

Executive Director's Report November 2024, Board Meeting

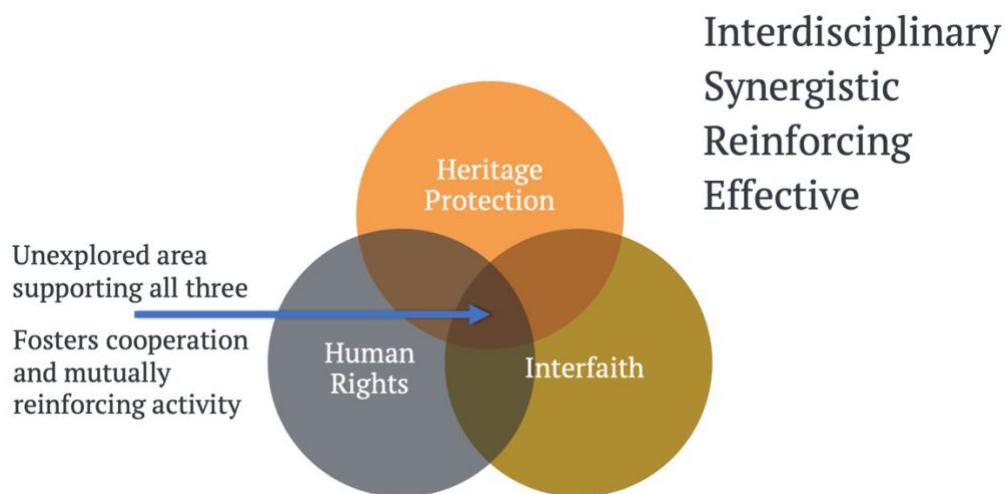
Like I did in 2022 and 2023, I have divided my Fall Executive Director's Report into three sections so that I might share observations and make recommendations for the Board to consider as you plan for how ASOR will emerge from recent conflicts in the Middle East and the polarization facing so many people and countries.

The following is the structure of my report:

1. *An expanded audience for ASOR (drawing on Jane Evans's vision statement).*
2. *Review of ASOR's finances* and a discussion of how you can plan for the long-term and not just focus on surviving. ASOR is growing despite global conflicts and unrest.
3. *Brief comments on ASOR 2025*—and especially thoughts for you as trustees to share with others about establishing endowments.

1. An expanded and growing audience for ASOR

As we consider the challenges and opportunities that lie ahead of us this year and in the next four years of a new administration in the United States, I would like to begin by sharing a Venn Diagram that I have adapted from Knox Thames (a former State Department employee and expert in cultural heritage and public diplomacy):



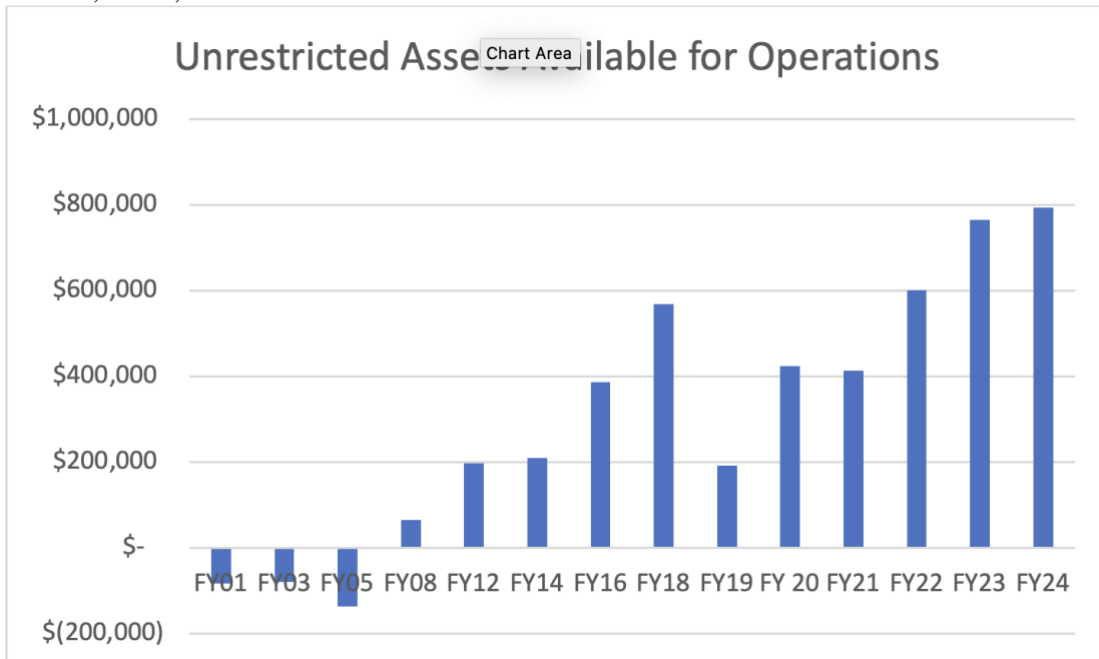
ASOR has been successful in the last 10 years at using Cultural Heritage Initiatives to demonstrate the utility of our research and academic outputs for the public good. We have moved beyond monitoring, reporting, and fact-finding (MRF programs) to focusing on education and stewardship programs. These later programs have used documentation as a *means to an end* of bringing together people from different ethnic and religious groups to discuss their heritage. These interfaith and inter-community discussions that promote religious freedom and understanding between peoples take place in an organic way.

Following Knox Thames, I think that we should also see this Cultural Property Protection—including the production of research knowledge from all our disciplines—as a way of advancing human rights. We are living in a polarized time where the rights of many are under

- Donor temporarily restricted: See Note E in audit. These are designated funds that must be spent for a donor-specified purpose. Please note that this includes \$200,000 for building renovations.
- Donor restricted, endowment for operations: See Note F in audit. 5% distributions support operating budget. Often these are the hardest dollars to raise.
- Donor restricted, other endowments: See Note F in audit. Currently 5% (Platt is 6%) distributions based on last 12 quarters. Named endowments (e.g., Meyers, Seger, Strange-Midkiff, Dana, Platt) are the drivers that enable ASOR to award \$250,000+ annually to support our members. The 1% administrative fee also supports operations.
- Without restrictions, fixed assets: See Note D (primarily the James F. Strange Center).
- Without restrictions, board-designated: See Page 2 (Balance Sheet) of audit. These are unrestricted assets that have had restrictions placed on them by the Board. As such, the Board can change or remove those restrictions—Building Fund, Publications Fund, Kershaw Fund (newsletter). Please note that the Building Fund on Page 2 includes \$36,000 set aside for a new HVAC system (and already spent in Q1 of FY25).
- Without donor restrictions, available for operations: See Page 2 (Balance Sheet) of audit. This is the amount available for operations without restrictions. We sometimes refer to this as our “rainy day fund.”

Assets Available for Operations—what allows you (as trustees) to plan for the long-term

As I mentioned in my report last year, ASOR’s eviction from Boston University necessitated the use of several hundred thousand dollars of unrestricted funds for operations to help with the purchase of the James F. Strange Center. The COVID pandemic then placed further strains on operations. Yet, you were bold and authorized awarding scholarships for memberships and Annual Meeting registrations to everyone with a need. ASOR received two forgivable PPP loans (\$118,700 each), and membership scholarships and the loyalty of your fellow members helped ASOR reach all-time membership highs (about 2200). Memberships were flat between 2021–2023 (after > 12% gains in 2021). **Memberships have now dropped to just over 2,000, which is a 10% drop.** That is not good news of course, but our membership levels are now back to where they were at the start of the COVID pandemic. Our positive position of funds available for operations (or our prior year surplus) allows you to plan for the long-term even though we have experienced a drop in memberships—I think that there is a correlation in this drop and the war in Israel, Gaza, and Lebanon.



The chart above shows a surplus of about \$68,000 in FY22, plus the second forgivable PPP loan. The increase in unrestricted assets was \$160,000 in FY23 and \$30,000 in FY24. Optimism should be tempered in part because some of this increase is due to a timing issue regarding staff salaries paid by federal grants (especially the salary of the executive director in FY23 and FY24). In FY23 and FY24, the percentage of time documented for the executive director for federal grants was higher than budgeted. Those grants have ended, so it is anticipated that there less of the Executive Director's time than budgeted will be charged to grants. In addition, the percentage of time for federal grants for Andy will be lower in FY25 because he will spend more time on the ASOR 2025 campaign. We may thus see a reversal of \$50,000–\$60,000 in the amount available for operations due to fiscal year timing issues.

Regardless of all these caveats and contingencies, you will have unrestricted assets for operations of over \$700,000 (we are at \$794,000 as of June 30, 2024) even after timing issues are considered in FY2025. You can (and should) plan for the long-term. We certainly do not want to waste this surplus, but you do not need to plan and think like we did when the unrestricted funds available for operations often had a negative balance.

3. ASOR 2025—Strengthening Our Foundation | Expanding Horizons—A Call to Action

I am repeating a refrain from last year... ASOR's strong financial position and our amazing track record of supporting members with scholarships, fellowships, and grants over the last seven years mean that you can adopt programs for the long-term, and you can encourage others to support our 125th anniversary fundraising initiative so that we can have an even more impactful future.

In the section below, I am sharing information that I hope you will share with others who may have the capacity to establish an endowment (anything over \$50,000). This can also be a legacy committee (that is, something that will be a planned gift or a distribution from a retirement account in the future).

We all need to work together to make the final push to move from \$4.3 million to \$5 million for our ASOR 2025 Campaign.

Ideas for Establishing an Endowment with ASOR

Background: ASOR currently has 22 separate funds available for (A) research / program fellowships [5 funds], (B) fieldwork participation scholarships [10 funds], and (C) archaeological project grants [7 funds]. Of these 22 funds, 15 are endowed. An additional two funds are currently funded by annual gifts, and they are in the process of being endowed. Thus, by 2025 or 2026, there will be at least 17 endowed funds. These 22 funds have allowed ASOR to award more than \$250,000 in both 2023 and 2024. We anticipate that the total amount awarded annual will grow to \$325,000 by 2029 (if not sooner).

Why does the number of endowed funds, the number of separate programs, and the total amount awarded annually matter? There are several reasons... First, ASOR is one of the largest funders of archaeological, cultural heritage, and historical research in, on, and around the Middle East and North Africa. The size of the overall program attracts applicants and interest from those outside the ASOR community and lends prestige to the awards. Of course, ASOR's 125-year history adds to the prestige. Second, the "critical mass" of the overall program means that ASOR

has developed the capacity and infrastructure to handle multiple grant programs. There is an additional cost for administering each new program, but the incremental cost is less because ASOR already has procedures for awarding 75+ small grants and fellowships annually. This means that ASOR does not have to take a large overhead or indirect fee for these endowed funds—more money goes to support the actual work by our members.

How does the volunteer peer review process work and help with these 22 different funds? The first way is that the peer review process adds to the prestige of the fellowships and grants. Recipients can list the named awards on their CVs, and they can state that these fellowships are peer-reviewed. Second, we have multiple peer review committees, so the work is distributed among scholars who are best suited to make the determinations. Third, the volunteer committees help ASOR keep the overhead cost down. Donors know that more of the money goes to the actual fellowship rather than for staff salaries to evaluate proposals. Again, critical mass helps because ASOR has several Google forms that can be modified for each new grant or fellowship program.

Is there a need for membership research fellowships? ASOR's experience with the Study of Collections Travel Fellowship over the past six years has demonstrated that there is a critical need for small grants of \$2500 to \$5000 to enable members to carry out research. ASOR has had three times the number of worthy applications than can be funded. However, the successful candidates have been able to finish research projects with a relatively small amount of money, and the reports from the recipients have shown that the work might not otherwise have been completed. We are confident that there is a similar need with other fellowships.

Conclusion:

As stressed above, our work has never been needed more. This is especially true with the polarization evident in the election in the United States and the continued conflicts in many of the areas where ASOR carries out work. You, as trustees, are collectively the reason that ASOR is unique among learned societies and growing and increasing in our relevance in this fractured and torn world. Your dedication to our shared mission is inspiring. You give of your time, talents, and resources.

I look forward to continuing to work with you to advance ASOR's mission and work in 2025—ASOR's 125th year!