following year. This number is about 150 higher than last year (FY19), and it's about 75 higher than our previous high. Depending on how renewals of people who have lapsed for 3/31/20, we may be able to reach 2,000 members. Felice Herman deserves a lot of credit and thanks for her good work in working on membership renewals, and providing a personal touch for our members.

The good news for ASOR being stable, is that we are entering a challenging economic period with our membership at the highest level we have ever seen. We now need to find a way to maintain this membership level.

Membership scholarships: several of you have made pledges to make gifts that will support memberships for people whose memberships have lapsed or will lapse due to financial hardships brought about (either directly or indirectly) by the COVID-19 crisis. To date, six members have requested and received this scholarship. I plan to send out personal email or letters to others whose memberships have expired or might expire soon, and this will be an excellent way to serve our members, and it will likely build loyalty for the future. If you have not done so, please check out the news post:

<http://www.asor.org/news/2020/05/membership-scholarships/>

ASOR's Physical Office (The James F. Strange Center) and ASOR Operations

Most importantly, I want to stress that all of our staff are safe and doing well. To date, no full-time staff members have experienced an illness (of which we are aware) related to COVID-19. We have had a past part-time staff member contract the illness, but they have fortunately recovered. As far as we now, only a handful of ASOR members have contracted the illness, and one parent of an ASOR member has died. If you know of anyone in the ASOR family who has had the illness or experienced a loss, please let me know if appropriate.

The James Strange Center operations are continuing, but mostly on a remote basis. We have one or two staff members who are going into the building about twice a week to check the physical mail. Marta deserves a special thanks in this regard. They are making deposits of checks received, and processing bills and invoices. We are attempting to move everything to remote billing and payments, and we have appreciated ASOR members renewing and making gifts online.

Journals and distributions of books. ASOR is fortunate to have entered into the publishing partnership with University of Chicago Press (UCP) last year. UCP has the capacity to keep printing and mailing our journals. I have heard from other learned societies that Cambridge University Press has not been able to mail any of its journals, so we are fortunate in this regard. ISD Book Distributors are still fulfilling orders. This was important for our recently published AASOR, which has about 200 standing orders. In hindsight, the decision to move with UCP was even wiser than we realized because they are keeping the critical shipment of journals going during this time of disruption. Kari Roane and the staff at UCP continue to exceed our expectations. Maybe more importantly, UCP has provided enhanced online versions of our journals with features such as downloadable bibliographies and footnotes, and downloadable figures as ready-made PowerPoint slides. These enhanced features have never been more important to our members. The bottom line for ASOR is that UCP and ISD are ensuring that these vital member services are continuing, and that will hopefully help with maintaining memberships.

Online resources: The ASOR staff has been working with volunteers to increase the amount and quality of online resources that we have available. In addition to the online resources supporting by UCP, we are working with our many volunteers to collect online sources that will support our members. We have been able to ramp up staffing in modest ways through the PPP loan, and we are using that additional capacity to augment our online resources. This will be a priority for the new fiscal year, and we must find ways to expand what we currently have available.

ASOR's Finances

I encourage our trustees to look back at our audited financial statements and the abbreviated net investment reports available in your Board Handouts. Please especially look at Exhibit F (April Investment Report) and the balance sheet in our audit from FY19 when reading the comments below...

Net Assets without donor restrictions: You will notice on the balance sheet from the FY19 audit, that we had two types of assets that fit this category: 1) available for operations and 2) board-designated for publications. Next year's audited balance sheet will show three types of assets—we will add a category for "board designated for James Strange Center." The category "available for operations" is also what we have called our "rainy day fund." That amount will go up by about \$325,000 in FY20 because we

have paid off our line of credit (see the liabilities section in the audit). Both board-designated categories may be changed to “operations” at a later date if the Board votes to do so. Please understand that I do not advocate such a change now or in the future. The main thing to understand for the present discussion is that all three categories represent unrestricted funds that the Board may allocate according to its wisdom in the future. The following is a summary of these three categories with a rough estimate of the balances as of the end of FY2020 (ends June 30, 2020):

1. Unrestricted available for operations = \$547,000
 - a. Note 1: increase from FY19 of \$325,000 by paying off line of credit
 - b. Note 2: about \$25,000 represent assets that are not liquid (books and office property)
2. Board-designated for publications = \$116,000
 - a. Note: Market value as of May 8, 2020 (lower than FY19 audit amount)
3. Board-designated for James Strange Center = ca. \$105,000
4. Fixed Assets: these are mainly the physical building (James Strange Center), so I have not included them as unrestricted assets that can be used in emergencies

In summary, if my optimistic assumptions for our forecast budget for FY20 hold (please see the notes on the budget forecast where I have optimistic assumptions totally about \$50,000), *then we should have about \$525,000 in net assets available for operations*—aka, \$525,000 in a “rainy day fund.” If my assumptions are too optimistic, then we will have \$475,000 to \$500,000 available. These are in addition to board-designated funds that (in my opinion) should only be reallocated in dire emergencies.

Bottom line for assets without donor restrictions: The Board has the flexibility with unrestricted net assets to take the long view during this COVID-19 crisis.

Net assets with donor restrictions: This is another area where ASOR is stable and able to take a long view as we go through the COVID-19 crisis. You will notice from our audited balance sheet from FY19 listed \$1.9 million in “assets with donor restrictions held in endowments.” We have experienced some market losses due to the lower values in stock equities, and the stock market will likely remain volatile for the next 12+ months. Yet, we will see an increase in this line item because of gifts that were received (or will be received) in Fiscal Year 2020. The Geraty Endowment was vested at over \$60,000, and the Dana endowment received a gift of about \$209,000. Unfortunately, the timing of both of these gifts was not positive—they were made in November and December respectively, when the stock market was near its peak. The investment spreadsheet shows that those funds have a slightly higher percentage loss over the fiscal year because of that timing.

Of particular note, we have received word that P.E. MacAllister made a legacy gift of \$500,000 to ASOR, and we anticipate receiving those funds later in May. Following the recommendation of the Executive Committee (which still needs to be approved by the Board), the Finance Committee has recommended that this new addition of capital to our Endowment for Operations be invested over a period of 12 months (i.e., \$41,666 per month from June 2020, through May 2021). This will spread the risk of investing all of the funds into a volatile stock market, but it may be a good time to purchase equities with the downturn in the market.

Further, in an effort to be conservative with these endowments, the Finance Committee voted to instruct me (as Executive Director) to forego distributions for the 1st and 2nd quarters, from the named endowment accounts that support scholarships and dig grants. The prior distributions from these accounts are still held in our Temporary Restricted Account, so we will have adequate funds available for scholarship and grant awards in 2021, when we hope that travel restrictions will be relaxed.

In summary, it is likely that our net assets with donor restrictions held in endowments will be over \$2.5 million at the end of Fiscal Year 2020. Once again, ASOR finds itself in a stable position and able to take the long-view as we move through these uncertain times.

Budget recommendation for Fiscal Year 2021 and beyond

Trustees will notice that the budget forecast for how we will conclude Fiscal Year 2020 is basically a break-even budget. The budget for FY 2021 is also a break-even budget, but there are two revenue numbers marked in yellow that deserve mention and discussion. First, some comments about the Fiscal Year 2020 budget to forecast...

At the beginning of the notes section for the budget, I listed some assumptions (that may be overly optimistic) that will enable us to have a balanced budget for this fiscal year. Of particular note, I have listed the Annual Fund at the budgeted \$125,000. In just a few days after posting this budget, we have received \$3000 in new gifts, so that is very encouraging news. We also may receive about \$25,000 from a small number of trustees who normally give at the \$5,000 to \$10,000 level in May and June each year. If these trustees are able to give at these levels, we will need an additional \$25,000 to meet our goal. It's ambitious, but I think that it's realistic. Having a balanced budget this fiscal year will also be especially important as we enter into the uncertainty of Fiscal Year 2021.

Another item that I want to highlight from the FY20 forecast is the difference in budgeted revenue. The FY20 budget had revenue of \$1.74 million, and the FY20 forecast lists revenue of \$2.38 million. There are several reasons for the increase, which do not impact our bottom line. First, the budgeted amount did not include a \$209,000 gift from Steve Dana to the Dana Fund, nor did it include the anticipated \$500,000 gift from P.E. MacAllister to the Endowment for Operations (subject to Board approval of the recommendation from the EC). The budget also did not include the \$110,000 forecast from the PPP loan and anticipated forgiveness of that loan. On the other hand, the forecast is lower in several areas: awards from dig scholarships or member research accounts, which will be held in the temporarily restricted account; reduced revenue in memberships; and lower than budgeted revenues from non-federal grants. In short, the difference in revenue is primarily accounted for by the higher than expected gifts to endowment accounts, and these do not have an immediate impact on our operating budget.

Turning now to the proposed budget for Fiscal Year 2021—I have reviewed this proposal with Treasurer Heather McKee, and with President Sharon Herbert. This is our joint proposal. Trustees will note especially two numbers that are highlighted in yellow.

The second number highlighted in yellow is the use of \$65,000 from prior year's surplus. Please look back at the numbers for unrestricted assets available for operations above (= about \$525,000 when subtracting non-liquid assets such as books). In one sense, we might think of the proposed \$65,000 in relation to funds previously allocated for our move from Boston to Alexandria. At the time of the move, the Board authorized the use of \$100,000 to make the transition. Because we were able to manage expenses well, and because of generous contributions, I forecast that we will have only used \$35,000 of those funds by the end of this fiscal year. If we had used all of the allocated funds, we would have had a surplus in those budget years, and I am recommending using part of the accumulated surplus now.

The first number highlighted in yellow is Annual Meeting revenue. At Sharon's urging, we have listed that budget number in yellow because everyone knows that travel in November 2020, is uncertain, and

we may not be able to hold an in-person Annual Meeting. The number is a good estimate for the time being because we have already had more than 710 people register for the meeting, and we have received more than \$100,000 in registration fees. We have postponed accepting sponsorships and exhibitor fees, but those are anticipated to be higher if we are able to hold the meeting. We have also pushed back the deadline for members to register at the Early Bird Rate. We are discussing alternatives to an in-person meeting, and will welcome advice from the Board.

Another reason for including an estimate of Annual Meeting revenue is that the mandate to hold an Annual Meeting is one that we have received from the Board. Indeed, we do not think that we should present a budget without a robust Annual Meeting unless we received guidance from the Board. We also have contractual obligations to the Hotel for the meeting, and we continue to operate in good faith, doing everything that we can to hold our largest Annual Meeting ever. We can say more about this orally during our meeting, but I wanted to include a few comments here about why the budgeted amount was included.

Finally, I want to turn back to my discussion about our stable financial resources, and the amount of unrestricted assets listed on Page 3 above. The budget proposes an Annual Meeting because it is part of our core operations. It is my recommendation that we think about the budget for the long-view, and I recommend that we need to maintain all of our staff capacity to support the Annual Meeting, even if we are not able to hold as large of an in-person meeting in 2020 as previously predicted.

Thoughts on the Annual Meeting 2020 (non-budgetary thoughts)

Quite a few ASOR volunteers have asked me if I have thoughts about what we would do if it is not safe, or if it is impossible to meet in November, in Boston. The short answer is, “yes,” this is something that I (and we—the ASOR leadership team) have thought about quite a bit. I also have had lengthy conversations with the Program Committee Co-Chairs and with President Sharon Herbert. The topic was also discussed in the Chairs Coordinating Council last week.

As noted above, we have contractual obligations to the Hotel to operate in good faith, and to everything that we can to safely hold the Annual Meeting. We are doing that, and I’m pleased to report that we have our highest number of accepted paper submissions to date. We also have received preliminary approval (in an email) from the U.S. Embassy to Libya to fund five (5) Libyan scholarships for both the 2020 and the 2021 meetings—with approval to fund 10 scholars in 2021 if travel is not possible in 2020. Together with increased participation by colleagues from Iraq, Lebanon, Jordan, Egypt, Turkey, and other countries in the MENA regions, this year’s conference promises to be our most diverse conference ever. The Program Committee deserves our hearty thanks and our appreciation.

At the same time, we are operationalizing activities that will facilitate the sharing of pre-recorded lectures if some people are not able to travel to Boston in November. Our plan is to put in place activities and efforts that will be useful and productive whether or not we can meet in person. The increased capacity and infrastructure for sharing pre-recorded content will advance the goals laid out in our strategic plan, and these efforts will facilitate the inclusion of participants who may find it difficult or impossible to travel in November. At the present, the Program Committee and the ASOR staff are focusing on using pre-recorded lectures for sharing research in an asynchronous manner. If we are not able to meet in person, or if some people are unable to attend, we would work towards holding synchronous conversations where our members could discuss this pre-recorded content.

With this goal of increasing our online resources and infrastructure in mind, ASOR has submitted (on May 11) a proposal to the NEH for CARES funding to support these efforts. The following is a one-paragraph introduction to that proposal:

ASOR (American Schools of Oriental Research), in partnership with Archaeology in the Community (AITC), seeks \$257,000 to provide continuing salary for adjunct faculty and humanities specialists who have been furloughed or had their level of effort reduced as a result of the COVID-19 pandemic. ASOR and AITC will engage these displaced faculty members in the creation and enhancement of online materials to aid in the teaching of history, archaeology, and cultural heritage. These activities build on work that ASOR and AITC have carried out previously, and the NEH funding will enable the two institutions to build substantially on their earlier activities as they support both K-12 and post-secondary instructors.

The proposed grant (if awarded) would contribute to ASOR bottom-line budget with about \$60,000 in replacement salary dollars and in indirect dollars. More importantly, the NEH funding would greatly enhance ASOR capacity to support our members with online content. The partnership with AITC would greatly advance the goals laid out in our strategic plan of increasing our impact for K-12 teachers, and it would also greatly advance our goals of reaching underserved communities, and furthering diversity and inclusion in ASOR.

Cultural Heritage Work and a new Grant

My report is already long, so I will simply provide a link to some of the amazing and inspiring work that ASOR and our Libyan colleagues are conducting through support from State Department (AFCP funds, the Cultural Antiquities Task Force, and the Embassy to Libya): <http://www.asor.org/chi/updates/Libya>

I also want to highlight a new grant from ASOR: <http://www.asor.org/fellowships/shepard-grants>

Concluding thoughts

I want to end by thanking the Board (again) for the privilege of working with our amazing staff and with our more than 240 volunteers to advance ASOR and our mission. These are challenging times, but I also think that ASOR has an opportunity to create new resources and embark on new initiatives during this time of crisis. We are not rich by any means, and we must plan carefully and prudently. At the same time, our stable position enables us to take a view for the long term.

I look forward to the conversations about what we will do together, and I look forward to working with you to carry out that work.