Exhibit B: Notes to FY25 Budget to Forecast and FY26 Budget

General note about use of prior year funds and possible "deficit":

Trustees will remember that last May we approved a budget for FY25 with a $71,500 "deficit." Trustees will also remember that last May (2024), we forecasted a $39,000 deficit for the FY24 budget. Rather than a deficit, we ended FY24 with a $29,000 surplus ($68,000 favorable from our forecast). At the end of last fiscal year (FY24), our cumulative prior year surplus was $794,000. As discussed last year, this prior year surplus enables ASOR to operate with the long view in mind even if challenges arise.

We did not anticipate that the challenges to the humanities would be as dramatic as they have been during the first five months of 2025. We can still operate with the long view in mind.

We decided last May to approve a "deficit" budget for FY25 of $71,500 with the understanding that ASOR might need to use some of its prior year surplus to keep operating at its normal levels if we encountered a drop in federal grants. We made a commitment to continue the Cultural Heritage Initiatives (CHI) Project Manager position even if we did not receive grants.

We were pleased to receive major AFCP grant for Tunisia, and we had encouraging indicators that there might be a renewal of grants in Libya as well as in a few other countries. As you have read in news reports and in updates from Sharon Herbert and Andy Vaughn, ASOR's AFCP grant was initially "terminated," and it is now "suspended." The suspension is good news, and we have received a medication letter about that grant. We have received indication that it will be reinstated, and that will have a positive impact on our work and mission as well as the ability to return to charging a percentage of some continuing ASOR employees' salaries to federal grants.

For the FY25 forecast, we have listed the approved budget deficit of $71,500 as "use of prior year funds." As the notes describe below, we anticipate a further shortage in unrestricted funds due in large part to federal grants not being used for Darren Ashby's, Andy Vaughn's, and Jared Koller's salaries for the second half of FY25. As an example, about 38% of Andy's time was charged to federal grants in FY24, but only about 20% in FY25. Some of this is a result of timing because Andy, Darren, and Jared charged a higher percentage than forecasted of time in FY24 to grants that are now concluded. When considered over FY24 and FY25, it evens out.

1. (and 1'): Annual Meeting revenue and expenses. Revenue includes registrations, exhibitor and sponsorship revenue, reimbursements (e.g., others reimburse ASOR for F&B), and hotel concessions (including room rebates and commissions). Budget for FY26 reflects the favorable hotel contract in Boston (like 2024) and anticipated higher attendance than in 2024. To date registrations are slightly higher than the prior year, but we are all reading news reports about concerns about travel to the United States, and the situation in Israel and Gaza remains uncertain.
2. (and 2') Revenue no longer includes webinars which have been subsidized by designated gifts. Expenses include webinars. We did not do tours in FY25 for political reasons. We hope to have a tour to Chicago, Cyprus, and maybe Tunisia in FY26 (see budget). We have only budgeted the Chicago tour so far, but we thinkthat the tours will be positive in terms of net revenue if other destinations are added.

3. Like the prior year, membership revenue is lower because there was lower participation in the Annual Meeting probably attributable to the situation in Gaza and Israel. Despite this, we are now seeing (as of April 2025) a slight rise in memberships and conference registrations for FY26. The budget reflects this slight increase as well as a slight increase in dues.
4. Institutional memberships: number remains consistent with prior year but much lower than a decade ago. Forecast for FY26 is consistent with FY25.
5. Subscriptions: consistent with PY because of guaranteed royalty with U of Chicago Press.
6. Book sales: low because of poor sales in general and because most books were published at the end of the FY. Sales will be higher next FY after books have been out for a while, but ASOR still must spend unrestricted revenue to support publication of books. Book sales will always run a deficit.
7. Royalties: consistent with PY. Actual at year end may be a little higher than forecast.
8. Annual Fund + Bank Fee gifts: AF stands at $92,000 as of today (with goal of $125,000 for the fiscal year). Bank fee gifts for FY25 Forecast and for FY26 budget are both in addition to $140,000 AF goal. AF goal plus bank fee gifts is $150,000.
9. Board-designated Building Fund: we are about $50,000 below our goal of $500,000 in BD Building Fund. Gifts and positive investment returns brought us close to our $500k goal, but the 10% correction in calendar year 2025 has pushed us back to about $450k. Gifts continue to be received, and distributions continue to support the building and ASOR's budget.
10. (and 10') GIV designated: Withdrawals shown separately in #24.
11. Development revenue: mainly fees for Legacy Dinner but a few designated gifts also. FY26 budget includes anticipated gifts to support the 125th anniversary celebration.
12. (and 12') Gifts to named endowment funds and endowments for operations. In/ out item with same expenses below. No impact on current year operational budget. Expense includes gifts to board-designated Building Fund (see 9 for related revenue).
13. (and 13') Other donations that are designated and go into TR. In/out item for operational budget.
14. (and 14') CHI gifts: same as other designated gifts. In/out item for operational budget.

14''Non-federal CHI expenses covered by unrestricted revenue.

15. (and 15') Federal grants direct expenses: revenue for anticipated renewal of AFCP grant and one new grant. In/out item for operational budget (same number in revenue and expenses), so no impact for bottom line.
16. Federal Indirect: 10% of #15. If no federal grants are received, the operational budget will be unfavorable by $25,000. This number seems like a reasonable estimate given information available as of May 2025.
17. (and 17') In-kind Federal: none of this anticipated in FY26 budget.
18. (and 18') Nies Trust: distributions that are placed in TR (in/out item)
19. Interest and admin fees. Very favorable this FY due to 5% interest rate and due to aggregate increase in named endowment values (both number of named endowments and contributions to previously existing endowments) that provide a 1% admin fee annually. Forecast about 4% for FY26.
20. In lieu of rent contributions from ACOR/ CAARI for Strange Center expenses
21. (and 21') In-kind: mainly legal pro bono services. In/out item.
22. Distributions from endowment: 5% of average of last 12 quarters distributed quarterly.

23. TR released from perm restricted and designated gifts: Mainly in/out items for fellowships and grants, but also current year gifts for Shepard Urgent Action Grants and Travel to Collections Fellowships.
24. Releases from TR. This line item may increase before FY end and help with CY shortfall. Increases in releases from TR were a big reason that there was a surplus in FY24.
25. Journal expenses.
26. Other publications and Friends of ASOR expenses.
27. Book production costs for typesetting, mailing, and printing.
28. Fieldwork participation scholarships: in / out item with funds coming from endowment distributions and designated gifts.
29. Excavation and heritage grants: in / out item with funds coming from endowment distributions and designated gifts.
30. Fellowships for members: in / out item with funds coming from endowment distributions and designated gifts.
31. Chair, committee program, and LCP support: includes academic programming, LCP, support of committee work, and support for committee chairs.
32. Board Meetings and travel for archaeology: For FY25, all travel was for board meeting. Category in FY26 can supports travel to ASOR affiliated excavations and other travel for meetings by ASOR staff.
33. Website: payments to Bluehost (ASOR's website provider). Other support for ASOR website.
34. Presidential discretionary.
35. Membership and student scholarships: allocation from TR account for membership fee scholarships.
36. Salaries and benefits: total of all salaries and benefits less what has been charged directed to grants or other replacement dollar categories. We have proposed 5% salaries and benefits for staff for FY2026.
37. Building. Supported by B-d building fund (see revenue releases above; #24)
38. Office, phone, utilities.
39. Postage, etc.
40. Bank charges: now charged directly as expenses under specific line items.
41. Insurance.
42. Audit and accounting services: Romeo and Wiggins (audit) and Charity CFO (monthly reconciliations).
43. Equipment and Supplies.
44. Membership database expenses.
45. Office events, consulting.
46. Dues.
47. Travel.
48. Development: higher expenses in CY and FY26 because of ASOR 2025 fundraising initiative. Offset by designated gift for 125th celebration at Annual Meeting.