



**AMERICAN NUMISMATIC ASSOCIATION**  
**Financial Statements & Supplementary Information**  
**For the Years Ended October 31, 2016 and 2015**

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INDEPENDENT AUDITORS' REPORT

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 statement of financial position as of October 31, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2016 and 2015, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Waugh & Goodwin, LLP*  
Colorado Springs, Colorado  
February 6, 2017

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Financial Position  
October 31, 2016 and 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 347,176	\$ 538,900
Investments	12,076,857	12,450,258
Accounts receivable, net	9,415	203,460
Inventory	61,518	57,763
Prepaid expenses	<u>180,916</u>	<u>234,597</u>
Total current assets	12,675,882	13,484,978
DESIGNATED INVESTMENTS	8,912,587	8,996,749
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture, fixtures, and equipment	1,636,415	1,566,053
Museum galleries and cases	1,276,867	1,276,867
Building and improvements	4,495,075	4,412,461
Less accumulated depreciation	<u>(6,006,010)</u>	<u>(5,506,738)</u>
Property and equipment - net	1,402,347	1,748,643
<b>OTHER ASSETS:</b>		
Numismatic collections	37,383,243	37,293,347
Contribution receivable from remainder trust	<u>14,495,306</u>	<u>13,820,485</u>
Total other assets	<u>51,878,549</u>	<u>51,113,832</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 74,869,365</u></b>	<b><u>\$ 75,344,202</u></b>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 206,353	\$ 502,107
Accrued liabilities	95,836	75,858
Deferred revenue	<u>790,490</u>	<u>654,247</u>
Total current liabilities	1,092,679	1,232,212
<b>LONG TERM LIABILITIES:</b>		
Non-current deferred revenue	1,228,951	1,196,693
Other liabilities	<u>43,882</u>	<u>52,937</u>
Total liabilities	2,365,512	2,481,842
<b>NET ASSETS:</b>		
Unrestricted		
Board designated	8,912,587	8,996,749
Equity in property and equipment	1,402,347	1,748,643
Undesignated	<u>8,680,261</u>	<u>9,342,166</u>
Total unrestricted	18,995,195	20,087,558
Temporarily restricted		
Numismatic collection	37,383,243	37,293,347
Contribution receivable from remainder trust	14,495,306	13,820,485
Program activities	<u>1,630,109</u>	<u>1,660,970</u>
Total temporarily restricted	<u>53,508,658</u>	<u>52,774,802</u>
Total net assets	<u>72,503,853</u>	<u>72,862,360</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 74,869,365</u></b>	<b><u>\$ 75,344,202</u></b>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended October 31, 2016  
With Comparative Amounts for the Year Ended October 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>10/31/16 Totals</u>	<u>10/31/15 Totals</u>
<b>SUPPORT AND REVENUE:</b>				
Membership dues and fees	\$ 2,790,633	\$ 29,520	\$ 2,820,153	\$ 2,881,192
Investment income	638,071	680,666	1,318,737	1,168,001
Other income	871,089		871,089	1,050,080
Contributions	201,984	182,370	384,354	353,652
Satisfied program restrictions	<u>158,700</u>	<u>(158,700)</u>		
Total support and revenue	4,660,477	733,856	5,394,333	5,452,925
<b>EXPENSES:</b>				
Program services:				
Conventions	1,568,009		1,568,009	1,366,920
Editorial	859,374		859,374	846,409
Museum	762,541		762,541	729,238
Member services	471,159		471,159	407,128
Summer conference	426,188		426,188	360,845
Education	322,680		322,680	357,684
Library	257,488		257,488	241,982
Museum store	<u>73,236</u>		<u>73,236</u>	<u>64,047</u>
Total program services	4,740,675		4,740,675	4,374,253
Supporting services:				
General & administrative expenses	862,042		862,042	942,420
Fundraising	79,552		79,552	85,178
Membership development	<u>70,571</u>		<u>70,571</u>	<u>48,095</u>
Total supporting services	<u>1,012,165</u>		<u>1,012,165</u>	<u>1,075,693</u>
Total expenses	<u>5,752,840</u>		<u>5,752,840</u>	<u>5,449,946</u>
CHANGE IN NET ASSETS	(1,092,363)	733,856	(358,507)	2,979
NET ASSETS, beginning of year as restated	<u>20,087,558</u>	<u>52,774,802</u>	<u>72,862,360</u>	<u>72,859,381</u>
NET ASSETS, end of year	<u>\$ 18,995,195</u>	<u>\$ 53,508,658</u>	<u>\$ 72,503,853</u>	<u>\$ 72,862,360</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended October 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>SUPPORT AND REVENUE:</b>			
Membership dues and fees	\$ 2,881,192	\$	\$ 2,881,192
Investment income	878,362	289,639	1,168,001
Other income	1,031,899	18,181	1,050,080
Contributions	141,840	211,812	353,652
Satisfied program restrictions	<u>120,784</u>	<u>(120,784)</u>	<u></u>
Total support and revenue	5,054,077	398,848	5,452,925
<b>EXPENSES:</b>			
Program services:			
Conventions	1,366,920		1,366,920
Editorial	846,409		846,409
Museum	729,238		729,238
Member services	407,128		407,128
Summer conference	360,845		360,845
Education	357,684		357,684
Library	241,982		241,982
Museum store	<u>64,047</u>		<u>64,047</u>
Total program services	4,374,253		4,374,253
Supporting services:			
General & administrative expenses	942,420		942,420
Fundraising	85,178		85,178
Membership development	<u>48,095</u>		<u>48,095</u>
Total supporting services	<u>1,075,693</u>		<u>1,075,693</u>
Loss on impairment of collection			
Total expenses	<u>5,449,946</u>		<u>5,449,946</u>
CHANGE IN NET ASSETS	(395,869)	398,848	2,979
<b>NET ASSETS, beginning of year:</b>			
As previously reported	20,642,411	52,608,461	73,250,872
Adjustment for overstatement of numismatic collection		<u>(391,491)</u>	<u>(391,491)</u>
Net assets, beginning of year, as restated	20,642,411	52,216,970	72,859,381
RECLASSIFICATION OF NET ASSETS	<u>(158,984)</u>	<u>158,984</u>	<u></u>
NET ASSETS, end of year	<u>\$ 20,087,558</u>	<u>\$ 52,774,802</u>	<u>\$ 72,862,360</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Cash Flows  
For the Year Ended October 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (358,507)	\$ 2,979
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gains on investments	(498,700)	(752,957)
Depreciation	499,272	505,475
Loss on disposal of property and equipment		5,976
Gain on deaccession sales	(10,374)	(8,731)
Capitalizable collection items received	(89,895)	(21,840)
Change in value of remainder trust	(674,821)	(279,863)
Decrease (increase) in operating assets:		
Accounts receivable	194,045	(170,643)
Inventory	(3,755)	(3,990)
Prepaid expenses	53,681	(113,469)
Increase (decrease) in operating liabilities:		
Accounts payable	(295,754)	78,254
Accrued liabilities	19,978	4,163
Accrued pension liability		(721,918)
Other liabilities	(9,055)	(8,718)
Deferred revenue	<u>168,501</u>	<u>(69,120)</u>
Total adjustments	<u>(646,877)</u>	<u>(1,557,381)</u>
Net cash used by operating activities	(1,005,384)	(1,554,402)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term investments	(208,318)	(47,485)
Proceeds from sale of long-term investments	1,164,579	2,044,797
Proceeds from deaccession sales	10,374	8,731
Purchase of property and equipment	<u>(152,975)</u>	<u>(93,845)</u>
Net cash provided by investing activities	<u>813,660</u>	<u>1,912,198</u>
NET INCREASE (DECREASE) IN CASH	(191,724)	357,796
CASH AND CASH EQUIVALENTS, beginning of year	<u>538,900</u>	<u>181,104</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 347,176</u>	<u>\$ 538,900</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Notes to Financial Statements  
For the Years Ended October 31, 2016 and 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Numismatic Association (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 organization of its kind.

Method of Accounting

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

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 three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion and equity in property and equipment; temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; the investment in the numismatic collection; and permanently restricted net assets, which represent resources for which use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

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.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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 organization 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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions Receivable - Continued

As of October 31, 2016 and 2015, the Association considers all contribution receivables to be fully collectible; accordingly, no allowance for doubtful contributions receivable has been recorded.

#### Net Assets and Contributions

The net assets of the Association have been reported separately by class of net assets as follows:

Unrestricted - amounts invested in property and equipment and those currently available for use in the Association's general operating activities.

Temporarily restricted - amounts which are stipulated by donors for specific operating purposes or restricted due to time restrictions and the investment in the numismatic collection.

#### 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 forty years for buildings and land improvements, three to ten years for furniture and equipment, and three to twenty years for museum galleries and cases.

Depreciation and amortization expense amounted to \$499,272 and \$505,475 for the years ended October 31, 2016 and 2015, respectively.

#### Deferred Life Membership Fees

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

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Service Fees

Revenues from service fees include auction commissions, bourse table income, and license fees and are recognized when earned.

#### 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, 2016 and 2015.

#### 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 February 6, 2017, 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, 2016 and 2015.

#### Inventory

The Association's inventory balance consists of retail items and awards and medals, and is stated at the lower of cost or market value, on a first-in, first-out basis.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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 unrestricted, temporarily restricted or permanently restricted net assets based on the 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. Proceeds from deaccessions, which are reflected as an increase in the appropriate net asset class, are used to acquire other items for the collection. During the years ended October 31, 2016 and 2015, the Association received \$89,895 and \$21,840, 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.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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. 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 \$146,498 and \$134,481, respectively, for the years ended October 31, 2016 and 2015.

### B. 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.

Notes to Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at October 31, 2016 and 2015:

Assets at Fair Value as of October 31, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 5,307	\$	\$	\$ 5,307
Equities	113,940			113,940
Mutual funds	4,344,523			4,344,523
Closely-held Corporate stock			16,525,674	16,525,674
	<u>\$ 4,463,770</u>	<u>\$</u>	<u>\$16,525,674</u>	<u>\$20,989,444</u>

Assets at Fair Value as of October 31, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 105,296	\$	\$	\$ 105,296
Equities	113,462			113,462
Mutual funds	5,135,011			5,135,011
Closely-held Corporate stock			16,093,238	16,093,238
	<u>\$ 5,353,769</u>	<u>\$</u>	<u>\$16,093,238</u>	<u>\$21,447,007</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 year ended October 31:

	<u>2016</u>	<u>2015</u>
Beginning balance	\$16,093,238	\$15,267,827
Change in value of closely held stock	<u>432,436</u>	<u>825,411</u>
Ending balance	<u>\$16,525,674</u>	<u>\$16,093,238</u>

The change in value of the closely held corporate stock of \$432,436 and \$825,411, respectively, for the years ended October 31, 2016 and 2015, is attributable to the unrealized gain on the increase of the value per share as of October 31, 2016 and 2015. The value of the closely held stock is determined by inputs provided by the closely held corporation, based on its audited financial statements.

Notes to Financial Statements

C. INVESTMENT INCOME (LOSS)

Investment income (loss) consists of the following for the years ended October 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 145,216	\$ 135,191
Net realized and unrealized gains on investments	498,700	752,947
Change in value of split interest agreement	<u>674,821</u>	<u>279,863</u>
	<u>\$ 1,318,737</u>	<u>\$ 1,168,001</u>

D. DEFERRED REVENUE

Deferred revenue consists of the following at October 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Membership dues & fees	\$ 1,615,031	\$ 1,470,793
Bourse	366,472	350,147
Sponsor payments	37,500	30,000
Other	<u>438</u>	<u>000</u>
	<u>\$ 2,019,441</u>	<u>\$ 1,850,940</u>

E. CONTRIBUTION RECEIVABLE FROM REMAINDER TRUST

Contribution receivable from remainder trust is based on the estimated net present value of the estimated fair value of shares of the same closely-held corporation as discussed in Note B, to be received by the Association in the future, after the deaths of certain beneficiaries of the trust. 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, 2016 and 2015.

F. DEFINED BENEFIT PENSION PLAN (TERMINATED OCTOBER 31, 2013)

The Association had a noncontributory defined benefit pension plan covering all employees who met the eligibility requirements. The Association's funding policy was to make the minimum annual contribution that was required by applicable regulations, plus such additional amounts as the Association determined to be appropriate from time to time. This plan was terminated October 31, 2013.

## Notes to Financial Statements

### F. DEFINED BENEFIT PENSION PLAN - Continued

As of October 31, 2014, the Association had recorded an estimated accrual of \$721,918 in its statement of financial position. During the year ended October 31, 2015, the Association paid its actual remaining obligation to participants of \$566,397 and recorded the excess accrued liability of \$155,521 as other income.

### 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 \$39,739 and \$43,505, respectively as of October 31, 2016 and 2015. 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, 2016 and 2015.

### H. DEFERRED COMPENSATION

The Association has an agreement that provides one employee retirement benefits for years of service rendered before the Association had adopted a formal pension plan. The recorded liability for the estimated present value of future benefits due under this agreement was \$4,143 and \$9,432, respectively, as of October 31, 2016 and 2015.

### I. 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.

Notes to Financial Statements

I. RETIREMENT PLAN - Continued

In addition to the 3% safe harbor contribution, for the years ended October 31, 2016 and 2015, 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 \$107,321 and \$105,794 for the year ended October 31, 2016 and 2015, respectively.

J. BOARD DESIGNATED NET ASSETS

Board designated net assets are available for the following areas:

	<u>2016</u>	<u>2015</u>
Operating reserve	\$ 7,226,022	\$ 7,226,022
Numismatic and library collections	1,266,886	1,364,472
NGC Settlement Fund	293,339	294,503
Publications	98,601	97,302
School of Numismatics	15,120	1,831
Defense fund	<u>12,619</u>	<u>12,619</u>
	<u>\$ 8,912,587</u>	<u>\$ 8,996,749</u>

K. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following areas:

	<u>2016</u>	<u>2015</u>
Numismatic collection	\$37,383,243	\$37,293,347
Contribution receivable from remainder trust	14,495,306	13,820,485
Program activities:		
Young Numismatists	353,182	359,301
Exhibit awards	327,911	333,513
Reward fund	163,951	162,348
Education Fund	160,960	163,069
College scholarships	158,814	150,832
Bob Lecce fund	125,065	120,689
Lecture series	112,699	112,309
Florance Shook School of Numismatic	72,279	91,861
Engraving program	66,843	78,696
Reagan staff education	49,434	49,434
Harry Bass	23,001	23,001
David Ganz	15,569	15,515
Education outreach	322	320
Rent	<u>79</u>	<u>82</u>
	<u>\$53,508,658</u>	<u>\$52,774,802</u>

Notes to Financial Statements

K. TEMPORARILY RESTRICTED NET ASSETS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended October 31, 2016 and 2015, temporarily restricted net assets were released from restrictions for the following programs:

	<u>2016</u>	<u>2015</u>
Young Numismatists	\$ 89,126	\$ 77,636
Bob Lecce fund	24,919	16,956
Florance Shook School of Numismatic	20,204	8,823
Engraving program	12,126	
Education outreach	7,676	1,000
Exhibit awards	4,649	4,669
Harry Bass		8,400
Lecture series	<u>0</u>	<u>3,300</u>
	<u>\$ 158,700</u>	<u>\$ 120,784</u>

L. 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.

## Notes to Financial Statements

### M. RELATED PARTY TRANSACTION

The Association contracted for Auctioneer services for the 2017 ANA National Money Show from a company that is majority-owned by a 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, 2016 and 2015, there were no payments related to the contract.

### N. PRIOR PERIOD ADJUSTMENT

Temporarily restricted net assets were overstated as of November 1, 2014, due to mathematical Excel formula errors in the summation of the detailed Numismatic Collection values. The Excel formula error was found during an internal review of the Collection data. Corrective actions have been taken and controls have been implemented to reduce the possibility of future mathematical errors. The correction has no effect on the results of the current or prior year's activities; however, the cumulative effect decreases beginning temporarily restricted net assets as of November 1, 2014, by \$391,491. The correction has been recorded according to GAAP. Had the error not occurred, the change in temporarily restricted net assets for the year ended October 31, 2014, would have been decreased by \$391,491.

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Program Services  
For the Year Ended October 31, 2016

	<u>Conventions</u>	<u>Editorial</u>	<u>Museum</u>	<u>Member Services</u>	<u>Summer Conference</u>	<u>Education</u>	<u>Library</u>	<u>Museum Store</u>	<u>Total</u>
Advertising & promotion	\$ 71,214	\$ 950	\$ 4,375	\$ 34,979	\$	\$ 1,094	\$	\$	\$ 112,612
Bank & credit card fees		11,485	1,149	16,079	5,743	2,297	574		37,327
Bass Gallery			22,757						22,757
Computer services	4,413	1,298	3,894	9,864	1,298	3,894	11,826		36,487
Contract labor	36,988	40,956	13,668	35,537	3,645	13,668	2,734	8,409	155,605
Cost of sales	49					380		31,622	32,051
Depreciation & amortization	52,812	16,713	156,417	10,924		22,699	82,622	3,039	345,226
Editorial & publications	432	189,344	173	22,183	173	1,023	6,851		220,179
Employee Benefits	47,836	102,374	61,371	41,609	11,791	42,048	21,873	7,733	336,635
Events - education					199,183	54,999			254,182
Events - other	761,945	2,630	37	35,607	42,105	1,553			843,877
Equipment maintenance	7,546	2,388	23,590	1,561		3,243	11,806	434	50,568
Exhibits	26,172		58,654			1,336			86,162
Insurance	7,444	1,241	76,419	1,241		1,241	10,545		98,131
Mailings	4,568	103,573	1,844	63,102	2,094	10,554	2,668	27	188,430
Miscellaneous	18,624	11,575	2,141	32,655		7,396	9,199		81,590
Security & occupancy	185,228		93,374						278,602
Professional development	521		2,670	860		168			4,219
Salaries	189,869	370,200	214,086	157,470	115,032	150,332	82,456	20,594	1,300,039
Supplies	4,220	1,791	10,058	3,094	91	1,000	4,772		25,026
Telephone	3,299	1,847	1,232	1,945	246	1,232	985	369	11,155
Travel	138,270			1,440	44,787				184,497
Utilities	6,559	1,009	14,632	1,009		2,523	8,577	1,009	35,318
	<u>\$ 1,568,009</u>	<u>\$ 859,374</u>	<u>\$ 762,541</u>	<u>\$ 471,159</u>	<u>\$ 426,188</u>	<u>\$ 322,680</u>	<u>\$ 257,488</u>	<u>\$ 73,236</u>	<u>\$ 4,740,675</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Supporting Services  
For the Year Ended October 31, 2016

	<u>General &amp; Administrative</u>	<u>Marketing &amp; Fundraising</u>	<u>Membership Development</u>	<u>Total</u>
Advertising & promotion	\$	\$ 547	\$ 33,339	\$ 33,886
Bank & investment fees		2,871		2,871
Contract labor	39,940	4,556		44,496
Depreciation & amortization	152,093		1,953	154,046
Editorial & publications	84	2,837		2,921
Employee Benefits	130,877	9,481	7,005	147,363
Events - education	5,330			5,330
Equipment maintenance	22,012			22,012
Fund development		3,398		3,398
Insurance	19,228			19,228
Legal fees	51,249			51,249
Mailings	34	4,032		4,066
Miscellaneous	35,278			35,278
Professional development	5,964	530		6,494
Salaries	361,478	51,177	28,274	440,929
Supplies	10,544			10,544
Taxes	6,287			6,287
Telephone	5,555	123		5,678
Travel	952			952
Utilities	15,137			15,137
	<u>\$ 862,042</u>	<u>\$ 79,552</u>	<u>\$ 70,571</u>	<u>\$ 1,012,165</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Program Services  
For the Year Ended October 31, 2015

	<u>Conventions</u>	<u>Editorial</u>	<u>Museum</u>	<u>Member Services</u>	<u>Summer Conference</u>	<u>Education</u>	<u>Library</u>	<u>Museum Store</u>	<u>Total</u>
Advertising & promotion	\$ 86,002	\$ 950	\$ 7,997	\$ 17,525	\$	\$ 1,999	\$	\$	\$ 114,473
Bad debt							105		105
Bank & credit card fees	14,114	9,410	941	13,173	4,705	1,882	470		44,695
Bass Gallery			20,271						20,271
Computer services	7,359	2,563	6,493	16,450	2,164	6,493	12,096		53,618
Contract labor	37,746	34,976	17,697	27,402	2,811	10,539	11,113		142,284
Cost of sales	3,439		36	(2,605)		472		27,893	29,235
Depreciation & amortization	53,469	16,920	158,360	11,060		22,981	83,648	3,076	349,514
Editorial & publications	565	185,295	226	15,898	226	226	6,251		208,687
Employee Benefits	50,632	105,293	55,451	43,379	17,493	56,179	16,165	7,385	351,977
Events - education					175,239	37,233			212,472
Events - other	583,987	1,325	125	29,854	37,763	797			653,851
Equipment maintenance	8,029	2,541	24,169	1,661		3,451	12,560	462	52,873
Exhibits	37,330		22,739			8,625			68,694
Insurance	6,306	1,051	73,763	1,051		1,051	8,934		92,156
Mailings	9,046	92,976	1,422	45,362	3,169	4,889	2,723		159,587
Miscellaneous	1,114	17,388	5,169	29,583		4,190	2,414		59,858
Security & occupancy	147,806		86,380						234,186
Professional development	977	109	3,914	432		45			5,477
Salaries	193,337	370,452	216,469	151,175	79,714	193,461	69,646	23,595	1,297,849
Supplies	3,614	1,969	8,241	2,521	(353)	353	4,222		20,567
Telephone	4,164	1,944	1,296	1,960	259	1,296	1,037	389	12,345
Travel	109,780				37,655	(1,595)			145,840
Utilities	8,104	1,247	18,079	1,247		3,117	10,598	1,247	43,639
	<u>\$ 1,366,920</u>	<u>\$ 846,409</u>	<u>\$ 729,238</u>	<u>\$ 407,128</u>	<u>\$ 360,845</u>	<u>\$ 357,684</u>	<u>\$ 241,982</u>	<u>\$ 64,047</u>	<u>\$ 4,374,253</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Supporting Services  
For the Year Ended October 31, 2015

	<u>General &amp; Administrative</u>	<u>Marketing &amp; Fundraising</u>	<u>Membership Development</u>	<u>Total</u>
Advertising & promotion	\$	\$ 5,482	\$ 14,526	\$ 20,008
Bank & investment fees		2,353		2,353
Computer services	2			2
Contract labor	76,134	3,513		79,647
Depreciation & amortization	155,961			155,961
Editorial & publications	112	5,868		5,980
Employee Benefits	112,097	8,984	6,748	127,829
Events - education	11,674			11,674
Events - other	25,787			25,787
Equipment maintenance	23,418			23,418
Fund development		7,770		7,770
Insurance	16,292			16,292
Legal fees	104,664			104,664
Mailings		4,992		4,992
Miscellaneous	19,964			19,964
Security	86,380			86,380
Professional development	14,667			14,667
Salaries	253,917	46,086	26,821	326,824
Supplies	8,190			8,190
Taxes	6,551			6,551
Telephone	6,644	130		6,774
Travel	1,264			1,264
Utilities	18,702			18,702
	<u>\$ 942,420</u>	<u>\$ 85,178</u>	<u>\$ 48,095</u>	<u>\$ 1,075,693</u>

See Notes to Financial Statements