

Treasurer's Report
Emily Bonney

The Finance Committee met on 10 May, 2021 and discussed the financial documents posted on the Materials for May 2021, Board Meeting. Conversation focused on certain key points. The following will highlight those points.

Exhibits A, B, C and D demonstrate that in spite of the pandemic ASOR remains in a strong financial position. Exhibit B, The Notes to FY 21 Budget to March 31 and Forecast Memo provides a detailed discussion of Exhibit A, the FY21 Budget to March 31 and the FY 21 Budget to Forecast. Perhaps the most noteworthy feature of the budget documents is, as pointed out in Exhibit B, that they show that even in a year of reduced income and pandemic induced uncertainties ASOR will have only a small operational shortfall of (\$1,560.30). As previously detailed in the December budget report a significant portion of that shortfall can be attributed to the fact that the Annual Meeting could not be conducted in person. The VAM, even with 1085 registrants and reductions in expenses because there were no hotel costs, nevertheless resulted in an unfavorable variance of \$45,000. A second significant issue is the difference between budgeted memberships and actuals as many new memberships were Associate Memberships (\$40 compared to \$150). The later deadline for the submission of abstracts for the 2021 Annual Meeting also resulted in a deferral of membership renewals. Institutional memberships continue to decline as institutions of higher education experience their own budgetary pressures, and we do not expect that number to rise above 60 and be more likely to decline going forward. On the positive side, the Annual Fund, as the language in Exhibit B points out, had a banner year with unrestricted contributions of \$147,000. The exceptional generosity of trustees and members provided significant operational support as did a Second Draw PPP forgivable loan. Investments have continued to perform well so distributions from named endowments are slightly higher than budgeted for FY2021. We were able to avoid any use of the prior year unrestricted funds which is a positive as we likely will need to draw on those funds in FY22 as we will not have the cushion of the PPP loans.

Looking forward, the forecast puts the income from the Annual Meeting at \$157,250, only slightly above the actuals for the 2020 meeting, based on continued uncertainty about whether members actually will be able to meet in Chicago reflected in a lower number of registrants than expected so far. We hope that as the meeting date and Chicago get closer those numbers will rise. Other educational events—particularly the webinars we have been developing—forecast at \$12,000 may also produce more income. Membership income also has been set at only slightly above the 2021 actual and below the 2021 budget in anticipation of a continued predominance of associate memberships in the mix.

In addition to the balances presented in the summary table found in Exhibit C (based on 30 March 2021 balances), I call your attention to the following market balances (not accrual based) of the following Accounts (as of May 7, 2021):

- Cash Accounts = \$944,866.04
 - BB&T Checking = \$430,799.15
 - Schwab General Fund (quasi-checking) = \$421,891.93
 - BB&T Temporarily Restricted (Fed. Grants) = \$92,174.96
- Board-designated Accounts = \$388,691.95
 - Opportunity Fund for Publications (Board-designated) = \$148,257.55
 - Building Fund: \$240,434.40
- General Endowment for Operations = \$1,631,364.22
- Accounts with donor restrictions (other than Endowment) = \$1,933,104.41
 - Dana #1 Endowment = \$385,391.96
 - Geraty Endowment = \$91,153.70
 - Harris Endowment = \$178,215.29
 - MacAllister Endowment = \$190,722.25
 - Mason Endowment = \$54,978.82
 - Carol and Eric Meyers Endowment = \$224,424.63
 - Platt Endowment = \$314,592.20
 - Seger Endowment = \$79,120.15
 - Strange / Midkiff Endowment = \$152,279.48
 - G. E. Wright/Shirlee Meyers Endowment = \$110,333.79
 - BIPOC Endowment = \$150,532.13
 - Dana #2 Endowment = \$1,000.01 (due to a recent gift, approximately \$100,000 as of May 12, 2021)

An action item for the Board is the approval of the establishment of the Dana #2 endowment for which an additional deposit is about to be registered. As we noted in December ASOR has been very much the beneficiary of a strong market, reflected in the increases in these accounts. We understand that the Scott & Scott funds appear to be performing at a slightly lower level than the Schwab funds it is hard to quibble about a 26.4% increase.

Challenges that we are facing because of COVID-19 and the Proposed Budget for FY22.

The challenges that were noted in the 2020 presentation to the Board remain even as the worst of the pandemic may be behind us. I repeat them here to remind the Board. Institutional subscriptions remain down about 5% for University of Chicago Press, and even with a guaranteed minimum royalty from UCP we do not expect actual payments to exceed that minimum and predict a request for a lower minimum when we renew the contract. The decline in institutional memberships noted above could result in a \$20,000 budget shortfall that would continue into future years.

The relative success of the VAM still resulted in an unfavorable variance of \$45,000, and it remains uncertain what the mix of in-person and virtual meetings we have adopted for 2021 will produce in terms of income. So far, the indications are consistent with the numbers contained in the FY 2022 Budget (Exhibit F). Another area of financial concern is the Annual Fund. While the generosity of Trustees and members produced an exceptional \$147,000 in FY2020, we cannot be assured of comparable success going forward. We do note that donations are currently about \$100,000—that is, on schedule for us to reach the forecast of \$125,000 for FY2021. Finally, while we expect forgiveness of the second PPP loan that will not take place until the next fiscal year when we do not expect to receive additional federal funds. The two forgivable loans paid for many ASOR salaries, and we will not likely have such federal support in Fiscal Year 2022.

These issues did not deter the Finance Committee from recommending approval of the budget submitted here as Exhibit F. As the notes (Exhibit G) to the budget demonstrate the proposed budget aligns with the FY21 Forecast and requires little additional commentary here. The one exception – and the subject of a very robust discussion in the Finance Committee is the commitment as discussed at 22 on Exhibit G of Designated funds for Diversity. The \$50,000 income item is intended to fund the recommendations laid out in the Diversity report. This commitment reflected an understanding that it is not enough simply to provide scholarships or other support to diverse colleagues but that there also must be cultural competency and sensitivity training. The members of the Finance Committee ultimately agreed that this was an important matter and approved moving forward with the DEI budget even before the designated funds have been raised. The Finance Committee agreed that including this as an income item would itself stimulate donation of funds to support the work. There also was a willingness to commit– if necessary – to using part of ASOR’s rainy day funds—currently in excess of \$500,000—in the short term.

The volatile situation in the economy and in the equity markets raise questions about our investment strategies which will be the subject of a special future finance committee meeting. Andy recommends that the Finance Committee continue our current practice of making an exception to our Investment and Spending Policy by “averaging” in new endowments and large gifts (over \$50,000) over a period of 12 months. That said, at the request of Steve Dana (the donor for the Dana #2), Andy recommends that we follow the written policy for the Dana #2 account. There are two reasons for this “exception to our exception”: a) this is the request/recommendation of the donor; and b) the donor (Steve Dana) intends to make annual contribution to the Dana #2 account that will result in “averaging” in the building up of this new endowment account.

The Finance Committee also voted in favor of two motions presented here for full Board consideration for the establishment of the Stevan Dana #2 Endowment Fund and the Norma Kershaw Board Designated Fund. The language of the resolutions makes the terms clear, but

we want to identify a couple of special issues. First, as to the Dana fund, the language concerning disposition of the funds in the event that ASOR went into liquidation was important to the donor, so although it is not a typical approach for ASOR we think it is important to agree. If nothing else there seems little likelihood that ASOR will ever go into liquidation. \$100,000 of this endowment just came through. The second salient point is that we are creating the Norma Kershaw fund prior to the actual distribution from the estate. We are confident that the amount intended by the donor actually will be there and want the trust structure to be in place.

Conclusion

The continued increase in the number and amount of endowment funds is encouraging for ASOR's long-term prospects. We expect soon to be in the position to give away \$150,000 in scholarship and other support. We have been able to support the cultural heritage interests of our members without drawing on our unrestricted funds, and the robust growth of the endowment funds this past year will allow us to continue to fund a broad array of archaeological activities as people return to the field. At a time when many sister institutions find themselves in straitened circumstances the vibrant support of ASOR members and trustees have kept us in a good position.