

**AMERICAN NUMISMATIC
ASSOCIATION**

Financial Statements

For the Years Ended October 31, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows statement for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Numismatic Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Numismatic Association's ability to continue as a going concern within one

year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Numismatic Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Numismatic Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

McMillen & Company, PLLC

Colorado Springs, Colorado
April 26, 2024

AMERICAN NUMISMATIC ASSOCIATION
Statements of Financial Position
October 31, 2023 and 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,231,582	\$ 377,354
Investments	29,280,226	28,756,150
Accounts receivable, net	112,901	47,805
Inventory	60,639	59,178
Prepaid expenses	<u>76,153</u>	<u>118,972</u>
Total current assets	30,761,501	29,359,459
DESIGNATED INVESTMENTS	340,788	383,462
PROPERTY AND EQUIPMENT:		
Furniture, fixtures, and equipment	879,884	1,818,402
Museum galleries and cases	1,246,151	1,275,417
Building and improvements	4,913,563	4,941,361
Less accumulated depreciation	<u>(6,336,180)</u>	<u>(7,342,130)</u>
Property and equipment - net	703,418	693,050
OTHER ASSETS:		
Numismatic collections	43,087,968	41,711,812
Contribution receivable from remainder trust	<u>40,822,418</u>	<u>35,915,587</u>
Total other assets	<u>83,910,386</u>	<u>77,627,399</u>
TOTAL ASSETS	<u>\$ 115,716,093</u>	<u>\$ 108,063,370</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 76,324	\$ 103,261
Accrued liabilities	114,302	103,012
Deferred revenue	<u>791,558</u>	<u>630,962</u>
Total current liabilities	982,184	837,235
NONCURRENT LIABILITIES:		
Non-current deferred revenue	1,268,642	1,223,347
Other liabilities	<u>20,622</u>	<u>23,153</u>
Total noncurrent liabilities	<u>1,289,264</u>	<u>1,246,500</u>
Total liabilities	2,271,448	2,083,735
NET ASSETS:		
Without donor restrictions -		
Board designated	340,788	383,462
Equity in property and equipment	703,418	693,050
Undesignated	<u>27,117,131</u>	<u>26,014,944</u>
Total without donor restrictions	28,161,337	27,091,456
With donor restrictions -		
Numismatic collection	43,087,968	41,711,812
Contribution receivable from remainder trust	40,822,418	35,915,587
Program activities	<u>1,372,922</u>	<u>1,260,780</u>
Total with donor restrictions	<u>85,283,308</u>	<u>78,888,179</u>
Total net assets	<u>113,444,645</u>	<u>105,979,635</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 115,716,093</u>	<u>\$ 108,063,370</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statement of Activities and Changes in Net Assets
For the Year Ended October 31, 2023
(With Comparative Totals for the Year Ended October 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
SUPPORT AND REVENUE:				
Investment income	\$ 3,167,812	\$ 4,906,831	\$ 8,074,643	\$ 8,398,930
Membership dues and service fees	2,651,254		2,651,254	2,312,076
Contributions and grants	258,475	1,667,472	1,925,947	2,123,161
Other income	990,400		990,400	885,457
Satisfied program restrictions	<u>179,174</u>	<u>(179,174)</u>		
Total support and revenue	7,247,115	6,395,129	13,642,244	13,719,624
EXPENSES:				
Program services:				
Conventions	1,745,937		1,745,937	1,348,057
Editorial	893,608		893,608	843,282
Museum	676,925		676,925	669,261
Member services	435,981		435,981	457,207
Summer conference	461,532		461,532	321,401
Education	527,497		527,497	284,066
Library	179,971		179,971	163,417
Museum store	<u>85,050</u>		<u>85,050</u>	<u>80,393</u>
Total program services	5,006,501		5,006,501	4,167,084
Supporting services:				
General and administrative	937,439		937,439	867,347
Marketing and fundraising	141,053		141,053	129,670
Membership development	<u>92,241</u>		<u>92,241</u>	<u>77,490</u>
Total supporting services	<u>1,170,733</u>		<u>1,170,733</u>	<u>1,074,507</u>
Total expenses	<u>6,177,234</u>		<u>6,177,234</u>	<u>5,241,591</u>
CHANGE IN NET ASSETS	1,069,881	6,395,129	7,465,010	8,478,033
NET ASSETS, beginning of year	<u>27,091,456</u>	<u>78,888,179</u>	<u>105,979,635</u>	<u>97,501,602</u>
NET ASSETS, end of year	<u>\$ 28,161,337</u>	<u>\$ 85,283,308</u>	<u>\$ 113,444,645</u>	<u>\$ 105,979,635</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statement of Activities and Changes in Net Assets
For the Year Ended October 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>
SUPPORT AND REVENUE:			
Investment income, net of fees	\$ 3,097,427	\$ 5,301,503	\$ 8,398,930
Membership dues and service fees	2,312,076		2,312,076
Contributions and grants	511,412	1,611,749	2,123,161
Other income	885,457		885,457
Satisfied program restrictions	<u>193,052</u>	<u>(193,052)</u>	
Total support and revenue	6,999,424	6,720,200	13,719,624
EXPENSES:			
Program services:			
Conventions	1,348,057		1,348,057
Editorial	843,282		843,282
Museum	669,261		669,261
Member services	457,207		457,207
Summer conference	321,401		321,401
Education	284,066		284,066
Library	163,417		163,417
Museum store	<u>80,393</u>		<u>80,393</u>
Total program services	4,167,084		4,167,084
Supporting services:			
General and administrative	867,347		867,347
Marketing and fundraising	129,670		129,670
Membership development	<u>77,490</u>		<u>77,490</u>
Total supporting services	<u>1,074,507</u>		<u>1,074,507</u>
Total expenses	<u>5,241,591</u>		<u>5,241,591</u>
CHANGE IN NET ASSETS	1,757,833	6,720,200	8,478,033
NET ASSETS, beginning of year	<u>25,333,623</u>	<u>72,167,979</u>	<u>97,501,602</u>
NET ASSETS, end of year	<u>\$ 27,091,456</u>	<u>\$ 78,888,179</u>	<u>\$ 105,979,635</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statement of Functional Expenses
For the Year Ended October 31, 2023

	<u>Convention</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 Program Services</u>
Salaries	\$ 158,530	\$ 356,450	\$ 302,638	\$ 92,913	\$ 121,644	\$ 244,766	\$ 73,217	\$ 42,883	\$ 1,393,041
Employee benefits & payroll taxes	52,070	95,141	96,638	24,651	36,381	69,097	21,633	14,268	409,879
Security & occupancy	339,423		68,311						407,734
Bourse	402,057								402,057
Contract labor	108,811	42,857	18,590	23,229	47,682	46,858	3,668		291,695
Events - seminar direct costs				252,330		22,078			274,408
Editorial & publications	699	246,494	36	36	11,912	36	5,400		264,613
Travel	164,291	647	2,702	52,532	3,920	10,857			234,949
Advertising & promotion	109,644	8,360	17,937		1,136	2,844			139,921
Mailings	3,759	99,697	4,400	1,174	51,296	10,541	7,116	104	178,087
Licenses & other fees	3,150		3,150		50,394	64,622	3,150		124,466
Events - convention facilities	134,610								134,610
Equipment maintenance	27,197	282	23,536	453	815	1,267	11,736	479	65,765
Events - other direct costs	83,577		150	4,736	2,224				90,687
Insurance	6,800	1,133	46,097		1,133	1,133	9,634		65,930
Depreciation & amortization	10,778	246	20,873	110	711	1,090	10,244	418	44,470
Miscellaneous		17,596	452		16,179	9,751	1,470		45,448
Exhibits	53,527		10,198						63,725
Bank & credit card fees	18,659	12,439	1,244	6,220	17,415	2,488	622		59,087
Utilities	7,271	1,119	16,221		1,118	2,797	9,509	1,119	39,154
Computer services	6,258	2,258	5,522	1,841	13,988	5,522	17,073		52,462
Supplies	17,590	835	4,613	279	8,475	12,067	2,472	69	46,400
Awards & medals/badges	201	769			47,394		142		48,506
Legal fees									
General service contractor	33,764								33,764
Bass Gallery			31,647						31,647
Cost of sales						4,057		25,306	29,363
Election									
Fund development									
Telephone	3,271	7,225	1,617	1,028	1,566	1,298	1,078	404	17,487
Professional development		60	353		598	14,328	1,807		17,146
Charitable registrations									
Total expenses, as reported on the statement of activities	\$ 1,745,937	\$ 893,608	\$ 676,925	\$ 461,532	\$ 435,981	\$ 527,497	\$ 179,971	\$ 85,050	\$ 5,006,501

AMERICAN NUMISMATIC ASSOCIATION
Statement of Functional Expenses - Continued
For the Year Ended October 31, 2023

	General & Administrative	Marketing & Fundraising	Membership Development	Total Supporting Services	Total Functional Expenses
Salaries	\$ 517,896	\$ 71,985	\$ 27,978	\$ 617,859	\$ 2,010,900
Employee benefits & payroll taxes	165,970	19,423	8,451	193,844	603,723
Security & occupancy					407,734
Bourse					402,057
Contract labor	23,051	6,113		29,164	320,859
Events - seminar direct costs	6,491			6,491	280,899
Editorial & publications	18	6,731		6,749	271,362
Travel	(1,299)			(1,299)	233,650
Advertising & promotion		1,422	50,126	51,548	191,469
Mailings		2,829		2,829	180,916
Licenses & other fees	34,624			34,624	159,090
Events - convention facilities					134,610
Equipment maintenance	33,129			33,129	98,894
Events - other direct costs					90,687
Insurance	16,207			16,207	82,137
Depreciation & amortization	28,028			28,028	72,498
Miscellaneous	25,204		5,686	30,890	76,338
Exhibits					63,725
Bank & credit card fees	696	3,110		3,806	62,893
Utilities	16,780			16,780	55,934
Computer services	(2)			(2)	52,460
Supplies	4,975	197		5,172	51,572
Awards & medals/badges					48,506
Legal fees	35,005			35,005	35,005
General service contractor					33,764
Bass Gallery					31,647
Cost of sales					29,363
Election	27,433			27,433	27,433
Fund development		25,119		25,119	25,119
Telephone	3,233	404		3,637	21,124
Professional development					17,146
Charitable registrations		3,720		3,720	3,720
Total expenses, as reported on the statement of activities	<u>\$ 937,439</u>	<u>\$ 141,053</u>	<u>\$ 92,241</u>	<u>\$ 1,170,733</u>	<u>\$ 6,177,234</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statement of Functional Expenses
For the Year Ended October 31, 2022

	Convention	Editorial	Museum	Summer Conference	Member Services	Education	Library	Museum Store	Total Program Services
Salaries	\$ 225,468	\$ 347,104	\$ 287,841	\$ 25,708	\$ 139,867	\$ 154,423	\$ 61,483	\$ 41,117	\$ 1,283,011
Employee benefits & payroll taxes	63,881	94,727	86,984	3,595	39,894	40,711	17,123	13,569	360,484
Contract labor	99,173	41,315	14,767	3,997	44,434	14,767	2,953		221,406
Events - seminar direct costs				230,649		11,015			241,664
Editorial & publications	3,472	225,091	205	205	(613)	519	4,662		233,541
Bourse	212,808								212,808
Security & occupancy	154,174		58,593						212,767
Advertising & promotion	102,805	5,800	13,614		36,495	2,804			161,518
Mailings	3,530	87,507	4,651	792	61,638	6,600	3,964	61	168,743
Travel	91,200	282	10,248	42,706	3,617	12,726			160,779
General service contractor	144,206								144,206
Events - convention facilities	101,474								101,474
Licenses & other fees	3,203		3,203		51,250	3,203	3,203		64,062
Equipment maintenance	8,409	2,661	25,475	1,435	1,739	4,156	13,155	484	57,514
Depreciation & amortization	8,387	2,654	24,839		1,735	3,605	13,120	483	54,823
Insurance	6,233	1,039	42,467		1,039	1,039	8,830		60,647
Exhibits	26,901		35,419			7,669			69,989
Events - other direct costs	60,884			5,465					66,349
Utilities	8,421	1,295	18,785		1,295	3,239	11,012	1,295	45,342
Bank & credit card fees	14,799	9,866	987	4,933	13,812	1,973	493		46,863
Miscellaneous		13,217	595		9,576	8,000	1,041		32,429
Awards & medals/badges		980			39,482				40,462
Computer services	3,368	2,128	2,971	990	7,528	2,971	18,515		38,471
Legal fees									
Supplies	3,563	758	11,690	17	2,787	2,209	2,782	50	23,856
Bass Gallery			24,382						24,382
Cost of sales						1,014		22,996	24,010
Telephone	1,698	6,828	1,352	909	985	1,135	901	338	14,146
Fund development									
Charitable registrations									
Election									
Professional development		30	193		647	288	180		1,338
Total expenses, as reported on the statement of activities	<u>\$ 1,348,057</u>	<u>\$ 843,282</u>	<u>\$ 669,261</u>	<u>\$ 321,401</u>	<u>\$ 457,207</u>	<u>\$ 284,066</u>	<u>\$ 163,417</u>	<u>\$ 80,393</u>	<u>\$ 4,167,084</u>

AMERICAN NUMISMATIC ASSOCIATION
Statement of Functional Expenses - Continued
For the Year Ended October 31, 2022

	General & <u>Administrative</u>	Marketing & <u>Fundraising</u>	Membership <u>Development</u>	Total <u>Supporting Services</u>	Total <u>Functional Expenses</u>
Salaries	\$ 480,935	\$ 90,000	\$ 30,563	\$ 601,498	\$ 1,884,509
Employee benefits & payroll taxes	175,540	17,844	5,307	198,691	559,175
Contract labor	28,584	4,922		33,506	254,912
Events - seminar direct costs	6,878			6,878	248,542
Editorial & publications	(2,858)	3,512		654	234,195
Bourse					212,808
Security & occupancy					212,767
Advertising & promotion		1,402	36,435	37,837	199,355
Mailings		1,979		1,979	170,722
Travel	1,719			1,719	162,498
General service contractor					144,206
Events - convention facilities					101,474
Licenses & other fees	28,771			28,771	92,833
Equipment maintenance	22,550			22,550	80,064
Depreciation & amortization	24,463			24,463	79,286
Insurance	16,102			16,102	76,749
Exhibits					69,989
Events - other direct costs			2,230	2,230	68,579
Utilities	19,433			19,433	64,775
Bank & credit card fees	6	2,466		2,472	49,335
Miscellaneous	15,382		1,044	16,426	48,855
Awards & medals/badges			45	45	40,507
Computer services					38,471
Legal fees	35,939			35,939	35,939
Supplies	5,716	59	1,528	7,303	31,159
Bass Gallery					24,382
Cost of sales					24,010
Telephone	4,749	338	338	5,425	19,571
Fund development		3,841		3,841	3,841
Charitable registrations		3,307		3,307	3,307
Election	3,289			3,289	3,289
Professional development	149			149	1,487
Total expenses, as reported on the statement of activities	<u>\$ 867,347</u>	<u>\$ 129,670</u>	<u>\$ 77,490</u>	<u>\$ 1,074,507</u>	<u>\$ 5,241,591</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Statements of Cash Flows
For the Years Ended October 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 7,465,010	\$ 8,478,033
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gains on investments	(3,015,391)	(2,949,281)
Depreciation	72,498	79,286
Capitalizable collection items received	(1,376,156)	(1,457,126)
Change in value of remainder trust	(4,906,831)	(5,339,289)
Decrease (increase) in operating assets:		
Accounts receivable	(65,096)	(11,924)
Inventory	(1,461)	(13,517)
Prepaid expenses	42,819	36,146
Increase (decrease) in operating liabilities:		
Accounts payable	(26,937)	13,420
Accrued liabilities	11,290	6,274
Other liabilities	42,764	(2,530)
Deferred revenue	160,596	(104,074)
Total adjustments	<u>(9,061,905)</u>	<u>(9,742,615)</u>
Net cash used by operating activities	(1,596,895)	(1,264,582)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross proceeds from sale of other investments		5,306
Gross purchases of other investments	(3,549)	(4,784)
Proceeds from sale of BEK stock certificates	2,537,537	
Purchase of property and equipment	<u>(82,865)</u>	<u>(5,976)</u>
Net cash used by investing activities	<u>2,451,123</u>	<u>(5,454)</u>
NET INCREASE (DECREASE) IN CASH	854,228	(1,270,036)
CASH AND CASH EQUIVALENTS, beginning of year	<u>377,354</u>	<u>1,647,390</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,231,582</u>	<u>\$ 377,354</u>

See Notes to Financial Statements

AMERICAN NUMISMATIC ASSOCIATION
Notes to Financial Statements
For the Years Ended October 31, 2023 and 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Method of Accounting

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

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2020-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments; and ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Association adopted these ASUs effective November 1, 2022, and utilized all the available practical expedients. The adoption did not have a material impact on the Association's financial statements.

Basis of Presentation

The financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America ("US GAAP"). The Association is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking, money market accounts, and other highly liquid investments not restricted or designated for other use. The Association maintains its cash and cash equivalents at a commercial bank, credit union, and at a brokerage firm. In the event of an institution's failure, the Association might only be able to recover the amounts insured.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the

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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 net assets with donor restrictions, temporary or permanent in nature, depending on the nature of the restrictions. When temporary restrictions expire or are otherwise satisfied, net assets with donor restrictions, temporary in nature, are reclassified to net assets without donor restrictions.

As of October 31, 2023 and 2022, Management considers all contributions receivable, if any, to be fully collectible; accordingly, no allowance for doubtful contributions receivable has been recorded.

Accounts Receivable

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year end. Based on management's assessment of the outstanding balances, it has concluded that an allowance for doubtful accounts of \$5,732 is necessary for each of the years ended October 31, 2023 and 2022.

Revenue Recognition

The Association has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*. The Association's revenue recognition policies are as follows:

- Membership dues and fees - Membership dues and fees revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for providing membership services. Registrations are recognized as revenue in the period in which the Association satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Association's performance obligation for membership registration revenue is to provide access to special events, membership services, and other benefits accessible only to members.

Revenue recognition for life membership fees is deferred upon receipt and recognized over 30 years. Such recognized revenue is included within membership dues and fees in the statement of activities.

- Advertising revenue - Advertising revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for substantially fulfilling performance obligations specific to each contract. Advertising is recognized as revenue in the period in which the Association satisfies its performance obligation to its clients. The Association's performance obligations for advertising revenue are to provide promotion and advertising opportunities on its magazine as arranged under each contract. The Association has determined that performance obligations of existing multi-year contracts do not materially differ from year-

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to-year; but it continues to evaluate each new contract for proper recognition under ASC 606.

- Other income - Service fees and Bourse revenue are recognized as the Association delivers specific performance obligations, such as holding major events. Revenue is recognized at a single point in time when the events occur and when ownership, risks, and rewards transfer to the participant.

Depreciation and Amortization

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Capital expenditures exceeding \$1,000 are capitalized and depreciated over the appropriate term according to the Association's policies. Depreciation is recorded using the straight-line method over estimated useful lives of five to 40 years for buildings and land improvements, three to 10 years for furniture and equipment, and three to 20 years for museum galleries and cases.

Investments

The Association accounts for their investments in accordance with FASB ASC 958, "Not-for-Profit Entities". Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (Level 1 measurements). Closely held stock without readily determinable fair values are stated at book value determined by information provided by the closely held corporation (Level 3 measurements). Unrealized gains and losses are reported as revenue in the accompanying statement of activities and changes in net assets. Realized gains and losses on investments sold, determined on a specific identification basis, are also included in revenue.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 26, 2024, 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

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years ended October 31, 2023 and 2022.

Inventory

The Association records inventories at the lower of first-in first-out (FIFO) cost and net realizable value. Net realizable value is generally based on the selling price.

Numismatic Collections

The Association maintains a numismatic collection of over 275,000 items, many of which have significant value to collectors. Many of these items are on display in the museum for the public to view. Security measures are taken to safeguard this collection. The collection was initially recorded in the statement of financial position at the estimated fair value of the items in accordance with US GAAP.

The Association periodically evaluates the collection for impairments. If appropriate, the Association recognizes an impairment loss on collection items when the estimated fair value of the items is less than the carrying amount.

The collection consists primarily of coins, medals, paper currency, and other objects and documents. They are catalogued, preserved, and cared for, and activities verifying their existence and assessing their conditions are performed. The Association's collection, acquired through purchases and contributions, is recognized as an asset in the statement of financial position. Purchases of collection items are recorded in the year in which the items are acquired as decreases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any previous restrictions placed by donors on assets used to purchase the items.

Contributed collection items are reflected in the financial statements at the estimated fair value of the items at the date of contribution. It is the policy of the Association that proceeds from deaccessions, which are reflected as an increase in the appropriate net asset class, are used to acquire other items for the collection or for direct care of the remaining collections. The Association defines the direct care of collections as any activity that involves the conservation, protection, storage, maintenance, cataloging, and preservation of the collection. This includes the salary and benefits of the

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museum curator, consultant fees, and direct costs like the digitalization costs of the Numismatic library.

During the years ended October 31, 2023 and 2022, the Association received \$1,376,157 and \$1,457,126, respectively, of newly donated items into the collection.

Library Collection

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

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 \$191,469 and \$199,355, respectively, for the years ended October 31, 2023 and 2022.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Association has cash and cash equivalents and certain investments as a primary source of liquidity at its disposal.

In addition to currently held financial assets available to meet general expenditures over the next 12 months, the Association operates under an approved budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources or by planned liquidation of investments.

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As of October 31, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,231,582	\$ 377,354
Investments	29,621,014	29,139,612
Accounts receivable	<u>112,901</u>	<u>47,805</u>
Total liquid financial assets	30,965,497	29,564,771
Less:		
Board-designations	(340,788)	(383,462)
Restricted net assets - program activities	<u>(1,372,922)</u>	<u>(1,260,780)</u>
Total financial assets available	<u>\$ 29,251,787</u>	<u>\$ 27,920,529</u>

As of October 31, 2023 and 2022, the Association also has contributions receivable from remainder trusts (Note F) of \$40,822,418 and \$35,915,587, respectively; but, those shares are not received until after the deaths of certain beneficiaries of the trust.

C. FAIR VALUE MEASUREMENTS

The Association applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.

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- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at October 31, 2023 and 2022:

Assets at Fair Value as of October 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 8,749	\$	\$	\$ 8,749
Other		51,035		51,035
Mutual funds - equity and fixed income	334,733			334,733
Closely-held corporate stock			29,226,497	29,226,497
	<u>\$ 343,482</u>	<u>\$ 51,035</u>	<u>\$ 29,226,497</u>	<u>\$ 29,621,014</u>

Assets at Fair Value as of October 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 8,749	\$	\$	\$ 8,749
Other		47,386		47,386
Mutual funds - equity and fixed income	307,796			307,796
Closely-held corporate stock			28,775,681	28,775,681
	<u>\$ 316,545</u>	<u>\$ 47,386</u>	<u>\$ 28,775,681</u>	<u>\$ 29,139,612</u>

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

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	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 28,775,681	\$ 25,759,751
Interest & dividends	62,557	62,370
Change in value of closely-held stock	2,988,352	3,015,930
Withdrawals	<u>(2,600,093)</u>	<u>(62,370)</u>
Ending balance	<u>\$ 29,226,497</u>	<u>\$ 28,775,681</u>

The change in value of the closely held corporate stock of \$2,988,352 and \$3,105,930, for the years ended October 31, 2023 and 2022, respectively, is attributable to the unrealized gain on the increase of the book value per share as of October 31, 2023 and 2022. The value of the closely held stock is determined by inputs provided by the closely held corporation, based on its audited financial statements, subject to a first-right of refusal agreement to sell shares back to the closely held corporation at 85% of book value (See Note L).

D. INVESTMENT INCOME

Investment income consists of the following for the years ended October 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 157,868	\$ 110,360
Net realized and unrealized gains on investment	3,009,944	2,949,281
Change in value of split interest agreement	<u>4,906,831</u>	<u>5,339,289</u>
	<u>\$ 8,074,643</u>	<u>\$ 8,398,930</u>

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E. DEFERRED REVENUE

Deferred revenue consists of the following at October 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Membership Dues	\$ 1,773,621	\$ 1,673,174
Bourse	292,179	160,610
Other	<u>(5,600)</u>	<u>20,525</u>
	<u>\$ 2,060,200</u>	<u>\$ 1,854,309</u>

F. CONTRIBUTION RECEIVABLE FROM REMAINDER TRUST

Contribution receivable from remainder trust is based on the estimated net present value of the estimated fair value of closely held corporate shares to be received by the Association in the future, after the deaths of certain beneficiaries of the trust, and the estimated present value of future dividend income on the shares currently held in trust, as discussed in Note C. The remainder trust distributes dividend income on shares held in trust, when received, to the Association. The net present value is based on the expected life of the income beneficiaries, using a discount rate of 3.25% per annum. The amount ultimately received from the remainder trust could differ materially from the contribution receivable from the remainder trust recorded as of October 31, 2023 and 2022.

G. POSTRETIREMENT BENEFITS

The Association previously had a plan which provided, upon qualification and enactment of a retiree's Medicare benefits, that the Association would pay the same proportion of the retiree's Medicare managed care premium as it does with current Association employees for as long as the retiree is enrolled in the Medicare program.

The present value of the accumulated benefits under the postretirement benefits policy was \$20,622 and \$23,153, as of October 31, 2023 and 2022, respectively. 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, 2023 and 2022.

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H. RETIREMENT PLAN

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

Also, the Plan allows employees to make elective salary 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, 2023 and 2022, 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 \$131,343 and \$113,488 for the years ended October 31, 2023 and 2022, respectively.

I. BOARD DESIGNATED NET ASSETS

Board designated net assets are available for the following areas:

	<u>2023</u>	<u>2022</u>
NGS Settlement fund	\$ 204,592	\$ 204,592
Publications	80,025	88,025
YN Scholarship	50,560	40,285
Museum	<u>5,611</u>	<u>50,560</u>
	<u>\$ 340,788</u>	<u>\$ 383,462</u>

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J. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions, temporary in nature, are available for the following areas:

	<u>2023</u>	<u>2022</u>
Numismatic collection	\$ 43,087,968	\$ 41,711,812
Contribution receivable from remainder trust	40,822,418	35,915,587
Program activities:		
Exhibit awards	341,640	335,396
Young Numismatists Museum	267,385	223,322
Education fund	187,521	75,787
College scholarships	165,831	165,828
Lecture series	136,465	141,455
Reagan staff education	90,432	94,269
Engraving program	52,779	52,779
Bob Lecce fund	44,578	44,578
Harry Bass fund	27,387	56,562
Defense fund	23,001	23,001
David Ganz fund	12,619	12,619
School of Numismatics scholarships	10,912	10,912
Education outreach	8,112	20,012
Club rep reserve	1,828	1,828
Van	1,331	1,331
Rent	1,030	1,030
	<u>71</u>	<u>71</u>
	<u>\$ 85,283,308</u>	<u>\$ 78,888,179</u>

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Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended October 31, 2023 and 2022, temporarily restricted net assets were released from restrictions for the following programs:

	<u>2023</u>	<u>2022</u>
Young Numismatists	\$ 66,014	\$ 93,880
Museum	53,366	48,750
Bob Lecce fund	34,200	22,901
School of Numismatics scholarships	14,000	
College scholarships	7,000	7,006
Lecture series	3,837	
Exhibit awards	<u>757</u>	<u>20,515</u>
	<u>\$ 179,174</u>	<u>\$ 193,052</u>

K. COMMITMENTS AND CONTINGENCIES

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

Subsequent to fiscal year ended October 31, 2023, the Association sold 60 shares of BEK class A \$10.00 par common stock for \$28,265 per share receiving total proceeds of \$1,695,929.