Exhibit B: Notes for FY22 Budget to Forecast (May 2022)
And FY23 Proposed Budget

Summary: Before depreciation, we are forecasting that ASOR will have a very **small operational deficit ($15.79) for Fiscal Year 2022.** Please note that this forecast projects $125,000 for the Annual Fund (same as budget, but we are slightly behind as of mid-April). The forecast also projects that ASOR continuing staff (Vaughn, Koller, Ostovich, and Abeln) will be able to work on federal grants for a projected number of hours / days in the last 10 weeks of the fiscal year. That assumption for staff time on federal grants is contingent on COVID conditions permitting this work to take place in the next 10 weeks.

Why is there an increase in the FY22 Budget from $1.6 million (board-approved) to $2.1 million (forecast)? There are three primary reasons:

1. **In/out items relating to gifts** made to endowment accounts (Nos. 3–9) are much higher than anticipated. These gifts include contributions to Dana #3, Geraty, Meyers, Strange/Midkiff.
2. **Federal and non-federal grants (Nos. 10–11)** saw an increase from $125,000 (budget) to $308,000 (forecast). When the budget was approved last spring, ASOR knew that we had applied for large federal grants, but they had not been awarded.
3. **Use of prior-year unrestricted (No. 25).** This was not utilized, so favorable to ASOR's bottom line by $50,000, but lowers our budget number. See specific comments below.

Why is there an increase from $1.6 million (FY22 Budget) to $2.3 million in the FY23 Proposed Budget?

- **Annual Meeting and other events** are forecasted to be **$67,000 higher** in FY23 than in FY22. This is based on higher in-person attendance in Boston and on an in-person donor tour to Israel previously planned for 2021 (had to be postponed due to the pandemic).
- **In/out items relating** to endowment accounts (Nos. 3–9) in the FY23 Budget Proposal are **$150,000 higher** than the FY22 Budget.
- The forecast for **Federal and non-federal grants** is **$540,000 higher** than the FY22 Budget amount. This forecast is based on grants already received or very likely to be received.
- **Endowment distributions and administrative fees** from named endowment accounts are forecasted to be **$26,500 higher** in FY23 compared to FY22. This favorable benefit is a result of growing endowments. For comparison, the sum of endowment distributions and admin fees was $25,000 in Fiscal Year 2017, and the forecast is $106,500 for FY23..
- **Designated gifts** in the FY23 Budget proposal are **$70,000 lower** than the FY22 Budget.

Significant variances from the budget by line item:

a. Annual Meeting (1 and 1'). Both direct revenue and direct expenses were lower because we had fewer attendees in Chicago than budgeted. Excluding staff time, the Annual Meeting net was favorable by $4,000.
b. Other Education Events (2 and 2'). Webinars revenue has been lower than budgeted for FY22. The FY22 forecast of expenses increase is due to those revenues being transferred to other items due to fundraisers (e.g., webinar fees have been transferred to AM and membership scholarships, and those revenues appear in those line items (1 and 13).
c. Dig scholarships and excavation grants awarded and placed in endowments (3-8). Large gifts to endowments and subsequent endowment distributions made these favorable, but they are also in-out items that do not impact our bottom line for operations.
d. Federal Grants (10): ASOR was awarded about $1 million in federal grants between August and September 2021. The budget to forecast does not reflect $1 million because the funds are

recognized as they are spent and reimbursed. Expenditures and receipts have been delayed because of COVID. Thus, the forecast for FY23 is higher when the deliverables for these grants (already awarded in August and September 2021) will be carried out.

e. Annual Fund (16): Forecast is consistent with budget, but this **forecast assumes that we will receive $35,000 more in unrestricted gifts** before the end of the fiscal year.
f. Institutional memberships (17): ASOR experienced several member school rejoining as institutional members. Favorable by $5000.
g. Administrative income. Favorable by $6000 due to increases in named endowments. This will also generate increased revenue for FY23.
h. Designated gifts (22): Last year the Board approved use of prior year unrestricted up to $50,000 to produce diversity and cultural competency training videos if designated gifts (listed in budget note #22) were not received. New gifts for additional diversity training videos were not received in FY22. Because the DEI committee is still formulating a vision for these training videos, we did not produce the training videos and use prior year funds mentioned in the FY22 budget. We thus did not use the $50,000 of prior year surplus that the board had authorized. However, the impact on the bottom-line figure for the budget to forecast is neutral because the approved budget was for an in/our use of revenue and expenses.

   ASOR did, however, produce outreach videos featuring Nubian History and showcasing African American scholars who are ASOR members. These outreach video expenditures are reflected in the released TR funds (see note #22 below for a description of funds placed into TR and funds taken out of TR).
i. Use of prior year restricted (25): We budgeted up to $50,000 from prior year surplus to help ASOR through another post-pandemic transition year. We said last spring that these funds would not be needed if we were successful in receiving federal grants that would support some of our continuing staff. Since the prior-year restricted was not used, this line is favorable by $50,000.
j. PPP Loan: ASOR received forgiveness of a Second Draw forgivable loan, but we forecasted that forgiveness in the FY21 budget. The audited financials for FY22 will reflect this forgiveness of $118,800—and resulting increase in our unrestricted assets available for operations.
k. Meetings and travel (33): Increase in expenses due to ASOR using gift cards for Board hotel rooms and trustees making designated gifts to support these expenses. Net result favorable for the bottom line.
l. Salaries (37): Reduction in forecast due to increased salaries supported by federal grants that had not been received when the FY22 budget was approved. Forecast for FY22 is contingent on COVID conditions being such that work can take place during last quarter of fiscal year.

1. Annual meeting registration fees and income. Income includes registration fees, exhibitor fees, program advertising, grants (TFBA), hotel concessions and reimbursements from research centers. Revenues were lower than budgeted, but expenses were also lower. Net revenues were positive because of favorable hotel concessions and because of virtual annual meeting income. Salaries for Annual Meeting remained increased due to increase in staff capacity to support the virtual meeting. The budget for FY23 assumes that this salary support of the virtual continues. Net revenues were favorable compared to FY21 because the registration fees for the VAM were the same as the in-person meeting; thus, ASOR did not lose net revenue when people switched from in-person to virtual attendance.

Forecast for FY23 revenues for Annual Meeting is based on registrations and paper proposals to date, as well as favorable hotel concessions and expected higher attendance in Boston.

2. Other educational events. The FY22 budget forecasted an increase in FOA webinars. Staff capacity did not permit planning as many webinars, and we experienced a decrease in demand. Forecast for FY23 assumes increased revenues due to hiring an FOA Webinars Academic Director (Dr. Jennie Ebeling) to oversee recruitment of speakers. Also assumes being able to hold at least one in-person seminar and a trip to Israel (contract had been signed before the COVID pandemic). All these events will continue to support scholarships for memberships and the Annual Meeting—benefitting our bottom line and our members.

2' Other education events expenses: This is shown as an in/out item (net of bank fees) because the revenues were transferred to membership and AM scholarships.

3. Dig scholarships awarded: For FY22, these were much higher than budgeted due to some scholarships being held over from prior years. Other increases due to increase endowment distributions. The **expenses (3')** equal revenue, and they are marked in gray because these designated funds do not impact our bottom line for unrestricted operations. Forecast for FY23 budget based on large increases in named endowments.

4. Dig scholarships funds placed in endowment: These are contributions to the endowment accounts (i.e., contributions to Meyers, Strange / Midkiff, and Dana endowments). The **expenses (4')** are the same as revenue because all funds are placed in the endowment account. They are marked in gray because these designated funds do not impact our bottom line for unrestricted operations. ASOR continued to see large increases in named endowments. This will be favorable for FY23 and beyond.

5. Excavation grants awarded in fiscal year. The excavation grants (Harris, Seger, and Shepard) are funded by endowment distributions and designated giving. The **expenses (5')** equal revenue, and they are marked in gray because these designated funds do not impact our bottom line for unrestricted operations. Shepard Urgent Action Grants are included here even though not an endowment (yet). Budget for FY23 considers increases in endowment distributions anticipated in FY23.

6. Excavation grants placed in endowment. These are contributions to the endowment accounts (i.e., contributions to Geraty Endowment or Dana-3 Endowment). The **expenses (6')** are the same as revenue because all funds are placed in the corresponding endowment account. They are marked in gray because these designated funds do not impact our bottom line for unrestricted operations. Again, large increases in gifts in FY22.

7. Fellowships for members in Fiscal Year. These were not awarded in FY21 because of the global pandemic. Increase in FY22 due to funds carried over in the temporarily restricted account. Also includes inaugural Mason Fellowships. Budget for FY23 assume return to prior level of giving.

8. Fellowships for members placed in endowment. These are contributions to an endowment account (i.e., Mason Endowment). The **expenses (8')** are the same as revenue because all funds are placed in the corresponding endowment account. They are marked in gray because these designated funds do not impact our bottom line for unrestricted operations.

9. Nies Trust income and expenses. We anticipate about $22,500 of income for FY22. There are three revenue items: a) funds received from Citibank that are placed in the TR account (9' has a corresponding expense); b) funds released from the TR account for direct expenses authorized by the

Baghdad Committee (9' has a responding expense); and c) funds ($7500) released for the support of JCS expenses incurred by ASOR staff.

10. **Cultural Heritage Initiatives (CHI)—Federal Grants.** We have broken this category into federal and non-federal grants. The federal revenue includes income for direct expenses, as well as indirect dollars (down to 10% from 17% until ASOR files a new NICRA). The in-kind revenue is used for tracking volunteers contributing cost-share to federal grants, and we do not anticipate including this in future grants. The expenses (10') are broken down into salaries and other direct expenses. Some of the salaries are favorable for ASOR's bottom line because these are replacement dollars for ASOR staff. Some of the direct expenses also cover expenses that ASOR might otherwise incur (e.g., DropBox and Adobe licenses—of course these are used for government grant activities). The indirect funds are beneficial for ASOR's bottom line, and they are not marked as an expense. Per the implied directive in ASOR's strategic plan, ASOR CHI does not use unrestricted revenue.

11. **Non-federal grants.** These are gifts to ASOR CHI and non-federal grants. For the April EC meeting, I have only included what was placed in the TR account. Again, ASOR CHI does not use unrestricted dollars, and these funds often offset ASOR staff salaries—and thus are usually favorable for ASOR's bottom line for operations.

12. **Subscription revenue.** These funds are the royalties that ASOR's receives from University of Chicago Press. They are unrestricted revenue dollars. Fortunately, we have a guaranteed contract, so these funds have been consistent in spite of challenges presented by the ongoing global pandemic.

13. **Membership revenue.** These are unrestricted revenue dollars from membership dues. ASOR's membership reached another all-time high in Fiscal Year 22. The budget for FY23 assumes a 5% increase in membership revenues. ASOR's continuation of membership scholarships is a driving force in retention of members and resulting increase in revenues.

14. **Royalties and advertising**. This is income from JSTOR back content. ASOR's income remained stable, but other societies reported lower income from JSTOR back content. We may see this income line item drop in future fiscal year because JSTOR has changed their royalty payment models. Budget remains the same for FY23 because revenues have been consistent for the last five years.

15. **TR Funds (gifts) released for current book expenses.** Some books require a subvention, and this listed amount equals what has been released to support direct production expenses for the books. Starting with FY21, ASOR is recognizing costs are they are incurred rather than when the books are sold. This is a more conservate method for recognizing all costs rather than postponing them.

16. **Annual Fund**. We are forecasting $125,000 (the same as the budget). This amount will be needed to have a balanced budget for operations, but we are slightly behind schedule for FY22 (**need $35,000 more by the end of the fiscal year**). In past years Trustees have been very generous with end of fiscal year support, and that generous support enables ASOR to support unrestricted expenses.

17. **Institutional memberships.** The budget forecasted a drop in memberships, but several schools rejoined in FY22. Budget for FY23 assumes maintenance but no new memberships.

18. **Endowment distribution.** For FY22, we budgeted for the inclusion of the legacy gift from P. E. MacAllister and a 5% distribution rate beginning in 2021. Also includes Board-Designated Kershaw and

Building Funds. These revenues will continue to grow slightly in FY23 and beyond. As noted above, endowment distributions and admin fees were about $25,500 in FY 2017. Trustees should note that our endowments do not make ASOR rich or solve all our financial challenges, but we should celebrate this progress and the legacy gifts that made this progress possible.

19. **Interest income and administrative fees:** Interest was less than $100. Named endowment account balances have increased, so the admin fees (1% of the market value) are favorable. Forecast of admin fees for FY23 is higher because of growing endowment balances. Forecast for interest income remains near zero, but that may be favorable in FY23 if interest rates increase.

20. **Designated gifts for endowment.** These gifts are placed directly into the Endowment for Operations and contribute to increasing the market value (and then distributions) over time. Budget for FY23 is consistent with FY22.

21. **Designated gifts for the Board-designated Building Fund.** We are now over 3/4 to reaching our goal of $500,00 for this board-designated fund. Distributions began in January 2022, and they will pay for upkeep and maintenance for the Strange Center, as well as support costs that currently impact our bottom line for operations. Budget for FY23 recognizes that pledges are winding down.

22. **Designated gifts for diversity and other designated gifts**. There are three components to this note:

a) Designated for diversity and placed into temporarily restricted ($18,200 in both revenue and expenses). This amount is what was received in FY22 and put segregated in an excel spreadsheet to be spent this year or in the future on diversity. We budgeted $50,000 in new gifts designated for diversity to go into the TR spreadsheet, and we received $18,200 for all purposes related to diversity. Same number in revenue and expenses.
b) Released from TR for Diversity. This dollar amount ($26,973) is what was spent on diversity in FY22. The number is higher than revenue because it includes funds received and segregated for diversity in prior years. The main expenditure here was for diversity videos in conjunction with AITC. Same number in revenue and expenses.
c) Other designated gifts (including membership support, designated gifts for LCP, and any other designated gift). The number is slightly lower (by $1735) in expense because of the favorable difference in Marriott gift cards (listed in balance sheet as a pre-paid expense) and designated gifts made to support ASOR Board Meetings (see also #29 below).
d) Additional note: when the board approved the budget last spring, ASOR set a goal of raising $50,000 for DEI training videos and other initiatives directed by the DEI committee. The board authorized using up to $50,000 of prior year unrestricted if these funds were not raised (in addition to the prior year unrestricted notes in note #25. At present, no prior-year or current-year unrestricted funds have been used to support direct expenses for diversity initiatives. As noted above, use of prior-year unrestricted was not used for supporting diversity initiatives.

23. **Other designated gifts released from TR.** These are current and prior year gifts that were placed in the TR Fund and subsequently released to pay designated expenses. These expenses are tracked in the TR spreadsheet.

24. Designated gifts for development. Now includes 7% commission from Marriott for travel. Please ask Andy how your Marriott stays can support ASOR. Lower than budgeted because travel for staff and meetings reduced.

25. Use of prior year unrestricted balance. See description above. ASOR did not need to use these funds for a post-pandemic transition because grants supported some continuing ASOR staff salaries. We had said last spring that we hoped that the grant proposals would be approved, but we budgeted in a conservative manner. Favorable by $50,000 to our bottom line.

26. Reimbursement in lieu of rent. This reflects funds received from ACOR and other groups for building expenses, for direct postage costs, and for utilities / phones. A designated gift is now supporting the occupancy of Archaeology in the Community (AITC) in the Strange Center.

27. Legal services and in-kind. ASOR benefits from in-kind gifts from Arnold and Porter for various legal needs. This is an in-out item and does not impact our bottom line for operations. Other in-kind gifts and expenses are placeholder budget items.

28. Chair support (including LCP). This expense line item identifies direct expense support for activities of committees chaired by a member of the CCC, and it identifies programs that directly support ASOR archaeological and program support. These expenses often use unrestricted revenue rather than program-specific revenue. For FY22, ASOR March Madness raised $10,000 in designated giving to support the LCP, and that was favorable for our bottom line by that same amount. Budget for FY23 includes an increase in funds for the Early Career Scholars Committee to advance goals outlined in our strategic plan. Also modest funds provided for the Publications Committee to use for digital initiatives.

29. Meetings and travel for archaeological support. Meetings were higher than budgeted because ASOR paid for some hotel rooms using Marriott gift cards purchased in prior years, and ASOR paid for other Board Meeting expenses not originally budgeted. However, designated gifts to support meeting more than offset this increase (we had budgeted $0.00 for meeting support). There were not expenses in FY22 for archaeological travel even though budgeted. We hope that such travel will return in FY23. Forecast for FY23 budget is higher because of anticipated travel for archaeology visits and donor tour(s).

30. Website. We should probably rename this line for the FY23 budget. Our new accounting firm puts expenses for the website in other areas. The expenses here are DropBox and other licenses used specifically to increase online resources.

31. Presidential discretionary expenses. This enables the President to support something not budgeted. Not utilized so far in FY22.

32. BASOR, NEA, JCS. Expenses directly related to the production of the journals. For BASOR, these are all editorial stipends and stipends for managing editor(s). For most years for NEA, these include travel to the Annual Meeting, but that expense was not incurred in FY22. For NEA it was all editorial and assistant stipends. For JCS, the only direct cost is to contribute $7500 to ASOR's costs, and that reduces staff salaries for ASOR.

33. JSTOR, journal, and membership expenses. This includes JSTOR fees, $1500 per month for the ANE Today editor, email (Informz) expenses, and other direct (non-salary) membership expenses.

34. Book production. Starting with FY21, ASOR is recognizing book expenses when they are incurred rather than when the books are sold.

35. Salaries and benefits. The forecast is below budget because of allocation of some salaries to CHI (federal grants), diversity gift support, and JCS support. The FY23 Budget includes a 10% increase in salaries and benefits to enable ASOR to account for inflation and to offer competitive salaries needed to retain staff.

36. Building expenses, Office Administrative, and Utilities/Telephone. Our new auditing firm has placed more items in these categories. They also include maintenance and property taxes. The Board-designated Building Fund now provides support for these expenses. In addition, reimbursement revenue reduces ASOR's direct cost for these line items.

37. Insurance. Non-building insurance policies, including liability, travel, errors and omissions. Forecast accounts for possible increases as seen over the past few years.

38. Auditing and accounting. Thanks for the volunteer work of Sheldon Fox, our auditing charges from Romeo and Wiggins were reduced in FY21 and FY22. We increased our accounting support in November with the retention of Charity CFO and Todd Mann Management Group ($1500 per month for both). The increase in accounting oversight has not greatly reduced staffing costs, but we now have external oversight of our banking and investments accounts.

39. Equipment and supplies. This category includes more items than in past years including computers, stationary, and supplies for the Strange Center. It also includes direct mailing expenses.

40. Abila database. This line item is ASOR's membership database and customer relationship module.

41. Office events, Jibrin, consulting. Reduced in FY22, and primarily includes $1500 for Clearview Fiduciary for investment advice and analysis. Anticipate return to pre-pandemic levels in FY23.

42. Dues, etc. Membership and support of National Humanities Alliances, American Council of Learned Societies, etc. ACLS dues were lowered by 50% in FY22. Forecast is for a return to prior amount for ACLS dues.

43. Travel. Greatly reduced in FY22 (short-term reduction).

44. Development. Budget to return to prior levels in FY23.