

Finance Committee Agenda and Report  
Emily Bonney and Andy Vaughn  
Wednesday April 27, 2022; 12:00PM EDT

1. Call to Order (Bonney)
2. Approval of minutes from prior meeting (may need to postpone until next meeting) (Bonney)
3. Review and approval of agenda (Bonney)
4. Review of Documents and Reports (Bonney and Vaughn)
  - a. Review FY22 Budget to March 31 and FY22 Budget to Forecast (Exhibits A and B)
  - b. Review ASOR Net Investment Spreadsheet (to March 31, 2022 (Exhibit C)
  - c. Review Rebalancing Notes from May 2022 (Exhibit D)
  - d. Review Budget Proposal for Fiscal Year 2023 and Notes to Budget Proposal for Fiscal Year 2023 (Exhibits A and B)
5. Discussion of Financial Position of ASOR (see exhibits above and Finance Report memo below for background)
6. Action Items (see Exhibits E-H)
  - a. Action Item #1: Motion to Establish Stevan B. Dana Endowment Fund #3 (Exhibit E).
    - i. Possible language for motion:  
BE IT RESOLVED that the Finance Committee recommends that the ASOR Board of Trustees formally established the Stevan B. Dana Endowment Fund #3 using language similar to that provided in Exhibit E—Motion to Establish Stevan B. Endowment Fund #3
  - b. Action Item #2: Motion to treat the Board-Designated Publications Fund as a quasi-endowment fund.
    - i. Possible language for motion:  
BE IT RESOLVED that beginning with Fiscal Year 2023 (July 1 2022), ASOR will treat the Board-Designated Publications fund as a quasi-endowment, similar to the Board-Designated Building Fund and the Board-Designated Kershaw Fund. As outlined in ASOR’s Investment and Spending Policy, the Board-Designated Publications Fund will produce quarterly distributions to support ASOR publications. Recommendations for spending these dispersed funds will be made by the Publications Committee, subject to the approval or amendment by the ASOR Board. The ASOR Executive Committee may act on behalf of the Board for spending recommendations or spending recommendations may be approved by the Board during the Annual Budgeting process. As a Board-Designated Fund, these allocations may be changed by a future vote of the Board.
  - c. Action Item #3: Motion to amend the Investment and Spending Policy
    - i. Possible language for motion:

BE IT RESOLVED that the Finance Committee recommends that the ASOR Board of Trustees amend the Investment and Spending Policy to modify the investment strategy for the Board-Designated Opportunity Fund and the spending provisions for the Building Fund and to include newly created endowments and funds using language similar to that provided in Exhibit F- Motion to amend the Investment and Spending Policy.

- d. Action Item #4: Motion to amend the Travel and Entertainment Policy
    - i. Possible language for motion:
 

BE IT RESOLVED that the Finance Committee recommends that the ASOR Board of Trustees amend the Travel and Entertainment Policy to authorize the Treasurer to approve requests by the Executive Director for the reimbursement of travel expenses.
    - i. Possible language for motion:
 

BE IT RESOLVED that the Finance recommends that the Travel and Entertainment Policy be amended by the addition at the end of the second paragraph with the statement: Requests by the Executive Director for reimbursement under this policy should be reviewed and approved by the ASOR Treasurer or the ASOR President.
  - e Action Item #5: Motion to authorize the treasurer and executive director, in consultation with the president and board chair, to select ASOR's external auditor for a three-year term. This authorization is subject to the successful firm having a guaranteed price within 10% of the auditing and financial services expense as listed in the FY23 budget. If treasurer and executive wish to recommend a firm with a higher cost, they will consult with the finance committee by email or zoom before moving forward.
    - i. Possible language for motion:
 

BE IT RESOLVED that the Finance Committee recommends that the ASOR Board of Trustees authorize the Treasurer and Executive Director to review proposals (bids) for ASOR's external auditor and to select a firm for a 3-year contract after consulting with ASOR's President and Board Chair. This authorization is contingent on the final, guaranteed price not exceeding the FY23 budget by more than 10%. If the Treasurer and Executive Director wish to choose a firm whose bid exceeds 10% of the FY23 Budget, they will first seek approval (by email or Zoom) from the Finance Committee
7. New Business or New Discussion Items.
8. Adjourn.

## Memo to Finance Committee

### *Stable financial position and continued growth:*

Exhibit B, The Notes to FY 21 Budget to March 31 and Forecast Memo provides a detailed discussion of Exhibit A, the FY22 Budget to March 31 and the FY 22 Budget to Forecast. This memo highlights the key developments. In summary ASOR has emerged from the second year of the pandemic in sound financial condition and continuing to show growth in the commitment of members and donors. In contrast to a year ago when there was an operational deficit at this point in the fiscal year, this year there is a small operational surplus of \$750. ASOR's solid financial position derives in part from the unbudgeted generous gifts to the Geraty, Meyers, Strange/Midkiff and the new Dana#3 fund. A second important component was the income from grants. Budgeted at \$125,000 because of uncertainty about how much eventually would be secured, grant activity actually generated more than twice the budgeted amount with total awards of \$308,000. The gifts and the successful grants activity reflect the ways in which ASOR's role as a contributor to scholarly knowledge and the academic discourse has positive financial consequences, evidenced as well in ASOR's educational outreach. The Annual Meeting, conducted in FY22 as both in person and virtually, while generating roughly \$20,000 less than budgeted in revenue, nevertheless with total registrants of 1086 resulted in a net favorable of \$4,000. The webinars gave ASOR a web presence although we may wish to moderate the program. The webinars generated less income than budgeted in part because we had fewer webinars (we didn't have two webinars per month) and in part because registration and sponsorships were lower than budgeted. In addition, we did not have the fundraiser webinars (4+ hour or multi-day) like we did in FY21. These shifts also occurred because we allocated less staff time (the executive director was working on federal grants that brought in more revenue) and there was simply less demand for some of the webinars that we planned with webinars on controversial topics in biblical archaeology outperforming webinars on varied work across the MENA region. Memberships also continue to increase and indicate that ASOR is on target for achieving a 5% increase in the number of members by 2025. The FY2022 forecast shows memberships running slightly ahead of the FY2022 budget, an upward trend illustrated by data at particular points. Memberships as of April 15, 2022 were at 2060, almost 50 ahead of the 2013 on April 15, 2021. Similar strong increases can be seen when comparing September 30, 2020's 1979 memberships with 2271 in 2021 and memberships on March 31, 2021 at 2085 compared to 2285 as of March 31, 2022. The fact that the increase in the number of memberships did not produce a proportional increase in revenue likely can be attributed to the fact that many new memberships were Associate Memberships (\$40 compared to \$150), the pattern observed last year. A prior loss of institutional memberships was turned around with several institutional members returning bringing in \$60,000, \$5,000 more than budgeted. The Annual Fund, as the language in Exhibit B points out, continues to reflect strong donor support but still requires \$25,000 by the end of the fiscal year to reach the budgeted amount. Forgiveness of the second PPR loan also contributed to the positive position. Investments have performed well enough so that distributions from named endowments were only slightly lower

than budgeted for FY2021. Given the state of the market the self-managed accounts actually have done quite well. Although the budget contemplated the use \$50,000 in prior year unrestricted funds, ASOR did not draw on those funds. The 990 which we completed and filed this spring, and which has been posted on ASOR's public page, substantiates the conclusion that ASOR remains in a strong financial position and should reassure members concerned about the institution's long-term financial sustainability.

Looking forward, the FY23 budget puts the income from the Annual Meeting at a robust \$265,000. Current registrations of 576 for the in-person and 61 for the VAM are encouraging. Boston remains an attractive location. The other educational events—including the projected tour of Israel deferred from 2021—should produce an additional boost to the revenue side. That said one must note that the other educational events line forecasts income from that source just over \$32,000 less than was budgeted. The postponement of the tour of Israel may account for this. The FY23 budget projects an \$11,000 increase in income from Memberships. One final item worth noting is that the significant growth in endowment funds is projected to allow for a nearly \$20,000 increase in distributions from those funds.

In addition to the balances presented in the summary table found in Exhibit C, I call your attention to the following market balances (not accrual based) of the following Accounts (as of March 31, 2022):

- Cash Accounts = \$932,283.24
  - BB&T Checking = \$360,218.59
  - Schwab General Fund (quasi-checking) = \$248,947.35
  - Schwab Temporarily Restricted = \$293,000.00
  - BB&T Temporarily Restricted (Fed. Grants) = \$30,289.60
- Board-designated Accounts = \$388,691.95
  - Opportunity Fund for Publications (Board-designated) = \$137,272.23
  - Building Fund = \$365,276.88
  - Kershaw Fund = \$177,073.55
- General Endowment for Operations = \$1,539,877.65
- Accounts with donor restrictions (other than Endowment) = \$2,466,383.65
  - Harris Endowment = \$173,798.22
  - Platt Endowment = \$304,186.38
  - G. E. Wright/Shirlee Meyers Endowment = \$117,302.32
  - P.E. MacAllister Endowment = \$186,038.41
  - Strange / Midkiff Endowment = \$183,655.05
  - Carol and Eric Meyers Endowment = \$244,816.22
  - Seger Endowment = \$77,169.95
  - Dana #1 Endowment = \$377,855.94
  - Geraty Endowment = \$117,430.31
  - Mason Endowment = \$53,897.64
  - BIPOC Endowment = \$223,449.97

- Dana #2 Excavation Endowment = \$306,349.64
- Dana #3 Excavation in Israel = \$100,433.60

### *Action Items*

The Finance Committee should take action on the items listed on the agenda. The Stevan B. Dana #3 endowment like Dana Fund #2 will support archaeological activity in this instance within Israel (Exhibit E). The investment strategy for the Opportunity fund should be brought in line with the endowment funds (Exhibit F). The Board should approve changes to the Recent Investment and Spending Policy to reflect the addition of new funds and the appropriate adjustment of some investment strategies (Exhibit G). The Travel and Entertainment Policy is supposed to be reviewed every two years. We have not been doing that. Before the next board meeting in the fall we will complete such a review, but we already have identified minor adjustments that should be made most notably that the treasurer and not the president would approve reimbursement requests for approved travel (Exhibit H). Finally, we have taken the prudent step of a periodic review of our auditors. In February the Executive Director sent out a request for proposals which elicited five submissions with annual fees that in the first year ranged from \$13,000 to \$27,000 (Exhibit I), three of which were clustered in the middle around \$15,000-18,000. The Executive Director and the Treasurer have evaluated the proposals and request authorization from the board to select, in consultation with the president and board chair, a firm to serve as auditors for a period of three years so long as the cost is within 10% of the FY23 budget. In the event that the cost exceeds 10% we will consult with the Finance Committee by email or zoom. Copies of the proposals are available on request from board members.

### *Additional Issues and Challenges*

Some of the challenges that were noted in the 2020 memo to the Finance Committee remain even as the worst of the pandemic may be behind us. I repeat them here to remind the members of the Finance Committee. 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 that appears to have reversed for the moment could recur as institutions across the country confront difficult budget years. As people become more comfortable with travel contributing to more robust participation in the in-person meeting, attendance at the VAM may suffer. The effect of scheduling the VAM before the in-person meeting is uncertain. While the generosity of Trustees and members produced an exceptional \$147,000 in FY2020, that trend has not continued. ASOR may reach the budgeted \$125,000 for the Annual Fund but only if an additional \$25,000 comes in before the end of the fiscal year. Grants will continue to provide some support for administrative work, but there clearly will be no additional federal funds comparable to the PPP loans.

The volatile situation in the economy and in the equity markets raise questions about our investment strategies which Andy would like to address during our discussion of the financial position of ASOR (Agenda Item #5). As Exhibit C and the table below indicate the investments managed by Scott Stringfellow continue to underperform the rest of the self-managed investment accounts. We recommend that in spite of this we continue for the moment to take the long view and assess the position of that fund at the end three years from the beginning of their management.

	Qtr	Ytd	1	3	5	10
W/M	-4.88%	-4.88%	5.70%	12.62%	10.39%	.92%
Endowmt	-6.81%	-6.81%	0.69%	9.65%	8.87%	
Benchmk	-5.39%	-5.39%	5.35%	11.78%	10.19%	8.90%

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One final caveat: success in securing grants has contributed significantly to ASOR's financial health but depends on the availability of such funds. The volatility noted in the previous paragraph and broader global instability may affect the number and timing of grant opportunities. Increasing memberships and augmenting the corpora of the endowment funds with additional gifts will continue to be critical strategies for sustaining the institution's vitality.

### *Conclusion: thanks to all members of the Finance Committee*

The continued increase in the number and amount of endowment funds is encouraging for ASOR's long-term prospects. 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.