

**Audited Financial Statements
and Other Financial Information**

American Schools of Oriental Research

Years Ended June 30, 2011 and 2010

Audited Financial Statements and Other Financial Information

American Schools of Oriental Research

Years Ended June 30, 2011 and 2010

Audited Financial Statements

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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, 2011 and 2010, 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, 2011 and 2010, 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 4, 2011

STATEMENTS OF FINANCIAL POSITION

American Schools of Oriental Research

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 567,769	\$ 410,912
Investments (including permanent endowments)	911,984	749,723
Accounts receivable:		
Memberships and subscriptions	14,017	44,707
Book sales and other receivables	12,833	13,777
Grant receivable	42,202	45,531
Inventory and capitalized costs	28,594	23,365
Prepaid expenses and other assets	17,220	6,930
Furniture and fixtures and equipment, net	<u>7,762</u>	<u>7,973</u>
TOTAL ASSETS	\$ <u>1,602,381</u>	\$ <u>1,302,918</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 22,009	\$ 12,533
Deferred revenue	264,410	271,051
Other liabilities	<u>6,846</u>	<u>7,455</u>
Total Liabilities	293,265	291,039
Net Assets:		
Unrestricted:		
Available for operations	154,378	30,872
Board-designated for publications	147,942	122,244
Property and equipment	<u>7,762</u>	<u>7,973</u>
Total unrestricted net assets	310,082	161,089
Temporarily restricted	513,399	387,510
Permanently restricted	<u>485,635</u>	<u>463,280</u>
Total Net Assets	<u>1,309,116</u>	<u>1,011,879</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,602,381</u>	\$ <u>1,302,918</u>

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

STATEMENT OF ACTIVITIES

American Schools of Oriental Research

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 100,687	\$ 49,496	\$ 20,000	\$ 170,183
Grants		130,937		130,937
Book revenue	35,517			35,517
Journals revenue	241,153			241,153
Institutional memberships	87,000			87,000
Individual memberships	150,489			150,489
Annual meeting	115,350	5,000		120,350
In-kind contributions	40,734			40,734
Royalty income	33,620			33,620
Interest and dividends	3,142	14,689	217	18,048
Net realized gain on sales of investments	73			73
Net unrealized gain on investments	22,509	146,479	2,138	171,126
Net assets released from restrictions:				
Satisfaction of purpose restrictions	220,712	(220,712)		0
	<u>1,050,986</u>	<u>125,889</u>	<u>22,355</u>	<u>1,199,230</u>
TOTAL SUPPORT AND REVENUE				
EXPENSES AND LOSSES				
Program services	813,146			813,146
Support services:				
General and administrative	51,520			51,520
Fundraising and nonprogram	37,327			37,327
	<u>901,993</u>	<u>0</u>	<u>0</u>	<u>901,993</u>
Total Expenses				
	<u>901,993</u>	<u>0</u>	<u>0</u>	<u>901,993</u>
CHANGE IN NET ASSETS	148,993	125,889	22,355	297,237
Net assets, beginning of year	161,089	387,510	463,280	1,011,879
NET ASSETS, END OF YEAR \$	<u>310,082</u>	<u>513,399</u>	<u>485,635</u>	<u>1,309,116</u>

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

STATEMENT OF ACTIVITIES

American Schools of Oriental Research

Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions	\$ 51,787	\$ 72,984	\$	\$ 124,771
Grants		108,960		108,960
Book revenue	31,188			31,188
Journals revenue	224,051			224,051
Institutional memberships	88,000			88,000
Individual memberships	132,500			132,500
Annual meeting	87,722	8,000		95,722
In-kind contributions	37,637			37,637
Royalty income	30,517			30,517
Interest and dividends	4,691	9,994	138	14,823
Net realized gain (loss) on sales of investments	1,312	(25)		1,287
Net unrealized gain on investments	29,377	51,810	1,031	82,218
Net assets released from restrictions:				
Satisfaction of purpose restrictions	<u>217,229</u>	<u>(217,229)</u>		<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>936,011</u>	<u>34,494</u>	<u>1,169</u>	<u>971,674</u>
EXPENSES AND LOSSES				
Program services	808,147			808,147
Support services:				
General and administrative	49,560			49,560
Fundraising and nonprogram	<u>24,886</u>			<u>24,886</u>
Total Expenses	<u>882,593</u>	<u>0</u>	<u>0</u>	<u>882,593</u>
CHANGE IN NET ASSETS	53,418	34,494	1,169	89,081
Net assets, beginning of year	<u>107,671</u>	<u>353,016</u>	<u>462,111</u>	<u>922,798</u>
NET ASSETS, END OF YEAR \$	<u><u>161,089</u></u>	<u><u>387,510</u></u>	<u><u>463,280</u></u>	<u><u>\$ 1,011,879</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 297,237	\$ 89,081
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,169	3,598
Net gain on sales of investments	(73)	(1,287)
Net unrealized (gain) on investments	(171,126)	(82,218)
Changes in operating assets and liabilities:		
Memberships and subscriptions receivable	30,690	(2,645)
Book sales and other receivables	944	3,300
Grant receivable	3,329	(45,531)
Inventory and capitalized costs	(5,229)	21,067
Prepaid expenses and other assets	(10,290)	(141)
Accrued expenses	9,476	(2,293)
Deferred revenue	(6,641)	37,028
Other liabilities	(609)	(559)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>150,877</u>	<u>19,400</u>
INVESTING ACTIVITIES:		
Sales of investments, net of purchases	8,938	27,309
Purchases of equipment	(2,958)	(7,605)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5,980</u>	<u>19,704</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	156,857	39,104
Cash and cash equivalents, beginning of year	<u>410,912</u>	<u>371,808</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 567,769</u>	<u>\$ 410,912</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, 2011 and 2010

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.

American Schools of Oriental Research

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

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.

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, 2011 and 2010. 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.

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, 2011 and 2010, 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 I -- 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, 2011 and 2010.

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.

Notes to Financial Statements -- Continued

American Schools of Oriental Research

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>2011</u>	<u>2010</u>
Unrestricted, Board-designated	\$ 111,456	\$ 90,822
Unrestricted, available for operations	76,863	26,987
Temporarily restricted	327,904	219,259
Permanently restricted	<u>485,635</u>	<u>463,280</u>
	1,001,858	800,348
Less: Money market mutual funds classified as cash equivalents	<u>(89,874)</u>	<u>(50,625)</u>
	<u>\$ 911,984</u>	<u>\$ 749,723</u>

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

NOTE C -- FURNITURE AND FIXTURES AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	<u>2011</u>	<u>2010</u>
Furniture and fixtures	\$ 35,498	\$ 35,498
Computer equipment	<u>82,207</u>	<u>79,916</u>
	117,705	115,414
Less: Accumulated depreciation and amortization	<u>(109,943)</u>	<u>(107,441)</u>
	<u>\$ 7,762</u>	<u>\$ 7,973</u>

Depreciation and amortization expense totaled \$3,169 and \$3,598 for 2011 and 2010, respectively.

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>2011</u>	<u>2010</u>
Sponsored projects	\$ 16,046	\$ 41,523
NEH Grant	130,937	108,960
NEH/Archives (designated contributions)	2,681	20,094
Scholarships for annual meeting	0	3,000
Platt fellowships	14,000	12,000
Platt travel support	3,787	0
Development Fund	843	412
Book subvention	11,000	0
Kress Awards for foreign travel to annual meeting	158	6,189
Heritage fellowships	20,000	12,000
General Endowment Fund	12,659	12,551
Other	<u>8,601</u>	<u>500</u>
	<u>\$ 220,712</u>	<u>\$ 217,229</u>

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE D -- TEMPORARILY RESTRICTED NET ASSETS -- Continued

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	<u>2011</u>	<u>2010</u>
Accumulated earnings on endowment funds:		
General Endowment, ASOR's general operations	\$ 91,505	\$ 18,001
Harris Fund, research for Biblical archaeology	10,605	0
Platt Fund, ASOR fellowships	220,684	185,318
Sponsored projects	96,897	97,061
Wright/Meyers Fund	53,855	38,484
Development Fund	14,536	15,379
NEH/Archives (designated contributions)	5,000	0
Dorot (Aviram Prize)	5,000	0
Heritage fellowships	4,000	5,853
Book subvention	7,000	18,000
Other	<u>4,317</u>	<u>9,414</u>
	<u>\$ 513,399</u>	<u>\$ 387,510</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>2011</u>	<u>2010</u>
General Endowment Fund	\$ 354,935	\$ 334,935
Corpus of Harris Fund	110,700	108,345
Corpus of Platt Fund	<u>20,000</u>	<u>20,000</u>
	<u>\$ 485,635</u>	<u>\$ 463,280</u>

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

NOTE F -- CONDITIONAL PROMISES TO GIVE

Conditional promises to give (to ASOR) consist of promises in support of the following at June 30, 2011:

National Endowment for the Humanities. Cost reimbursement award to publish archive collections online. Scheduled for funding in fiscal 2011-2012.	\$ 61,006
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NOTE G -- 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.

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE G -- ENDOWMENT NET ASSETS -- Continued

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, 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>

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE G -- ENDOWMENT NET ASSETS -- Continued

The composition of endowment net assets by fund type is as follows at June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (8,063)	\$ 203,319	\$ 463,280	\$ 658,536
Board-designated endowment funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total funds, at June 30, 2010	<u>\$ (8,063)</u>	<u>\$ 203,319</u>	<u>\$ 463,280</u>	<u>\$ 658,536</u>

Changes in endowment net assets for the year ended June 30, 2010, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2009	\$ <u>(32,260)</u>	\$ <u>170,346</u>	\$ <u>462,111</u>	\$ <u>600,197</u>
Investment return:				
Interest/dividend income, net of fees	1,242	9,235	138	10,615
Net change in fair value	<u>22,955</u>	<u>48,289</u>	<u>1,031</u>	<u>72,275</u>
Total investment return	24,197	57,524	1,169	82,890
Contributions	0	0	0	0
Appropriation for expenditure	<u> </u>	<u>(24,551)</u>	<u>0</u>	<u>(24,551)</u>
Endowment net assets, June 30, 2010	<u>\$ (8,063)</u>	<u>\$ 203,319</u>	<u>\$ 463,280</u>	<u>\$ 658,536</u>

NOTE H -- FACILITIES LEASE

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 expires on June 30, 2012.

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, 2011 and 2010.

Notes to Financial Statements -- Continued

American Schools of Oriental Research

NOTE I -- 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.

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, 2011 and 2010:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<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>
 <u>June 30, 2010</u>				
Cash equivalents	\$ 105,401	\$ 105,401	\$ 0	\$ 0
Investments	<u>749,723</u>	<u>749,723</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 855,124</u>	<u>\$ 855,124</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, 2011 and 2010, ASOR had no assets or liabilities classified within Level 2 or Level 3 of the fair value hierarchy.

American Schools of Oriental Research

NOTE J -- CONCENTRATION OF CREDIT RISK

At June 30, 2011, ASOR held mutual fund investments (including money market mutual funds) having a fair value of approximately \$797,000 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, 2011 exceeded FDIC limits (\$250,000 per account holder, per bank) by approximately \$54,000.

NOTE K -- 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 L -- 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 \$101,000 and \$73,000 to ASOR for the years ended June 30, 2011 and 2010, respectively.

During the years ended June 30, 2011 and 2010, ASOR paid \$8,962 and \$9,951, respectively, for printing services provided by a Board member. ASOR also paid project stipends totaling \$3,000 and \$5,000 to a Board member for the years ended June 30, 2011 and 2010, respectively.

In-kind contributions for 2011 include \$7,074 of pro bono attorney time and \$33,660 of donated office space. In-kind contributions for 2010 included \$3,977 of pro bono attorney time, and \$33,660 of donated office space. Refer also to *Note H -- Facilities Lease*.

NOTE M -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 4, 2011, the date on which financial statements were available for issue. No matters requiring disclosure were noted.

OTHER FINANCIAL INFORMATION



ROMEEO, WIGGINS & COMPANY, L.L.P.

Certified Public Accountants

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, 2011 and 2010, and have issued our report thereon dated November 4, 2011, 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 4, 2011

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	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					35,517				35,517
Journals revenue			695	235,966				4,492	241,153
Institutional memberships				30,450				56,550	87,000
Individual memberships				112,867				37,622	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 expenses	\$ 68,918	\$ 475	\$	\$	\$ 158	\$ 317	\$ 634	\$	\$ 68,918
Depreciation	317			1,268		843			3,169
Development expense									843
Distribution and marketing					14,496				14,496
Editorial expense									39,899
Fellowships and grants		34,000		39,899					34,000
General and administrative				16,172	20		1,159		16,192
Insurance	579	869		2,317	290	579			5,793
Postage and supplies	2,439	2,289	19,752	12,492	1,219	2,439	3,507		44,137
Production costs				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		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.

SCHEDULE OF SUPPORT AND REVENUE AND FUNCTIONAL EXPENSES

American Schools of Oriental Research

Year Ended June 30, 2010

SUPPORT, REVENUES, AND OTHER INCOME:

	Annual Meeting	Arch. & Policy Support	NEH	Journals	Books	Fundraising	General and Administrative	Undesignated	Total
Contributions	\$	\$ 21,789	\$ 19,184	\$	\$ 11,000	\$	\$	\$ 72,798	\$ 124,771
Grants			108,960						108,960
Book Revenue			2,710	221,341	31,188				31,188
Journals revenue				30,800				57,200	224,051
Institutional memberships		17,853		85,985				28,662	88,000
Individual memberships									132,500
Annual meeting	95,722								95,722
In-kind contributions	2,844	4,862	9,200	9,983	1,422	3,043	6,283		37,637
Royalty income		61,779		30,517	8,617				30,517
Investment income (loss)								27,932	98,328
Total Support, Revenues, and Other Income	\$ 98,566	\$ 106,283	\$ 140,054	\$ 378,626	\$ 52,227	\$ 3,043	\$ 6,283	\$ 186,592	\$ 971,674

EXPENSES:

Annual Meeting expenses	\$ 68,755	\$	\$	\$	\$	\$ 360	\$	\$	\$ 68,755
Depreciation	360	540		1,439	180	412	720		3,599
Development expense									412
Distribution and marketing					11,810				11,810
Editorial expense				36,956					36,956
Fellowships and grants		21,000							21,000
Insurance	577	865		25,539	14	577	1,154		5,768
Postage and supplies	1,721	1,314	19,920	8,798	861	1,721	2,175		36,510
Production costs				141,235	28,175				169,410
Legal and accounting	398	1,193		199	199	597	19,617		22,203
Rent (in-kind)	2,446	3,669	9,200	9,784	1,223	2,446	4,892		33,660
Salaries, contract payment and benefits	106,114	28,233	122,647	96,534	13,857	17,035	17,994		402,414
Sponsored projects		19,023							19,023
Travel	1,563	521	3,441	4,512	521	1,042	521		12,121
Utilities and telephone	625	719		2,717	312	625	1,249		6,247
Other allocable expenses	(29)	1,447	5,000	(520)	(55)	71	1,238		7,152
Total Expenses	\$ 182,530	\$ 78,524	\$ 160,208	\$ 329,500	\$ 57,385	\$ 24,886	\$ 49,560	\$ 0	\$ 882,593
Percent of Total Expenses	20.68%	8.90%	18.15%	37.33%	6.50%	2.82%	5.62%	0.00%	100%

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

Excess (Deficiency) of Revenue over Expenses
Before Investment Income (Loss) and
Before Allocation of Undesignated Revenue

	\$ (83,964)	\$ 27,759	\$ (20,154)	\$ 49,126	\$ (5,158)	\$ (21,843)	\$ (43,277)	\$ 186,592	\$ 89,081
	\$ (83,964)	\$ (34,020)	\$ (20,154)	\$ 49,126	\$ (13,775)	\$ (21,843)	\$ (43,277)	\$ 158,660	\$ (9,247)

See accompanying independent auditors' report on other financial information