



**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**OCTOBER 31, 2011 AND 2010**

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## INDEPENDENT AUDITOR'S REPORT

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Board of Governors  
**American Numismatic Association**  
Colorado Springs, Colorado

We have audited the accompanying statements of financial position of the American Numismatic Association as of October 31, 2011 and 2010 and the related statements of activities and of cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Numismatic Association as of October 31, 2011 and 2010, and the change in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statements of functional expenses are presented for the purpose 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.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
August 6, 2012

**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**OCTOBER 31, 2011 AND 2010**

<b><u>ASSETS</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Current assets:		
Cash and equivalents	\$ 118,254	\$ 623,445
Investments	6,997,718	7,242,368
Investments - Ben E. Keith Co.	8,164,506	7,638,675
Prepaid expenses and other current assets	944,938	377,106
<u>Total current assets</u>	<u>16,225,416</u>	<u>15,881,594</u>
Property and equipment:		
Furniture, fixtures and equipment	1,206,516	1,206,772
Museum galleries and cases	1,285,507	1,268,737
Building and improvements	4,367,698	4,365,321
	6,859,721	6,840,830
Accumulated depreciation	(4,690,029)	(4,487,845)
<u>Net property and equipment</u>	<u>2,169,692</u>	<u>2,352,985</u>
Other assets:		
Numismatic collections	35,990,410	35,983,385
Contribution receivable from remainder trust	13,450,542	10,420,151
<u>Total other assets</u>	<u>49,440,952</u>	<u>46,403,536</u>
<u>Total assets</u>	<u>\$ 67,836,060</u>	<u>\$ 64,638,115</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**OCTOBER 31, 2011 AND 2010**

<b><u>LIABILITIES AND NET ASSETS</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Current liabilities:		
<u>Accounts payable and accrued liabilities</u>	\$ 813,093	\$ 781,964
<u>Deferred revenue</u>	418,810	706,123
<u>Total current liabilities</u>	1,231,903	1,488,087
Long-term liabilities:		
<u>Deferred life membership fees</u>	1,178,405	1,300,800
<u>Accrued pension liability</u>	852,046	428,061
<u>Other liabilities</u>	86,261	94,977
<u>Total liabilities</u>	3,348,615	3,311,925
Net assets:		
Unrestricted:		
<u>Designated for future use</u>	9,601,081	8,069,033
<u>Equity in property and equipment</u>	2,169,692	2,352,985
<u>Undesignated</u>	2,072,175	3,022,855
<u>Total unrestricted</u>	13,842,948	13,444,873
Temporarily restricted:		
<u>Numismatic collection</u>	35,990,410	35,983,385
<u>Contribution receivable from remainder trust</u>	13,450,542	10,420,151
<u>Program activities</u>	1,152,494	1,426,730
<u>Total temporarily restricted</u>	50,593,446	47,830,266
Permanently restricted	51,051	51,051
<u>Total net assets</u>	64,487,445	61,326,190
<u>Total liabilities and net assets</u>	<u>\$ 67,836,060</u>	<u>\$ 64,638,115</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED OCTOBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues:</b>				
Membership dues and fees	\$ 4,091,589	\$ -	\$ -	\$ 4,091,589
Contributions	146,468	216,905	-	363,373
Investment income	610,363	3,279,955	-	3,890,318
Other income, net	1,543,541	37,503	-	1,581,044
<b>Total revenues</b>	<b>6,391,961</b>	<b>3,534,363</b>	<b>-</b>	<b>9,926,324</b>
Satisfaction of purpose restrictions	771,183	(771,183)	-	-
	<u>7,163,144</u>	<u>2,763,180</u>	<u>-</u>	<u>9,926,324</u>
<b>Expenses:</b>				
<b>Program:</b>				
Conventions	1,825,825	-	-	1,825,825
Enterprise	14,433	-	-	14,433
Editorial	882,868	-	-	882,868
Summer conference	468,764	-	-	468,764
Education	285,290	-	-	285,290
Museum	691,473	-	-	691,473
Library	224,280	-	-	224,280
Member services	446,525	-	-	446,525
	<u>4,839,458</u>	<u>-</u>	<u>-</u>	<u>4,839,458</u>
<b>Supporting services:</b>				
General and administrative	1,334,630	-	-	1,334,630
Fundraising	166,996	-	-	166,996
Increase in pension liability	423,985	-	-	423,985
<b>Total expenses</b>	<b>6,765,069</b>	<b>-</b>	<b>-</b>	<b>6,765,069</b>
<b>Change in net assets</b>	<b>398,075</b>	<b>2,763,180</b>	<b>-</b>	<b>3,161,255</b>
Net assets, beginning of year	13,444,873	47,830,266	51,051	61,326,190
<b>Net assets, end of year</b>	<b>\$ 13,842,948</b>	<b>\$ 50,593,446</b>	<b>\$ 51,051</b>	<b>\$ 64,487,445</b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED OCTOBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues:</b>				
Membership dues and fees	\$ 3,339,967	\$ -	\$ -	\$ 3,339,967
Contributions	130,782	57,782	-	188,564
Investment income	159,586	4,205,801	-	4,365,387
Other income, net	1,052,185	39,837	-	1,092,022
<b>Total revenues</b>	<b>4,682,520</b>	<b>4,303,420</b>	<b>-</b>	<b>8,985,940</b>
Satisfaction of purpose restrictions	515,694	(515,694)	-	-
	<u>5,198,214</u>	<u>3,787,726</u>	<u>-</u>	<u>8,985,940</u>
<b>Expenses:</b>				
<b>Program:</b>				
Conventions	1,235,759	-	-	1,235,759
Enterprise	87	-	-	87
Editorial	896,753	-	-	896,753
Summer conference	440,562	-	-	440,562
Education	359,294	-	-	359,294
Museum	590,509	-	-	590,509
Library	225,022	-	-	225,022
Member services	459,697	-	-	459,697
	<u>4,207,683</u>	<u>-</u>	<u>-</u>	<u>4,207,683</u>
<b>Supporting services:</b>				
General and administrative	993,136	-	-	993,136
Fund-raising	119,513	-	-	119,513
Increase in pension liability	515,692	-	-	515,692
<b>Total expenses</b>	<b>5,836,024</b>	<b>-</b>	<b>-</b>	<b>5,836,024</b>
<b>Change in net assets</b>	<b>(637,810)</b>	<b>3,787,726</b>	<b>-</b>	<b>3,149,916</b>
Net assets, beginning of year	14,082,683	44,042,540	51,051	58,176,274
<b>Net assets, end of year</b>	<b>\$ 13,444,873</b>	<b>\$ 47,830,266</b>	<b>\$ 51,051</b>	<b>\$ 61,326,190</b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

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**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED OCTOBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 3,161,255	\$ 3,149,916
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gain on investments	(669,852)	(1,453,282)
Depreciation	267,961	249,161
Change in value of split-interest agreements	(3,030,391)	(1,233,878)
Increase in operating assets:		
Prepaid expenses and other current assets	(567,832)	57,972
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	446,398	(921,255)
Deferred revenue	(409,708)	23,559
Net cash used in operating activities	<u>(802,169)</u>	<u>(127,807)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of investments, net	(211,329)	(3,128,481)
Proceeds from sales of investments	600,000	-
Purchases of property and equipment	(84,668)	(25,409)
Capitalizable collection costs	(7,025)	-
Net cash used in investing activities	<u>296,978</u>	<u>(3,153,890)</u>
Net decrease in cash and equivalents	(505,191)	(3,281,697)
Cash and equivalents, beginning of year	<u>623,445</u>	<u>3,905,142</u>
Cash and equivalents, end of year	<u>\$ 118,254</u>	<u>\$ 623,445</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

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**1. ORGANIZATION AND 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.

Basis of accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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; 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.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting estimates used in the preparation of the Association's financial statements relate to the estimated useful lives of property and equipment, deferred membership fees, functional allocation of expenses to program and support services, and actuarial estimates used to ensure that the pension funds are adequate to meet related obligations.

See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Cash and equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments maturing within three months of their acquisition to be cash equivalents, if not restricted by contributors or designated by the board for long-term investment. Highly liquid investments restricted by contributors or designated by the board for long-term investment are classified as investments.

Accounts receivables

Accounts receivable are recorded at the amount the Association expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and expenses balances that are not expected to be collected. The Association provides an allowance for uncollectible accounts receivable, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. The allowance for doubtful accounts was \$5,732 and \$20,420, respectively, as of October 31, 2011 and 2010. Accounts receivable have been included in other current assets.

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. Contributions receivable have been included in other current assets.

As of October 31, 2011 and 2010, the Association considers all contribution receivable to be fully collectible; accordingly, no allowance for doubtful contributions has been recorded.

Inventory

The Association's inventory balance consists of retail items, awards and medals and correspondence course materials, and is stated at the lower of cost or market value, on a first-in, first-out ("FIFO") method. Inventory balances have been included in other current assets.

See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are carried at fair value in the statement of financial position. Investments in equity securities which do not have readily determinable fair values are carried at estimated fair values, which are based on estimates from the issuing company, from independent valuations or management's estimates based on the issuing company's book value from their audited financial statements.

Numismatic collections

The Association maintains a numismatic collection of over 300,000 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 on the statement of financial position at the estimated fair value of the items in accordance with US GAAP.

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 on 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.

Library collection

Library collection items are not carried as assets on 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.

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**AMERICAN NUMISMATIC ASSOCIATION**  
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**OCTOBER 31, 2011 AND 2010**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Property and equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from five to forty years for buildings and land improvements and three to ten years for furniture and equipment.

Depreciation expense was \$267,961 and \$249,161, respectively, for the years ended October 31, 2011 and 2010.

Deferred life membership fees

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

Service fees

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

Net assets and contributions

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

- a) **Unrestricted** - amounts invested in property and equipment and those currently available for use in the Association's general operating activities.
- b) **Temporarily restricted** - amounts which are stipulated by donors for specific operating purposes or restricted due to time restrictions (see Note 8).
- c) **Permanently restricted** - amounts which are not available for program expenses or other organizational needs (see Note 9).

In accordance with US GAAP, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of donor restrictions.

See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Net assets and contributions (continued)

Contribution revenue is recorded when cash is received, when unconditional promises are made, or when ownership of contributed assets are transferred to the Association. Donor-restricted contributions with restrictions that are met in the same reporting period as the contribution is made are reported as unrestricted support.

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 \$171,629 and \$110,892, respectively, for the years ended October 31, 2011 and 2010.

Income taxes

The Association is a not-for-profit corporation which is not classified as a private foundation by the Internal Revenue Service. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Income taxes (continued)

The Association evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC 450, *Contingencies*. The Association discloses any material adjustments as a result of tax examinations. The Association reports interest and penalties resulting from these adjustments as interest expense and other expenses, as applicable. There were no tax examinations or adjustments during the years ended October 31, 2011 or 2010. Management believes tax returns for the years 2006 through 2009 are subject to audit by the applicable taxing jurisdictions.

Subsequent events

Management has evaluated subsequent events through the date of report, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**2. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES**

US GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** - Quoted prices in active markets for identical assets or liabilities.

**Level 2** - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

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**2. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

Investments

The Association invests in various money market funds, bonds and mutual funds. Because quoted market prices are available for identical securities in an active market, these securities are classified within Level 1 of the valuation hierarchy.

The Association also holds stock in a closely-held corporation which is not actively traded. The estimated fair value of these securities is based on a certain percentage of the book value of the corporation and, accordingly, these securities are classified within Level 3 of the valuation hierarchy.

Fair value measurements of assets recognized in the accompanying financial statements, measured at fair value on a recurring basis, consist of the following as of October 31,:

	<b>2011</b>		
	Level 1	Level 2	Level 3
Cash and money market	\$ 36,429	\$ -	\$ -
Equity securities	1,997,850	-	-
Mutual funds	4,963,439	-	-
Closely-held corporate stock	-	-	8,164,506
<b>Total</b>	<b><u>\$ 6,997,718</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,164,506</u></b>
	<b>2010</b>		
	Level 1	Level 2	Level 3
Cash and money market	\$ 165,073	\$ -	\$ -
Equity securities	2,432,147	-	-
Mutual funds	4,645,148	-	-
Closely-held corporate stock	-	-	7,638,675
<b>Total</b>	<b><u>\$ 7,242,368</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,638,675</u></b>

See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

The following table represents the cost and market value of the Association's investments as of October 31, 2011 and 2010:

	<b>2011</b>	
	Cost	Value
Current:		
Readily determinable fair values available:		
Cash and money market	\$ 36,429	\$ 36,429
Equity securities	1,863,571	1,997,850
Mutual funds	3,772,820	4,963,439
	5,672,820	6,997,718
Donated corporate stock - Ben E. Keith Co.	789,789	8,164,506
Total investments	\$ 6,462,609	\$ 15,162,224

	<b>2010</b>	
	Cost	Value
Current:		
Readily determinable fair values available:		
Cash and money market	\$ 165,073	\$ 165,073
Equity securities	2,334,927	2,432,147
Mutual funds	3,772,820	4,645,148
	6,272,820	7,242,368
Donated corporate stock - Ben E. Keith Co.	789,789	7,638,675
Total investments	\$ 7,062,609	\$ 14,881,043

Total investment return is comprised of the following for the years ended October 31,:

	<b>2011</b>	<b>2010</b>
Interest and dividend income	\$ 190,073	\$ 117,754
Net realized and unrealized gains on investments	669,854	1,852,279
Change in value of split-interest agreements	3,030,391	2,395,354
Total investment income	\$ 3,890,318	\$ 4,365,387

See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

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**3. 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 2, to be received by the Association in the future after the deaths of certain beneficiaries of the trust. Present value is based on the expected life of the income beneficiaries and 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, 2011 and 2010.

**4. DEFINED BENEFIT PENSION PLAN**

The Association has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. The Association's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such additional amounts as the Association may determine to be appropriate from time to time.

Information about the plan's funded status as of October 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Fair value of plan assets	\$ 1,198,207	\$ 1,088,716
Benefit obligation	<u>(2,050,253)</u>	<u>(1,516,777)</u>
Funded status - shortfall	<u>\$ (852,046)</u>	<u>\$ (428,061)</u>

The liability recognized in the statement of financial position as of October 31, 2011 and 2010 are as follows:

Pension obligations	<u>\$ 852,046</u>	<u>\$ 428,061</u>
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See independent auditor's report

**AMERICAN NUMISMATIC ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The present value of future plan benefits, which is the actuarial present value of projected benefits, is a standardized disclosure measure of benefits estimated to be payable in the future as a result of employee service through the effective date of the study. Per the study, the unfunded actuarial liability under the plan was as follows on that date for the years ended October 31:

	<u>2011</u>	<u>2010</u>
Accumulated benefit obligation	\$ 1,846,202	\$ 1,390,769
Projected benefit obligation	\$ 2,050,253	\$ 1,516,777
Fair value of plan assets	\$ 1,198,207	\$ 1,088,716
Funded status - shortfall	\$ 852,046	\$ 428,061

Other significant balances and costs are:

Employer contribution	\$ 135,000	\$ 120,000
Benefits paid	\$ 177,212	\$ 14,154
Benefits costs	\$ 100,238	\$ 110,640
Net periodic benefit cost	\$ 136,695	\$ 155,735

Significant assumptions include:

Weighted-average assumptions used to determine benefit obligations are:

Discount rate	6.00%	6.00%
Rate of compensation increase	2.00%	2.00%

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**AMERICAN NUMISMATIC ASSOCIATION**  
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**4. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Weighted-average assumptions used to determine net periodic benefit cost for the indicated fiscal years ended:

Discount rate	6.00%
Expected long-term return on plan assets	6.00%
Rate of compensation increase	2.00%

The Association has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Benefits expected to be paid by the plan during the five years ending October 31, 2012 through 2016 and thereafter are approximately as follows:

Years Ending October 31,	
2012	\$ 61,418
2013	65,964
2014	73,144
2015	75,889
2016	74,654
2017 - 2022	<u>499,601</u>
Total	<u>\$ 850,670</u>

The Association's overall strategy is to invest in high-grade securities and other assets with a minimum risk of market value fluctuation. The overall expected rate of return on plan assets is based on historical results adjusted for anticipated market movement.

Plan assets are re-balanced quarterly. At October 31, 2011 and 2010 all plan assets were annuities and are Level 1 assets in the fair value hierarchy.

**5. SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

US GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

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**AMERICAN NUMISMATIC ASSOCIATION**  
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**5. SIGNIFICANT ESTIMATES AND CONCENTRATIONS (CONTINUED)**

Credit risk

Certain financial instruments potentially subject the Association to concentrations of credit risk. These financial instruments consist primarily of investments. The Association invests in what management considers to be high quality investment instruments and attempts to limit the amount of credit exposure at any one entity or in any one industry.

Current economic conditions

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, and constraints on liquidity. The financial statements have been prepared using values and information currently available to the Association.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Association's ability to maintain sufficient liquidity.

**6. 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 \$58,112 and \$61,722, respectively as of October 31, 2011 and 2010. 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, 2011 and 2010.

**7. 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 \$36,175 and \$41,995, respectively as of October 31, 2011 and 2010.

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**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or years as of October 31:

	<u>2011</u>	<u>2010</u>
Program activities:		
Young Numismatists	\$ 517,847	\$ 545,107
Exhibit awards	221,378	151,748
Lecture series	108,082	109,550
Engraving program	97,652	104,912
Bob Lecce fund	81,575	-
Reagan staff education	48,166	48,127
David Ganz	14,339	14,202
Education outreach	301	301
Rent	83	89
Other	-	380,273
	<hr/>	<hr/>
Total restricted as to purpose	1,152,494	1,426,730
Numismatic collection	35,990,410	35,983,385
Contribution receivable from remainder trust	13,450,542	10,420,151
	<hr/>	<hr/>
Total	<u>\$ 50,593,446</u>	<u>\$ 47,830,266</u>

**9. PERMANENTLY RESTRICTED NET ASSETS**

The Association's endowment consist of one endowment fund for which the total investments to be held indefinitely and income from the investments can be used for library books and videos. The purpose of the endowment fund is to meet program specifications. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2008, the state of Colorado adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Association has interpreted UPMIFA as requiring the preservation of the original fair value of the gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

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**9. PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

The Association has investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowments. The Association's endowment assets are invested in a manner that is intended to produce the highest possible rate of return consistent with the Association's risk tolerances.

**10. 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 entered into a three year computer service agreement with an individual for professional services.

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.

In the ordinary course of business, the Association is a party to legal proceedings, the outcome of which, individually and in the aggregate, is not expected to be material to the Association's business or financial condition.

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## **SUPPLEMENTAL INFORMATION**

**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED OCTOBER 31, 2011**

	<b>Program Services</b>				
	Conventions	Enterprise	Editorial	Summer Conference	Education
Advertising and promotion	\$ 155,136	\$ -	\$ 950	\$ 680	\$ 1,444
Bad debt	2,726	-	-	-	-
Bank and investment fees	19,174	-	12,783	6,391	2,557
Bass Gallery	-	-	-	-	-
Computer services	2,485	-	731	731	2,192
Contract labor	35,227	-	53,560	310	1,163
Cost of sales	-	-	-	-	-
Depreciation	12,058	-	12,058	12,058	12,058
Editorial and publications	2,298	-	279,888	919	5,249
Election	-	-	-	-	-
Employee benefits	36,745	-	59,053	25,227	32,122
Events-education	-	(90)	-	197,179	50,044
Events-other	894,147	-	-	55,688	-
Equipment maintenance	6,856	-	2,170	-	2,947
Exhibits	46,343	-	-	-	-
Fund development	-	-	-	-	-
Insurance	4,628	-	771	-	771
Legal fees	-	-	-	-	-
Mailings	11,106	14,523	140,238	1,584	3,285
Miscellaneous	1,731	-	35,567	1,349	3,151
Security (occupancy)	172,208	-	-	-	-
Professional development	1,501	-	-	-	-
Salaries	182,932	-	278,878	131,765	159,099
Supplies	2,992	-	2,753	-	2,917
Taxes	-	-	-	-	-
Telephone	3,187	-	2,149	-	1,517
Travel	223,767	-	-	34,881	1,475
Utilities	8,579	-	1,320	-	3,300
<b>Total expenses</b>	<b>\$ 1,825,825</b>	<b>\$ 14,433</b>	<b>\$ 882,868</b>	<b>\$ 468,764</b>	<b>\$ 285,290</b>

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**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED OCTOBER 31, 2011**

<b>Program Services</b>				<b>Supporting Services</b>			<b>Grand Total</b>
<b>Museum</b>	<b>Library</b>	<b>Member Services</b>	<b>Total</b>	<b>General and administrative</b>	<b>Fundraising</b>	<b>Total</b>	
\$ 5,777	\$ -	\$ 6,919	\$ 170,907	\$ -	\$ 722	\$ 722	\$ 171,629
200	336	-	3,262	-	-	-	3,262
1,278	639	17,896	60,717	-	3,196	3,196	63,913
23,088	-	-	23,088	-	-	-	23,088
2,192	11,257	5,554	25,141	-	-	-	25,141
49,575	1,339	3,023	144,195	43,885	388	44,272	188,467
20,128	-	-	20,128	-	-	-	20,128
82,798	32,155	12,058	175,245	92,716	-	92,716	267,961
919	11,259	22,368	322,901	460	131	591	323,492
-	-	-	-	29,269	-	29,269	29,269
40,357	17,695	40,477	251,675	202,863	-	202,863	454,538
-	-	2,519	249,653	-	-	-	249,653
529	-	58,214	1,008,578	116	-	116	1,008,694
21,034	11,741	1,418	46,165	18,982	-	18,982	65,147
61,567	-	-	107,909	-	-	-	107,909
-	-	-	-	-	65,457	65,457	65,457
72,765	6,557	771	86,265	11,957	-	11,957	98,222
-	-	-	-	422,324	-	422,324	422,324
2,621	3,287	42,859	219,502	-	1,936	1,936	221,438
5,276	7,940	44,081	99,095	1,154	-	1,154	100,249
69,884	-	-	242,092	-	-	-	242,092
-	-	-	1,501	611	-	611	2,112
198,548	105,314	181,297	1,237,833	461,067	93,239	554,305	1,792,138
7,781	2,818	3,592	22,854	12,644	-	12,644	35,498
-	-	-	-	6,760	-	6,760	6,760
1,517	722	2,160	11,252	9,337	-	9,337	20,589
3,181	-	-	263,303	688	1,928	2,616	265,919
20,459	11,219	1,320	46,197	19,799	-	19,799	65,996
<u>\$ 691,473</u>	<u>\$ 224,280</u>	<u>\$ 446,525</u>	<u>\$ 4,839,458</u>	<u>\$ 1,334,630</u>	<u>\$ 166,996</u>	<u>\$ 1,501,626</u>	<u>\$ 6,341,084</u>

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**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED OCTOBER 31, 2010**

	<b>Program Services</b>				
	<u>Conventions</u>	<u>Enterprise</u>	<u>Editorial</u>	<u>Summer Conference</u>	<u>Education</u>
Advertising and promotion	\$ 20,317	\$ -	\$ 835	\$ -	\$ 6,455
Bad debt	5,250	-	9,510	-	-
Bank and investment fees	20,596	-	13,731	6,865	2,746
Bass Gallery	-	-	-	-	-
Committee and volunteers					
Computer services	1,876	-	2,773	552	1,655
Contract labor	23,846	-	33,960	402	1,508
Cost of sales	-	31	-	-	2,551
Depreciation	11,212	-	11,212	11,212	11,212
Editorial and publications	1,802	-	287,415	721	721
Election					
Employee benefits	40,162	-	76,886	35,128	54,397
Events-education	-	-	-	190,284	53,826
Events-museum					
Events-other	608,770	-	19,960	34,699	-
Equipment maintenance	6,171	-	1,953	-	2,652
Executive search	-	-	-	-	-
Exhibits	98,900	-	-	-	-
Fund development	-	-	-	-	-
Insurance	5,020	-	837	-	837
Legal fees	-	-	-	-	-
Mailings	6,686	36	141,610	1,667	3,173
Miscellaneous	1,631	20	-	-	1,631
Security (occupancy)	112,745	-	-	-	-
Professional development	1,988	-	468	-	-
Salaries	165,729	-	284,354	136,709	209,369
Supplies	3,449	-	7,136	-	1,341
Taxes	-	-	-	-	-
Telephone	3,609	-	2,812	-	2,004
Travel	87,917	-	57	22,322	107
Utilities	8,083	-	1,244	-	3,109
<b>Total expenses</b>	<b>\$ 1,235,759</b>	<b>\$ 87</b>	<b>\$ 896,753</b>	<b>\$ 440,562</b>	<b>\$ 359,294</b>

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**AMERICAN NUMISMATIC ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED OCTOBER 31, 2010**

Program Services				Supporting Services			Grand Total
Museum	Library	Member Services	Total	General and administrative	Fundraising	Total	
\$ 25,818	\$ -	\$ 15,344	\$ 68,769	\$ -	\$ 3,227	\$ 3,227	\$ 71,996
-	866	-	15,626	1,002	-	1,002	16,628
1,373	687	19,223	65,221	-	3,433	3,433	68,654
19,605	-	-	19,605	-	-	-	19,605
-	-	-	-	-	-	-	-
1,655	5,862	4,193	18,566	-	-	-	18,566
6,814	1,566	3,921	72,017	29,471	503	29,974	101,991
25,274	-	3,993	31,850	-	-	-	31,850
77,740	30,645	11,212	164,446	84,715	-	84,715	249,161
721	721	20,912	313,013	360	-	360	313,373
-	-	-	-	-	-	-	-
36,607	18,176	54,266	315,623	103,758	7,949	111,707	427,330
-	-	332	244,442	-	900	900	245,342
-	-	-	-	-	-	-	-
298	-	29,080	692,807	219	-	219	693,026
19,459	9,653	1,276	41,164	17,999	-	17,999	59,163
-	-	182	182	647	-	647	829
53,548	-	-	152,448	-	-	-	152,448
-	-	-	-	-	15,758	15,758	15,758
85,185	7,112	837	99,828	12,969	-	12,969	112,797
-	-	-	-	289,749	-	289,749	289,749
7,091	3,606	47,060	210,929	-	337	337	211,266
3,082	41,435	41,088	88,887	25,477	-	25,477	114,364
45,214	-	-	157,959	-	-	-	157,959
-	-	-	2,456	1,379	-	1,379	3,835
149,043	83,573	198,590	1,227,367	376,574	85,290	461,865	1,689,232
10,723	9,723	3,105	35,477	10,783	188	10,971	46,448
-	-	-	-	6,692	-	6,692	6,692
1,985	827	2,340	13,577	10,144	-	10,144	23,721
-	-	1,497	111,900	2,543	1,928	4,471	116,371
19,274	10,570	1,244	43,524	18,653	-	18,653	62,177
<u>\$ 590,509</u>	<u>\$ 225,022</u>	<u>\$ 459,697</u>	<u>\$ 4,207,683</u>	<u>\$ 993,136</u>	<u>\$ 119,513</u>	<u>\$ 1,112,649</u>	<u>\$ 5,320,332</u>

See independent auditor's report.