

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

---

FINANCIAL STATEMENTS FOR THE  
YEARS ENDED JUNE 30, 2003 AND 2002  
(With Independent Auditor's Report Thereon)

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of financial position	2
Statements of activities	3-4
Statements of cash flows	5
Notes to financial statements	6-15



INDEPENDENT AUDITOR'S REPORT

BOARD OF TRUSTEES  
AMERICAN SCHOOLS OF ORIENTAL RESEARCH  
Boston, Massachusetts

We have audited the accompanying statement of financial position of American Schools of Oriental Research (ASOR) as of June 30, 2003, and the related statements of activities, and cash flows for the year 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 audit. The financial statements of American Schools of Oriental Research as of June 30, 2002, were audited by other auditors whose report dated November 23, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the financial position of American Schools of Oriental Research as of June 30, 2003, and the results of its operations, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Parent, McLaughlin & Nangle*

*Certified Public Accountants, Inc.*

October 22, 2003

---

Parent, McLaughlin & Nangle • *Certified Public Accountants, Inc.*

---

70 Federal Street  
Boston, MA 02110-1905  
617/426-9440  
Fax No. 617/423-3955

175 Paramount Drive  
Raynham, MA 02767-1066  
508/880-4955  
Fax No. 508/823-6976

265 Essex Street  
Salem, MA 01970-3400  
978/741-4237  
Fax No. 978/745-4424

[www.pmn.com](http://www.pmn.com)

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

STATEMENTS OF FINANCIAL POSITION

	June 30	
	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 415,066	\$ 461,781
Investments	93,334	106,834
Accounts receivable:		
Memberships and subscriptions, less allowance for doubtful accounts of \$13,490 and \$0 at June 30, 2003 and 2002, respectively	78,030	88,337
Book sales	49,702	28,731
Contributions receivable	36,073	82,376
Other receivables	6,800	7,982
Inventory and capitalized costs	86,125	74,170
Notes receivable	--	555
Prepaid expenses and other assets	13,581	11,596
Furniture, fixtures and equipment, net	22,309	10,345
Long-term-cash equivalents	420,534	399,223
Total Assets	<u>\$ 1,221,554</u>	<u>\$ 1,271,930</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES:</u>		
Note payable	\$ 6,650	\$ 13,300
Accrued expenses	92,349	58,783
Deferred revenue	330,979	304,953
Other liabilities	15,530	16,506
Total Liabilities	445,508	393,542
<u>NET ASSETS:</u>		
Unrestricted	( 104,992 )	( 41,670 )
Temporarily Restricted	437,285	494,037
Permanently Restricted	443,753	426,021
Total Net Assets	776,046	878,388
Total Liabilities and Net Assets	<u>\$ 1,221,554</u>	<u>\$ 1,271,930</u>

See accompanying notes to financial statements.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 143,128	\$ 34,708	\$ 18,471	\$ 196,307
Publication income	251,570	--	--	251,570
Institutional memberships	81,300	--	--	81,300
Individual memberships	88,996	--	--	88,996
Annual meeting	47,811	--	--	47,811
In-kind rent contribution	22,500	--	--	22,500
Royalty income	3,798	--	--	3,798
Investment income	969	2,892	4,294	8,155
Net realized loss on sales of investments	--	( 1,380 )	( 4,687 )	( 6,067 )
Net unrealized gain (loss) on investments	--	1,238	( 346 )	892
Net assets released from restrictions:				
Purpose restrictions satisfied	<u>94,210</u>	<u>( 94,210 )</u>	<u>--</u>	<u>--</u>
Total Support and Revenue	<u>734,282</u>	<u>( 56,752 )</u>	<u>17,732</u>	<u>695,262</u>
<b>EXPENSES AND LOSSES:</b>				
Program services	603,622	--	--	603,622
General and administrative	115,531	--	--	115,531
Fundraising and nonprogram	<u>64,961</u>	<u>--</u>	<u>--</u>	<u>64,961</u>
Total Expenses	<u>784,114</u>	<u>--</u>	<u>--</u>	<u>784,114</u>
Provision for doubtful accounts	<u>13,490</u>	<u>--</u>	<u>--</u>	<u>13,490</u>
Total Expenses and Losses	<u>797,604</u>	<u>--</u>	<u>--</u>	<u>797,604</u>
CHANGE IN NET ASSETS	( 63,322 )	( 56,752 )	17,732	( 102,342 )
NET ASSETS - beginning of year	( <u>41,670</u> )	<u>494,037</u>	<u>426,021</u>	<u>878,388</u>
NET ASSETS - end of year	( <u>\$ 104,992</u> )	<u>\$ 437,285</u>	<u>\$ 443,753</u>	<u>\$ 776,046</u>

See accompanying notes to financial statements.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 47,836	\$ 60,250	( \$ 32,482 )	\$ 75,604
Grants	--	33,550	--	33,550
Publication income	297,548	--	--	297,548
Institutional memberships	60,150	--	--	60,150
Individual memberships	103,817	--	--	103,817
Annual meeting	30,541	4,000	--	34,541
In-kind rent contribution	22,500	--	--	22,500
Royalty income	8,309	--	--	8,309
Investment income	698	12,641	3,342	16,681
Net realized loss on sales of investments	( 392 )	( 1,535 )	( 134 )	( 2,061 )
Net unrealized loss on investments	--	( 26,043 )	( 4,549 )	( 30,592 )
Net assets released from restrictions:				
Purpose restrictions satisfied	<u>265,988</u>	<u>( 183,404 )</u>	<u>( 82,584 )</u>	<u>--</u>
Total Support and Revenue	<u>836,995</u>	<u>( 100,541 )</u>	<u>( 116,407 )</u>	<u>620,047</u>
<b>EXPENSES:</b>				
Program services	631,919	--	--	631,919
General and administrative	200,021	--	--	200,021
Fundraising and nonprogram	<u>57,305</u>	<u>--</u>	<u>--</u>	<u>57,305</u>
Total Expenses	<u>889,245</u>	<u>--</u>	<u>--</u>	<u>889,245</u>
CHANGE IN NET ASSETS	( 52,250 )	( 100,541 )	( 116,407 )	( 269,198 )
NET ASSETS - beginning of year	<u>10,580</u>	<u>594,578</u>	<u>542,428</u>	<u>1,147,586</u>
NET ASSETS - end of year	<u>( \$ 41,670 )</u>	<u>\$ 494,037</u>	<u>\$ 426,021</u>	<u>\$ 878,388</u>

See accompanying notes to financial statements.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

STATEMENTS OF CASH FLOWS

	<u>Year Ended June 30</u>	
	<u>2003</u>	<u>2002</u>
Cash Flows from Operating Activities:		
Change in net assets	( \$ 102,342 )	( \$ 269,198 )
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,532	4,346
Provision for doubtful accounts	13,490	55,000
Loss on disposal of equipment	--	2,066
Net loss on sales of investments	6,067	2,061
Net unrealized (gain) loss on investments	( 892 )	30,592
(Increase) decrease in memberships and subscriptions receivable	( 3,183 )	9,335
(Increase) decrease in book sales receivable	( 20,971 )	20,052
Decrease in contributions receivable	46,303	198,911
Decrease in other receivables	1,182	15,800
(Increase) decrease in inventory and capitalized costs	( 11,955 )	38,595
(Increase) decrease in prepaid expenses and other assets	( 1,985 )	16,446
Decrease in deferred sponsored project expenses	--	13,160
Increase in long-term-cash equivalents	( 21,311 )	( 42,567 )
Increase (decrease) in accrued expenses	33,566	( 65,576 )
Increase (decrease) in deferred revenue	26,026	( 42,447 )
Decrease in other liabilities	( 976 )	( 893 )
Total adjustments	<u>70,893</u>	<u>254,881</u>
Net cash used in operating activities	( <u>31,449</u> )	( <u>14,317</u> )
Cash Flows from Investing Activities:		
Purchases of property and equipment	( 17,496 )	( 4,366 )
Proceeds from sales of investments	113,819	22,200
Purchases of investments	( 105,494 )	( 21,572 )
Repayment of loans	<u>555</u>	<u>1,608</u>
Net cash used in investing activities	( <u>8,616</u> )	( <u>2,130</u> )
Cash Flows from Financing Activities:		
Principal payments on long-term debt	( <u>6,650</u> )	( <u>6,650</u> )
Net cash provided by financing activities	( <u>6,650</u> )	( <u>6,650</u> )
Net decrease in cash and cash equivalents	( 46,715 )	( 23,097 )
Cash and cash equivalents, beginning of year	<u>461,781</u>	<u>484,878</u>
Cash and cash equivalents, end of year	<u>\$ 415,066</u>	<u>\$ 461,781</u>

See accompanying notes to financial statements.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

A. Organization:

American Schools of Oriental Research (ASOR), established in 1900, was incorporated as a not for profit public charity in 1935. ASOR promotes the 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 source of revenue is from scholarly journals and books, annual programs, membership dues, grants and contributions.

B. Summary of Significant Accounting Policies:

Basis of financial statement presentation:

ASOR prepares its financial statements in accordance with 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.

Use of estimates:

The preparation of financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net assets:

ASOR follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," issued by the Financial Accounting Standards Board (FASB) for presentation of its financial statements. Net assets and revenues, expenses, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of ASOR and changes therein are classified and reported as follows:



AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

B. Summary of Significant Accounting Policies – (continued):

Net assets – (continued):

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.

Temporarily restricted net assets:

Temporarily restricted net assets are subject to explicit or implicit donor-imposed stipulations that may or will be met by actions of ASOR and/or the passage of time.

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.

Cash and cash equivalents:

ASOR considers all highly liquid investments with an initial maturity of 90 days or less to be cash equivalents.

Investments

ASOR follows Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement 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.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

B. Summary of Significant Accounting Policies – (continued):

Investments – (continued):

The Board of Trustees has adopted a policy of transferring a portion of the fair value of the investment portfolio to operations. The portion is 3% of the market value of the portfolio, excluding investments that are permanently restricted in principal and income, at the end of the fiscal year. During the year ended June 30, 2003, \$19,433 was transferred to operations.

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. The allowance for doubtful accounts was \$13,490 and \$0 as of June 30, 2003 and 2002, respectively.

Inventory and capitalized costs

Inventory consists of completed publications, which 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, fixtures and equipment:

Furniture, 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.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

B. Summary of Significant Accounting Policies – (continued):

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 statements of financial position. Publications sales are recognized at the time of sale.

Contributions:

ASOR follows SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received 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 recorded as made to ASOR. 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.

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 either of the years ended June 30, 2003 or 2002.

Reclassifications:

Certain reclassifications have been made to the 2002 financial statements in order to conform with the presentation used in the 2003 financial statements.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

C. Investments:

Investments consist primarily of money market mutual funds, the cost of which approximates fair value, and are included in cash and cash equivalents.

Other investments, at fair value and cost basis, consist of the following at June 30, 2003:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Fair Value</u>	<u>Cost Basis</u>	<u>Depreciation</u>
Publicly traded companies	\$ 58,798	\$ --	\$ 58,798	\$ 118,304	(\$ 59,506)
Mutual funds	<u>34,536</u>	<u>--</u>	<u>34,536</u>	<u>41,781</u>	<u>( 7,245 )</u>
	<u>\$ 93,334</u>	<u>\$ --</u>	<u>\$ 93,334</u>	<u>\$ 160,085</u>	<u>( \$ 66,751 )</u>

Other investments, at fair value and cost basis, consist of the following at June 30, 2002:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Fair Value</u>	<u>Cost Basis</u>	<u>Depreciation</u>
Publicly traded companies	\$ 63,425	\$ --	\$ 63,425	\$ 121,484	(\$ 58,059)
Mutual funds	<u>33,551</u>	<u>9,858</u>	<u>43,409</u>	<u>52,993</u>	<u>( 9,584 )</u>
	<u>\$ 96,976</u>	<u>\$ 9,858</u>	<u>\$ 106,834</u>	<u>\$ 174,477</u>	<u>( \$ 67,643 )</u>

As of June 30, 2003 and 2002, ASOR held \$658,565 and \$657,532, respectively in money market mutual funds, which are classified as cash and cash equivalents.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

D. Contributions Receivable:

Contributions receivable at June 30, 2003 are discounted at a rate of four percent:

	<u>Due in less than one year</u>	<u>Due in more than one year less than five</u>	<u>Total</u>
Contributions receivable	\$ 27,347	\$ 9,438	\$ 36,785
Discount on contribution	--	( 712 )	( 712 )
Net present value	<u>\$ 27,347</u>	<u>\$ 8,726</u>	<u>\$ 36,073</u>

E. Furniture, Fixtures and Equipment:

A summary of furniture, fixtures and equipment at June 30, is as follows:

	<u>2003</u>	<u>2002</u>
Furniture and fixtures	\$ 35,498	\$ 35,498
Computer equipment	<u>43,894</u>	<u>26,398</u>
	79,392	61,896
Less accumulated depreciation	( <u>57,083</u> )	( <u>51,551</u> )
	<u>\$ 22,309</u>	<u>\$ 10,345</u>

Depreciation expense amounted \$5,332 and \$4,346 for the years ended June 30, 2003 and 2002, respectively.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

F. Related Party Transactions:

The financial statements include only the accounts of the American Schools of Oriental Research. These financial statements do not include ASOR's affiliates: the William Foxwell Albright Institute of Archaeological Research (AIAR) in Jerusalem, Israel; 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.

During 1993, the Board of Trustees agreed to pay the W.F. Albright Institute of Archaeological Research, the sum of \$66,500, representing a final commitment in establishing the total fiscal independence of the AIAR that has been an ongoing process since its incorporation. The commitment is being paid in ten equal, annual payments of \$6,650 in July of each year. The outstanding balance at June 30, 2003 and 2002 was \$6,650 and \$13,300, respectively.

For the year ended June 30, 2002, ASOR paid \$329 to the spouse of ASOR's president for professional services rendered by her company, New Ideas, Inc., primarily related to the Centennial programs.

G. Lease Commitments:

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 July 31, 2006.

The value of the leased property has been recorded as an in-kind contribution and an in-kind expense for each of the years ended June 30, 2003 and 2002 in the amount of \$22,500.

In addition, ASOR leases space in Atlanta, Georgia at a monthly fee of \$908 under a lease expiring September 15, 2004.

The total rent expense charged to operations was \$33,357 and \$32,880 for the years ended June 30, 2003 and 2002, respectively.

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

G. Lease Commitments – (continued):

Operating Leases

ASOR is obligated under various leases for office space and equipment. Annual rental commitments for the years subsequent to June 30, 2003 for occupancy and equipment are as follows:

<u>Year ending June 30</u>	
2004	\$ 15,004
2005	3,233

H. Commitments:

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.

I. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

	<u>2003</u>	<u>2002</u>
Accumulated income on fellowship fund	\$ 187,162	\$ 190,726
Accumulated income on General Endowment	32,903	51,758
Kress awards for foreign travel to annual meeting	--	( 541 )
Sponsored projects	116,453	130,560
Baghdad Committee Fund	10,343	15,873
Publications and related functions	83,418	82,804
Torch campaign	7,006	22,857
	<u>\$ 437,285</u>	<u>\$ 494,037</u>

AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

J. Permanently Restricted Net Assets:

Permanently restricted net assets are restricted for the following purposes:

	<u>2003</u>	<u>2002</u>
Corpus of fellowship fund	\$ 20,000	\$ 20,000
Corpus of specified memorial funds	20,503	20,271
Corpus of General Endowment	37,000	37,000
Corpus of Endowment for Biblical Archaeology and publication support	104,106	105,077
Torch Endowment Fund	262,144	243,673
	<u>\$ 443,753</u>	<u>\$ 426,021</u>

K. Satisfaction of Program Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors. Program restrictions accomplished during the years ended June 30, 2003 and 2002 consist of the following:

	<u>2003</u>	<u>2002</u>
Development expense	\$ --	\$ 1,600
Sponsored project expedition expenses	16,983	49,954
Baghdad Committee Fund	14,400	21,400
Dorot Foundation fellowships for annual meeting	9,551	9,615
Torch Campaign	18,267	71,537
Kress awards for foreign travel to annual meeting	4,459	3,474
Centennial events and programming	--	19,052
Investment return	19,434	--
Font Project	5,000	--
Lindstrom	3,400	2,500
Barton	2,716	4,272
Total temporarily restricted net assets released	<u>\$ 94,210</u>	<u>\$ 183,404</u>



AMERICAN SCHOOLS OF ORIENTAL RESEARCH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

(continued)

K. Satisfaction of Program Restrictions -- (continued):

During the year ended June 30, 2002, a donor requested that a prior year donation of \$82,584 be reclassified from permanently restricted net assets to unrestricted net assets so that it could be more effectively used in the ongoing operations of ASOR.

L. Concentration of Credit Risk:

ASOR maintains money market mutual fund accounts at a brokerage firm and cash balances at several banks throughout the United States. Cash balances are insured by the Federal Deposit Insurance Corporation, up to \$100,000. Money market mutual fund accounts are not insured. As of June 30, 2003, uninsured amounts of cash and cash equivalents aggregated approximately \$754,000.

M. Functional Allocation of Expenses:

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