The American Schools of Oriental Research
Finance & Executive Committees Meeting
February 7, 2003 - Washington, DC
Minutes

PRESENT: P.E. MacAllister, Chairman, Larry Geraty, President, Douglas Clark, CAMP, Larry Herr, COP, Martha Joukowsky, Vice President, Edward Lugenbeal, Treasurer, David Rosenstein, B.W. Ruffner, Dick Scheuer, Life Trustee, Joe Seger, James F. Strange, Secretary, Holly Andrews, Assistant Director, Billie Jean Collins, Publications, and Rudolph Dornemann, Executive Director

ABSENT: Austin Ritterspach, Nan Frederick, Ed Gilbert, and David McCreery

VISITOR: Jim Erickson, Development Consultant to Larry Geraty

CTO – 1:00pm

1. **Development/Fundraising:** A Development committee report was distributed prior to the meeting.

Dr. Jim Erickson, development consultant from California and friend of President Geraty, joined the Executive Committee meeting to give his assessment of the current situation of ASOR in relation to development and fundraising and to report on the areas that need immediate attention in his view. Jim had attended the Development Committee meeting earlier in the day.

First, Dr. Erickson stressed the importance of a strong Board of Trustees and how important its role is in development and fundraising. Each Board member needs to make a personal contribution and act as a role model for other contributors. Board members also open doors for the organization and build the prospect pool. Jim strongly noted that “ASOR in not going to get to where it wants to be with the current structure.” He recommended that ASOR expand its Board with more professional and business people (lay people) with expertise, affluence and influence. He would suggest that for every academic on the Board we also elect a lay person.

Jim thought the Advisory Council is a very important component for our fundraising efforts and in raising our profile. He urged ASOR put together an international council of powerful individuals. He warned that once this group of high level, successful people is placed there, we must maintain that level and not go beneath it. He gave four purposes of the Advisory Council: (1) Ambassadorial, (2) Advisory, (3) Fundraising, and (4) Advocacy

Jim outlined for the Executive Committee the reasons why people give (as he sees it):

People give to people
People give to causes in which they strongly believe
People want to honor their families and create lasting legacies
People want to establish an estate plan
People want to be associated with excellence

People want his or her colleagues to respect them
People desire the prestige a gift will achieve for them

Jim stressed the importance of honoring major givers; they should be thanked and recognized, publicly when possible, at every opportunity.

He pointed out that the Executive Director who succeeds Rudy Dornemann has to be a manager/fundraiser. The trend today is to employ a CEO type individual as the manager/ED of non-profit organizations like ASOR. ASOR should check candidates for their vision in fundraising. Fundraising and management must be the primary qualifications; academic background is secondary in this position.

At this point Jim opened the floor for discussion on Board building and other topics.

Q: Is there an expectation that a Trustee should make an annual gift at some level?
A: Yes, and the greater percent of the Board that can contribute the better.

Q: Is there a formula for an organization like ASOR, what part should be Board, what percent from foundations, etc.?
A: No, there is no formula. For most organizations at the university level, the board generates most of the funds. If you get a fund raising consultant, he or she may help, but not solve the fund-raising campaign.

Q: Does it make sense to do some research on who in their youth did various things and prepare some literature to go to these people that might elicit a willingness to contribute and be active?
A: Yes, you want to capitalize on those who have worked. One other suggestion is to take people whom you associate with that you mention your association with ASOR and speak of what ASOR does. From that audience you draw potential Board members. Physicians draw physicians. The other proposal takes too much time. Those who know and trust you are the ones to cultivate.

Q: Is there a mechanism we might use?
A: Yes, each Board member thinks of two or three names and suggests them to the Nominating Committee and sends CV's also. The reason that you are involved is a passion for the field. Each of us knows a person with that interest.

Comment: A much larger board of other places, academic matters are taken care of at a higher level. If we discuss fund raising at the Board meeting for an hour, that leaves less time. Therefore committee reports require summary reports. That is predicated on a two-hour meeting.
Comment: We could go all day, not just two hours.
Jim Erickson says that fund raising is so important it should be discussed at every board meeting.

Rudy Dornemann commented that we have to be careful, as there may be changes required in the by-laws. There is no designation of the Executive Committee in the by-laws, so that all authority is lodged in the full Board. Suggestion: The way we do business requires reorganization. If we are to grow, fund-raising is a priority.

Comment by Joe Seger: The Executive Committee is in the by-laws. We are here legally. The current pattern has been developed through a variety of board actions through time, which results in the current Executive Committee.

Martha Joukowsky adds that when she started an Executive Committee for the AIA, they met in conference call regularly for two hours at a time. In the Executive Committee specific problems were addressed. If we increase the Executive Committee by twenty people, it may not work as well, since the new people will not know what is going on.

Larry Geraty comments that PE MacAllister and he have talked about just this topic.

Jim Erickson took his departures with many thanks from the Executive Committee members.

2. **Treasurer's Report**: Ed Lugenbeal, Treasurer, distributed several statements which most had received before the meeting in their packets:

Investments: Ed noted that the Balance Sheet as of December 31, 2002 showed a balance of $754,994.85 in the Smith Barney investment accounts. The investment portfolio remains very conservatively invested with 86% of the holdings remaining in cash. Nevertheless, over the first two quarters of the current fiscal year the investment portfolio incurred losses (largely unrealized) of about $14,000 in the 14% of the portfolio that remains invested in stock mutual funds and one managed account that consists of a portfolio of stocks. There was some discussion whether all of ASOR's investment holdings should be moved to cash, but no decision was made.

Fiscal Year 2002 Audit. Ed reminded the Executive Committee that at the last Board meeting in November, the final audited statements had not yet been completed. The draft audited statements, however, contained some disturbing numbers; namely they showed a loss for the year of about 24% of ASOR's asset base. The large loss in fiscal year 2002 was due to the accrual-based accounting for the Torch Campaign pledges. Ed pointed out that in accrual-based accounting the entire amount pledged must be recorded as income in the year the pledge is made. Multi-year pledges do not provide any income on the financial statements after the first year, consequently there is an apparent large drop in income after the first year of the campaign, if most of the pledges generated by the campaign are made in the first year. It is believed that the final, audited statements will continue to show a 24% drop for the year in ASOR's assets in fiscal year 2002.

The draft audited statements also showed a loss in unrestricted funds of about $50,992 during fiscal year 2002, resulting in a total deficit in unrestricted net assets of $170,000. Management's internal budget to actual reports for fiscal year 2002, on the other hand, showed that ASOR broke even or enjoyed a small increase. These internal reports, however, were not prepared entirely on an accrual basis and are therefore not directly comparable to the audited statements. If the $170,000 deficit were true ASOR could not pay its bills without illicitly using either its temporarily or permanently restricted funds. Ed stated that the draft audited statements were inaccurate in their allocation of ASOR's assets between unrestricted, temporarily restricted and permanently restricted. It turns out that all the Torch pledges were initially incorrectly classified as unrestricted. The auditors in fiscal year 2000 noted the error, but then reclassified all the pledges as permanently restricted, also incorrect. The $170,000 deficit in unrestricted funds will come down drastically when ASOR and the auditors are able to correctly classify the assets to unrestricted, temporarily restricted and permanently restricted assets. We are still working with the auditors on that reclassification.

Evaluating the results of the Torch Campaign: Ed observed that there are two ways to approach this. One approach is to consider what happened to our net assets. Our hope was that we would raise our net assets, particularly our endowment. That did not happen. To illustrate, a document was distributed entitled, "ASOR Total Net Assets 1960-2002." In 1999, prior to the start of the Torch campaign, ASOR's total assets were almost 1.13 million, whereas ASOR's current total net assets after the Torch campaign are substantially lower. But to do a fair comparison before and after the Torch Campaign, one must factor out the Nies bequests and the Sponsored Projects, which would reduce the 1999 net assets by $326,000. A comparison of ASOR assets before and after the Torch Campaign then reveals that the organization has experienced a loss of about $100,000 in its net assets in spite of the Torch campaign. From that perspective the campaign might be viewed as unsuccessful. However, the second way to approach an evaluation of the success of the campaign is to look at expenditures. In 1999 ASOR spent $417,560 on programs. In 2002, thanks to funds raised by the Torch campaign, we spent $631,919. Viewed from this perspective the campaign can be declared a success. Ed observed that in fiscal year 2002 ASOR received few new Torch Campaign pledges. In the third year of the campaign we were more or less back to where we were in external funding prior to the campaign.

Year-to-date financial results: Ed discussed the financial results year-to-date for Fiscal Year 2003. Preliminary financial statements showed that through February 1 ASOR had succeeded in almost breaking even with only a $569 loss year-to-date.

Martha Joukowsky congratulated Ed for his clarity of explanation.

Cash flow report. Rudy discussed ASOR's cash flow needs for the remainder of the fiscal year, estimating that we would need an additional $40,000 in order to meet cash flow needs without borrowing from next year's funds.

Miscellaneous Discussions: Larry Geraty asked whether we should replace Torch with some other fund-raising campaign. Larry noted that we need another $100,000 in external support (Ed says $200,000) annually. Martha suggests $300,000. Larry Geraty asked what figure Ed would use. In fiscal year 2002 we would have needed over $300,000 in external support to break even on the financial statements, but there were some special reasons: write-offs and timing issues. Larry thinks that, if we could have raised $300,000 a year for the past three years, we would have done it. Ed commented that the average needed, taking out the write-off, was $388,000. There was a brief discussion of the pros and cons of changing ASOR's Fiscal Year to the Calendar Year and the need to reorganize the chart of accounts so that the Quickbooks financial statements are more user friendly, showing all publication-related accounts in one place.

3. **Development Committee**: No report, though Larry Geraty says there was one recommendation that we conclude the Torch Campaign given the volatile economic climate.

RESOLVED, that the Torch Campaign be concluded on June 30, 2003, as originally scheduled, but that ASOR continue the aggressive fund raising efforts, including seeking multi-year pledges and building the endowment. Moved by Joe Seger, Seconded. PASSED UNANIMOUSLY.

4. **CAP**—DISTRIBUTED REPORT ACCEPTED.

5. **CAMP Report** distributed: Douglas Clark points out the forthcoming Annual Meetings are in Atlanta, San Antonio, Philadelphia, and Washington, D.C.

We need to change our conference and travel provider. We have extended the contract with Julene Miller one more year. Now we recommend expanding the contract to 2006.

RESOLVED, that ASOR extends its agreement with Julene Miller and Academy International Travel Services, Inc. to include the Annual Meeting in Philadelphia in November 2005 and the Annual Meeting in Washington, D.C. 2006. PASSED UNANIMOUSLY.

Doug will bring an updated report to the Executive Committee in May on PR for the fall Annual Meeting. There will be a Teachers' Workshop the weekend before the Annual Meeting. The Friday evening program will be tied to fundraising. The Lecture Series is an opportunity to expand the membership of ASOR and should feature literature to persuade lay people to join. We have purchased the BAS mailing list for Georgia and will use it to our advantage.

6. **COP**, Larry Herr. Publications continue to make money except at the Annual Meeting. Can this part of the Annual Meeting be billed to CAMP? Doug commented on how we should understand this question. There will be a recommendation eventually.

BJ Collins adds that NEA is now more behind, but only as much as we had been by the end of 2003. She thinks we will get two issues out this year. Ted Lewis does not wish to renew his contract (His stipend ended Dec 31, 2002) until he gets these out that he is working on. He is completing issues of NEA, and then will decide whether to continue. JCS 54 is in production. BASOR has no problems. There is some demand for electronic forms of book reviews, as authors wish to post them on their web sites as PDF files. Rudy Dornemann has extracted the data from our previous data services provider. This week iMIS is undergoing set-up, then Chris and BJ will undergo training so that iMIS can be used to generate reports. The Travel Tours were promoted via mail-out, by web site, and by ad in NEA. There was a question whether there was any movement to Publish on Demand. Yes, but it is not well matched to ASOR's needs right now, especially in terms of cover quality. There was a question about giving out PDF files. Larry Geraty said that it is a question of giving permission to authors of reviews to post their own PDF versions of their reviews on their own web pages. The permission would require a copyright statement on the PDF file. COP is voting on this. The Board seemed to feel that the Committee on Publications should approve policy statements. Rudy suggested that COP run the policy past our Counsel

7. **Personnel**: Nan is absent because of her husband's recent death. Larry Geraty suggested a letter of condolence to her. The idea was accepted by consensus. The Policies and Procedures Manual is done. The advertisement for Executive Director is now out. There are no formal applications yet. No Board members have made a nomination. The ad appeared in the ASOR-List, but another list picked it up.

8. **Executive Director's report**, Rudy Dornemann: Rudy has spent considerable time on the audit. He represented ASOR at the funeral of Nan Frederick's husband. We have notification of gifts from two estates. One gift is $1,000 and the other $25k. Rudy notes that we have no real policy about receiving gifts of these types. Jim Eriksson had pointed out that it is important to credit donors in an appropriate venue. Rudy suggested that these supply a fund to generate money for an ASOR named fellowship. There was a suggestion that there be an operating reserve to provide a cushion.

RESOLVED that the $26k in bequests mentioned above be deposited as a quasi-endowment account, if there is no need for them before the end of the fiscal year, they then be put in a permanent endowment. Larry Geraty moves, seconded by Martha Joukowsky. PASSED UNANIMOUSLY.

Rudy mentioned that David Graf is in Saudi Arabia on sabbatical and is trying to get someone to help him in March to feel out what ASOR can do in Saudi Arabia. Larry Geraty, David McCreery, Rudy Dornemann, BW Ruffner, and Gough Thompson may go. Announcements are out for the Boston Meeting in May. One of the committees that we have had and which Rudy thinks we should continue is the Committee on Institutional Membership with Joe Seger as Chair.

Larry Geraty appointed Joe Seger to the chairmanship of the Committee on Institutional Membership.

Larry Geraty suggested that we have four Executive Committee meetings a year now, and this may be better reduced to three, eliminating the February meeting. PE reinforced the suggestion, considering that we consider strategic planning, development, and issues of that like. Discussion of the Executive Committee meetings resulted in the following suggestions: We might have a meeting devoted to major issues. We could have a retreat at the Feb meeting. We might approach the budget in a more proactive manner. On the other hand, we may not be sufficiently compartmentalized to be able to do that. Larry Geraty wonders if there is a value to relating our meeting to CAORC or other groups. Joe Seger points out that some Trustees and Executive Committee members will be at CAORC anyway.

9. **Old Business**: Billie Jean asks whether we are on board for $5k with the Font Foundation. ASOR has joined this foundation.

10. P.E. MacAllister adjourned the meeting at 4:08 PM.

Respectfully Submitted,

James F. Strange, Secretary