

**AMERICAN NUMISMATIC  
ASSOCIATION**

**Financial Statements &  
Supplementary Information**

**For the Years Ended October 31, 2018 and 2017**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of American Numismatic Association (a nonprofit corporation), which comprise the statements of financial position as of October 31, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years 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 16, 2019

AMERICAN NUMISMATIC ASSOCIATION  
Statements of Financial Position  
October 31, 2018 and 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 414,430	\$ 202,091
Investments	24,486,082	13,918,914
Accounts receivable, net	77,263	37,857
Inventory	45,422	55,306
Prepaid expenses	<u>158,097</u>	<u>170,701</u>
Total current assets	25,181,294	14,384,869
DESIGNATED INVESTMENTS	336,661	8,823,293
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture, fixtures, and equipment	1,730,284	1,700,106
Museum galleries and cases	1,275,417	1,276,235
Building and improvements	4,759,984	4,754,518
Less accumulated depreciation	<u>(6,489,053)</u>	<u>(6,280,836)</u>
Property and equipment - net	1,276,632	1,450,023
<b>OTHER ASSETS:</b>		
Numismatic collections	37,865,973	37,534,134
Contribution receivable from remainder trust	<u>21,652,256</u>	<u>17,290,340</u>
Total other assets	<u>59,518,229</u>	<u>54,824,474</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 86,312,816</u></b>	<b><u>\$ 79,482,659</u></b>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 179,277	\$ 295,539
Accrued liabilities	95,276	112,095
Deferred revenue	<u>616,673</u>	<u>725,442</u>
Total current liabilities	891,226	1,133,076
<b>LONG TERM LIABILITIES:</b>		
Non-current deferred revenue	1,287,549	1,322,529
Other liabilities	<u>33,275</u>	<u>36,052</u>
Total liabilities	2,212,050	2,491,657
<b>NET ASSETS:</b>		
Unrestricted		
Board designated	336,661	8,823,293
Equity in property and equipment	1,276,632	1,450,023
Undesignated	<u>21,614,612</u>	<u>10,311,086</u>
Total unrestricted	23,227,905	20,584,402
Temporarily restricted		
Numismatic collection	37,865,973	37,534,134
Contribution receivable from remainder trust	21,652,256	17,290,340
Program activities	<u>1,354,632</u>	<u>1,582,126</u>
Total temporarily restricted	<u>60,872,861</u>	<u>56,406,600</u>
Total net assets	<u>84,100,766</u>	<u>76,991,002</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 86,312,816</u></b>	<b><u>\$ 79,482,659</u></b>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended October 31, 2018  
With Comparative Totals for the Year Ended October 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
<b>SUPPORT AND REVENUE:</b>				
Membership dues and fees	\$ 2,683,875	\$ 30,538	\$ 2,714,413	\$ 2,886,837
Investment income	4,361,080	4,357,098	8,718,178	5,656,844
Other income	893,607		893,607	1,213,464
Contributions	157,970	431,757	589,727	310,090
Satisfied program restrictions	<u>353,132</u>	<u>(353,132)</u>		
Total support and revenue	8,449,664	4,466,261	12,915,925	10,067,235
<b>EXPENSES:</b>				
Program services:				
Conventions	1,663,489		1,663,489	1,367,678
Editorial	916,171		916,171	886,407
Museum	668,904		668,904	747,037
Summer conference	436,038		436,038	443,463
Member services	421,650		421,650	428,087
Education	280,214		280,214	311,549
Library	249,817		249,817	272,918
Museum store	<u>74,011</u>		<u>74,011</u>	<u>69,731</u>
Total program services	4,710,294		4,710,294	4,526,870
Supporting services:				
General and administrative	839,558		839,558	861,392
Marketing and fundraising	206,401		206,401	139,786
Membership development	<u>49,908</u>		<u>49,908</u>	<u>52,038</u>
Total supporting services	<u>1,095,867</u>		<u>1,095,867</u>	<u>1,053,216</u>
Total expenses	<u>5,806,161</u>		<u>5,806,161</u>	<u>5,580,086</u>
CHANGE IN NET ASSETS	2,643,503	4,466,261	7,109,764	4,487,149
NET ASSETS, beginning of year	<u>20,584,402</u>	<u>56,406,600</u>	<u>76,991,002</u>	<u>72,503,853</u>
NET ASSETS, end of year	<u>\$ 23,227,905</u>	<u>\$ 60,872,861</u>	<u>\$ 84,100,766</u>	<u>\$ 76,991,002</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended October 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Totals</u>
<b>SUPPORT AND REVENUE:</b>			
Membership dues and fees	\$ 2,862,321	\$ 24,516	\$ 2,886,837
Investment income	2,812,583	2,844,261	5,656,844
Other income	1,213,464		1,213,464
Contributions	131,248	178,842	310,090
Satisfied program restrictions	<u>149,677</u>	<u>(149,677)</u>	
Total support and revenue	7,169,293	2,897,942	10,067,235
<b>EXPENSES:</b>			
Program services:			
Conventions	1,367,678		1,367,678
Editorial	886,407		886,407
Museum	747,037		747,037
Summer conference	443,463		443,463
Member services	428,087		428,087
Education	311,549		311,549
Library	272,918		272,918
Museum store	<u>69,731</u>		<u>69,731</u>
Total program services	4,526,870		4,526,870
Supporting services:			
General and administrative	861,392		861,392
Marketing and fundraising	139,786		139,786
Membership development	<u>52,038</u>		<u>52,038</u>
Total supporting services	1,053,216		1,053,216
Total expenses	<u>5,580,086</u>		<u>5,580,086</u>
CHANGE IN NET ASSETS	1,589,207	2,897,942	4,487,149
NET ASSETS, beginning of year	<u>18,995,195</u>	<u>53,508,658</u>	<u>72,503,853</u>
NET ASSETS, end of year	<u>\$ 20,584,402</u>	<u>\$ 56,406,600</u>	<u>\$ 76,991,002</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Statements of Cash Flows  
For the Years Ended October 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 7,109,764	\$ 4,487,149
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gains on investments	(4,203,667)	(2,704,260)
Depreciation	258,226	435,704
Gain on disposal of property and equipment	(350)	(266,708)
Gain on deaccession sales		(24,361)
Capitalizable collection items received	(331,839)	(150,891)
Change in value of remainder trust	(4,361,916)	(2,795,034)
Decrease (increase) in operating assets:		
Accounts receivable	(39,406)	(28,442)
Inventory	9,884	6,212
Prepaid expenses	12,604	10,215
Increase (decrease) in operating liabilities:		
Accounts payable	(116,262)	89,186
Accrued liabilities	(16,819)	16,259
Other liabilities	(2,777)	(7,830)
Deferred revenue	(143,749)	28,530
Total adjustments	<u>(8,936,071)</u>	<u>(5,391,420)</u>
Net cash used by operating activities	(1,826,307)	(904,271)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term investments	(60,222)	(417,285)
Proceeds from sale of long-term investments	2,183,351	1,369,414
Proceeds from deaccession sales		24,361
Proceeds from sale of property and equipment	350	424,900
Purchase of property and equipment	<u>(84,833)</u>	<u>(642,204)</u>
Net cash provided by investing activities	<u>2,038,646</u>	<u>759,186</u>
NET INCREASE (DECREASE) IN CASH	212,339	(145,085)
CASH AND CASH EQUIVALENTS, beginning of year	<u>202,091</u>	<u>347,176</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 414,430</u>	<u>\$ 202,091</u>

See Notes to Financial Statements



AMERICAN NUMISMATIC ASSOCIATION  
Notes to Financial Statements  
For the Years Ended October 31, 2018 and 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Method of Accounting

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

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 Association as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The advertising income derived from the publication of *The Numismatist* and the convention program guides is considered unrelated business income. Since related expenses exceeded the income, no provision for income taxes has been accrued.

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

#### Contributions Receivable

Contributions receivable are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Donor restricted contributions are reported as increases in 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, 2018 and 2017, 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 \$258,226 and \$435,704 for the years ended October 31, 2018 and 2017, 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, 2018 and 2017.

#### 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 16, 2019, 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, 2018 and 2017.

#### Inventory

Prior to 2018, the Association reported inventories at the lower of cost or market. Cost was determined using the first-in, first-out (FIFO) method.

## Notes to Financial Statements

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

#### Inventory - continued

As of the beginning of 2018, the Association began stating inventories prospectively at the lower of FIFO cost and net realizable value. This change was made in response to a recent FASB standard issued as part of the Financial Accounting Standards Board's simplification initiative.

Under the prior method, market was replacement cost, subject to possible adjustments. Net realizable value is generally based on the selling price. The change is intended to reduce complexity in financial statement preparation. This change had no significant effect on the change in net assets for 2018.

#### 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.

## Notes to Financial Statements

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

#### Numismatic Collections - continued

During the years ended October 31, 2018 and 2017, the Association received \$331,839 and \$150,891, respectively, of newly donated items into the collection. Collection items received but not recorded as of October 31, 2018, had an estimated value of approximately \$484,000.

#### Library Collection

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

#### Allocation of Expenses

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

#### Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$141,461 and \$134,946, respectively, for the years ended October 31, 2018 and 2017.

### 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:

Notes to Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

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

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Association recognizes transfers between levels at the end of a reporting period.

The following tables present assets that are measured at fair value on a recurring basis at October 31, 2018 and 2017:

Assets at Fair Value as of October 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 5,306	\$	\$	\$ 5,306
Equities	9,003			9,003
Mutual funds	1,996,634			1,996,634
Closely-held corporate stock			22,811,800	22,811,800
	<u>\$ 2,010,943</u>	<u>\$</u>	<u>\$22,811,800</u>	<u>\$24,822,743</u>

Assets at Fair Value as of October 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 5,306	\$	\$	\$ 5,306
Equities	10,604			10,604
Mutual funds	4,106,004			4,106,004
Closely-held corporate stock			18,620,293	18,620,293
	<u>\$ 4,121,914</u>	<u>\$</u>	<u>\$18,620,293</u>	<u>\$22,742,207</u>

## Notes to Financial Statements

### B. FAIR VALUE MEASUREMENTS - Continued

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

	<u>2018</u>	<u>2017</u>
Beginning balance	\$18,620,293	\$16,525,674
Change in value of closely held stock	<u>4,191,507</u>	<u>2,094,619</u>
Ending balance	<u>\$22,811,800</u>	<u>\$18,620,293</u>

The change in value of the closely held corporate stock of \$4,191,507 and \$2,094,619, respectively, for the years ended October 31, 2018 and 2017, is attributable to the unrealized gain on the increase of the value per share as of October 31, 2018 and 2017. The value of the closely held stock is determined by inputs provided by the closely held corporation, based on its audited financial statements.

### C. INVESTMENT INCOME

Investment income consists of the following for the years ended October 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 152,595	\$ 157,550
Net realized and unrealized gains on investments	4,203,667	2,704,260
Change in value of split interest agreement	<u>4,361,916</u>	<u>2,795,034</u>
	<u>\$ 8,718,178</u>	<u>\$ 5,656,844</u>

### D. DEFERRED REVENUE

Deferred revenue consists of the following at October 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Membership dues and fees	\$ 1,697,549	\$ 1,750,840
Bourse	183,745	277,352
Other	17,428	1,779
Sponsor payments	<u>5,500</u>	<u>18,000</u>
	<u>\$ 1,904,222</u>	<u>\$ 2,047,971</u>



## Notes to Financial Statements

### 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 closely-held corporate shares to be received by the Association in the future, after the deaths of certain beneficiaries of the trust, and the estimated present value of future dividend income on the shares currently held in trust, as discussed in Note B. The remainder trust distributes dividend income on shares held in trust, when received, to the Association. The net present value is based on the expected life of the income beneficiaries, using a discount rate of 3.25% per annum. The amount ultimately received from the remainder trust could differ materially from the contribution receivable from the remainder trust recorded as of October 31, 2018 and 2017.

### F. 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 \$33,275 and \$36,052, respectively as of October 31, 2018 and 2017. 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, 2018 and 2017.

### G. 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 \$0 and \$4,143, respectively, as of October 31, 2018 and 2017.

### H. RETIREMENT PLAN

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

Notes to Financial Statements

H. RETIREMENT PLAN - Continued

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

In addition to the 3% safe harbor contribution, for the years ended October 31, 2018 and 2017, 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 \$114,037 and \$114,307 for the years ended October 31, 2018 and 2017, respectively.

I. BOARD DESIGNATED NET ASSETS

Board designated net assets are available for the following areas:

	<u>2018</u>	<u>2017</u>
NGC Settlement Fund	\$ 221,175	\$ 259,621
Publications	95,434	100,356
School of Numismatics	20,052	12,524
Operating reserve		7,226,022
Numismatic and library collections		1,212,151
Defense fund		<u>12,619</u>
	<u>\$ 336,661</u>	<u>\$ 8,823,293</u>

J. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following areas:

	<u>2018</u>	<u>2017</u>
Numismatic collection	\$37,865,973	\$37,534,134
Contribution receivable from remainder trust	21,652,256	17,290,340
Program activities:		
Exhibit awards	335,235	344,848
Young Numismatists	330,027	319,977
College scholarships	171,031	172,845
Education fund	164,319	163,718

Notes to Financial Statements

J. TEMPORARILY RESTRICTED NET ASSETS - Continued

	<u>2018</u>	<u>2017</u>
Lecture series	99,439	109,705
Bob Lecce fund	88,455	104,606
Engraving program	53,226	53,125
Reagan staff education	49,811	49,801
Florance Schook School of Numismatic	28,276	50,879
Harry Bass fund	23,001	23,001
David Ganz fund	10,876	15,846
Education outreach	828	328
Rent	78	78
Van	30	6,500
Reward fund	<u>                    </u>	<u>166,869</u>
	<u>\$60,872,861</u>	<u>\$56,406,600</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended October 31, 2018 and 2017, temporarily restricted net assets were released from restrictions for the following programs:

	<u>2018</u>	<u>2017</u>
Reward fund	\$ 166,869	\$ 70,317
Young Numismatists	78,731	33,220
Van	37,770	22,787
Bob Lecce fund	26,386	5,000
Florance Schook School of Numismatic	22,699	
Lecture series	10,475	
David Ganz fund	5,000	
College scholarships	3,802	
Exhibit awards	1,400	312
Engraving program		14,908
Education outreach		3,132
Rent		<u>1</u>
	<u>\$ 353,132</u>	<u>\$ 149,677</u>

During the year ended October 31, 2018, the Board of Governors determined that the reward fund was not donor restricted. Therefore, the balance reflected in temporarily restricted net assets at October 31, 2017, was reflected as amounts released from restriction at October 31, 2018.

## Notes to Financial Statements

### K. COMMITMENTS AND CONTINGENCIES

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

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

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

### L. RELATED PARTY TRANSACTION

The Association contracted for Auctioneer services for the 2017 and 2018 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, 2018 and 2017, the Association received \$76,000 and \$81,575, respectively, from the related auctioneer.

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Program Services  
For the Year Ended October 31, 2018

	<u>Conventions</u>	<u>Editorial</u>	<u>Museum</u>	<u>Summer Conference</u>	<u>Member Services</u>	<u>Education</u>	<u>Library</u>	<u>Museum Store</u>	<u>Total</u>
Advertising & promotion	\$ 89,268	\$ 1,846	\$ 14,813	\$	\$ 17,767	\$ 1,939	\$	\$	\$ 125,633
Bank & credit card fees		11,964	1,196	5,982	16,750	2,393	598		38,883
Bass Gallery			39,088						39,088
Computer services	5,267	1,549	4,647	1,549	11,771	4,647	15,671		45,101
Contract labor	30,129	42,201	8,842	2,358	33,717	8,842	11,424	18,021	155,534
Cost of sales						2,695		19,763	22,458
Depreciation & amortization	27,315	8,644	80,899		5,650	11,740	42,732	1,572	178,552
Editorial & publications	394	218,033	187	158	17,149	232	5,662		241,815
Employee benefits	40,885	99,748	61,424	33,857	38,832	36,607	27,026	9,120	347,499
Events - education				185,144		40,707			225,851
Events - other	909,562	1,414	98	35,694	28,444	355			975,567
Equipment maintenance	8,902	2,817	26,798	10,813	1,841	4,399	13,927	512	70,009
Exhibits	36,909		25,133			1,183			63,225
Insurance	6,117	1,020	51,100		1,020	1,020	8,666		68,943
Mailings	7,814	108,008	3,037	2,007	48,722	6,244	2,487	57	178,376
Miscellaneous	20,189	14,108	3,997		46,002	9,243	4,961		98,500
Security & occupancy	178,231		96,351						274,582
Professional development	71		632		244				947
Salaries	159,404	399,059	224,883	126,778	146,555	142,045	102,204	23,327	1,324,255
Supplies	2,917	1,557	7,947	53	2,342	1,306	3,769	57	19,948
Telephone	3,763	3,116	2,077	624	2,529	1,677	1,454	495	15,735
Travel	129,289			31,021	1,228	224			161,762
Utilities	7,063	1,087	15,755		1,087	2,716	9,236	1,087	38,031
	<u>\$ 1,663,489</u>	<u>\$ 916,171</u>	<u>\$ 668,904</u>	<u>\$ 436,038</u>	<u>\$ 421,650</u>	<u>\$ 280,214</u>	<u>\$ 249,817</u>	<u>\$ 74,011</u>	<u>\$ 4,710,294</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Supporting Services  
For the Year Ended October 31, 2018

	<u>General &amp; Administrative</u>	<u>Marketing &amp; Fundraising</u>	<u>Membership Development</u>	<u>Total</u>
Advertising & promotion	\$	\$ 970	\$ 14,858	\$ 15,828
Bank & investment fees	3,757	2,991		6,748
Charitable registrations		3,032		3,032
Contract labor	30,684	2,947		33,631
Depreciation & amortization	79,674			79,674
Editorial & publications	77	15,939		16,016
Employee benefits	121,413	22,421	3,951	147,785
Events - education	9,644			9,644
Equipment maintenance	23,870			23,870
Fund development		32,705		32,705
Insurance	15,804			15,804
Legal fees	32,476			32,476
Mailings		8,362		8,362
Miscellaneous	65,655			65,655
Professional development	8,808	1,334		10,142
Salaries	395,563	105,977	31,099	532,639
Supplies	26,931	835		27,766
Taxes	687			687
Telephone	7,368	432		7,800
Travel	849	8,456		9,305
Utilities	16,298			16,298
	<u>\$ 839,558</u>	<u>\$ 206,401</u>	<u>\$ 49,908</u>	<u>\$ 1,095,867</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Program Services  
For the Year Ended October 31, 2017

	<u>Conventions</u>	<u>Editorial</u>	<u>Museum</u>	<u>Summer Conference</u>	<u>Member Services</u>	<u>Education</u>	<u>Library</u>	<u>Museum Store</u>	<u>Total</u>
Advertising & promotion	\$ 86,704	\$ 1,052	\$ 6,188	\$	\$ 20,501	\$ 1,522	\$	\$	\$ 115,967
Bank & credit card fees		10,128	1,013	5,064	14,179	2,026	506		32,916
Bass Gallery			23,959						23,959
Computer services	6,239	1,835	5,505	1,835	13,947	5,505	12,995		47,861
Contract labor	31,492	38,732	9,143	2,438	38,397	9,143	1,829		131,174
Cost of sales						316		26,168	26,484
Depreciation & amortization	46,088	14,585	136,501		9,533	19,809	72,102	2,652	301,270
Editorial & publications	1,515	206,315	108	108	20,306	318	9,730		238,400
Employee benefits	50,231	104,732	63,073	29,324	46,314	39,731	26,939	10,258	370,602
Events - education				161,488		45,891			207,379
Events - other	637,304	885	218	35,303	22,795	15	922		697,442
Equipment maintenance	10,168	2,553	24,034	16,380	1,669	3,988	12,622	464	71,878
Exhibits	22,165		43,094			9,224			74,483
Insurance	7,790	1,298	77,527		1,298	1,298	11,035		100,246
Mailings	5,656	94,303	2,967	1,923	47,911	8,419	2,794	19	163,992
Miscellaneous	16,603	13,189	8,943		33,776	7,412	4,615	1	84,539
Security & occupancy	156,762		90,514						247,276
Professional development	784		1,382		2,141				4,307
Salaries	181,596	390,831	223,272	128,654	148,833	148,703	101,577	28,584	1,352,050
Supplies	4,511	2,492	11,899	27	3,119	1,015	4,541		27,604
Telephone	3,226	2,365	1,577	315	2,256	1,430	1,261	473	12,903
Travel	91,618			60,604		3,005			155,227
Utilities	7,226	1,112	16,120		1,112	2,779	9,450	1,112	38,911
	<u>\$ 1,367,678</u>	<u>\$ 886,407</u>	<u>\$ 747,037</u>	<u>\$ 443,463</u>	<u>\$ 428,087</u>	<u>\$ 311,549</u>	<u>\$ 272,918</u>	<u>\$ 69,731</u>	<u>\$ 4,526,870</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION  
Schedule of Supporting Services  
For the Year Ended October 31, 2017

	<u>General &amp; Administrative</u>	<u>Marketing &amp; Fundraising</u>	<u>Membership Development</u>	<u>Total</u>
Advertising & promotion	\$ 662	\$ 761	\$ 18,218	\$ 19,641
Bank & investment fees	45	2,531		2,576
Computer services	2			2
Contract labor	38,951	3,048		41,999
Depreciation & amortization	134,434			134,434
Editorial & publications	53	5,520		5,573
Employee benefits	130,872	11,827	3,951	146,650
Events - education	2,025			2,025
Events - other	21,200			21,200
Equipment maintenance	21,633			21,633
Fund development		29,121		29,121
Insurance	20,124			20,124
Legal fees	36,783			36,783
Mailings		5,799		5,799
Miscellaneous	13,887	9		13,896
Professional development	9,448	3,211		12,659
Salaries	387,409	77,084	29,869	494,362
Supplies	12,070	717		12,787
Taxes	7,385			7,385
Telephone	6,704	158		6,862
Travel	1,030			1,030
Utilities	16,675			16,675
	<u>\$ 861,392</u>	<u>\$ 139,786</u>	<u>\$ 52,038</u>	<u>\$ 1,053,216</u>

See Notes to Financial Statements