

**AMERICAN NUMISMATIC
ASSOCIATION**

Financial Statements

For the Years Ended October 31, 2020 and 2019



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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, 2020 and 2019, 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, 2020 and 2019, 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 Matter

As described in Note A to the financial statements, during the year ended October 31, 2020, the American Numismatic Association adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Emphasis of Other Matter

As described in Note M, 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 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 26, 2021

AMERICAN NUMISMATIC ASSOCIATION
Statements of Financial Position
October 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,360,504	\$ 294,323
Investments	22,798,169	25,307,381
Accounts receivable, net	47,670	26,679
Inventory	42,907	43,370
Prepaid expenses	<u>133,670</u>	<u>174,413</u>
Total current assets	25,382,920	25,846,166
DESIGNATED INVESTMENTS	344,738	353,473
PROPERTY AND EQUIPMENT:		
Furniture, fixtures, and equipment	1,791,164	1,773,078
Museum galleries and cases	1,275,417	1,275,417
Building and improvements	4,926,746	4,911,014
Less accumulated depreciation	<u>(7,035,620)</u>	<u>(6,755,364)</u>
Property and equipment - net	957,707	1,204,145
OTHER ASSETS:		
Numismatic collections	38,950,191	38,892,713
Contribution receivable from remainder trust	<u>26,534,887</u>	<u>24,355,322</u>
Total other assets	65,485,078	63,248,035
TOTAL ASSETS	<u>\$ 92,170,443</u>	<u>\$ 90,651,819</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 72,996	\$ 101,582
Accrued liabilities	96,525	98,468
Deferred revenue	<u>837,889</u>	<u>743,220</u>
Total current liabilities	1,007,410	943,270
NONCURRENT LIABILITIES:		
Non-current deferred revenue	1,231,627	1,268,359
Other liabilities	<u>28,214</u>	<u>30,744</u>
Total noncurrent liabilities	1,259,841	1,299,103
Total liabilities	2,267,251	2,242,373
NET ASSETS:		
Without donor restrictions -		
Board designated	344,738	353,473
Equity in property and equipment	957,707	1,204,145
Undesignated	<u>21,802,069</u>	<u>22,296,961</u>
Total without donor restrictions	23,104,514	23,854,579
With donor restrictions -		
Numismatic collection	38,950,191	38,892,713
Contribution receivable from remainder trust	26,534,887	24,355,322
Program activities	<u>1,313,600</u>	<u>1,306,832</u>
Total with donor restrictions	66,798,678	64,554,867
Total net assets	<u>89,903,192</u>	<u>88,409,446</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 92,170,443</u>	<u>\$ 90,651,819</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statement of Activities and Changes in Net Assets
For the Year Ended October 31, 2020
(With Comparative Totals for the Year Ended October 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
SUPPORT AND REVENUE:				
Investment income, net of fees of \$1,185 and \$2,981	\$ 1,619,590	\$ 2,183,741	\$ 3,803,331	\$ 5,252,840
Membership dues and fees	1,185,208		1,185,208	2,587,799
Contributions	176,914	65,360	242,274	1,253,918
Other income	495,196		495,196	791,956
Satisfied program restrictions	<u>5,290</u>	<u>(5,290)</u>		
Total support and revenue	3,482,198	2,243,811	5,726,009	9,886,513
EXPENSES:				
Program services:				
Editorial	813,859		813,859	915,921
Conventions	668,181		668,181	1,393,113
Museum	578,674		578,674	660,020
Member services	339,148		339,148	462,133
Education	274,691		274,691	302,588
Library	217,381		217,381	265,886
Summer conference	94,026		94,026	433,165
Museum store	<u>60,575</u>		<u>60,575</u>	<u>66,696</u>
Total program services	3,046,535		3,046,535	4,499,522
Supporting services:				
General and administrative	917,715		917,715	832,565
Marketing and fundraising	148,509		148,509	193,620
Membership development	<u>119,504</u>		<u>119,504</u>	<u>52,126</u>
Total supporting services	1,185,728		1,185,728	1,078,311
Total expenses	<u>4,232,263</u>		<u>4,232,263</u>	<u>5,577,833</u>
CHANGE IN NET ASSETS	(750,065)	2,243,811	1,493,746	4,308,680
NET ASSETS, beginning of year,	<u>23,854,579</u>	<u>64,554,867</u>	<u>88,409,446</u>	<u>84,100,766</u>
NET ASSETS, end of year	<u>\$ 23,104,514</u>	<u>\$ 66,798,678</u>	<u>\$ 89,903,192</u>	<u>\$ 88,409,446</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statement of Activities and Changes in Net Assets
For the Year Ended October 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Totals
SUPPORT AND REVENUE:			
Investment income, net of fees	\$ 2,538,334	\$ 2,714,506	\$ 5,252,840
Membership dues and fees	2,560,180	27,619	2,587,799
Contributions	151,816	1,102,102	1,253,918
Other income	791,956		791,956
Satisfied program restrictions	<u>227,186</u>	<u>(227,186)</u>	
Total support and revenue	6,269,472	3,617,041	9,886,513
EXPENSES:			
Program services:			
Conventions	1,393,113		1,393,113
Editorial	915,921		915,921
Museum	660,020		660,020
Summer conference	433,165		433,165
Member services	462,133		462,133
Education	302,588		302,588
Library	265,886		265,886
Museum store	<u>66,696</u>		<u>66,696</u>
Total program services	4,499,522		4,499,522
Supporting services:			
General and administrative	832,565		832,565
Marketing and fundraising	193,620		193,620
Membership development	<u>52,126</u>		<u>52,126</u>
Total supporting services	<u>1,078,311</u>		<u>1,078,311</u>
Total expenses	<u>5,577,833</u>		<u>5,577,833</u>
CHANGE IN NET ASSETS	691,639	3,617,041	4,308,680
NET ASSETS, beginning of year, as restated	<u>23,162,940</u>	<u>60,937,826</u>	<u>84,100,766</u>
NET ASSETS, end of year	<u>\$ 23,854,579</u>	<u>\$ 64,554,867</u>	<u>\$ 88,409,446</u>

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
Advertising & promotion	\$ 38,197	\$	\$ 9,110	\$	\$ 22,565	\$ 1,844	\$	\$	\$ 71,716
Awards & medals/badges	1,553	1,759			19,113				22,425
Bad debt	825								825
Bank & credit card fees	9,894	6,596	660	3,298	9,234	1,319	330		31,331
Basal Gallery			24,191						24,191
Bourse	96,508								96,508
Charitable registrations									
Computer services	4,685	2,959	4,134	1,378	10,473	4,134	17,227		44,990
Contract labor	20,048	40,559	9,388	2,504	32,966	9,388	1,878		116,731
Cost of sales						10,967		4,623	15,590
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
Employee benefits	45,954	95,586	60,023	19,197	29,026	43,206	30,751	12,867	336,610
Events - seminar direct costs				4,038		21,637			25,675
Events - other direct costs	17,402		18						17,420
Events - convention facilities	61,182								61,182
Equipment maintenance	7,627	2,414	22,825	1,305	1,578	3,769	11,933	439	51,890
Exhibits	12,487		6,817						19,304
Fund development									
General service contractor	30,368								30,368
Insurance	5,709	951	53,766		951	951	8,087		70,415
Legal fees									
Licenses & other fees	2,455		2,455		39,289	2,455	2,455		49,109
Mailings	4,353	91,243	4,700	255	36,775	6,404	2,500	68	146,298
Miscellaneous	17	4,008	257		1,600	7,000			12,882
Professional development					205				660
Salaries	157,738	339,783	213,910	60,824	104,044	143,984	82,112	39,265	1,141,660
Security & occupancy	45,343		56,574						101,917
Supplies	2,040	1,426	5,357		2,098	756	2,446		14,123
Telephone	3,085	7,431	2,721	1,264	2,212	1,738	1,796	662	20,909
Travel	65,076	2,157							67,233
Utilities	6,141	945	13,699		945	2,362	8,030	945	33,067
	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	\$ 668,181	\$ 813,859	\$ 578,674	\$ 94,026	\$ 339,148	\$ 274,691	\$ 217,381	\$ 60,575	\$ 3,046,535
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
Advertising & promotion					
Awards & medals/badges					\$ 92,436
Bad debt					22,505
Bank & credit card fees					825
Bass Gallery		1,649		1,649	32,980
Bourse					24,191
Charitable registrations					96,508
Computer services		3,920		3,920	3,920
Contract labor					44,990
Cost of sales	25,445	3,129		28,574	145,305
Depreciation & amortization					15,590
Editorial & publications	86,471			86,471	280,256
Employee benefits	41			7,300	236,147
Events - seminar direct costs	153,252		21,967	200,737	537,347
Events - other direct costs	3,805			3,805	29,480
Events - convention facilities			4,772	4,772	22,192
Equipment maintenance					61,182
Exhibits	20,451			20,451	72,341
Fund development					19,304
General service contractor		4,430		4,430	4,430
Insurance	14,749			14,749	30,368
Legal fees	49,511			49,511	85,164
Licenses & other fees	26,984			26,984	49,511
Mailings		4,766		4,766	76,093
Miscellaneous	6,894			6,894	151,064
Professional development	835			1,115	19,776
Salaries	501,671	94,876	64,873	661,420	1,775
Security & occupancy					1,803,080
Supplies	6,466	91		6,593	101,917
Telephone	6,549	698		7,873	20,716
Travel	479	971	7,352	8,802	28,782
Utilities	14,171			14,171	76,035
					47,238
Less: investment fees	917,774	148,509	119,504	1,185,787	4,233,448
	(59)			(59)	(1,185)
Total expenses, as reported on the statement of activities	\$ 917,715	\$ 148,509	\$ 119,504	\$ 1,185,728	\$ 4,232,263
Percentage of total expenses (rounded)	22%	4%	3%	28%	100%

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statement of Functional Expenses
For the Year Ended October 31, 2019

	Convention	Editorial	Museum	Summer Conference	Member Services	Education	Library	Museum Store	Total Program Services
Advertising & promotion	\$ 96,428	\$ 2,911	\$ 16,751	\$	\$ 16,546	\$ 2,768	\$	\$	\$ 135,404
Awards & medals/badges	15,738	1,610			29,156				46,504
Bad debt	3,360	45					2,685		6,090
Bank & credit card fees	14,890	9,928	993	4,964	13,899	1,986	496		47,156
Bass Gallery			24,150						24,150
Bourse	214,046								214,046
Charitable registrations									
Computer services	4,287	1,261	3,782	1,261	9,582	3,782	16,343		40,298
Contract labor	30,275	41,803	11,651	2,479	37,173	9,295	1,859		134,535
Cost of sales						1,036		14,723	15,759
Depreciation & amortization	28,170	8,915	83,432		5,827	12,108	44,070	1,621	184,143
Editorial & publications	225	231,647	89	89	27,751	89	3,151		263,041
Election									
Employee benefits	48,566	107,552	67,827	29,894	48,848	44,529	36,392	11,519	395,127
Events - seminar direct costs				281,240		45,141			246,381
Events - other direct costs	99,891		190	25,756	1,310				127,147
Events - convention facilities	117,100								117,100
Equipment maintenance	6,878	2,176	21,319	11,030	1,423	3,399	10,760	396	57,381
Exhibits	26,529		39,051			(155)			65,425
Fund development									
General service contractor	237,439								237,439
Insurance	5,637	940	50,734		940	940	7,986		67,177
Legal fees									
Licenses & other fees	2,398		2,398		38,369	2,398	2,398		47,961
Mailings	7,812	102,140	2,201	1,363	46,187	6,327	1,930	26	167,986
Miscellaneous	658	11,821	1,696		17,101	7,000	942		39,218
Professional development	385	1,956	118		552				3,011
Salaries	179,836	383,661	225,116	112,543	162,639	156,182	123,265	35,705	1,378,947
Security & occupancy	135,634		82,928						218,562
Supplies	2,132	1,731	6,840	18	1,977	1,262	2,855	1,189	18,004
Telephone	3,410	3,795	2,530	1,358	2,593	1,882	1,476	422	17,466
Travel	105,167	1,530	406	41,468					148,571
Utilities	7,116	1,095	15,878		1,095	2,738	9,308	1,095	38,325
	<u>1,394,007</u>	<u>916,517</u>	<u>660,080</u>	<u>433,463</u>	<u>462,968</u>	<u>302,707</u>	<u>265,916</u>	<u>66,696</u>	<u>4,502,354</u>
Less: investment fees	(894)	(596)	(60)	(298)	(835)	(119)	(30)		(2,832)
Total expenses, as reported on the statement of activities	<u>\$ 1,393,113</u>	<u>\$ 915,921</u>	<u>\$ 660,020</u>	<u>\$ 433,165</u>	<u>\$ 462,133</u>	<u>\$ 302,588</u>	<u>\$ 265,886</u>	<u>\$ 66,696</u>	<u>\$ 4,499,522</u>
Percentage of total expenses (rounded)	25%	16%	12%	8%	8%	5%	5%	1%	81%

AMERICAN NUMISMATIC ASSOCIATION
Statement of Functional Expenses - Continued
For the Year Ended October 31, 2019

	General & Administrative	Marketing & Fundraising	Membership	Total Supporting Services	Total Functional Expenses
Advertising & promotion		\$ 1,383	\$ 12,394	\$ 13,777	\$ 149,181
Awards & medals/badges					46,504
Bad debt	101			101	6,191
Bank & credit card fees		2,482		2,482	49,638
Bass Gallery					24,150
Bourse					214,046
Charitable registrations		3,877		3,877	3,877
Computer services					40,298
Contract labor	22,702	3,098		25,800	160,335
Cost of sales					15,759
Depreciation & amortization	82,168			82,168	266,311
Editorial & publications	45	15,395		15,440	278,481
Election	25,171			25,171	25,171
Employee benefits	134,056	25,594	7,936	167,576	562,703
Events - seminar direct costs	4,394			4,394	250,775
Events - other direct costs					127,147
Events - convention facilities					117,100
Equipment maintenance	18,442			18,442	75,823
Exhibits					65,425
Fund development		13,280		13,280	13,280
General service contractor					237,439
Insurance	14,562			14,562	81,739
Legal fees	39,302			39,302	39,302
Licenses & other fees	26,326			26,326	74,287
Mailings		14,929		14,929	182,915
Miscellaneous	6,923			6,923	46,141
Professional development	5,987	377		6,364	9,375
Salaries	418,212	107,561	31,806	557,579	1,936,526
Security & occupancy					218,562
Supplies	9,932	51		9,983	27,987
Telephone	6,902	843		7,745	25,211
Travel	914	4,899		5,813	154,384
Utilities	16,426			16,426	54,751
	832,565	193,769	52,126	1,078,460	5,580,814
Less: investment fees		(149)		(149)	(2,981)
Total expenses, as reported on the statement of activities	\$ 832,565	\$ 193,620	\$ 52,126	\$ 1,078,311	\$ 5,577,833
Percentage of total expenses (rounded)	15%	3%	1%	19%	100%

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statements of Cash Flows
For the Years Ended October 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,493,746	\$ 4,308,680
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gains on investments	(1,515,159)	(2,420,766)
Depreciation	280,256	266,311
Capitalizable collection items received	(57,478)	(1,026,740)
Change in value of remainder trust	(2,179,565)	(2,703,066)
Decrease (increase) in operating assets:		
Accounts receivable	(20,991)	50,584
Inventory	463	2,052
Prepaid expenses	40,743	(16,316)
Increase (decrease) in operating liabilities:		
Accounts payable	(28,586)	(77,695)
Accrued liabilities	(1,943)	3,192
Other liabilities	(2,530)	(2,531)
Deferred revenue	57,937	107,357
Total adjustments	<u>(3,426,853)</u>	<u>(5,817,618)</u>
Net cash used by operating activities	(1,933,107)	(1,508,938)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of other noncurrent investments	(59,716)	(31,920)
Proceeds from sale of other noncurrent investments	199,007	1,614,575
Proceeds from sale of BEK stock certificates	3,893,816	
Purchase of property and equipment	<u>(33,818)</u>	<u>(193,824)</u>
Net cash provided by investing activities	<u>3,999,288</u>	<u>1,388,831</u>
NET INCREASE (DECREASE) IN CASH	2,066,181	(120,107)
CASH AND CASH EQUIVALENTS, beginning of year	<u>294,323</u>	<u>414,430</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,360,504</u>	<u>\$ 294,323</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Notes to Financial Statements
For the Years Ended October 31, 2020 and 2019

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 May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard implements a single, comprehensive framework for recognition of all revenue earned from customers. The topic's framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For certain entities, including the Association, the standard is effective for fiscal years beginning after December 15, 2018, notwithstanding extensions available under COVID-19 relief (Note M). During the year ended October 31, 2020, the Association adopted ASU 2014-09 using the full retrospective adoption method. In accordance with transition guidance, the Association elected to retroactively adjust only those contracts that did not meet the definition of a completed contract at the date of initial application. This guidance did not significantly impact the timing of the Association's revenue recognition.

American Numismatic Association
Notes to Financial statements
December 31, 2020

In June 2018, the FASB issued standard ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a more robust framework for determining whether an entity should account for a transaction as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. During the year ended October 31, 2020, the Association adopted this standard for contracts not yet completed as of October 31, 2020, or entered into subsequent to October 31, 2020, the beginning of the fiscal year. The adoption did not result in a material change to how the Association accounts for revenue from contributions, grants, and contracts.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permissible. This ASU removes and modifies certain disclosures, adding disclosures related to fair value measurement. The Association had adopted this standard as of October 31, 2020.

Accounting Pronouncements Not Yet Adopted

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 is evaluating the impact that this 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.

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- 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.

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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 receivable are recognized when the donor makes a 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, 2020 and 2019, 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, 2020 and 2019.

Revenue Recognition

The Association has analyzed the provisions of the FASB's ASC

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Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. 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.

- 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.

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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 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 26, 2021, 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, 2020 and 2019.

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.

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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 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. The Association defines the direct care of collections as any activity that involves the protection 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, 2020 and 2019, the Association received \$57,478 and \$1,026,740, respectively, of newly donated items into the collection.

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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 \$92,436 and \$149,181, respectively, for the years ended October 31, 2020 and 2019.

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, 2020, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

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	<u>2020</u>	<u>2019</u>
Liquid financial assets at year-end:		
Cash and cash equivalents	\$ 2,360,504	\$ 294,323
Investments	23,142,907	25,660,854
Accounts Receivable	<u>47,670</u>	<u>26,679</u>
Total liquid financial assets	\$ 25,551,081	\$ 25,981,856
Less amounts not available for general expenditures within one year:		
Board-designations	(\$ 344,738)	(\$ 327,045)
Restricted net assets - program activities	(<u>1,313,600</u>)	(<u>1,294,213</u>)
Financial assets available for general expenditure over the next 12 months	<u>\$ 23,892,743</u>	<u>\$ 24,360,598</u>

As of October 31, 2020 and 2019, the Association also has contributions receivable from remainder trusts (Note F) of \$26,534,887 and \$24,355,322, 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.

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- 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, 2020 and 2019:

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			22,775,144	22,775,144
	<u>\$ 367,763</u>	<u>\$</u>	<u>\$22,775,144</u>	<u>\$23,142,907</u>

Assets at Fair Value as of October 31, 2019

	<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
Mutual funds - equity and fixed income	495,230			495,230
Closely-held corporate stock			25,151,569	25,151,569
	<u>\$ 509,285</u>	<u>\$</u>	<u>\$25,151,569</u>	<u>\$25,660,854</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:

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	<u>2020</u>	<u>2019</u>
Beginning balance	\$25,151,569	\$22,811,800
Sale of securities	(3,951,197)	
Dividends	57,381	
Realized gain	123,016	
Change in value of closely held stock	<u>1,394,375</u>	<u>2,339,769</u>
Ending balance	<u>\$22,775,144</u>	<u>\$25,151,569</u>

The change in value of the closely held corporate stock of \$1,394,375 and \$2,339,769, respectively, for the years ended October 31, 2020 and 2019, is attributable to the unrealized gain on the increase of the book value per share as of October 31, 2020 and 2019. 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. The Association sold 100 shares of Class A stocks in January and October respectively, at sales proceeds of \$18,854 per share and \$20,084 per share, respectively.

D. INVESTMENT INCOME

Investment income consists of the following for the years ended October 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 107,319	\$ 131,989
Net realized and unrealized gains on investments	1,518,817	2,420,766
Change in value of split interest agreement	2,179,565	2,703,066
Less investment fees	<u>(1,185)</u>	<u>(2,981)</u>
	<u>\$ 3,804,516</u>	<u>\$ 5,252,840</u>

E. DEFERRED REVENUE

Deferred revenue consists of the following at October 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Membership dues and fees	\$ 1,681,600	\$ 1,733,478
Bourse	329,653	249,263

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Sponsor payments	49,500	24,500
Other	<u>8,763</u>	<u>4,338</u>
	<u>\$ 2,069,516</u>	<u>\$ 2,011,579</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, 2020 and 2019.

G. POSTRETIREMENT BENEFITS

The Association previously had a plan which provided, upon 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 \$28,214 and \$30,744, respectively, as of October 31, 2020 and 2019. 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, 2020 and 2019.

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

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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, 2020 and 2019, 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 \$118,065 and \$117,832 for the years ended October 31, 2020 and 2019, respectively.

I. BOARD DESIGNATED NET ASSETS

Board designated net assets are available for the following areas:

	<u>2020</u>	<u>2019</u>
NGC Settlement Fund	\$ 213,759	\$ 221,768
Publications	88,025	88,751
Museum	<u>42,954</u>	<u>42,954</u>
	<u>\$ 344,738</u>	<u>\$ 353,473</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>2020</u>	<u>2019</u>
Numismatic collection	\$38,950,191	\$38,892,713
Contribution receivable from remainder trust	26,534,887	24,355,322
Program activities:		
Exhibit awards	325,839	327,832
Young Numismatists	274,041	272,756
College scholarships	178,881	175,772
Education fund	165,828	165,008
Lecture series	98,690	99,690
Bob Lecce fund	68,888	68,888
Reagan staff education	52,779	51,707
Engraving program	44,578	44,578
Museum	34,726	33,277

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Harry Bass fund	23,001	23,001
School of Numismatics scholarships	18,552	16,526
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	76	76
	<u>\$66,798,678</u>	<u>\$64,554,867</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended October 31, 2020 and 2019, temporarily restricted net assets were released from restrictions for the following programs:

	<u>2020</u>	<u>2019</u>
Young Numismatists	\$ 2,297	\$ 140,820
Exhibit awards	1,993	13,303
Lecture series	1,000	
Bob Lecce fund		28,799
Florance Schook School of Numismatic		28,393
Engraving program		8,769
School of Numismatics scholarships		5,915
Education outreach		1,185
Rent		2
	<u>\$ 5,290</u>	<u>\$ 227,186</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.

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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. RELATED PARTY TRANSACTION

The Association contracted for Auctioneer services for the 2019 and 2020 ANA National Money Show from a company that is majority-owned by a former member of the Association's Board of Governors. Auctioneer services were obtained through a competitive award process, and, in the opinion of management, the services obtained were the most favorable to the Association.

During the fiscal years ended October 31, 2020 and 2019, the Association received \$65,000 and \$60,000, respectively, from the related auctioneer.

M. 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 2020 World's Fair of Money and 2021 National Money Show. Management continues to evaluate options for appropriate responses to this global concern within the context of its operations and events.

