

Finance Committee Agenda and Report
Emily Bonney and Andy Vaughn
Wednesday 29 March 2023, 2:00PM EDT = 11:00AM PDT

Memo to Finance Committee

Stable financial position and expanding services:

Thanks to the generosity of ASOR donors, the careful management of the Schwab endowments and the successful applications for grants ASOR continues to be in solid financial condition spite of continuing market instability. As our Form 990 (<https://www.asor.org/wp-content/uploads/2023/03/fy22-Form990.pdf>) indicates ASOR total assets exceeded \$6 million dollars as of June 30, 2022. Although our investment income was down by about \$100,000 as a result of market forces, our grants, contributions and program income all were up so that total revenue was higher than in the previous year. One word about the form 990—there was a query as to whether the names that appeared in portions of the document that we distributed recently would be included in the publicly posted document. While we can remove names from the documents we post, those names must be included on filings with the federal government, and so in the end still discoverable should anyone wish to do so.

The notes to the budget provide additional information about the line items in the Budget to Forecast for 2023 and proposed budget for 2024, but this report will highlight certain key elements.

- Gifts to the Geraty, Meyers, Strange/Midkiff and Dana #3 fund were much higher than forecast in the budget.
- Grant income of \$308,000 was more than twice the budgeted \$125,000.
- The Annual Meeting, conducted in FY 23 as both in person and virtual resulted in a net favorable of from budge of \$12,500 in part because of the particularly positive terms of our contract with the hotel in Boston, but also because Boston continues to be a particularly attractive venue for meeting participants.
- Webinars gave ASOR a web presence, but they generated less net income than budgeted in part because we had fewer webinars and in part because registration and sponsorships were lower than budgeted. The in-person event included in the budget for 2023 did not take place, and that resulted in less net income. We may realize \$20,000 from The FOA trip to Israel. Nevertheless, income in this area was \$11,000 unfavorable from budget because of the underperformance in webinars, and because of the absence of an in-person seminar.
- Revenue from individual memberships was consistent with the budget so that ASOR achieved the budgeted 5% increase in memberships. Accordingly, the budget for FY 2024 includes a 5% increase in individual memberships. By contrast, budgeted institutional memberships continued to weaken. The budget

for FY 2024 reflects this decline. Nevertheless, for FY 2024 memberships both individual and institutional combined are budgeted to generate nearly \$280,000 in income.

In addition to the balances presented in the budget (Exhibit A) and 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 24, 2023):

- Cash Accounts = \$1,486,284
 - Truist Checking = \$93,661
 - Schwab General Fund (quasi-checking) = \$878,796
 - Schwab Temporarily Restricted = \$320,000
 - Truist Temporarily Restricted (Fed. Grants) = \$193,827
- Board-designated Accounts = \$671,951
 - Opportunity Fund for Publications = \$126,155
 - Building Fund = \$385,270
 - Kershaw Fund = \$160,526
- General Endowment for Operations = 1,309,013
- Accounts with donor restrictions (other than General Endow.) = \$2,481,997
 - Harris Endowment = \$150,250
 - Platt Endowment = \$258,362
 - G. E. Wright / Shirlee Meyers Endowment = \$109,255
 - MacAllister Endowment = \$160,836
 - Strange / Midkiff Endowment = \$204,012
 - Carol and Eric Meyers Endowment = \$220,248
 - Seger Endowment = \$71,743
 - Dana 1 Scholarships Endowment = \$339,711
 - Geraty Endowment = \$119,797
 - Mason Endowment = \$48,666
 - BIPOC Endowment = \$236,394
 - Dana 2 Scholarships Endowment = \$267,777
 - Dana 3 Excavation Endowment = \$243,247
 - Thomas / Bishop = \$51,699
- TOTAL (excluding fixed assets [building]) = \$5,949,335

The increase in the value of these accounts can be attributed in large part to generous contributions to these accounts. Also, ASOR has now changed our name on all Schwab accounts, and outdated signatories (e.g., Heather McKee, Susan Ackerman, and Richard Coffman) have been removed. All accounts now list only Andrew Vaughn and Emily Miller Bonney as signatories. Sheldon Fox is the control person on all accounts. Britta Abeln is a signatory on the Schwab General Fund.

Challenges

ASOR is stable for now, but we may continue to face challenges because of the persistence of the pandemic and the ensuing economic and political uncertainties. Some of what was written in the Treasurer's report for the November Finance Committee remains true. There is no going back to pre-pandemic conditions. Institutional subscriptions are down about 5% for University of Chicago Press. While we have a guaranteed royalty, it is unlikely that we will receive payments above the guaranteed minimums that UCP predicted last year. We may see UCP request to lower the minimums in a couple years when it is time to renew our contract / agreement. On the other hand, both UCP and ASOR hope that the addition of a fourth journal, *Maarav*, will help us fully "earn" our guaranteed royalties. Book Sales also remain down and are unlikely to improve unless we switch distributors. In May 2022, we were uncertain whether the Annual Fund would reach the budgeted target of \$125,000. Achieving that goal required members donating an additional \$35,000. While donors outperformed at that time by \$17,000, the amount we still need this year is greater at \$45,000. But then it is March and not May. Grants will continue to provide support for administrative work, but there clearly will be no additional federal funds comparable to the PPP loans. The format for the Annual Meeting—changed again to a hybrid format with in-person and virtual participants—clearly will have bottom-line consequences, but it is difficult to predict what those will be.

Rebalancing New Gifts

The investments managed through Schwab are rebalanced on a quarterly basis to maintain the proportion large cap, small cap, and international equities, fixed income and cash stipulated in ASOR's Investment and Spending Policy. ASOR needed a policy for how rebalancing would be applied to new gifts. The Executive Committee discussed the proposed schedule laid out in Exhibit D and concluded that this provision for frequency of rebalancing and a schedule for approvals based on the amount of the gift appeared to be a sound solution. Action Item would be the recommendation to the full board to amend the Investment and Spending Policy under Roles and Responsibilities to include the bulleted list in Exhibit D.

Provisional Adoption of ASOR Policy on ASOR Management Procedure and Capacity.

The Finance Manager and the Executive Director were required to create this document (Exhibit E) in the State Department review of the grant in June 2022. As part of that review, ASOR had to begin this document in order to have an "observation" as opposed to a "finding." The external reviewer was supposed to provide ASOR with a report within 45 days of the technical assistance review. As of March 22, 2023, ASOR has not received that report. ASOR has 90 days after receipt of the report to complete responses to the observations. ASOR has been told that a new policies and procedures document will be required upon receipt of the observations. At the same time, ASOR must have a policies and procedures document provisionally approved before the expected review in May or June 2023, and it will not have

been 90 days since receipt of the report. The Executive Director correctly identifies this as a Catch 22 situation.

Exhibit E is itself still a draft document in its 23rd iteration with yellow highlighting indicating places that still require additional changes to the original and green highlighting recommendations for revisions to the ASOR Travel and Entertainment Policy. We propose that the Finance Committee Provisionally approve this “working” or “provisional” document until it can be revised after receiving the external report and responding within the 90 days allowed. So, this is very much a living document with the Finance Manager and the Executive Director will continue to develop. A final version completed after the response to the review will be submitted for approval to the Finance Committee and the Board at the meetings in November. Simultaneously with approving this document we propose that the Finance Committee recommend that the language concerning Travel and Entertainment contained in Exhibit E be incorporated in Exhibit F, the current ASOR Travel and Entertainment Policy.

Conclusion:

ASOR’s financial stability made possible by the generous contributions of ASOR’s supporters, and the number and amount of endowment funds bodes well for ASOR’s future. The dedication and commitment of our members and of the Trustees who support the work keep the organization true to its mission. We should take note of the large number of activities in which our relatively small organization with a de minimis staff engages. The Executive Director should be commended for the work in securing grants and for managing the Schwab accounts effectively. Finally, thanks to the Finance Committee for its work.