

**Audited Financial Statements
and Other Financial Information**

American Schools of Oriental Research

Years Ended June 30, 2012 and 2011

Audited Financial Statements and Other Financial Information

American Schools of Oriental Research

Years Ended June 30, 2012 and 2011

Audited Financial Statements

Independent Auditors' Report	1
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6

Other Financial Information

Independent Auditors' Report on Other Financial Information.....	14
Schedules of Support and Revenue and Functional Expenses.....	15



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Independent Auditors' Report

To the Board of Trustees
American Schools of Oriental Research
Boston, Massachusetts

We have audited the accompanying statements of financial position of American Schools of Oriental Research (ASOR) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of ASOR's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Schools of Oriental Research as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Romeo, Wiggins & Company, L.L.P.

Cary, North Carolina
November 8, 2012

STATEMENTS OF FINANCIAL POSITION

American Schools of Oriental Research

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 680,330	\$ 567,769
Investments (including permanent endowments)	869,520	911,984
Accounts receivable:		
Memberships and subscriptions	19,104	14,017
Contributions receivable	59,100	1,450
Book sales and other receivables	9,189	11,383
Grant receivable	0	42,202
Inventory and capitalized costs	30,423	28,594
Prepaid expenses and other assets	9,634	17,220
Furniture and fixtures and equipment, net	<u>6,034</u>	<u>7,762</u>
TOTAL ASSETS	\$ <u>1,683,334</u>	\$ <u>1,602,381</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 21,647	\$ 22,009
Deferred revenue	308,142	264,410
Other liabilities	<u>6,926</u>	<u>6,846</u>
Total Liabilities	336,715	293,265
Net Assets:		
Unrestricted:		
Available for operations	195,881	154,378
Board-designated for publications	125,255	147,942
Property and equipment	<u>6,034</u>	<u>7,762</u>
Total unrestricted net assets	327,170	310,082
Temporarily restricted	512,528	513,399
Permanently restricted	<u>506,921</u>	<u>485,635</u>
Total Net Assets	<u>1,346,619</u>	<u>1,309,116</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,683,334</u>	\$ <u>1,602,381</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT OF ACTIVITIES

American Schools of Oriental Research

Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions	\$ 109,993	\$ 103,567	\$ 21,050	\$ 234,610
Grants		61,005		61,005
Book revenue	19,915			19,915
Journals revenue	221,552			221,552
Institutional memberships	83,000			83,000
Individual memberships	153,720			153,720
Annual meeting	137,229			137,229
In-kind contributions	44,893			44,893
Royalty income	35,430			35,430
Interest and dividends	3,972	18,072	213	22,257
Net realized gain on sales of investments	1,874			1,874
Net unrealized gain (loss) on investments	(857)	(7,124)	23	(7,958)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	<u>176,391</u>	<u>(176,391)</u>		<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>987,112</u>	<u>(871)</u>	<u>21,286</u>	<u>1,007,527</u>
EXPENSES AND LOSSES				
Program services	848,490			848,490
Support services:				
General and administrative	62,664			62,664
Fundraising and nonprogram	<u>58,870</u>			<u>58,870</u>
Total Expenses	<u>970,024</u>	<u>0</u>	<u>0</u>	<u>970,024</u>
CHANGE IN NET ASSETS	17,088	(871)	21,286	37,503
Net assets, beginning of year	<u>310,082</u>	<u>513,399</u>	<u>485,635</u>	<u>1,309,116</u>
NET ASSETS, END OF YEAR \$	<u><u>327,170</u></u>	<u><u>512,528</u></u>	<u><u>506,921</u></u>	<u><u>1,346,619</u></u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENTS OF CASH FLOWS

American Schools of Oriental Research

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 37,503	\$ 297,237
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,995	3,169
Net gain on sales of investments	(1,874)	(73)
Net unrealized loss (gain) on investments	7,958	(171,126)
Changes in operating assets and liabilities:		
Memberships and subscriptions receivable	(5,087)	30,690
Contributions receivable	(57,650)	(1,450)
Book sales and other receivables	2,194	2,394
Grant receivable	42,202	3,329
Inventory and capitalized costs	(1,829)	(5,229)
Prepaid expenses and other assets	7,586	(10,290)
Accrued expenses	(362)	9,476
Deferred revenue	43,732	(6,641)
Other liabilities	80	(609)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>77,448</u>	<u>150,877</u>
INVESTING ACTIVITIES:		
Sales of investments, net of purchases	36,380	8,938
Purchases of equipment	<u>(1,267)</u>	<u>(2,958)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>35,113</u>	<u>5,980</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	112,561	156,857
Cash and cash equivalents, beginning of year	<u>567,769</u>	<u>410,912</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 680,330</u>	<u>\$ 567,769</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

American Schools of Oriental Research

Years Ended June 30, 2012 and 2011

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Organization: American Schools of Oriental Research (ASOR), established in 1900, was incorporated as a not-for-profit public charity in 1935. ASOR promotes study, teaching and dissemination of knowledge of the ancient and modern languages and literature, geography, history, and archeology of the Near and Middle Eastern countries. The principal sources of revenue are from scholarly journals and books, annual programs, membership dues, grants and contributions.

Basis of Accounting: ASOR prepares its financial statements in accordance with U.S. generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation: ASOR follows FASB ASC 958-205, 210, 225 (prior authoritative literature: Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*), issued by the Financial Accounting Standards Board (FASB) for presentation of its financial statements. ASOR reports information regarding its financial position and activities according to the following three net asset classes:

Unrestricted Net Assets: Unrestricted net assets represent those assets either not subject to donor-imposed restrictions or releases from temporarily restricted net assets designated for stipulated activities or programs, which are expended within the current fiscal year. Board-designated or appropriated amounts are legally unrestricted and are reported as part of the unrestricted class.

Temporarily Restricted Net Assets: Temporarily restricted net assets are subject to explicit or implicit donor-imposed restrictions that may or will be met by actions of ASOR and/or the passage of time. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by ASOR. Generally, the donors of these assets permit ASOR to use all or part of the income earned on related investments for general or restricted purposes.

Revenue Recognition: Revenue is derived mainly from memberships, subscriptions, and publication sales. Revenues from memberships and subscriptions are recognized ratably over the related period (normally one year). Any unearned amount is presented as deferred revenue in the statement of financial position. Publication sales are recognized at the time of sale.

Contributions and Grant Awards: ASOR follows FASB ASC 958-605 (prior authoritative literature: Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*). Contributions and grant awards are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions, including unconditional promises to give, are recognized by ASOR in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using an appropriate discount rate. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash Equivalents: ASOR considers all highly liquid investments with an initial maturity of three months or less, including bank money market accounts and money market mutual funds, to be cash equivalents.

American Schools of Oriental Research

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Investments: Investments are reported at fair value based on quoted market prices in the statements of financial position. Realized and unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Refer also to *Note B -- Investments*.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management considers all receivables to be collectible; therefore, no allowance for doubtful accounts is provided at June 30, 2012 and 2011. Accounts receivable balances are due within a year and are unsecured.

Inventory and Capitalized Costs: Inventory consists of completed publications that are sold through an independent distributor. Capitalized costs consist of expenses related to the production of publications prior to completion. Inventories are stated at the lower of cost, determined by total production costs capitalized, or market value.

Furniture and Fixtures and Equipment: Furniture and fixtures and equipment are carried at cost or if donated, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on a straight-line method over the estimated useful lives of the respective assets. Purchases are determined to be capital expenditures based on ASOR's policy of capitalizing assets acquired at a cost (or, if donated, a fair value) exceeding \$500. Those items that are not a capital expenditure are immediately expensed.

Impairment of Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Fixed assets having an aggregate cost of \$56,172 and a net book value of \$0 were written-off in fiscal year 2012 based on management's identification of assets no longer used by ASOR.

Donated Services: Donated services are recognized as contributions in accordance with FASB ASC 958-605 (prior authoritative literature: Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ASOR. Volunteers provided services that are not recognized as contributions in the accompanying financial statements since the recognition criteria under FASB ASC 958-605 were not met.

Fair Value of Financial Instruments: The carrying value of cash equivalents, accounts receivable, and accrued expenses is considered by management to approximate the fair value of such at June 30, 2012 and 2011, based on the short-term maturity of these financial instruments. Investments are carried at fair value based on quoted market prices. Refer also to *Note H -- Fair Value Measurements*.

Income Taxes: ASOR is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. ASOR had no unrelated business activities and, therefore, incurred no unrelated business income taxes for the years ended June 30, 2012 and 2011.

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE A -- THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- INVESTMENTS

Investments are held by several brokers in various mutual funds and are subject to the following Board designations or donor restrictions:

	June 30,	
	<u>2012</u>	<u>2011</u>
Unrestricted, Board-designated	\$ 85,995	\$ 111,456
Unrestricted, available for operations	76,449	76,863
Temporarily restricted	307,367	327,904
Permanently restricted	<u>506,921</u>	<u>485,635</u>
	976,732	1,001,858
Less: Money market mutual funds classified as cash equivalents	<u>(107,212)</u>	<u>(89,874)</u>
	<u>\$ 869,520</u>	<u>\$ 911,984</u>

Refer also to *Note I -- Concentration of Credit Risk*.

NOTE C -- FURNITURE AND FIXTURES AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 35,498	\$ 35,498
Computer equipment	<u>27,302</u>	<u>82,207</u>
	62,800	117,705
Less: Accumulated depreciation and amortization	<u>(56,766)</u>	<u>(109,943)</u>
	<u>\$ 6,034</u>	<u>\$ 7,762</u>

Depreciation and amortization expense totaled \$2,995 and \$3,169 for 2012 and 2011, respectively.

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE D -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as follows:

	Years Ended June 30,	
	<u>2012</u>	<u>2011</u>
Sponsored projects	\$ 18,259	\$ 16,046
Wright/Meyers Fund	1,000	0
NEH Grant	61,005	130,937
NEH/Archives (designated contributions)	11,875	2,681
Dorot (Aviram Prize)	5,000	0
Platt fellowships	14,000	14,000
Platt travel support	0	3,787
Development Fund	8,951	843
Book subvention	11,000	11,000
Heritage fellowships	31,000	20,000
General Endowment Fund	13,300	12,659
Other	<u>1,001</u>	<u>8,759</u>
	<u>\$ 176,391</u>	<u>\$ 220,712</u>

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	<u>2012</u>	<u>2011</u>
Accumulated earnings on endowment funds:		
General Endowment, ASOR's general operations	\$ 83,583	\$ 91,505
Harris Fund, research for Biblical archaeology	8,763	10,605
Platt Fund, ASOR fellowships	211,092	220,684
Sponsored projects	93,966	96,897
Wright/Meyers Fund	55,183	53,855
Development Fund	5,697	14,536
NEH/Archives (designated contributions)	1,000	5,000
Dorot (Aviram Prize)	0	5,000
Heritage fellowships	508	4,000
Book subvention	9,000	7,000
2012 – 2013 Annual Fund	25,000	0
Webinar Project	7,000	0
Scholarship Funds	4,000	0
Other	<u>7,736</u>	<u>4,317</u>
	<u>\$ 512,528</u>	<u>\$ 513,399</u>

NOTE E -- PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are comprised of endowment funds that are restricted by donors to investment in perpetuity. Endowment funds are invested in various mutual funds, with the net earnings thereon available for ASOR's general use or as otherwise specified by the donor. Permanently restricted net assets are as follows:

	June 30,	
	<u>2012</u>	<u>2011</u>
General Endowment Fund	\$ 375,985	\$ 354,935
Corpus of Harris Fund	110,936	110,700
Corpus of Platt Fund	<u>20,000</u>	<u>20,000</u>
	<u>\$ 506,921</u>	<u>\$ 485,635</u>

Refer also to *Note F -- Endowment Net Assets*.

American Schools of Oriental Research

NOTE F -- ENDOWMENT NET ASSETS

In June 2009, the Commonwealth of Massachusetts enacted a version of UPMIFA (Uniform Prudent Management Institutional Funds Act) applicable to endowment funds existing on or established after the Act's effective date. UPMIFA eliminates the historic dollar concept of UMIFA (the governing law in Massachusetts prior to June 2009) in favor of the "prudent spending" concept as pertains to endowment net assets. ASOR maintains that the historic dollar value of contributions to its endowment funds approximates the permanently restricted portion of such when applying the "prudent spending" concept.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to endowments, (2) the original value of subsequent gifts to endowments, and (3) accumulations to endowments made in accordance with the direction of the applicable donor gift instruments. The remaining portions of donor-restricted endowment funds that are not classified as permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

ASOR has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of those endowment assets over the long-term. ASOR's investment portfolio relies on diversification of assets to achieve its long-term return objectives within prudent risk parameters. Earnings on endowment funds are available for ASOR's general use or as otherwise restricted by the donor.

The composition of endowment net assets by fund type is as follows at June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 0	\$ 303,438	\$ 506,921	\$ 810,359
Board-designated endowment funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total funds, at June 30, 2012	\$ <u>0</u>	\$ <u>303,438</u>	\$ <u>506,921</u>	\$ <u>810,359</u>

Changes in endowment net assets for the year ended June 30, 2012, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2011	\$ <u>0</u>	\$ <u>322,794</u>	\$ <u>485,635</u>	\$ <u>808,429</u>
Investment return:				
Interest/dividend income, net of fees	0	13,962	213	14,175
Net change in fair value	<u>0</u>	<u>(2,945)</u>	<u>23</u>	<u>(2,922)</u>
Total investment return	0	11,017	236	11,253
Contributions	0	0	21,050	21,050
Appropriation for expenditure	<u>0</u>	<u>(30,373)</u>	<u>0</u>	<u>(30,373)</u>
Endowment net assets, June 30, 2012	\$ <u>0</u>	\$ <u>303,438</u>	\$ <u>506,921</u>	\$ <u>810,359</u>

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE F -- ENDOWMENT NET ASSETS -- Continued

The composition of endowment net assets by fund type is as follows at June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 0	\$ 322,794	\$ 485,635	\$ 808,429
Board-designated endowment funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total funds, at June 30, 2011	<u>\$ 0</u>	<u>\$ 322,794</u>	<u>\$ 485,635</u>	<u>\$ 808,429</u>

Changes in endowment net assets for the year ended June 30, 2011, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2010	\$ <u>(8,063)</u>	\$ <u>203,319</u>	\$ <u>463,280</u>	\$ <u>658,536</u>
Investment return:				
Interest/dividend income, net of fees	1,957	11,565	217	13,739
Net change in fair value	<u>6,106</u>	<u>138,182</u>	<u>2,138</u>	<u>146,426</u>
Total investment return	8,063	149,747	2,355	160,165
Contributions	0	0	20,000	20,000
Appropriation for expenditure	<u>0</u>	<u>(30,272)</u>	<u>0</u>	<u>(30,272)</u>
Endowment net assets, June 30, 2011	<u>\$ 0</u>	<u>\$ 322,794</u>	<u>\$ 485,635</u>	<u>\$ 808,429</u>

NOTE G -- FACILITIES LEASE (including a subsequent event)

On July 1, 1996, ASOR entered into an agreement to lease office space from the Trustees of Boston University. No rent is payable under this lease. ASOR is required to make monthly payments to cover operating costs incurred by the landlord. The lease expired on June 30, 2012, and has not been formally extended. ASOR has received no notice of Boston University's intent to terminate its tenancy arrangement with ASOR. Management expects to be given at least twelve months notice, as was agreed upon in the aforementioned lease, should the University decide to repurpose the space. The value of the use of the leased property has been recorded as an in-kind contribution and an in-kind expense of \$33,660 for the years ended June 30, 2012 and 2011.

NOTE H -- FAIR VALUE MEASUREMENTS

ASOR applies U.S. generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE H -- FAIR VALUE MEASUREMENTS--Continued

FASB ASC 820-10 (prior authoritative literature: SFAS No. 157, *Fair Value Measurements*) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The following represents assets measured at fair value on a recurring basis by ASOR at June 30, 2012 and 2011:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2012</u>				
Cash equivalents	\$ 457,265	\$ 457,265	\$ 0	\$ 0
Investments	<u>869,520</u>	<u>869,520</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,326,785</u>	<u>\$ 1,326,785</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>June 30, 2011</u>				
Cash equivalents	\$ 385,400	\$ 385,400	\$ 0	\$ 0
Investments	<u>911,984</u>	<u>911,984</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,297,384</u>	<u>\$ 1,297,384</u>	<u>\$ 0</u>	<u>\$ 0</u>

Level 1: Cash equivalents are held in bank money market accounts or money market mutual funds. Investments are held in various bond and equity mutual funds. Cash equivalents and investments are carried at fair value based on quoted prices in active markets (Level 1 inputs).

At June 30, 2012 and 2011, ASOR had no assets or liabilities classified within Level 2 or Level 3 of the fair value hierarchy.

NOTE I -- CONCENTRATION OF CREDIT RISK

At June 30, 2012, ASOR held mutual fund investments (including money market mutual funds) having a fair value of approximately \$773,000 with one brokerage firm. These, as well as other investments held with other brokers, are primarily unsecured, though certain coverage may be provided by the Security Investors Protection Corporation for missing stocks and other securities up to \$500,000, including up to \$100,000 in cash if a brokerage or bank brokerage subsidiary fails. ASOR's bank deposits at June 30, 2012 and 2011 exceeded FDIC limits (\$250,000 per account holder, per bank) by approximately \$131,000 and \$54,000, respectively.

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE J -- COMMITMENTS AND CONTINGENCIES

Grants, bequests and endowments require the fulfillment of certain conditions set forth in the instruments of the gifts. Failure to fulfill the conditions, or in the case of the endowments, failure to continue to fulfill them, could result in the return of funds to the grantor. The Board and management believe the contingency is remote, since by accepting the gifts and their terms, it has accommodated the objectives of ASOR to the provisions of the gifts.

NOTE K -- RELATED PARTY TRANSACTIONS

The financial statements include only the accounts of American Schools of Oriental Research (ASOR). These financial statements do not include ASOR's affiliates: the William Foxwell Albright Institute of Archeological Research (AIAR) in Jerusalem; the American Center of Oriental Research in Amman, Incorporated (ACOR) in Amman, Jordan; and the Cyprus American Archaeological Research Institute, Inc. (CAARI) in Nicosia, Cyprus.

ASOR shares office space with the aforementioned named affiliates and pays for common expenses, which are later reimbursed by the affiliates.

Members of the Board of Trustees contributed approximately \$124,000 and \$101,000 to ASOR for the years ended June 30, 2012 and 2011, respectively.

During the years ended June 30, 2012 and 2011, ASOR paid \$10,629 and \$8,962, respectively, for printing services provided by a Board member. ASOR also paid project stipends totaling \$500 and \$3,000 to a Board member for the years ended June 30, 2012 and 2011, respectively.

In-kind contributions for 2012 include \$11,232 of pro bono attorney time and \$33,660 of donated office space. In-kind contributions for 2011 included \$7,074 of pro bono attorney time and \$33,660 of donated office space. Refer also to *Note G -- Facilities Lease*.

NOTE L -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2012, the date on which financial statements were available for issue.

OTHER FINANCIAL INFORMATION



Geoffrey E. Wiggins
Jeffrey S. Romeo
Angela B. Goodwin
J. Kelly Lanier
Joseph L. Hill, Jr.

Independent Auditors' Report
on Other Financial Information

To the Board of Trustees
American Schools of Oriental Research
Boston, Massachusetts

We have audited the financial statements of American Schools of Oriental Research as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated November 8, 2012, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of support and revenue and functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Romeo, Wiggins & Company, L.L.P.

Cary, North Carolina
November 8, 2012

SCHEDULE OF SUPPORT AND REVENUE AND FUNCTIONAL EXPENSES

American Schools of Oriental Research

Year Ended June 30, 2012

	Annual Meeting	Arch. & Policy Support	NEH	Journals	Books	Fundraising	General and Administrative	Undesignated	Total
SUPPORT, REVENUES, AND OTHER INCOME:									
Contributions	\$	\$ 45,234	\$ 8,825	\$ 3,750	\$ 10,000	\$	\$	\$ 166,801	\$ 234,610
Grants			61,005						61,005
Book Revenue					19,915				19,915
Journals revenue			695	220,056				801	221,552
Institutional memberships				29,050				53,950	83,000
Individual memberships				115,290				38,430	153,720
Annual meeting	137,229								137,229
In-kind contributions	3,569	7,039	9,200	10,346	1,785	4,131	8,823		44,893
Royalty income				35,430					35,430
Investment income (loss)		5,806			1,075			9,292	16,173
Total Support, Revenues, and Other Income	\$ 140,798	\$ 58,079	\$ 79,725	\$ 413,922	\$ 32,775	\$ 4,131	\$ 8,823	\$ 269,274	\$ 1,007,527

EXPENSES:

Annual Meeting expenses	\$ 95,417	\$ 449	\$	\$ 1,198	\$ 150	\$ 300	\$ 599	\$	\$ 95,417
Depreciation	300					8,951			2,996
Development expense									8,951
Distribution and marketing									8,157
Editorial expense				39,432					39,432
Fellowships and grants		46,000							46,000
General and administrative									18,991
Insurance	182	272		18,265	726	182	363		8,585
Postage and supplies	2,164	1,787	3,755	11,570	1,082	2,164	2,869		25,391
Production costs				122,961	21,558				144,519
Legal and accounting	1,123	3,370		562	562	1,685	23,332		30,634
Rent (in-kind)	2,446	3,669	9,200	9,784	1,223	2,446	4,892		33,660
Salaries, contract payment and benefits	121,968	36,650	127,947	91,979	16,628	38,105	23,881		457,158
Sponsored projects		10,759							10,759
Travel	3,292	779	4,245	3,381	779	3,628	956		17,060
Utilities and telephone	606	737		2,594	303	606	1,211		6,057
Other allocable expenses	780	2,353	5,000	2,438	322	803	4,561		16,257
Total Expenses	\$ 228,278	\$ 106,825	\$ 150,147	\$ 311,321	\$ 51,919	\$ 58,870	\$ 62,664	\$ 0	\$ 970,024
Percent of Total Expenses	23.53%	11.01%	15.48%	32.09%	5.35%	6.07%	6.46%	0.00%	100%

Excess (Deficiency) of Revenue over Expenses Before Allocation of Undesignated Revenue

	\$ (87,480)	\$ (48,746)	\$ (70,422)	\$ 102,601	\$ (19,144)	\$ (54,739)	\$ (53,841)	\$ 269,274	\$ 37,503
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Excess (Deficiency) of Revenue over Expenses Before Investment Income (Loss) and Before Allocation of Undesignated Revenue

	\$ (87,480)	\$ (54,552)	\$ (70,422)	\$ 102,601	\$ (20,219)	\$ (54,739)	\$ (53,841)	\$ 259,982	\$ 21,330
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See accompanying independent auditors' report on other financial information.

SCHEDULE OF SUPPORT AND REVENUE AND FUNCTIONAL EXPENSES

American Schools of Oriental Research

Year Ended June 30, 2011

	Annual Meeting	Arch. & Policy Support	NEH	Journals	Books	Fundraising	General and Administrative	Undesignated	Total
SUPPORT, REVENUES, AND OTHER INCOME:									
Contributions	\$	\$ 38,201	\$ 8,631	\$	\$ 250	\$	\$	\$ 123,101	\$ 170,183
Grants			130,937						130,937
Book Revenue			695	235,966	35,517			4,492	35,517
Journals revenue				30,450				56,550	241,153
Institutional memberships				112,867				37,622	87,000
Individual memberships									150,489
Annual meeting	120,350								120,350
In-kind contributions	3,153	5,791	9,200	10,138	1,577	3,507	7,368		40,734
Royalty income				33,620					33,620
Investment income (loss)		85,373			16,353			87,521	189,247
Total Support, Revenues, and Other Income	\$ 123,503	\$ 129,365	\$ 149,463	\$ 423,041	\$ 53,697	\$ 3,507	\$ 7,368	\$ 309,286	\$ 1,199,230

EXPENSES:	Annual Meeting	Arch. & Policy Support	NEH	Journals	Books	Fundraising	General and Administrative	Undesignated	Total
Annual Meeting expenses	\$ 68,918	\$ 475	\$	\$ 1,268	158	317	\$ 634	\$	\$ 68,918
Depreciation	317					843			3,169
Development expense									843
Distribution and marketing					14,496				14,496
Editorial expense				39,899					39,899
Fellowships and grants		34,000							34,000
General and administrative				16,172	20	579	1,159		16,192
Insurance		869		2,317	290	2,439	3,507		5,793
Postage and supplies	579	2,289	19,752	12,492	1,219				44,137
Production costs	2,439			109,906	34,217				144,123
Legal and accounting	707	2,122		354	354	1,061	21,412		26,010
Rent (in-kind)	2,446	3,669	9,200	9,784	1,223	2,446	4,892		33,660
Salaries, contract payment and benefits	109,528	20,395	141,138	98,184	14,076	26,468	14,600		424,389
Sponsored projects		8,546							8,546
Travel	2,435	609	5,392	3,512	609	1,826	609		14,992
Utilities and telephone	618	700		2,697	309	618	1,234		6,176
Other allocable expenses	135	5,391	5,000	1,895	26	730	3,473		16,650
Total Expenses	\$ 188,122	\$ 79,065	\$ 180,482	\$ 298,480	\$ 66,997	\$ 37,327	\$ 51,520	\$ 0	\$ 901,993
Percent of Total Expenses	20.86%	8.77%	20.00%	33.09%	7.43%	4.14%	5.71%	0.00%	100%

Excess (Deficiency) of Revenue over Expenses Before Allocation of Undesignated Revenue	\$ (64,619)	\$ 50,300	\$ (31,019)	\$ 124,561	\$ (13,300)	\$ (33,820)	\$ (44,152)	\$ 309,286	\$ 297,237
Excess (Deficiency) of Revenue over Expenses Before Investment Income (Loss) and Before Allocation of Undesignated Revenue	\$ (64,619)	\$ (35,073)	\$ (31,019)	\$ 124,561	\$ (29,653)	\$ (33,820)	\$ (44,152)	\$ 221,765	\$ 107,990

See accompanying independent auditors' report on other financial information.