

**AMERICAN NUMISMATIC  
ASSOCIATION**

**Financial Statements**

**For the Years Ended October 31, 2021 and 2020**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors  
American Numismatic Association  
Colorado Springs, Colorado

We have audited the accompanying financial statements of American Numismatic Association (a nonprofit corporation), which comprise the statements of financial position as of October 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows statement for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Numismatic Association as of October 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Other Matter**

As described in Note L, In March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. The outbreak caused significant global disruption in commercial and noncommercial activities. The disruption may continue to have a significant impact on current and future financial performance; however, the ultimate impact of this global concern cannot be determined. Our opinion is not modified with respect to that matter.

*McMillen & Company, PLLC*

Colorado Springs, Colorado  
April 29, 2022

AMERICAN NUMISMATIC ASSOCIATION  
Statements of Financial Position  
October 31, 2021 and 2020

<u>ASSETS</u>			
	<u>2021</u>		<u>2020</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 1,647,390	\$	2,360,504
Investments	25,795,125		22,798,169
Accounts receivable, net	35,881		47,670
Inventory	45,661		42,907
Prepaid expenses	<u>155,118</u>		<u>133,670</u>
Total current assets	27,679,175		25,382,920
DESIGNATED INVESTMENTS	395,298		344,738
<b>PROPERTY AND EQUIPMENT:</b>			
Furniture, fixtures, and equipment	1,812,857		1,791,164
Museum galleries and cases	1,275,417		1,275,417
Building and improvements	4,941,361		4,926,746
Less accumulated depreciation	<u>(7,262,845)</u>		<u>(7,035,620)</u>
Property and equipment - net	766,790		957,707
<b>OTHER ASSETS:</b>			
Numismatic collections	40,254,686		38,950,191
Contribution receivable from remainder trust	<u>30,576,298</u>		<u>26,534,887</u>
Total other assets	<u>70,830,984</u>		<u>65,485,078</u>
<b>TOTAL ASSETS</b>	<u>\$ 99,672,247</u>	\$	<u>92,170,443</u>
<u>LIABILITIES AND NET ASSETS</u>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 89,841	\$	72,996
Accrued liabilities	96,738		96,525
Deferred revenue	<u>695,669</u>		<u>837,889</u>
Total current liabilities	882,248		1,007,410
<b>NONCURRENT LIABILITIES:</b>			
Non-current deferred revenue	1,262,714		1,231,627
Other liabilities	<u>25,683</u>		<u>28,214</u>
Total noncurrent liabilities	<u>1,288,397</u>		<u>1,259,841</u>
Total liabilities	2,170,645		2,267,251
<b>NET ASSETS:</b>			
Without donor restrictions -			
Board designated	395,298		344,738
Equity in property and equipment	766,790		957,707
Undesignated	<u>24,171,535</u>		<u>21,802,069</u>
Total without donor restrictions	25,333,623		23,104,514
With donor restrictions -			
Numismatic collection	40,254,686		38,950,191
Contribution receivable from remainder trust	30,576,298		26,534,887
Program activities	<u>1,336,995</u>		<u>1,313,600</u>
Total with donor restrictions	<u>72,167,979</u>		<u>66,798,678</u>
Total net assets	<u>97,501,602</u>		<u>89,903,192</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 99,672,247</u>	\$	<u>92,170,443</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended October 31, 2021  
(With Comparative Totals for the Year Ended October 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
<b>SUPPORT AND REVENUE:</b>				
Investment income, net of fees of \$2,668 and \$1,185	\$ 3,126,468	\$ 4,054,772	\$ 7,181,240	\$ 3,803,331
Membership dues and service fees	2,395,053		2,395,053	1,185,208
Contributions and grants	253,250	1,330,969	1,584,219	242,274
Other income	549,831		549,831	495,196
Satisfied program restrictions	<u>16,440</u>	<u>(16,440)</u>		
Total support and revenue	6,341,042	5,369,301	11,710,343	5,726,009
<b>EXPENSES:</b>				
Program services:				
Conventions	862,823		862,823	668,181
Editorial	776,993		776,993	813,859
Museum	579,979		579,979	578,674
Member services	378,917		378,917	339,148
Education	248,297		248,297	274,691
Library	125,846		125,846	217,381
Museum store	65,626		65,626	60,575
Summer conference	<u>27,836</u>		<u>27,836</u>	<u>94,026</u>
Total program services	3,066,317		3,066,317	3,046,535
Supporting services:				
General and administrative	867,260		867,260	917,715
Marketing and fundraising	126,626		126,626	148,509
Membership development	<u>51,731</u>		<u>51,731</u>	<u>119,504</u>
Total supporting services	<u>1,045,617</u>		<u>1,045,617</u>	<u>1,185,728</u>
Total expenses	<u>4,111,933</u>		<u>4,111,933</u>	<u>4,232,263</u>
CHANGE IN NET ASSETS	2,229,109	5,369,301	7,598,410	1,493,746
NET ASSETS, beginning of year,	<u>23,104,514</u>	<u>66,798,678</u>	<u>89,903,192</u>	<u>88,409,446</u>
NET ASSETS, end of year	<u>\$ 25,333,623</u>	<u>\$ 72,167,979</u>	<u>\$ 97,501,602</u>	<u>\$ 89,903,192</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended October 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Totals</u>
<b>SUPPORT AND REVENUE:</b>			
Investment income, net of fees	\$ 1,619,590	\$ 2,183,741	\$ 3,803,331
Membership dues and service fees	1,185,208		1,185,208
Other income	495,196		495,196
Contributions and grants	176,914	65,360	242,274
Satisfied program restrictions	<u>5,290</u>	<u>(5,290)</u>	
Total support and revenue	3,482,198	2,243,811	5,726,009
<b>EXPENSES:</b>			
Program services:			
Editorial	813,859		813,859
Conventions	668,181		668,181
Museum	578,674		578,674
Member services	339,148		339,148
Education	274,691		274,691
Library	217,381		217,381
Summer conference	94,026		94,026
Museum store	<u>60,575</u>		<u>60,575</u>
Total program services	3,046,535		3,046,535
Supporting services:			
General and administrative	917,715		917,715
Marketing and fundraising	148,509		148,509
Membership development	<u>119,504</u>		<u>119,504</u>
Total supporting services	<u>1,185,728</u>		<u>1,185,728</u>
Total expenses	<u>4,232,263</u>		<u>4,232,263</u>
CHANGE IN NET ASSETS	(750,065)	2,243,811	1,493,746
NET ASSETS, beginning of year, as restated	<u>23,854,579</u>	<u>64,554,867</u>	<u>88,409,446</u>
NET ASSETS, end of year	<u>\$ 23,104,514</u>	<u>\$ 66,798,678</u>	<u>\$ 89,903,192</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Functional Expenses  
For the Year Ended October 31, 2021

	<u>Convention</u>	<u>Editorial</u>	<u>Museum</u>	<u>Summer Conference</u>	<u>Member Services</u>	<u>Education</u>	<u>Library</u>	<u>Museum Store</u>	<u>Total Program Services</u>
Salaries	\$ 145,891	\$ 324,503	\$ 238,913	\$ 12,647	\$ 129,600	\$ 130,244	\$ 21,660	\$ 37,257	\$ 1,040,715
Employee benefits	35,509	95,590	75,257	5,544	31,263	43,162	3,943	13,411	303,679
Editorial & publications	1,679	207,426	268	268	14,245	268	2,279		226,433
Depreciation & amortization	24,036	7,606	71,187		4,972	10,331	37,602	1,383	157,117
Contract labor	87,130	35,978	6,587	1,757	41,227	6,587	6,317		185,583
Bourse	177,596								177,596
Mailings	2,461	74,505	2,712	83	54,370	6,731	2,392	70	143,324
Security & occupancy	72,712		41,968						114,680
Advertising & promotion	53,145		9,841		18,465	2,283			83,734
Events - convention facilities	80,000								80,000
Insurance	5,714	952	46,325		952	952	8,094		62,989
Equipment maintenance	7,976	2,524	23,706	1,365	1,650	3,942	12,477	459	54,099
Licenses & other fees	1,650		1,650		26,392	1,650	1,650		32,992
Events - other direct costs	61,443		54		477				61,974
Utilities	6,757	1,039	15,072		1,039	2,599	8,836	1,039	36,381
Bank & credit card fees	12,803	8,535	854	4,268	11,949	1,707	427		40,543
Computer services	4,102	1,609	3,619	1,206	9,169	3,619	17,869		41,193
Miscellaneous	7,723	6,873	148		6,586	9,000			30,330
Travel	39,380		778						40,158
Cost of sales			567			14,905		11,617	27,089
Legal fees									
Awards & medals/badges		1,300			24,180				25,480
Bass Gallery			22,833						22,833
Supplies	2,221	1,263	9,563		2,001	1,190	1,287		17,525
General service contractor	21,863								21,863
Election									
Telephone	2,016	7,824	1,559	965	1,127	1,224	1,039	390	16,144
Exhibits	9,816		6,453						16,269
Events - seminar direct costs						8,010			8,010
Charitable registrations									
Professional development			118						118
Fund development									
	<u>863,623</u>	<u>777,527</u>	<u>580,032</u>	<u>28,103</u>	<u>379,664</u>	<u>248,404</u>	<u>125,872</u>	<u>65,626</u>	<u>3,068,851</u>
Less: investment fees	<u>(800)</u>	<u>(534)</u>	<u>(53)</u>	<u>(267)</u>	<u>(747)</u>	<u>(107)</u>	<u>(26)</u>		<u>(2,534)</u>
Total expenses, as reported on the statement of activities	<u>\$ 862,823</u>	<u>\$ 776,993</u>	<u>\$ 579,979</u>	<u>\$ 27,836</u>	<u>\$ 378,917</u>	<u>\$ 248,297</u>	<u>\$ 125,846</u>	<u>\$ 65,626</u>	<u>\$ 3,066,317</u>
Percentage of total expenses (rounded)	21%	19%	14%	1%	9%	6%	3%	2%	75%



AMERICAN NUMISMATIC ASSOCIATION  
Statement of Functional Expenses - Continued  
For the Year Ended October 31, 2021

	<u>General &amp; Administrative</u>	<u>Marketing &amp; Fundraising</u>	<u>Membership</u>	<u>Total Supporting Services</u>	<u>Total Functional Expenses</u>
Salaries	\$ 446,642	\$ 84,434	\$ 30,563	\$ 561,639	\$ 1,602,354
Employee benefits	172,500	16,998	5,307	194,805	498,484
Editorial & publications	(876)	8,032		7,156	233,589
Depreciation & amortization	70,108			70,108	227,225
Contract labor	26,421	2,196		28,617	214,200
Bourse					177,596
Mailings		6,225		6,225	149,549
Security & occupancy					114,680
Advertising & promotion		1,141	15,041	16,182	99,916
Events - convention facilities					80,000
Insurance	14,760			14,760	77,749
Equipment maintenance	21,380			21,380	75,479
Licenses & other fees	30,138			30,138	63,130
Events - other direct costs			42	42	62,016
Utilities	15,592			15,592	51,973
Bank & credit card fees	(60)	2,134		2,074	42,617
Computer services					41,193
Miscellaneous	10,470			10,470	40,800
Travel	568			568	40,726
Cost of sales					27,089
Legal fees	25,926			25,926	25,926
Awards & medals/badges			131	131	25,611
Bass Gallery					22,833
Supplies	4,522		205	4,727	22,252
General service contractor					21,863
Election	21,516			21,516	21,516
Telephone	3,117	390	442	3,949	20,093
Exhibits					16,269
Events - seminar direct costs	3,596			3,596	11,606
Charitable registrations		3,172		3,172	3,172
Professional development	940	595		1,535	1,653
Fund development		1,442		1,442	1,442
	<u>867,260</u>	<u>126,759</u>	<u>51,731</u>	<u>1,045,750</u>	<u>4,114,601</u>
Less: investment fees		(133)		(133)	(2,668)
Total expenses, as reported on the statement of activities	<u>\$ 867,260</u>	<u>\$ 126,626</u>	<u>\$ 51,731</u>	<u>\$ 1,045,617</u>	<u>\$ 4,111,933</u>
Percentage of total expenses (rounded)	21%	3%	1%	25%	100%

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Functional Expenses  
For the Year Ended October 31, 2020

	Convention	Editorial	Museum	Summer Conference	Member Services	Education	Library	Museum Store	Total Program Services
Salaries	\$ 157,738	\$ 339,783	\$ 213,910	\$ 60,824	\$ 104,044	\$ 143,984	\$ 82,112	\$ 39,265	\$ 1,141,660
Employee benefits	45,954	95,586	60,023	19,197	29,026	43,206	30,751	12,867	336,610
Depreciation & amortization	29,645	9,381	87,801		6,132	12,742	46,378	1,706	193,785
Editorial & publications	205	206,653	82	82	20,274	82	1,469		228,847
Mailings	4,353	91,243	4,700	255	36,775	6,404	2,500	68	146,298
Contract labor	20,048	40,559	9,388	2,504	32,966	9,388	1,878		116,731
Security & occupancy	45,343		56,574						101,917
Bourse	96,508								96,508
Advertising & promotion	38,197		9,110		22,565	1,844			71,716
Insurance	5,709	951	53,766		951	951	8,087		70,415
Licenses & other fees	2,455		2,455		39,289	2,455	2,455		49,109
Travel	65,076	2,157							67,233
Equipment maintenance	7,627	2,414	22,825	1,305	1,578	3,769	11,933	439	51,890
Events - convention facilities	61,182								61,182
Legal fees									
Utilities	6,141	945	13,699		945	2,362	8,030	945	33,067
Computer services	4,685	2,959	4,134	1,378	10,473	4,134	17,227		44,990
Bank & credit card fees	9,894	6,596	660	3,298	9,234	1,319	330		31,331
General service contractor	30,368								30,368
Events - seminar direct costs				4,038		21,637			25,675
Telephone	3,085	7,431	2,721	1,264	2,212	1,738	1,796	662	20,909
Bass Gallery			24,191						24,191
Awards & medals/badges	1,553	1,759			19,113				22,425
Events - other direct costs	17,402		18						17,420
Supplies	2,040	1,426	5,357		2,098	756	2,446		14,123
Miscellaneous	17	4,008	257		1,600	7,000			12,882
Exhibits	12,487		6,817						19,304
Cost of sales						10,967		4,623	15,590
Fund development									
Charitable registrations									
Professional development		245	210		205				660
Bad debt	825								825
	668,537	814,096	578,698	94,145	339,480	274,738	217,392	60,575	3,047,661
Less: investment fees	(356)	(237)	(24)	(119)	(332)	(47)	(11)		(1,126)
Total expenses, as reported on the statement of activities	<u>\$ 668,181</u>	<u>\$ 813,859</u>	<u>\$ 578,674</u>	<u>\$ 94,026</u>	<u>\$ 339,148</u>	<u>\$ 274,691</u>	<u>\$ 217,381</u>	<u>\$ 60,575</u>	<u>\$ 3,046,535</u>
Percentage of total expenses (rounded)	16%	19%	14%	2%	8%	6%	5%	1%	72%

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Functional Expenses - Continued  
For the Year Ended October 31, 2020

	General & Administrative	Marketing & Fundraising	Membership	Total Supporting Services	Total Functional Expenses
Salaries	\$ 501,671	\$ 94,876	\$ 64,873	\$ 661,420	\$ 1,803,080
Employee benefits	153,252	25,518	21,967	200,737	537,347
Depreciation & amortization	86,471			86,471	280,256
Editorial & publications	41	7,259		7,300	236,147
Mailings		4,766		4,766	151,064
Contract labor	25,445	3,129		28,574	145,305
Security & occupancy					101,917
Bourse					96,508
Advertising & promotion		922	19,798	20,720	92,436
Insurance	14,749			14,749	85,164
Licenses & other fees	26,984			26,984	76,093
Travel	479	971	7,352	8,802	76,035
Equipment maintenance	20,451			20,451	72,341
Events - convention facilities					61,182
Legal fees	49,511			49,511	49,511
Utilities	14,171			14,171	47,238
Computer services					44,990
Bank & credit card fees		1,649		1,649	32,980
General service contractor					30,368
Events - seminar direct costs	3,805			3,805	29,480
Telephone	6,549	698	626	7,873	28,782
Bass Gallery					24,191
Awards & medals/badges			80	80	22,505
Events - other direct costs			4,772	4,772	22,192
Supplies	6,466	91	36	6,593	20,716
Miscellaneous	6,894			6,894	19,776
Exhibits					19,304
Cost of sales					15,590
Fund development		4,430		4,430	4,430
Charitable registrations		3,920		3,920	3,920
Professional development	835	280		1,115	1,775
Bad debt					825
	<u>917,774</u>	<u>148,509</u>	<u>119,504</u>	<u>1,185,787</u>	<u>4,233,448</u>
Less: investment fees	(59)			(59)	(1,185)
Total expenses, as reported on the statement of activities	<u>\$ 917,715</u>	<u>\$ 148,509</u>	<u>\$ 119,504</u>	<u>\$ 1,185,728</u>	<u>\$ 4,232,263</u>
Percentage of total expenses (rounded)	22%	4%	3%	28%	100%

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statements of Cash Flows  
For the Years Ended October 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 7,598,410	\$ 1,493,746
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gains on investments	(3,038,518)	(1,515,159)
Depreciation	227,225	280,256
Capitalizable collection items received	(1,304,495)	(57,478)
Change in value of remainder trust	(4,041,411)	(2,179,565)
Decrease (increase) in operating assets:		
Accounts receivable	11,789	(20,991)
Inventory	(2,754)	463
Prepaid expenses	(21,448)	40,743
Increase (decrease) in operating liabilities:		
Accounts payable	16,845	(28,586)
Accrued liabilities	213	(1,943)
Other liabilities	(2,531)	(2,530)
Deferred revenue	<u>(111,133)</u>	<u>57,937</u>
Total adjustments	<u>(8,266,218)</u>	<u>(3,426,853)</u>
Net cash used by operating activities	(667,808)	(1,933,107)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of other noncurrent investments	(8,999)	(59,716)
Proceeds from sale of other noncurrent investments		199,007
Proceeds from sale of BEK stock certificates		3,893,816
Purchase of property and equipment	<u>(36,307)</u>	<u>(33,818)</u>
Net cash provided by investing activities	<u>(45,306)</u>	<u>3,999,288</u>
NET INCREASE (DECREASE) IN CASH	(713,114)	2,066,181
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,360,504</u>	<u>294,323</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,647,390</u>	<u>\$ 2,360,504</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Notes to Financial Statements  
For the Years Ended October 31, 2021 and 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Numismatic Association (the Association) was organized in 1891 and was chartered by an act of Congress to advance the knowledge of numismatics, encourage communication and cooperation among numismatists, acquire and disseminate information bearing upon numismatists, and promote popular interest in the science of numismatology. The Association is considered to be the largest numismatic Association of its kind.

Method of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting.

New Accounting Pronouncements

In March 2019, the FASB issued ASU 2019-03, *Updating the Definitions of Collections, Not-for-Profit Entities (Topic 958)*. This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permissible. This standard modifies the term "Collections", which in turn may change collection recognition policies, and adds certain disclosure requirements. The Association has adopted this standard as of October 31, 2021.

New Authoritative Pronouncements - Not Yet Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance will require not-for-profit entities to add a separate line item to the statement of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is to be applied retrospectively and would be effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the

impact of the adoption of ASU 2020-07 on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02-*Leases*, which created a new topic section of the Accounting Standards Codification (ASC), ASC 842. This guidance requires the recognition of all leases as rights and obligations to be presented on the statement of financial position as assets and liabilities. The standard further defines the proper initial and subsequent recognition and required disclosure of leases based on the type of lease, as defined under the new ASC 842. For nonpublic entities, the update is effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact this standard will have on its financial statements.

#### Basis of Presentation

The financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America ("US GAAP"). The Association is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

### Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking, money market accounts, and other highly liquid investments not restricted or designated for other use. The Association maintains its cash and cash equivalents at a commercial bank, credit union, and at a brokerage firm. In the event of an institution's failure, the Association might only be able to recover the amounts insured.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates. The significant accounting estimates used in the preparation of the Association's financial statements relate to the estimated useful lives of property and equipment, valuation of the numismatic collection, deferred membership fees, functional allocation of expenses to program and support services, and valuation of the contribution receivable from the remainder trust.

### Income Tax

Under Section 501(c)(3) of the Internal Revenue Code, the Association is exempt from federal income tax on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt Association as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The advertising income derived from the publication of *The Numismatist* and the convention program guides is considered unrelated business income. Since related expenses exceeded the income, no provision for income taxes has been accrued.

Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

### Contributions Receivable

Contributions receivables are recognized when the donor makes a

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promise to give to the Association that is, in substance, unconditional. Donor restricted contributions are reported as increases in net assets with donor restrictions, temporary or permanent in nature, depending on the nature of the restrictions. When temporary restrictions expire or are otherwise satisfied, net assets with donor restrictions, temporary in nature, are reclassified to net assets without donor restrictions.

As of October 31, 2021 and 2020, Management considers all contributions receivable, if any, to be fully collectible; accordingly, no allowance for doubtful contributions receivable has been recorded.

#### Accounts Receivable

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year end. Based on management's assessment of the outstanding balances, it has concluded that an allowance for doubtful accounts of \$5,732 is necessary for each of the years ended October 31, 2021 and 2020.

#### Revenue Recognition

The Association has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*. The Association's revenue recognition policies are as follows:

- Membership dues and fees - Membership dues and fees revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for providing membership services. Registrations are recognized as revenue in the period in which the Association satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Association's performance obligation for membership registration revenue is to provide access to special events, membership services, and other benefits accessible only to members.

Revenue recognition for life membership fees is deferred upon receipt and recognized over 30 years. Such recognized revenue is included within membership dues and fees in the statement of activities.



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- Advertising revenue - Advertising revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for substantially fulfilling performance obligations specific to each contract. Advertising is recognized as revenue in the period in which the Association satisfies its performance obligation to its clients. The Association's performance obligations for advertising revenue are to provide promotion and advertising opportunities on its magazine as arranged under each contract. The Association has determined that performance obligations of existing multi-year contracts do not materially differ from year-to-year; but it continues to evaluate each new contract for proper recognition under ASC 606.
- Other income - Service fees and Bourse revenue are recognized as the Association delivers specific performance obligations, such as holding major events. Revenue is recognized at a single point in time when the events occur and when ownership, risks, and rewards transfer to the participant.

#### Depreciation and Amortization

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Capital expenditures exceeding \$1,000 are capitalized and depreciated over the appropriate term according to the Association's policies. Depreciation is recorded using the straight-line method over estimated useful lives of five to 40 years for buildings and land improvements, three to 10 years for furniture and equipment, and three to 20 years for museum galleries and cases.

#### Investments

The Association accounts for their investments in accordance with FASB ASC 958, "Not-for-Profit Entities". Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (Level 1 measurements). Closely held stock without readily determinable fair values are stated at book value determined by information provided by the closely held corporation (Level 3 measurements). Unrealized gains and losses are reported as revenue in the accompanying statement of activities and changes in net assets. Realized gains and

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losses on investments sold, determined on a specific identification basis, are also included in revenue.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 29, 2022, the date that the financial statements were available to be issued.

Supplemental Cash Flow Disclosure

The Association paid no interest or income taxes during the years ended October 31, 2021 and 2020.

Inventory

The Association records inventories at the lower of first-in first-out (FIFO) cost and net realizable value. Net realizable value is generally based on the selling price.

Numismatic Collections

The Association maintains a numismatic collection of over 275,000 items, many of which have significant value to collectors. Many of these items are on display in the museum for the public to view. Security measures are taken to safeguard this collection. The collection was initially recorded in the statement of financial position at the estimated fair value of the items in accordance with US GAAP.

The Association periodically evaluates the collection for impairments. If appropriate, the Association recognizes an impairment loss on collection items when the estimated fair value of the items is less than the carrying amount.

The collection consists primarily of coins, medals, paper currency and other objects and documents. They are catalogued, preserved, and cared for, and activities verifying their existence and assessing their conditions are performed. The Association's collection, acquired through purchases and contributions, is recognized as an asset in the statement of financial position. Purchases of collection items are recorded in the year in which the items are acquired as decreases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any previous

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restrictions placed by donors on assets used to purchase the items.

Contributed collection items are reflected in the financial statements at the estimated fair value of the items at the date of contribution. It is the policy of the Association that proceeds from deaccessions, which are reflected as an increase in the appropriate net asset class, are used to acquire other items for the collection or for direct care of the remaining collections. The Association defines the direct care of collections as any activity that involves the conservation, protection, storage, maintenance, cataloging, and preservation of the collection. This includes the salary and benefits of the museum curator, consultant fees, and direct costs like the digitalization costs of the Numismatic library.

During the years ended October 31, 2021 and 2020, the Association received \$1,304,495 and \$57,478, respectively, of newly donated items into the collection.

#### Library Collection

Library collection items are not carried as assets in the statement of financial position. Purchased library collection items are included as an expense in the statement of activities and donated library collection items are not recorded as revenue or expense in the statement of activities.

#### Allocation of Expenses

The cost of providing the various program and supporting activities has been presented on a functional basis in the statement of activities and changes in net assets. Expenses are generally charged to a functional department as incurred for the related activities based upon ratios determined by management.

#### Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$99,916 and \$92,436, respectively, for the years ended October 31, 2021 and 2020.

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B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Association has cash and cash equivalents and certain investments as a primary source of liquidity at its disposal.

In addition to currently held financial assets available to meet general expenditures over the next 12 months, the Association operates under an approved budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources or by planned liquidation of investments.

As of October 31, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Liquid financial assets at year-end:		
Cash and cash equivalents	\$ 1,647,390	\$ 2,360,504
Investments	26,190,423	23,142,907
Accounts Receivable	<u>35,881</u>	<u>47,670</u>
Total liquid financial assets	\$ 27,873,694	\$ 25,551,081
Less amounts not available for general expenditures within one year:		
Board-designations	(\$ 395,298)	(\$ 344,738)
Restricted net assets - program activities	<u>(1,336,995)</u>	<u>(1,313,600)</u>
Financial assets available for general expenditure over the next 12 months	<u>\$ 26,141,401</u>	<u>\$ 23,892,743</u>

As of October 31, 2021 and 2020, the Association also has contributions receivable from remainder trusts (Note F) of \$30,576,298 and \$26,534,887, respectively; but, those shares are not received until after the deaths of certain beneficiaries of the trust.

C. FAIR VALUE MEASUREMENTS

The Association applies 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 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at October 31, 2021 and 2020:

Assets at Fair Value as of October 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 5,304	\$	\$	\$ 5,304
Equities	8,749			8,749
Other	47,386			47,386
Mutual funds - equity and fixed income	369,233			369,233
Closely-held corporate stock	<u>                    </u>	<u>                    </u>	<u>25,759,751</u>	<u>25,759,751</u>
	<u>\$ 430,672</u>	<u>\$</u>	<u>\$25,759,751</u>	<u>\$26,190,423</u>

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Assets at Fair Value as of October 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 5,306	\$	\$	\$ 5,306
Equities	8,749			8,749
Other	47,386			47,386
Mutual funds - equity and fixed income	306,322			306,322
Closely-held corporate stock			<u>22,775,144</u>	<u>22,775,144</u>
	<u>\$ 367,763</u>	<u>\$</u>	<u>\$22,775,144</u>	<u>\$23,142,907</u>

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended October 31:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$22,775,144	\$25,151,569
Sale of securities		(3,951,197)
Interest & dividends	55,566	57,381
Realized gain		123,016
Change in value of closely held stock	2,984,607	1,451,756
Withdrawals	<u>(55,566)</u>	<u>(57,381)</u>
Ending balance	<u>\$25,759,751</u>	<u>\$22,775,144</u>

The change in value of the closely held corporate stock of \$2,984,607 and \$1,451,756, respectively, for the years ended October 31, 2021 and 2020, is attributable to the unrealized gain on the increase of the book value per share as of October 31, 2021 and 2020. The value of the closely held stock is determined by inputs provided by the closely held corporation, based on its audited financial statements, subject to a first-right of refusal agreement to sell shares back to the closely held corporation at 85% of book value. During the year ended October 31, 2020, the Association sold 100 shares of Class A stock in January and October, respectively, at sales proceeds of \$18,854 per share and \$20,084 per share, respectively.

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D. INVESTMENT INCOME

Investment income consists of the following for the years ended October 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 103,979	\$ 106,134
Net realized and unrealized gains on investments	3,038,519	1,518,817
Change in value of split interest agreement	4,041,410	2,179,565
Less: investment fees	<u>(2,668)</u>	<u>(1,185)</u>
	<u>\$ 7,181,240</u>	<u>\$ 3,803,331</u>

E. DEFERRED REVENUE

Deferred revenue consists of the following at October 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Membership dues and fees	\$ 1,717,724	\$ 1,681,600
Bourse	243,542	329,653
Sponsor payments		49,500
Other	<u>(2,883)</u>	<u>8,763</u>
	<u>\$ 1,958,383</u>	<u>\$ 2,069,516</u>

F. CONTRIBUTION RECEIVABLE FROM REMAINDER TRUST

Contribution receivable from remainder trust is based on the estimated net present value of the estimated fair value of closely-held corporate shares to be received by the Association in the future, after the deaths of certain beneficiaries of the trust, and the estimated present value of future dividend income on the shares currently held in trust, as discussed in Note C. The remainder trust distributes dividend income on shares held in trust, when received, to the Association. The net present value is based on the expected life of the income beneficiaries, using a discount rate of 3.25% per annum. The amount ultimately received from the remainder trust could differ materially from the contribution receivable from the remainder trust recorded as of October 31, 2021 and 2020.

G. POSTRETIREMENT BENEFITS

The Association previously had a plan which provided, upon

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qualification and enactment of a retiree's Medicare benefits, that the Association would pay the same proportion of the retiree's Medicare managed care premium as it does with current Association employees for as long as the retiree is enrolled in the Medicare program.

The present value of the accumulated benefits under the postretirement benefits policy was \$25,683 and \$28,214, respectively, as of October 31, 2021 and 2020. The assumed discount rate used in the present value calculation is 8% per annum. For measurement purposes, a 10% annual rate of increase per capita cost of covered health care benefits in future years was assumed for the years ended October 31, 2021 and 2020.

H. RETIREMENT PLAN

In October 2013, the Association created the American Numismatic Association 401(k) Plan (the "Plan") to be effective January 1, 2014. The Association will make a safe-harbor contribution in an amount not less than 3% of an eligible employee's compensation.

Also, the Plan allows employees to make elective salary reduction contributions up to 100% of their compensation (subject to IRS limits); and, the Association may, at its sole discretion, make matching contributions up to a maximum of the "Matched Employee Contribution" as described in the Plan. The Association may also make discretionary contributions to the Plan. Employees must have attained the age of 18 and be employed on the last day of the Plan year.

In addition to the 3% safe harbor contribution, for the years ended October 31, 2021 and 2020, the Association made matching contributions up to 3% of employee compensation and a discretionary 1% contribution of employee compensation. The Association's contributions to the Plan totaled \$108,007 and \$118,065 for the years ended October 31, 2021 and 2020, respectively.

I. BOARD DESIGNATED NET ASSETS

Board designated net assets are available for the following areas:

	<u>2021</u>	<u>2020</u>
NGC Settlement Fund	\$ 213,759	\$ 213,759
Publications	88,025	88,025



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YN Scholarship	50,560	
Museum	<u>42,954</u>	<u>42,954</u>
	<u>\$ 395,298</u>	<u>\$ 344,738</u>

J. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions, temporarily in nature, are available for the following areas:

	<u>2021</u>	<u>2020</u>
Numismatic collection	\$40,254,686	\$38,950,191
Contribution receivable from remainder trust	30,576,298	26,534,887
Program activities:		
Exhibit awards	322,825	325,839
Young Numismatists	275,810	274,041
College scholarships	183,442	178,881
Education fund	165,828	165,828
Lecture series	94,269	98,690
Bob Lecce fund	68,888	68,888
Museum	58,771	34,726
Reagan staff education	52,779	52,779
Engraving program	44,578	44,578
Harry Bass fund	23,001	23,001
School of Numismatics scholarships	19,012	18,552
Defense fund	12,619	12,619
David Ganz fund	10,912	10,912
Education outreach	1,829	1,829
Club rep reserve	1,331	1,331
Van	1,030	1,030
Rent	<u>71</u>	<u>76</u>
	<u>\$72,167,979</u>	<u>\$66,798,678</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended October 31, 2021 and 2020, temporarily restricted net assets were released from restrictions for the following programs:

	<u>2021</u>	<u>2020</u>
College scholarship	\$ 9,000	\$
Lecture series	4,421	1,000
Exhibit awards	3,014	1,993
Rent	5	

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Young Numismatists	<u>                    </u>	<u>2,297</u>
	<u>\$ 16,440</u>	<u>\$ 5,290</u>

K. COMMITMENTS AND CONTINGENCIES

The Association has entered into various contracts with hotels for future conventions to reserve blocks of rooms for attendees of the conventions. Although there is no liability to the Association for the rooms (individual attendees are responsible for payment on the rooms), some of the contracts contain clauses requiring the Association to pay a fee or penalty amount if the convention is cancelled or if the number of rooms used is not reasonably close to the level reserved. In the opinion of management, no fees or penalties are expected to be paid under these contracts and, therefore, no liability has been recorded.

The Association has entered into contracts for rental space at various convention centers for future conventions.

The Association is not able to make a meaningful estimate of the amounts or range of future minimum payments, if any, related to these commitments. Consequently, the Association has not provided for any future commitments under these contracts.

L. COVID PANDEMIC

In March 2020, the World Health Organization declared a pandemic related to the fast-spreading COVID-19 virus. As a result of the global attention and concern arising from this disease, many event organizers have taken measures that are considered appropriate responses to limit the spread of the disease such as cancelling and postponing major events, including the 2021 National Money Show®. Management continues to evaluate options for appropriate responses to this global concern within the context of its operations and events.