

Finance Committee Minutes
Wednesday 24 April 2024 1:00PM EDT = 10:00AM PDT

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), Kiersten Neumann (Co-chair of the Program Committee), Allison Thomason (Co-chair of the Program Committee), Lisa Ackerman, Eric Cline, Tiffany Earley-Spadoni, Britta Abeln (Finance Manager, non-voting)

1. Call to Order (Bonney)

2. Approval of minutes from prior meetings (Bonney)

Postponed to next meeting. Minutes from two prior meetings will be posted online.

3. Review and approval of agenda (Bonney)

Susan moved to approve agenda. Lynn seconded the motion. Motion approved.

4. Review of Documents and Reports (Bonney and Vaughn)

a. Budget to Forecast (FY 2024) and Budget for FY 25 (Exhibit A)

Emily thanked the generosity of ASOR donors and commended the investment policies of ASOR with Andy's rebalancing of accounts. Emily pointed out that the 2023 Annual Meeting was financially unfavorable compared to our budget because of the situation in the Middle East.

Susan asked why ASOR has so much in cash accounts versus mutual fund accounts. Andy answered that about \$586,000 is in "temporarily restricted" and so must stay in cash per ASOR's investment policy. Sheldon added that a lot of the funds in the cash accounts are not long-term, such as the temporary restricted funds, so only the accumulated surplus could be considered for investing and he would recommend against that since it may be needed over the next couple years.

Allison Thomason joined the call.

Lynn asked about a subcommittee to decide about changing distributions from Platt account - an idea brought up in a past meeting. Andy replied that that no committee has been set up yet. He also explained that the Platt account has the most flexibility, so he is ok with being generous with that account.

b. Notes to Budget to Forecast (FY 2023) (Exhibit B)

Emily noted that the budget forecast projects a deficit for FY25. Andy explained that there was a surplus in FY23 because so much of Andy's time (and other staff time) was allocated to federal grants. Because of the timing, not as much time was charged to federal grants in FY24. Andy hopes that the actual outcome will be favorable compared to the forecast if ASOR spends more on grants in the last 4 months, and if ASOR exceeds the Annual Fund forecast.

Sheldon added that it's unusual to bring an unbalanced budget (for FY25) to the Finance Committee, but they want to support things that did not fit into the budget, and felt that it would balance out over the next three years or so. Emily added an enormous appreciation to the staff for work done supporting committees to fulfil ASOR's mission. She noticed enthusiasm from all sides for the mission, including from the paid staff. This helps to support this budget by moving forward to fulfil the mission.

Susan asked if ASOR is distributing anything from the Board-designated Building Fund. Andy replied that will be using the funds soon for a new water heater and A/C for the Strange Center.

General discussion about the budget continued. It was also requested that on future budget documents, "website" is renamed "website hosting fees."

Sheldon moved to approve the FY25 budget. Lisa seconded. Unanimously approved.

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)

Lynn moved to recommend to the Board the establishment of the Wayne R. Shepard Endowment for Urgent Action Grants as stated in Exhibit E. Allison seconded the motion. Unanimously approved.

7. Approve language for E. Strange Endowment (Exhibit F)

There was discussion about this exhibit. Finance Committee members asked if this needed more study because it contains a new direction for ASOR. It was asked if the

Executive Director can accept a gift like this one. Sheldon noted that there is also flexibility in the final paragraph of Exhibit F.

Sheldon moved to recommend to the Board the document as it is because of the flexibility it contains. Allison seconded the motion. In favor: Kevin, Sheldon, Sharon, Tiffany, Allison, Emily, Lynn. Opposed: Susan.

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)

Sheldon moved to approve changes in all four documents (Exhibits H, I, J, and K) after noting the changes are very minor. Kevin seconded. Unanimously approved.

9. Approve Current Update to ASOR Policies and Procedures—does not go to Board (Exhibit G)

Sheldon moved to approve the updated Policies and Procedures. Allison seconded. Unanimously approved.

10. New Business or New Discussion Items.

Lynn asked about updated organization charts including committees. Emily responded that they are working on them.

11. Adjourn.

Sheldon moved to adjourn. Meeting adjourned.

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

- o Building Fund = \$457,481.46
- o 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
 - o Harris Endowment = \$172,405.47
 - o Platt Endowment = \$292,339.29
 - o G. E. Wright / Shirlee Meyers Endowment = \$134,793.84
 - o MacAllister Endowment = \$184,567.51
 - o Strange / Midkiff Endowment = \$237,939.68
 - o Carol and Eric Meyers Endowment = \$265,635.00
 - o Seger Endowment = \$93,690.67
 - o Dana 1 Scholarships Endowment = \$390,541.07
 - o Geraty Endowment = \$155,767.16
 - o Mason Endowment = \$56,892.73
 - o BIPOC Endowment = \$274,023.90
 - o Dana 2 Scholarships Endowment = \$447,475.75
 - o Dana 3 Excavation Endowment = \$485,530.09
 - o Thomas/Bishop = \$58,321.88
 - o E. Strange Endowment = \$352,743.57
 - o 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.