

Finance Committee Minutes
Saturday, November 18, 2023; 11:30 AM CST

In attendance: Emily Miller Bonney (Treasurer), Andy Vaughn (Executive Director, non-voting), Sharon Herbert (President), Sheldon Fox (Board Chair), Susan Ackerman (Past President), Kevin McGeough (Chair of Publications), Lynn Dodd (Chair of Development), Allison Thomason (Co-chair of the Program Committee), Britta Abeln (Finance Manager, non-voting)

1. Call to Order (Bonney)
2. Approval of minutes from prior meeting postponed until next meeting
3. Review and approval of agenda.

Lynn moved to approve the agenda.

4. Review of Documents and Reports (Bonney and Vaughn)
 - a. FY23 Statement of Audited Financials (Exhibit A)
 - b. Budget to Actual (FY 2023) (Exhibit B)
 - c. ASOR Net Investment Spreadsheet (to September 30, 2023) (Exhibit C)
 - d. Notes to Budget to Actual (FY 2022) (Exhibits F and B)

Emily explained that the bottom line is that ASOR is in an excellent financial position.

5. Discussion of Financial Position of ASOR (see exhibits and Finance Report Memo for background)
Emily directed committee members to see the Memo to the Finance Committee.

Andy pointed out that on the Budget to Actual, there is a lot of staff time allocated to federal grants in FY23, but that this will not be the case in FY24. Andy pointed out that this allocation means that there is a “surplus” in FY23, but we may see a “deficit” in FY24. The two fiscal years, when viewed together, will be in the black.

Andy also noted that the 2023 Annual Meeting will be unfavorable financially because of more receptions, more hospitality, buses, and lower income from the hotel because of cancellations in the past month. Andy stressed that these events and activities will be favorable programmatically.

6. Action Items (see Exhibit A) Receiving and accepting audit report and referring to Board of Trustees.
Sheldon moved to receive the audit. Lynn seconded the motion. Unanimously approved.

Andy pointed out on page 5 of the audit PDF (page 3 of the audit) that \$764,385 is the amount available for spending, also called the rainy-day fund, and it is available to pay for things not covered by grants. This number is up from about \$600,000 at the end of FY22 so it is a healthy balance and a positive number.

Andy pointed out the net assets with board restrictions (one the same page of the audit) and explains that the board can make changes to these funds and make these available if they want. Andy reminded the committee that the fixed assets figure will continue to decrease because of depreciation.

Andy noted that the committee should read the Notes from the auditors because that is where the auditors put information for the board to review and think about. Sheldon noted that Note G is especially helpful. Andy noted that Note H states that ASOR is earning interest on cash and there is a note from the auditors about the significant amount of cash and where it is held.

Sheldon stated that ASOR budgeted about \$24,000 in cash and now that figure is about \$54,000 so that accounts for about \$30,000 in FY23’s surplus.

Sheldon stated that over the past three years, Andy and Britta have prepared more in advance for the audit, and that the audit process has been smooth for Romeo & Wiggins.

Andy pointed out that there is single audit on the last few pages of the audit which was paid for by a federal grant.

7. Motion to Establish Thomas-Bishop Endowment (Exhibit E)

Kevin moved to establish the Thomas-Bishop Endowment. Sheldon seconded the motion. Unanimously approved.

8. Amendment of Investment and Spending Policy to include Thomas-Bishop Endowment (Exhibit D)

There was some discussion on how Thomas-Bishop is written (Thomas-Bishop versus Thomas/Bishop) and it was decided that it should be written to match the Strange-Midkiff Fund. Kevin moved to amend the Investment and Spending Policy to include the Thomas-Bishop Endowment. Sheldon seconded the motion. Unanimously approved.

9. Discussion of ASOR Policies and Procedures (Exhibit F)

Andy pointed out that this document does not change any current Board documents. Britta noted that there may be one or two very small changes to current Board documents. Andy stated that the entire policies and procedures document will not go to the board in the spring to be approved. He explained that the procedures do not need to be approved by the board, but that the finance committee need them to be a part of this document for the federal grants. Policies have always been approved by the board, and they will continue to be approved by the board. This document (policies and procedures) will need to be reviewed annually, and any policies that need to be approved by the board will be done annually as well. Britta agreed to highlight changes for each new year's review.

Allison moved to approve the ASOR Policies and Procedures. Kevin seconded the motion. Unanimously approved.

Andy noted that the board will need to approve the policies (but not the procedures) and that will happen in the spring.

10. Discussion and voting on conflict-of-interest disclosures

Andy noted that most of the conflicts of interests are that the people either donate to ASOR or serve on other boards. The Finance Committee has considered those conflicts to be immaterial in the past.

The Finance Committee discussed the conflict of interest of Carol and Eric Meyers being married. The decision was that this conflict was immaterial.

The Finance Committee discussed the conflict of Robert Mullins being a board member and his wife, Hanan Mullins, being a part-time ASOR employee. Andy noted that the recommendation, not requirement, from the auditors is that Robert Mullins recuse himself from any discussion involving the mission of CHI programs and leave the room for any CHI program or budget discussions. Sheldon noted that this guidance is the most conservative and that there is an acceptable level that is not quite so strict. The discussion included suggestions such as Robert recusing himself for any discussions directly related to Hanan and her work; Robert staying in the room, but abstaining from any discussions of CHI budgets generally; that Robert recuse himself when there are decisions such as should CHI continue or which CHI programs should continue; Robert should recuse himself if the budget is discussed line-by-line; Robert can participate in overall discussions of the budget. The Treasurer is instructed, by unanimous consent, to determine recusal mechanisms for this conflict.

11. Motion that Finance Committee has reviewed draft 990 and authorizing Director and Treasurer to finalize and sign (Exhibit F)

Andy noted that the draft 990 only arrived on the most recent Wednesday evening and donor names will need to be removed before it is sent to the Finance Committee. The draft will be sent

out to the committee soon so everyone can review and reply with comments. ASOR would like to sign by December 31. Andy noted that the draft looks good, but everyone should review it.

12. New Business or New Discussion Items

No new items raised.

13. Adjourn

Memo to Finance Committee

Stable financial position and expanding services:

The continuing generosity of ASOR's donors and the recovery of the market have helped ASOR complete fiscal 2023 in a strong position. In contrast to 2022 when the audit revealed a decline in net assets, the 2023 audit shows that at \$7,305,829 ASOR's net assets are at their highest level ever. Both donor generosity the careful management of the Schwab endowments and the successful applications for grants.

The treasurer's report of 15 April, 2023 previously summarized the positive financial events of most of fiscal 2023, and those observations are reiterated here for the reader's convenience.

- 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 audit (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 September 30, 2023):

- Cash Accounts = \$1,475,285.90
 - BB&T Checking = \$97,545.56
 - Schwab General Fund (quasi-checking) = \$936,015.24

- Schwab Temporarily Restricted = \$309,000
- BB&T Temporarily Restricted (Fed. Grants) = \$132,725.10
- Board-designated Accounts = \$685,642.17
 - Opportunity Fund for Publications (Board-designated) = \$128,306.87
 - Building Fund = \$393,587.93
 - Kershaw Fund = \$163,747.37
- General Endowment for Operations = 1,340,070.85
- Accounts with donor restrictions (other than General Endowment) = \$2,518,182.45
 - BIPOC Endowment = \$238,444.77
 - Bishop Endowment = \$51,779.17
 - Dana 1 Scholarships Endowment = \$341,009.75
 - Dana 2 Scholarships Endowment = \$270,303.94
 - Dana 3 Excavation Endowment = \$248,368.59
 - Geraty Endowment = \$122,605.63
 - Harris Endowment = \$150,637.90
 - MacAllister Endowment = \$161,243.28
 - Mason Endowment = \$49,331.36
 - Carol and Eric Meyers Endowment = \$231,501.30
 - Platt Endowment = \$256,931.71
 - Seger Endowment = \$72,089.23
 - Strange / Midkiff Endowment = \$206,533.39
 - G. E. Wright / Shirlee Meyers Endowment = \$117,402.43

Challenges

Last year we still faced challenges because of the persistence of the pandemic and the ensuing economic and political uncertainties. Some of those issues remain. As we said then, there is no going back to pre-pandemic conditions. Institutional subscriptions still are down, and we do not yet know whether the addition of Maarev to our University of Chicago Press will as we had hoped fully earn our guaranteed minimum royalties with UCP. Book sales were unfavorable coming in just under the budget forecast for FY 23, and institutional memberships continued to decline at only \$54,000 for FY 2023 reflecting the continued budgetary stresses on institutions of higher learning. In April 2023 we were uncertain whether the Annual Fund would reach the budgeted target of \$125,000. Achieving that goal required members donating an additional \$45,000. As the budget to actual shows donors outperformed, by nearly \$12,000. With continuing inflation and the potential of a recession it may be difficult for supporters to maintain that level of generosity. Grants will continue to provide support for administrative work. We will have our first hybrid Annual Meeting returning to a single meeting format as opposed to the VAM and in-person combination while retaining the virtual possibility for those unable to attend in Chicago. As the Executive Director points out in his report, the tragedy of the war in Israel and Gaza clearly will have an impact on attendance although how much remains to be seen. There will certainly be no clear indication of the efficacy of the hybrid format in enhancing participation in the Annual Meeting.

Investment and Audit Strategy

The wisdom of the Board recommendations as to both ASOR's investment strategy and the acceptance of the Romeo & Wiggins proposal for the audit is borne out by the financial documents

submitted with this report. The Schwab self-managed accounts all fared well. The Board Investment Targets and Ranges adopted in 2012 continue to serve us well. Romeo & Wiggins performed as hoped for having completed the audit and the draft 990 by mid-November. These documents provide this Board with the breadth of information to allow for truly informed decisions about future directions. Andy would like to recognize and thank Britta and Sheldon Fox for their excellent work in preparing our financial records to the FY23 audit and appreciation to Angie, the representative for Romeo, Wiggins for delivering the audit on time.

Action item: Receive and accept the 2023 audit.

Comments about the 2025 Campaign

At the April 2023 Board Meeting Trustees made the bold decision to initiate a \$5 million campaign – “ASOR 2025 – Strengthening Our Foundation/Expanding Horizons – A Call to Action.” Within the context of an already strong financial position, the trustees concluded the time was right to celebrate ASOR’s 125th anniversary in 2025 with a fundraising project that when successful would carry ASOR well into the future. The aims of the campaign listed on the Case Statement documents that have been distributed to the membership. In the current circumstances the aims of this campaign to expand ASOR’s outreach and accessibility in the creation of knowledge and as a champion of cultural heritage seem even more prescient. If we follow the Executive Director’s call to see ASOR as a family, the efforts to further strengthen our financial capabilities seem essential to the welfare of that family.

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 willingness of the board to undertake the 2025 campaign that will take us far into that future reflects the trustees’ confidence in the institution. 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 to the Finance Committee for its work.