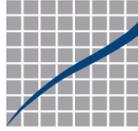




**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

MARCH 31, 2006 AND 2005



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Governors

AMERICAN NUMISMATIC ASSOCIATION

Colorado Springs, Colorado

We have audited the accompanying statement of financial position of the American Numismatic Association ("Association") as of March 31, 2006 and the related statements of activities and cash flows for the year 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 audit. The prior year comparative information has been derived from the Association's 2005 financial statements, which were audited by other auditors. That report dated July 19, 2005 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides 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 Association as of March 31, 2006 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BiggsKofford, P.C.

Colorado Springs, Colorado

June 22, 2006

**AMERICAN NUMISMATIC ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 186,777	\$ 187,290
Investments	11,589,491	11,235,301
Accounts receivable, net of allowance for doubtful accounts for \$5,762 and \$5,762, respectively	30,488	96,201
Contributions receivable, net of allowance for doubtful accounts for \$13,165 and \$13,300, respectively	79,642	99,996
Note receivable	-	86,444
Inventory	137,976	173,027
Prepaid expenses and other current assets	265,158	190,662
<u>Total current assets</u>	12,289,532	12,068,921
Contributions receivable from remainder trust	8,252,533	6,948,567
Property and equipment, net of accumulated depreciation	3,081,141	3,457,039
Numismatic collections	-	-
<u>Total assets</u>	<u>\$ 23,623,206</u>	<u>\$ 22,474,527</u>

See notes to financial statements.

	<u>2006</u>	<u>2005</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ 850,000	\$ 784,422
Accounts payable	376,067	412,251
Deferred revenue	1,859,255	1,612,743
Current portion of deferred compensation	41,973	39,214
<u>Total current liabilities</u>	<u>3,127,295</u>	<u>2,848,630</u>
Long-term liabilities:		
Deferred life membership fees	1,083,702	1,038,375
Deferred compensation	161,695	194,218
Accrued pension liability	1,234,246	982,482
Accrued postretirement benefits	65,577	66,104
<u>Total liabilities</u>	<u>5,672,515</u>	<u>5,129,809</u>
Net assets:		
Unrestricted:		
Designated for future use	7,618,309	8,679,851
Designated for future numismatic and library acquisitions	1,056,978	706,966
Undesignated	242,983	228,804
<u>Total unrestricted</u>	<u>8,918,270</u>	<u>9,615,621</u>
Temporarily restricted	8,981,370	7,678,046
Permanently restricted	51,051	51,051
<u>Total net assets</u>	<u>17,950,691</u>	<u>17,344,718</u>
<u>Total liabilities and net assets</u>	<u>\$ 23,623,206</u>	<u>\$ 22,474,527</u>

See notes to financial statements.

**AMERICAN NUMISMATIC ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2006 AND 2005**

	2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Service fees	\$ 1,377,992	\$ -	\$ -	\$ 1,377,992
Membership dues and fees	885,781	-	-	885,781
Contributions	240,619	5,633	-	246,252
Investment income	1,321,704	38,099	-	1,359,803
Change in value of split-interest agreements	-	1,303,966	-	1,303,966
Advertising	814,576	-	-	814,576
Sales	372,029	-	-	372,029
Seminars	267,098	-	-	267,098
Other	117,123	67,326	-	184,449
Total revenues	5,396,922	1,415,024	-	6,811,946
Net assets released from restrictions:				
Satisfaction of purpose restrictions	111,700	(111,700)	-	-
Total revenues other support	5,508,622	1,303,324	-	6,811,946
Expenses:				
Program:				
Publications	1,042,596	-	-	1,042,596
Conventions	1,116,532	-	-	1,116,532
Education	622,843	-	-	622,843
Museum	667,314	-	-	667,314
Member services	556,753	-	-	556,753
Enterprise	414,231	-	-	414,231
Library	264,674	-	-	264,674
	4,684,943	-	-	4,684,943
Supporting services:				
General and administrative	1,132,343	-	-	1,132,343
Fund-raising	136,923	-	-	136,923
Total expenses	5,954,209	-	-	5,954,209
Change in net assets	(445,587)	1,303,324	-	857,737
Other decrease in net assets:				
Pension liability	(251,764)	-	-	(251,764)
Net assets, beginning of year	9,615,621	7,678,046	51,051	17,344,718
Net assets, end of year	\$ 8,918,270	\$ 8,981,370	\$ 51,051	\$ 17,950,691

See notes to financial statements.

**AMERICAN NUMISMATIC ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2006 AND 2005**

	2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Service fees	\$ 1,191,811	\$ -	\$ -	\$ 1,191,811
Membership dues and fees	981,389	-	-	981,389
Contributions	718,074	138,466	-	856,540
Investment income	813,255	9,800	-	823,055
Change in value of split-interest agreements	-	670,059	-	670,059
Advertising	630,589	-	-	630,589
Sales	425,225	-	-	425,225
Seminars	274,572	-	-	274,572
Other	104,075	-	-	104,075
Total revenues	5,138,990	818,325	-	5,957,315
Net assets released from restrictions:				
Satisfaction of purpose restrictions	25,274	(25,274)	-	-
Total revenues other support	5,164,264	793,051	-	5,957,315
Expenses:				
Program:				
Publications	914,255	-	-	914,255
Conventions	800,786	-	-	800,786
Education	765,666	-	-	765,666
Museum	602,267	-	-	602,267
Member services	516,801	-	-	516,801
Enterprise	411,916	-	-	411,916
Library	301,270	-	-	301,270
	4,312,961	-	-	4,312,961
Supporting services:				
General and administrative	616,318	-	-	616,318
Fund-raising	168,976	-	-	168,976
Total expenses	5,098,255	-	-	5,098,255
Change in net assets	66,009	793,051	-	859,060
Other decrease in net assets:				
Pension liability	(440,747)	-	-	(440,747)
Net assets, beginning of year	9,990,359	6,884,995	51,051	16,926,405
Net assets, end of year	\$ 9,615,621	\$ 7,678,046	\$ 51,051	\$ 17,344,718

See notes to financial statements.

**AMERICAN NUMISMATIC ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Change in net assets</u>	\$ 857,737	\$ 859,060
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
<u>Net realized and unrealized investment gains</u>	(1,131,548)	(593,326)
<u>Depreciation</u>	405,251	397,448
<u>Change in value of split-interest agreements</u>	(1,303,966)	(670,059)
Increase (decrease) in operating assets:		
<u>Accounts receivable</u>	65,713	73,471
<u>Contributions receivable</u>	20,354	3,940
<u>Inventories</u>	35,051	(27,719)
<u>Prepaid expenses and other current assets</u>	(74,496)	(81,699)
Increase (decrease) in operating liabilities:		
<u>Accounts payable and accrued liabilities</u>	(36,711)	(28,536)
<u>Deferred revenue</u>	291,839	149,480
<u>Deferred compensation</u>	(29,764)	(17,528)
<u>Net cash provided by (used in) operating activities</u>	<u>(900,540)</u>	<u>64,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
<u>Purchases of investments</u>	(1,248,253)	(1,369,484)
<u>Proceeds from sales of investments</u>	2,025,611	1,443,495
<u>Purchases of property and equipment</u>	(29,353)	(468,288)
<u>Payments received on note receivable</u>	86,444	3,540
<u>Net cash provided by (used in) investing activities</u>	<u>834,449</u>	<u>(390,737)</u>

See notes to financial statements.

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
<u>Net increase in line of credit</u>	\$ 65,578	\$ 200,000
<u>Proceeds from issuance of note payable</u>	-	284,422
<u>Net cash provided by financing activities</u>	<u>65,578</u>	<u>484,422</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	(513)	158,217
<u>Cash and cash equivalents, beginning of year</u>	<u>187,290</u>	<u>29,073</u>
<u>Cash and cash equivalents, end of year</u>	<u>\$ 186,777</u>	<u>\$ 187,290</u>

See notes to financial statements.

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**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

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 presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose 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 accounting principles generally accepted in the United States 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.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers cash deposits and liquid investments (purchased with original maturities of three months or less) as cash and cash equivalents.

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

**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.

Inventory

The Association's inventory consists of retail items, awards and medals and correspondence course materials, and are stated at lower of cost or market, on a first-in, first-out basis.

Numismatic collection

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.

Numismatic collection items are not carried as assets on the statement of financial position. Purchased numismatic collection items are included in expense on the statement of activity and donated numismatic collection items are not recorded as revenue nor expense on the statement of activity.

Library collection

Library collection items are not carried as assets on the statement of financial position. Purchased library collection items are included in expense on the statement of activity and donated library collection items are not recorded as revenue nor expense on the statement of activity.

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

**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 ranges from five to forty years for buildings and land improvements and three to ten years for furniture and equipment. Depreciation expense for the years ending March 31, 2006 and 2005 totaled \$405,251 and \$397,448, respectively.

Deferred life membership fees

Revenue recognition for life membership fees is 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 activity.

Service fees

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

Contributions

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 statements of activity 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.

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

**1. ORGANIZATION AND 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 expenses as incurred. Advertising expense for the years ended March 31, 2006 and 2005 totaled \$192,563 and \$237,255, respectively.

Federal 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.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform with current year presentation.

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

2. INVESTMENTS

Investments consist of the following:

	<u>2006</u>		<u>2005</u>	
	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Cost</u>	<u>Estimated Fair Value</u>
Readily determinable fair values available:				
Cash and money market	\$ 120,240	\$ 120,240	\$ 106,175	\$ 106,175
Equity securities	3,026,206	4,480,425	3,778,340	4,761,445
Bonds and bond funds	2,821,063	2,820,715	2,646,107	2,696,335
Readily determinable fair values not available:				
Donated corporate stock	<u>1,297,076</u>	<u>4,168,111</u>	<u>1,297,076</u>	<u>3,671,346</u>
Total investments	<u><u>\$ 7,264,585</u></u>	<u><u>\$ 11,589,491</u></u>	<u><u>\$ 7,827,698</u></u>	<u><u>\$ 11,235,301</u></u>

Investment income consists of the following:

	<u>2006</u>	<u>2005</u>
Interest and dividend income	\$ 228,255	\$ 229,729
Net realized and unrealized gains	<u>1,131,548</u>	<u>593,326</u>
Total investment income	<u><u>\$ 1,359,803</u></u>	<u><u>\$ 823,055</u></u>

Included in investments is donated corporate stock, which represents an equity interest in a closely-held corporation. The estimated fair value of the donated corporate stock is based on a certain percentage of the book value of the corporation, in accordance with a right of first refusal agreement to purchase the shares owned by the Association.

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

3. CONTRIBUTIONS RECEIVABLE FROM REMAINDER TRUST

Contributions receivable from the remainder trust are based on the estimated net present value of the estimated fair value of shares of the same closely-held corporation (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 6.25%.

The amount ultimately received from the remainder trust could differ materially in the near term from the contribution receivable recorded as of March 31, 2006.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2006	2005
Buildings and improvements	\$ 4,020,321	\$ 4,018,748
Furniture, fixtures and equipment	1,214,077	1,576,966
Museum galleries and cases	1,177,248	1,177,248
Subtotal	6,411,646	6,772,962
Accumulated depreciation	(3,330,505)	(3,315,923)
Subtotal	\$ 3,081,141	\$ 3,457,039

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

5. DEFINED BENEFIT PENSION PLAN

The Association has a noncontributory, defined benefit pension plan covering all employees who have completed at least 1,000 hours of service during a twelve consecutive month period and who have attained the age of 18.

The following information on the plan's funded status and amounts included in the financial statements are as of June 1, 2005 and 2004, the most recent actuarial valuation date:

	<u>2006</u>	<u>2005</u>
Actuarial present value of accumulated plan benefits:		
Vested	\$ 1,677,947	\$ 1,338,371
Nonvested	<u>209,846</u>	<u>191,100</u>
Total	1,887,793	1,529,471
Net assets available for plan benefits	<u>653,547</u>	<u>546,989</u>
Pension liability recognized in the balance sheet	<u>\$ 1,234,246</u>	<u>\$ 982,482</u>

The pension liability has been recognized in accordance with the provisions of Statement of Financial Accounting Standards No. 87.

Discount rate on the benefit obligation	4.49%	5.42%
Rate of expected return on plan assets	5.00%	5.00%
Rate of employee compensation increase	0.00%	0.00%

Company contributions	\$ 110,000	\$ 110,000
Benefits paid	\$ 23,305	\$ 299,456

The following is an analysis of plan assets by category:

Fair value as of June 1:		
Equity securities	28%	28%
Annuity	<u>72%</u>	<u>72%</u>
Total	<u>100%</u>	<u>100%</u>

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

The Association expects to contribute \$111,000 to the plan during the year ending March 31, 2007. Benefits expected to be paid by the plan during the next five years and thereafter are approximately as follows:

2007	\$	51,679
2008		54,323
2009		57,102
2010		60,024
2011		63,094
2012 - 2016		367,325

6. POSTRETIREMENT BENEFITS

The Association previously had a plan which provided, upon qualification and enactment of a retiree's Medicare benefits, that the Association will 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 is \$65,577 and \$66,104 as of March 31, 2006 and 2005, respectively. The assumed discount rate used in the present value calculation was 8%. 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 March 31, 2006 and 2005.

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

7. DEFERRED COMPENSATION

The Association has the following deferred compensation arrangements:

- Consulting agreements with two former employees that require payments even if no services are rendered. The recorded liability for the estimated present value of the amounts due under these agreements is \$99,675 and \$129,306 as of March 31, 2006 and 2005, respectively.
- 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 is \$51,839 and \$54,806 as of March 31, 2006 and 2005, respectively.
- A policy of providing directors and appointed officers a salary continuation benefit, payable upon retirement after age 65. During the year ended March 31, 2001, the Association discontinued this policy for future retirees; however, there is one retired employee that is receiving benefits under it. The recorded liability for the estimated present value of future benefits due under this agreement is \$27,255 and 35,520 as of March 31, 2006 and 2005, respectively.
- The Association has committed to forming a deferred compensation plan for the current Executive Director. A liability is recorded in the amount of \$24,900 for the funding of this plan. Since the plan has not been formed as of March 31, 2006, this amount is reflected as restricted cash in the accompanying statement of financial position.

8. LINE OF CREDIT

The Association has a line of credit agreement with a financial institution in the amount of \$1,000,000 dated May 16, 2005. The line of credit is due on demand; however, if no demand is made, the line of credit expires during August 2006. The line of credit bears interest at .25% below the prime rate and is unsecured. The line of credit requires the Association to maintain a maximum debt to tangible net worth of .40, measured annually.

**AMERICAN NUMISMATIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005**

9. RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of March 31:

	<u>2006</u>	<u>2005</u>
Program activities:		
Scholarships	\$ 370,176	\$ 273,487
Exhibit awards	134,783	134,221
Lecture series	108,478	103,492
Engraving programs	88,633	95,375
Education	-	50,607
Salaries of interns	-	46,302
Other	<u>26,767</u>	<u>25,995</u>
Total restricted as to purpose	728,837	729,479
Contributions receivable from remainder trust	<u>8,252,533</u>	<u>6,948,567</u>
Total	<u>\$ 8,981,370</u>	<u>\$ 7,678,046</u>

Permanently restricted net assets consist of contributions to be held indefinitely. The income from the investments can be used for library books and videos.

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 established.

The Association has entered into a contract for rental space at one convention center for a future convention.

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.