

Finance Committee Agenda and Report
Emily Bonney and Andy Vaughn
Wednesday 24 April 2024 1:00PM EDT = 10:00AM PDT

1. Call to Order (Bonney)
2. Approval of minutes from prior meetings (Bonney)
3. Review and approval of agenda (Bonney)
4. Review of Documents and Reports (Bonney and Vaughn)
 - a. Budget to Forecast (FY 2024) and Budget for FY 25 (Exhibit A)
 - b. Notes to Budget to Forecast (FY 2023) (Exhibit B)
 - c. ASOR Net Investment Spreadsheet (to March 31st). (Exhibit C)
 - d. Analysis of ASOR self-managed funds through June 30, 2022 (Exhibit D) - forthcoming
5. Discussion of Financial Position of ASOR (see exhibits above and Finance Report memo below for background)
6. Approve language for Shepard Endowment (Exhibit E)
7. Approve language for E. Strange Endowment (Exhibit F)
8. Approve Amended ASOR Policies—all need to further approval by ASOR Board
 - a. ASOR Travel and Entertainment Policy (Exhibit H)
 - b. Records Retention Policy (Exhibit I).
 - c. ASOR Privacy Policy (Exhibit J)
 - d. Investment and Spending Policy (Exhibit K)
9. Approve Current Update to ASOR Policies and Procedures—does not go to Board (Exhibit G)
10. New Business or New Discussion Items.
11. Adjourn.

Memo to Finance Committee

Stable financial position and expanding services:

Thanks to the generosity of ASOR donors and the careful management of the Schwab endowments ASOR continues to be in solid financial condition in spite of declines in Annual Meeting and membership revenue likely attributable to the situation in Gaza and Israel. As our Form 990 (<https://www.asor.org/about-asor/financial-documents/>) indicates ASOR total assets exceeded \$7 million dollars as of June 30, 2023 and net assets were up by more than \$1 million over the prior year. I want to repeat the statement we made last year that 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 2024 and proposed budget for 2025, but this report will highlight certain key elements.

- Gifts to the Geraty and Dana #2 and #3 fund were much higher than forecast in the budget.
- ASOR also benefits from the establishment of two new endowments, the Shepard Endowment for Emergency Action Grants (Exhibit E) and the M.E. Strange Endowment for Diaspora Heritage Program Educational Programming (Exhibit F). Motions establishing both await approval by this committee.
- The Annual Meeting, conducted in FY 23 as both in person and virtual, had financial results that were net unfavorable by about \$60,000. There was a substantial drop in registration and attendance largely because of the circumstances in Gaza and Israel. At the same time costs were up particularly for the Audio/Visual component including the purchase of the laptops and the additional staff expenses required by the hybrid format. The lower attendance at the meeting also resulted in a drop in memberships.
- Projected income for educational events also was down. Webinars gave ASOR a web presence, but they generated less income than budgeted in part because we had fewer webinars and in part because registration and sponsorships were lower than budgeted. There were no trips.
- Individual membership numbers are down likely because of the lower attendance at the annual meeting because of the situation in Gaza and Israel. We believe that memberships will rebound in the next fiscal year. The anticipated 5% increase in 2023/2024 did not materialize, and institutional memberships continue the slow but steady decline.
- The ambitious ASOR 2025 campaign already has realized almost \$3.6 million in pledges and contributions reinforcing our sense that ASOR will continue to grow, and that this year's financial shortfalls will be reversed in the future.

In addition to the balances presented ASOR Net Investments to March 31, 2024 (Exhibit C) 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 31, 2024):

- Cash Accounts = \$1,694,170.22
 - Truist Checking = \$91,422.07
 - Schwab General Fund (quasi-checking) = \$960,079.58
 - Schwab Temporarily Restricted = \$68,668.57
 - Truist Temporarily Restricted (Fed. Grants) = \$574,000.00
- Board-designated Accounts = \$657,242.94
 - Opportunity Fund for Publications (Board-designated) = \$146,718.45

- Building Fund = \$457,481.46
- Kershaw Fund = 187,577.72
- General Endowment for Operations = \$1,530,361.41
- Accounts with donor restrictions (other than General Endowment) = \$3,703,977.58
 - Harris Endowment = \$172,405.47
 - Platt Endowment = \$292,339.29
 - G. E. Wright / Shirlee Meyers Endowment = \$134,793.84
 - MacAllister Endowment = \$184,567.51
 - Strange / Midkiff Endowment = \$237,939.68
 - Carol and Eric Meyers Endowment = \$265,635.00
 - Seger Endowment = \$93,690.67
 - Dana 1 Scholarships Endowment = \$390,541.07
 - Geraty Endowment = \$155,767.16
 - Mason Endowment = \$56,892.73
 - BIPOC Endowment = \$274,023.90
 - Dana 2 Scholarships Endowment = \$447,475.75
 - Dana 3 Excavation Endowment = \$485,530.09
 - Thomas/Bishop = \$58,321.88
 - E. Strange Endowment = \$352,743.57
 - Shepard Endowment = \$100,309.97

The increase in the value of the endowment accounts overall can be attributed in large part to the generous contributions to existing accounts and the creation of new accounts. We also have been fortunate to enjoy significant increases from the improvements in the investment world with a percentage increase for individual accounts, excluding the value of contributions, of nearly 13%. ASOR continues to benefit from the generosity of those who support the institution's mission.

ASOR continues to allocate assets as provided in our Investment Policy. While our policy provides for a semi-annual rebalancing to maintain the allocations set forth below, our practice has been to do such rebalancing on a quarterly basis. Exhibit D (forthcoming closer to the time of the Board Meeting) presents our investment performance and demonstrates that ASOR's investment performance is in line with or better than the performance of peer organizations. At the beginning of April 2024, Andy shared a rebalancing plan for of ASOR's investment accounts with Emily (Treasurer), Sharon (President), and Sheldon (Board Chair). Upon receiving approval for this rebalancing plan, Andy carried out the necessary trades over the next week. As of the date of this report, all accounts are within 0.4% of the targets set forth in the Investment Policy.

Challenges

In the face of the good news from both the ASOR 2025 campaign and the growth of our endowments, ASOR nevertheless confronts the same issues that everyone in higher education does. As we underscored in our November report to the Finance Committee and to the Board institutional subscriptions are down about 5% for University of Chicago Press, and the acceleration of adopting open access modes of sharing information that situation is unlikely to change. We cannot expect to get more than our guaranteed minimums from UCP and may face a request to lower that minimum. Book sales also remain down, and the path forward is not clear. While we are for the moment committed to continuing book publication our present approach of publishing internally may not be sustainable. The budget for the Annual Meeting is predicated on the reality of more favorable terms for the venue in Boston than we had in Chicago and on the hope that circumstances in Gaza and Israel will have improved. We are optimistic that the Annual Fund, standing at \$92,000, will reach the budgeted \$125,000 before the end of Fiscal Year 2024. Please note that we have proposed an Annual Fund goal of \$140,000 for FY2025 to help address the need for increased staffing and staff retention. Finally, we will also note that the goal was to establish a Building Fund of \$500,000, a target we have not yet reached because of a few pledges that have not and will not be fulfilled. One potential incentive is the mounting of a bronze plaque adjacent to the entry at the Strange Center with enough spaces for the names of donors of five more gifts of \$10,000 each toward that fund.

Comments about the ASOR Policy on ASOR Management Procedure and Capacity

At our meeting in March 2023 and again in November 2023 we presented for provisional approval by the Finance Committee the ASOR Policy on ASOR Management Procedure and Capacity, also known at least internally as ASOR Policy and Procedure. The Finance Committee must review the policy annually and both approve any changes and affirm the continuing determination that this is how ASOR conducts its business. The entire policy (Exhibit G) has been transmitted to the Finance Committee members with separate exhibits for the relatively minor changes to the Travel and Entertainment (Exhibit H), Records Retention (Exhibit I), Privacy (Exhibit J) and Investment and Spending Policies (Exhibit K). The latter includes the addition of the two new endowments to Appendices I and II of the Investment and Spending 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. The Executive Director should be commended for the work in securing grants and for managing the Schwab accounts effectively. Finally, thank you to the Finance Committee for its work.