

Treasurer's Report
Emily Bonney and Andy Vaughn
Sunday 8 May, 2022

The Finance Committee met on 27 April 2022 and discussed the financial documents posted on the Materials for May 2022 Board Meeting. The following report highlights the substance of those discussions.

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. In contrast to our circumstances a year ago in which there was an operational deficit at this point in the fiscal year, we show a small operational surplus of \$750. Noteworthy points include:

- Generous support of ASOR donors with gifts to the Geraty, Meyers, Strange/Midkiff and the new Dana#3 fund much higher than expected.
- Grant income of \$308,000 was more than twice the budgeted \$125,000.
- The Annual Meeting, conducted in FY22 as both in person and virtual, while generating roughly \$20,000 less in revenue than budgeted, nevertheless with total registrants of 1086 resulted in a net favorable of \$4,000.
- The webinars gave ASOR a web presence. They generated less income than budgeted in part because we had fewer webinars 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. Also 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.
- The increase in memberships indicates that ASOR is on target for achieving a 5% increase in the number of members for 2021/2022.
 - September 30 2021 memberships were at 2271 compared with September 30, 2020's 1979.
 - Memberships on March 31, 2022 were at 2285 compared with 2085 as of March 31, 2021.
 - Memberships as of April 15, 2022 were at 2060, almost 50 ahead of the 2013 on April 15, 2021.
 - A prior loss of institutional memberships was turned around with five 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 \$35,000 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 performed well enough so that distributions from named endowments were only slightly lower than budgeted for FY2022 in spite of some turbulence in the markets.
- The self-managed accounts performed particularly well given the circumstances.
- We were able to avoid any use of the prior year unrestricted funds which is a positive as we may need to draw on those funds in FY23 as we will not have the cushion of the PPP loans.
- ASOR was able to continue to respond to members' commitment to providing scholarships.

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 and another series of webinars - should produce an additional boost to the revenue side and are forecast to net \$40,000 for 2023. 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

Looking Ahead and action items

Some of the challenges that were noted in the past remain even as the worst of the pandemic may be behind us. 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 \$35,000 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. As Exhibit C and the table below indicate the investments managed by Scott Stringfellow continue to underperform 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. The Finance Committee recommended that the Executive Director, the President, the Board Chair and the Treasurer reassess the situation at the end of June 2022 and consult with the Finance Committee and the Executive Committee if a change in strategy seems merited.

	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.

The Finance Committee recommended that the board take action on five items and that it approve the 2023 budget.

a. Review and adoption of FY23 proposed budget

BE IT RESOLVED that the Executive Committee recommends that the ASOR Board of Trustees receive the FY22 Budget to Forecast report and adopt the FY23 Budget Project as received the Executive Director and the Treasurer, and as discussed by the Finance Committee.

b. Establishment of Stevan B. Dana Endowment Fund #3

BE IT RESOLVED that the Executive Committee, acting on the recommendation of the Finance Committee, recommends that the ASOR Board of Trustees formally establish the Stevan B. Dana Endowment Fund #3 using language provided in Exhibit E.

c. Motion to treat the Board-Designated Publications Fund as a quasi-endowment fund.

BE IT RESOLVED that beginning with Fiscal Year 2023 (July 1, 2022), that the Executive Committee, acting on the recommendation of the Finance Committee, recommends that the ASOR Board of Trustees ASOR 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. As a Board-Designated Fund, this decision and these allocations may be changed by a future vote of the Board

d. Motion to formalize names of the three (3) Dana Endowments BE IT RESOLVED, that the Executive Committee recommends that the Board of Trustee formalize the names of the three endowments established by Stevan B. Dana. The official names will be the following:

i. Stevan B. Dana Endowment #1 for Scholarships to Support Fieldwork Participation in Israel

ii. Stevan B. Dana Endowment #2 for Grants to ASOR-Affiliated Excavation Projects

iii. Stevan B. Dana Endowment #3 for Grants to ASOR-Affiliated Excavation Projects in the State of Israel

e. Motion to amend the Investment and Spending Policy

BE IT RESOLVED that the Executive Committee, acting on the recommendation of 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 provided in Exhibit F.

f. Motion to amend the second paragraph of the Travel and Entertainment Policy (the amendment marked below):

BE IT RESOLVED that the Executive Committee, acting on the recommendation of the Finance Committee, recommends that the ASOR Board of Trustees amend

the second paragraph of the Travel and Reimbursement Policy as indicated below (by adding the sentence found below (with a blue font and underlining):

“The ASOR Board of Trustees further recognizes that from time to time, the Executive Director must travel and entertain prospective donors, government representatives, and other persons critical to ASOR’s business and mission. In doing so, the Board of Trustees imposes the business judgment rule on the Executive Director; to wit, in deciding whether to incur a travel or entertainment expense, the Executive Director must act on an informed basis, in good faith and in the honest belief that the action taken is in the best interests of ASOR. The Executive Director’s travel and entertainment is subject to review by the ASOR President or ASOR Board Chair at any time upon request. Requests by the Executive Director for reimbursement under this policy should be reviewed and approved by the ASOR Treasurer or the ASOR President.”

g. Motion for selecting External Auditors:

BE IT RESOLVED that the Executive Committee, acting on the recommendation of 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.

Conclusion

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.