

The American Numismatic Society

Financial Statements

September 30, 2011 and 2010



Independent Auditors' Report

Board of Trustees The American Numismatic Society

We have audited the accompanying statements of financial position of The American Numismatic Society (the "Society") as of September 30, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Numismatic Society as of September 30, 2011 and 2010, and its changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of changes in unrestricted, temporarily restricted and permanently restricted net assets and functional expenses are presented for the purpose of additional analysis and are not a required part of the basic 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.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
February 24, 2012

The American Numismatic Society

Statements of Financial Position

September 30,

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 707,858	\$ 1,833,935
Pledges receivable	75,695	92,700
Other receivables and prepaid expenses	347,963	310,161
Investments	27,502,035	29,200,889
Restricted cash	799,869	799,869
Loan receivable, 140 William Street, net of allowance	1,000,000	1,000,000
Deferred leasing costs	87,741	92,980
Restricted investments	6,218,171	6,209,602
Beneficial interest in perpetual trusts	2,054,964	2,158,296
Property and equipment, net	<u>4,222,382</u>	<u>4,531,551</u>
	<u>\$ 43,016,678</u>	<u>\$ 46,229,983</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 106,503	\$ 162,316
Deferred rent	<u>1,007,328</u>	<u>691,882</u>
Total Liabilities	<u>1,113,831</u>	<u>854,198</u>
Net assets		
Unrestricted		
Undesignated	20,199,288	22,601,811
Invested in property and equipment	<u>4,222,381</u>	<u>4,531,551</u>
Total Unrestricted Net Assets	24,421,669	27,133,362
Temporarily restricted	9,208,043	9,874,525
Permanently restricted	<u>8,273,135</u>	<u>8,367,898</u>
Total Net Assets	<u>41,902,847</u>	<u>45,375,785</u>
	<u>\$ 43,016,678</u>	<u>\$ 46,229,983</u>

See notes to financial statements

The American Numismatic Society

Statement of Activities

Year Ended September 30, 2011

	Unrestricted		Total	Temporarily Restricted	Permanently Restricted	Total
	Undesignated	Designated				
OPERATING REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 296,359	\$ -	\$ 296,359	\$ 72,868	\$ 8,569	\$ 377,796
Sales, membership dues and other income	301,272	-	301,272	146,789	-	448,061
Investment income, net	(482,761)	-	(482,761)	(341,834)	-	(824,595)
Unrealized loss in perpetual trusts	-	-	-	-	(103,332)	(103,332)
Special events, net	59,911	-	59,911	450	-	60,361
Net assets released from restrictions						
Satisfaction of program restrictions	923,336	-	923,336	(923,336)	-	-
 Total Operating Revenues, Gains and Other Support	 1,098,117	 -	 1,098,117	 (1,045,063)	 (94,763)	 (41,709)
OPERATING EXPENSES						
Program services	2,674,144	309,170	2,983,314	-	-	2,983,314
Management and general	596,130	-	596,130	-	-	596,130
Fundraising	41,705	-	41,705	-	-	41,705
 Total Operating Expenses	 3,311,979	 309,170	 3,621,149	 -	 -	 3,621,149
 Change in Net Assets from Operating Activities	 (2,213,862)	 (309,170)	 (2,523,032)	 (1,045,063)	 (94,763)	 (3,662,858)
NON-OPERATING ACTIVITIES						
Sale of collection items	6,079	-	6,079	239,728	-	245,807
Purchase of collection items	(4,060)	-	(4,060)	(51,827)	-	(55,887)
 Change in Net Assets from Non-Operating Activities	 2,019	 -	 2,019	 187,901	 -	 189,920
 Interfund transfers	 (190,680)	 -	 (190,680)	 190,680	 -	 -
 Change in Net Assets	 (2,402,523)	 (309,170)	 (2,711,693)	 (666,482)	 (94,763)	 (3,472,938)
Net assets, beginning of year	22,601,811	4,531,551	27,133,362	9,874,525	8,367,898	45,375,785
Net Assets, end of year	\$ 20,199,288	\$ 4,222,381	\$ 24,421,669	\$ 9,208,043	\$ 8,273,135	\$ 41,902,847

The American Numismatic Society

Statement of Activities

Year Ended September 30, 2010

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	Undesignated	Designated				Total
OPERATING REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 346,116	\$ -	\$ 346,116	\$ 71,350	\$ 17,822	\$ 435,288
Sales, membership dues and other income	367,010	-	367,010	189,716	-	556,726
Investment income, net	1,614,586	-	1,614,586	927,015	-	2,541,601
Unrealized gain in perpetual trusts	-	-	-	-	75,277	75,277
Special events, net	102,876	-	102,876	2,930	-	105,806
Net assets released from restrictions						
Satisfaction of program restrictions	<u>1,004,154</u>	<u>-</u>	<u>1,004,154</u>	<u>(1,004,154)</u>	<u>-</u>	<u>-</u>
Total Operating Revenues, Gains and Other Support	<u>3,434,742</u>	<u>-</u>	<u>3,434,742</u>	<u>186,857</u>	<u>93,099</u>	<u>3,714,698</u>
OPERATING EXPENSES						
Program services	2,722,151	310,846	3,032,997	-	-	3,032,997
Management and general	1,518,383	-	1,518,383	-	-	1,518,383
Fundraising	<u>37,245</u>	<u>-</u>	<u>37,245</u>	<u>-</u>	<u>-</u>	<u>37,245</u>
Total Operating Expenses	<u>4,277,779</u>	<u>310,846</u>	<u>4,588,625</u>	<u>-</u>	<u>-</u>	<u>4,588,625</u>
Change in Net Assets from Operating Activities	<u>(843,037)</u>	<u>(310,846)</u>	<u>(1,153,883)</u>	<u>186,857</u>	<u>93,099</u>	<u>(873,927)</u>
NON-OPERATING ACTIVITIES						
Sale of collection items	6,550	-	6,550	14,323	-	20,873
Purchase of collection items	<u>(109,526)</u>	<u>-</u>	<u>(109,526)</u>	<u>-</u>	<u>-</u>	<u>(109,526)</u>
Change in Net Assets from Non-Operating Activities	<u>(102,976)</u>	<u>-</u>	<u>(102,976)</u>	<u>14,323</u>	<u>-</u>	<u>(88,653)</u>
Interfund transfers	<u>(90,244)</u>	<u>90,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(1,036,257)</u>	<u>(220,602)</u>	<u>(1,256,859)</u>	<u>201,180</u>	<u>93,099</u>	<u>(962,580)</u>
Net assets, beginning of year	<u>23,638,068</u>	<u>4,752,153</u>	<u>28,390,221</u>	<u>9,673,345</u>	<u>8,274,799</u>	<u>46,338,365</u>
Net Assets, end of year	<u>\$ 22,601,811</u>	<u>\$ 4,531,551</u>	<u>\$ 27,133,362</u>	<u>\$ 9,874,525</u>	<u>\$ 8,367,898</u>	<u>\$ 45,375,785</u>

The American Numismatic Society

Statements of Cash Flows

For The Years Ended September 30,

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,472,938)	\$ (962,580)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gains on investments	(938,072)	(461,499)
Unrealized loss (gain) on investments	2,487,943	(1,382,624)
Unrealized loss (gain) on perpetual trusts	103,332	(75,277)
Donated stock	(20,429)	-
Depreciation and amortization	314,409	316,084
Contributions restricted for endowments	(8,569)	(25,822)
Bad debt expense	40	1,000,000
Net changes in operating assets and liabilities		
Pledges receivable	17,005	30,800
Other receivables and prepaid expenses	(37,802)	92,645
Accounts payable	(55,813)	19,099
Deferred rent	<u>315,446</u>	<u>335,943</u>
Net Cash from Operating Activities	<u>(1,295,448)</u>	<u>(1,113,231)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(24,365,881)	(14,868,163)
Proceeds from investments	24,526,683	9,834,909
Purchase of property and equipment	<u>-</u>	<u>(90,244)</u>
Net Cash from Investing Activities	<u>160,802</u>	<u>(5,123,498)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions permanently restricted for endowments	<u>8,569</u>	<u>25,822</u>
Change in Cash and Cash Equivalents	(1,126,077)	(6,210,907)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,833,935</u>	<u>8,044,842</u>
End of year	<u>\$ 707,858</u>	<u>\$ 1,833,935</u>

See notes to financial statements

The American Numismatic Society

Notes to Financial Statements

1. Organization

The American Numismatic Society ("the Society") is a nonprofit organization organized in 1858 and incorporated in 1865. The mission of the Society is to be the pre-eminent national institution advancing the study and public appreciation of coins, medals and related objects of all cultures as historic and artistic documents, by maintaining the foremost numismatic collection and library; by supporting scholarly research and publications; and by sponsoring educational and interpretive programs for diverse audiences. Items in the Society collections are available for loan to other museums for exhibits on particular themes. The Society's revenues are primarily derived from contributions and investment income.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis. Accordingly, revenues and their related assets are recognized when earned, and expenses and their related liabilities are recognized when incurred. The financial statements are prepared using the basis of the accounting principles generally accepted in the United States of America.

Basis of Presentation

The Society reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed restrictions. As reflected in the accompanying statement of financial position, the Society has designated its unrestricted net assets into the following two categories:

Undesignated net assets are net assets that are an integral part of the Society's programs and supporting activities and include realized capital gains and unrealized appreciation on permanently restricted net assets in the absence of donor imposed restrictions on either income or capital appreciation. These net assets are resources over which the Board of Trustees ("Trustees") has discretionary control to use for operations.

Designated net assets are net assets which the Trustees have established a restriction for specified purposes. These net assets are differentiated from temporarily restricted net assets in as much as the Trustees can remove the restrictions it imposed.

The American Numismatic Society

Notes to Financial Statements

2. Summary of Significant Accounting Policies (*continued*)

Basis of Presentation (continued)

Temporarily restricted net assets contain donor imposed restrictions that permit the Society to use up or expend the donated assets as specified. These restrictions may or will be met either by actions of the Society and/or the passage of time.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the Society to use or expend part or all of the income from the donated assets for specified or unspecified purposes.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term investments with maturities of three months or less at the time of purchase, except for those short-term investments managed by the Society's investment manager as part of their long-term investment strategies.

Endowments

On September 17, 2010, New York State adopted its version of the Uniform Prudent Management of Institutional funds Act (UPMIFA). New York State's version of UPMIFA is known as NYPMIFA. NYPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment restrictions on endowment funds, and revision of the prudence standard for the management and investment of endowment funds.

Fair Value Measurements

The Society follows Financial Accounting Standards board (FASB) guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The American Numismatic Society

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Beneficial Interest in Perpetual Trusts Held by Third Parties

The Society is the beneficiary of certain perpetual trusts under which the trust income is received annually for unrestricted use. The assets are held by trustees, which are separate entities. Distributions from the Trust are recorded as unrestricted contributions when received. The Society's beneficial interest in these perpetual trusts is recorded based on the fair value of the assets held in the trusts as reported by the trustees and is reported as permanently restricted net assets. Annual changes in such amounts are shown as permanently restricted unrealized gains or losses.

Investment Valuation

Investments are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of NAV as a "Practical Expedient" for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Society's interest therein and their classification within Level 2 or 3 is based on the Society's ability to redeem its interest in the near term.

Investment Income Recognition

Purchases and sales of fixed-income and equity securities are reflected on a trade-date basis. Investment income is recorded on an accrual basis. Dividends are recorded based upon ex-dividend dates. Realized and unrealized gains and losses are included in the statement of activities and allocated among individual restricted and unrestricted funds on the basis of the respective percentage share in the pooled funds at the beginning of each quarter in which income and realized and unrealized gains or losses are earned.

Investments Risks and Uncertainties

Alternative Investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

The American Numismatic Society

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Investments Risks and Uncertainties (continued)

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

Society Collections

The Society's collections consist primarily of coins, medals and books. They are cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed. The Society's collections, acquired through purchase and contributions, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded in the year in which the items were acquired as decreases in unrestricted; temporarily restricted or permanently restricted net assets based on the restrictions placed on assets used to purchase the items by the donors. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions, which are reflected as increases in the appropriate net asset class, are used to acquire other items for the collection. Collection items include coins, medals, paper currency, library books and other objects and documents. The current value of the collections is not readily determinable.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and replacements which substantially extend the lives of the assets are capitalized when the cost exceeds \$5,000.

Assets currently in service are depreciated principally using straight-line methods over the estimated useful lives of the assets as follows:

Computer equipment	5-10 Years
Furniture and office equipment	5-10 Years
Leasehold improvements - One Hudson Square	Life of lease (248 months at inception)

Deferred Leasing Costs

The deferred leasing costs relate to the inception of the lease at Hudson Square. The costs are amortized over the life of the lease (20 years and 8 months).

The American Numismatic Society

Notes to Financial Statements

2. Summary of Significant Accounting Policies (*continued*)

Accounting for Uncertainty in Income Taxes

The Society recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Society had no uncertain tax positions that would require financial statement recognition. The Society is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2008.

Contributions

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

The Society recognizes contributions restricted by a donor for the acquisition or construction of long-lived assets as temporarily restricted support and reclassifies such support to unrestricted net assets as net assets released from restriction when the asset is acquired or placed in service.

Nonmonetary contributions (stocks, bonds, etc.) are recorded at estimated fair value at date of receipt.

Donated Services

The Society received donated services from its officers, directors and other volunteers. No amounts are reflected in the financial statements for these services as such services do not meet the criteria for recognition in the financial statements.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 24, 2012.

The American Numismatic Society

Notes to Financial Statements

3. Concentrations

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and money market accounts in financial institutions, which may exceed the federal depository insurance coverage limit, brokerage accounts which may exceed insurance coverage limits, and investments in marketable securities and investment partnerships. The Society's cash management policy is to mitigate the Society's credit risks by investing in or through major financial institutions. Additionally, the Society has retained an investment advisor to assist in its periodic reviews of its investment portfolios throughout the year in order to minimize risk.

The Society receives its contributions primarily from its members, members of the Board of Trustees, and foundations interested in its programs. There is no assurance that the funding will continue at its present levels in the future.

4. Pledges Receivable

Pledges receivable consist of the following:

	<u>2011</u>	<u>2010</u>
Hudson Square renovation	<u>\$ 75,695</u>	<u>\$ 92,700</u>

The pledges receivable were originally restricted for the development of the Exhibition Hall at the William Street location. With the sale of the William Street building, the donors have modified their pledges so that the funds are now restricted for the development of the Hudson Square facility.

For the years ended September 30, 2011 and 2010, all of the pledges receivable were expected to be collected within the next fiscal year.

The American Numismatic Society

Notes to Financial Statements

5. Fair Value Measurements

The following are the classes and major categories of investments at September 30 grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis:

Description	2011			Total
	Level 1	Level 2	Level 3	
Cash and Money Market Funds	\$ 2,793,078	\$ -	\$ -	\$ 2,793,078
Equity Securities				
Consumer discretionary	675,785	-	-	675,785
Energy	606,306	-	-	606,306
Health care	740,555	-	-	740,555
Industrials	745,986	-	-	745,986
Information technology	1,236,606	-	-	1,236,606
Other	871,899	-	-	871,899
Real estate funds	255,210	-	-	255,210
Commodities funds	110,642	-	-	110,642
U.S. Treasuries	2,837,314			2,837,314
Mutual Funds				
International	4,396,115	-	-	4,396,115
Fixed income	6,491,217	-	-	6,491,217
Corporate Bonds	-	2,157,195	-	2,157,195
Hedge Funds				
Emerging markets	-	1,169,602	-	1,169,602
Hedged equity	-	3,149,276	-	3,149,276
Inflation protection	-	2,847,616	-	2,847,616
Multi-strategy/credit	-	-	2,635,804	2,635,804
Total investments	<u>\$ 21,760,713</u>	<u>\$ 9,323,689</u>	<u>\$ 2,635,804</u>	<u>33,720,206</u>
Beneficial interest in perpetual trusts	-	-	2,054,964	2,054,964
	<u>\$ 21,760,713</u>	<u>\$ 9,323,689</u>	<u>\$ 4,690,768</u>	<u>\$ 35,775,170</u>

The American Numismatic Society

Notes to Financial Statements

5. Fair Value Measurements (continued)

Description	2010			
	Level 1	Level 2	Level 3	Total
Cash and Money Market Funds	\$ 467,025	\$ -	\$ -	\$ 467,025
Equity Securities	2,943,300	-	-	2,943,300
U.S. Treasuries	3,952,958	-	-	3,952,958
Mutual Funds	11,874,115	-	-	11,874,115
Corporate Bonds	-	2,545,510	-	2,545,510
Hedge Funds	-	9,690,641	3,936,942	13,627,583
Total investments	<u>\$ 19,237,398</u>	<u>\$ 12,236,151</u>	<u>\$ 3,936,942</u>	<u>35,410,491</u>
Beneficial interest in perpetual trusts	-	-	2,158,296	2,158,296
	<u>\$ 19,237,398</u>	<u>\$ 12,236,151</u>	<u>\$ 6,095,238</u>	<u>\$ 37,568,787</u>

Transfers into and out of each level of the fair value hierarchy for assets measured at fair value for the fiscal year ended September 30, 2011 were as follows:

Description	Transfers into Level 2	Transfers (out) of Level 3
Emerging markets (a)	\$ 1,225,304	\$ -
Multi-strategy/credit (a)	-	(1,225,304)
	<u>\$ 1,225,304</u>	<u>\$ (1,225,304)</u>

(a) Transfers from Level 3 to Level 2 were due to lock-up period expiring, liquidity being 90 days or less and the underlying securities comprising mostly of Level 1 and Level 2 securities. New information also prompted a change in strategy for the investment.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) during the fiscal year ended September 30, 2011:

	Balance, October 1, 2010	Transfers in/(out)	Purchases	Sales	Total Realized and Unrealized Gain/(Loss)	Balance, September 30, 2011
Hedge Funds						
Multi-strategy/credit	\$ 3,936,942	\$ (1,225,304)	\$ -	\$ -	\$ (75,834)	\$ 2,635,804
Beneficial interest in perpetual trusts	2,158,296	-	-	-	(103,332)	2,054,964
Total	<u>\$ 6,095,238</u>	<u>\$ (1,225,304)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (179,166)</u>	<u>\$ 4,690,768</u>

The net change in unrealized loss on alternative investments held at year-end was \$75,834 for the year ended September 30, 2011.

The American Numismatic Society

Notes to Financial Statements

5. Fair Value Measurements *(continued)*

Information regarding alternative investments valued at NAV using the practical expedient at September 30, 2011 is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge Funds				
Emerging markets (see "a" below)	\$ 1,169,602	\$ -	Quarterly	60 days
Hedged equity (see "b" below)	3,149,276	-	Quarterly	45 days
Inflation protection (see "c" below)	2,847,616	-	Monthly - Quarterly	60 days
Multi-strategy/credit (see "d" below)	<u>2,635,804</u>	<u>-</u>	Quarterly - Annual	60 - 90 days
Total	<u>\$ 9,802,298</u>	<u>\$ -</u>		

- a. Emerging markets equity is defined as any company domiciled in the developing markets, as defined by the MSCI index. The role of emerging markets equity is to provide growth-oriented returns. Furthermore, this allocation would be implemented in a long-only (beta) manner and it is expected that there will be a high degree of volatility within these investments.
- b. Hedged equity is defined as long/short investing across geographies and market capitalization. The manager may be a niche strategy focused on small/mid cap stocks or may pursue a broader global mandate. Furthermore, The role of this allocation is to capture equity-like returns but do so with approximately one-half of the volatility of the equity markets.
- c. Real assets/commodities are investments that may include the following investments:
 - Commodities
 - Natural resource equities / equity-linked commodities
 - Public and private core real estate
 - Oil, gas and timber partnerships

These investments, in combination, are designed to diversify existing equity risks within the portfolio and provide a diverse source of return. More specifically, they should benefit in higher inflationary periods.

- d. Multi-strategy investments are diversifying strategies within a portfolio context and they evolve with opportunities. This allocation may include bonds and currencies of countries in very good fiscal shape, senior secured bank debt, as well as high yield bonds and mortgages. These strategies together pay a significant interest rate premium (carry) over high quality fixed income for measured credit risk.

The American Numismatic Society

Notes to Financial Statements

6. Investment Return

Investment return for the years ended September 30 is summarized as follows:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 899,705	\$ 840,653
Realized gain	938,072	461,499
Unrealized (loss) gain	(2,487,943)	1,382,624
Investment-related expenses	<u>(174,429)</u>	<u>(143,175)</u>
	<u>\$ (824,595)</u>	<u>\$ 2,541,601</u>

7. Endowment Funds

The Society's endowment consists of various individual gifts established primarily to support the mission of the Society. Its endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Society has interpreted NYPMIFA as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, or in those cases where the law allows appropriation for spending of the original gift amounts. As a result of this interpretation, the Board classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Annual investment returns are allocated to unrestricted and restricted net assets based on the respective fund balances as a percentage of the total net assets as of the year ended September 30, 2011.

The American Numismatic Society

Notes to Financial Statements

7. Endowment Funds *(continued)*

Return Objective and Risk Parameters

The Society utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against composite benchmark of investment indices reflecting the target asset allocation.

Endowment assets include both those assets of donor-restricted funds that the Society must hold in perpetuity as well as their accumulated earnings. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a number of different asset classes and investment strategies to diversify the investments to provide a balance that will enhance the long-term total return of the overall investment portfolio while avoiding undue risk or concentration in any single asset class or investment category.

Under the Society's current spending policy, up to 5% of the fair market value of the temporarily restricted and permanently restricted net assets as of September 30 of the previous year is available for appropriation. For 2011, this amount totaled \$788,704. In the year when annual investment returns are in excess of annual expenditures, there is no spending down of net assets, only an increase to the total net assets.

The following is a reconciliation of the investment activity in donor restricted funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, October 1, 2009	\$ (147,933)	\$ -	\$ 6,191,780	\$ 6,043,847
Contributions	-	-	17,822	17,822
Interest and dividends	-	127,838	-	127,838
Realized gains	-	70,180	-	70,180
Unrealized gains	147,933	62,323	-	210,256
Investment fees	-	(21,773)	-	(21,773)
Appropriation for expenditures	-	(213,534)	-	(213,534)
Balance, September 30, 2010	\$ -	\$ 25,034	\$ 6,209,602	\$ 6,234,636
Contributions	-	-	8,569	8,569
Interest and dividends	-	139,076	-	139,076
Realized gains	-	145,006	-	145,006
Unrealized losses	(322,934)	(61,650)	-	(384,584)
Investment fees	-	(26,963)	-	(26,963)
Appropriation for expenditures	-	(220,503)	-	(220,503)
Balance, September 30, 2011	<u>\$ (322,934)</u>	<u>\$ -</u>	<u>\$ 6,218,171</u>	<u>\$ 5,895,237</u>

The American Numismatic Society

Notes to Financial Statements

7. Endowment Funds *(continued)*

As a result of market declines, the fair value of certain donor-restricted endowments was less than the level required by donor stipulations or law. These investment losses have been recorded as reductions in unrestricted net assets. At September 30, 2011, this deficiency in unrestricted net assets was \$322,934.

8. Society Collections

Various coins were lent to the Society by several organizations. The collection of coins lent to the Society by organizations other than the Hispanic Society of America as of September 30, 2011 is as follows:

New Jersey Historical Society	271
Personal collection	<u>3,062</u>
Total Coins Lent to the Society	<u><u>3,333</u></u>

The Society also has coins on loan with several organizations. Coins that were lent to other organizations as of September 30, 2011 are as follows:

Federal Reserve Exhibit	723
Other organizations	<u>600</u>
Total Coins Loaned by the Society	<u><u>1,323</u></u>

9. Restricted Cash

The Society has an outstanding irrevocable standby letter of credit in the amount of \$800,000 maturing annually on June 30. \$799,869 of this letter of credit is used to provide a security deposit for the lease of the Hudson Square facility.

10. Loan Receivable

The note issued by 140 William, LLC, as part of its purchase of the Society's former building, carries an 8% per annum interest rate and has a maturity date of November 27, 2010. Interest accrues from November 27, 2008. Thereafter, interest is compounded quarterly until maturity. The note is guaranteed by Kent Swig, an officer of 140 William, LLC. It has been reported in the press that 140 William, LLC and the guarantor have experienced financial difficulties due to the economic downturn and, therefore, the collectability of the principal and the accrued interest is in doubt. As of September 30, 2011, the Society set up an allowance of \$1,000,000 against the receivable. On April 18, 2011, the Clerk of the Court, New York County, entered a judgment in favor of the Society against the note holder.

The American Numismatic Society

Notes to Financial Statements

11. Deferred Leasing Costs

Deferred leasing costs at September 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Cost	\$ 104,773	\$ 104,773
Accumulated amortization	<u>(17,032)</u>	<u>(11,793)</u>
	<u>\$ 87,741</u>	<u>\$ 92,980</u>

Amortization expense for the next 5 years is expected to approximate \$5,200 annually.

12. Property and Equipment

Property and equipment are summarized as follows:

	<u>2011</u>	<u>2010</u>
Furniture and office equipment	\$ 1,287,715	\$ 1,287,715
Leasehold improvements	<u>4,192,216</u>	<u>4,192,216</u>
	5,479,931	5,479,931
Accumulated depreciation	<u>(1,257,549)</u>	<u>(948,380)</u>
	<u>\$ 4,222,382</u>	<u>\$ 4,531,551</u>

Depreciation expense amounted to \$309,169 and \$310,845 for the years ended September 30, 2011 and 2010, respectively.

13. Temporarily Restricted Net Assets

The Society has a total of 35 temporarily restricted funds as of September 30, 2011, of which 22 represent balances from permanently restricted net assets that are available for release to fund specific programs or purposes.

As of September 30, 2011 and 2010, temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Coin and medal purchases	\$ 5,905,856	\$ 6,083,541
Library purchases	284,948	334,433
Education	876,114	970,429
Department support	2,032,313	2,371,508
Other	<u>108,812</u>	<u>114,614</u>
	<u>\$ 9,208,043</u>	<u>\$ 9,874,525</u>

The American Numismatic Society

Notes to Financial Statements

13. Temporarily Restricted Net Assets *(continued)*

Net assets released from restrictions consist of the following for the year ending September 30:

	<u>2011</u>	<u>2010</u>
Coin and medal purchases	\$ 219,203	\$ 316,901
Library purchases	43,332	52,459
Education	64,904	59,539
Department support	592,562	559,694
Other	<u>3,335</u>	<u>15,561</u>
	<u>\$ 923,336</u>	<u>\$ 1,004,154</u>

14. Permanently Restricted Net Assets

The Society has a total of 22 permanently restricted funds as of September 30, 2011. The investment income earned on the balances is recorded as temporarily restricted net assets, and is available to fund specific programs and purposes.

As of September 30, 2011 and 2010, permanently restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Program Activities:		
Coin and medal purchases	\$ 143,925	\$ 143,675
Library purchases	98,006	97,881
Education	779,728	774,428
Department support	4,981,172	4,978,278
Museum operations	<u>2,270,304</u>	<u>2,373,636</u>
	<u>\$ 8,273,135</u>	<u>\$ 8,367,898</u>

The American Numismatic Society

Notes to Financial Statements

15. Special Events

Special events are presented net in the statement of activities for the years ended September 30, 2011 and 2010. The activities are summarized as follows:

	<u>2011</u>	<u>2010</u>
Revenue from events:		
Annual dinner	\$ 132,168	\$ 176,395
Other events	<u>950</u>	<u>3,250</u>
Total revenue from events	133,118	179,645
Cost of events:		
Annual dinner	<u>72,757</u>	<u>73,839</u>
Net revenue	<u>\$ 60,361</u>	<u>\$ 105,806</u>

16. Retirement Plan

The Society maintains a retirement benefits plan that covers all eligible employees through defined contributions by the Society for the purchase of individual annuity contracts with Teachers Insurance and Annuity Association/College Retirement Equities Fund. The plan is funded as accrued, and all full-time employees are eligible to participate. Society contributions to the plan amounted to \$86,658 and \$94,949 for the years ended September 30, 2011 and 2010, respectively.

18. Rental Commitments

Hudson Street Facility

The Society leases space in a building known as One Hudson Square. The lease covers a term of 20 years and 8 months following the commencement date of the lease, March 1, 2008. The lease provides for the tenant to pay escalations in real estate taxes over the base year and fixed escalations as provided in the lease for increases in the landlord's operating costs. In addition, the lease provides that the tenant shall purchase its utilities from the landlord. The lease provides for a five year renewal term with the lease payment to be the greater of the rent payable for the last year of the lease or the annual fair market value of the rent determined in accordance with the lease. During the 2011 fiscal year, the Society entered into a lease agreement to rent space in the basement of One Hudson Square. The lease covers a term of 17 years and 5 months following the commencement date of the lease, May 1, 2011. The lease requires the Society's to make a monthly payment of \$373 the first of every month. Rent expense for the year ended September 30, 2011 totaled \$1,157,673, which included \$315,446 of amortized deferred rent.

The American Numismatic Society

Notes to Financial Statements

18. Rental Commitments *(continued)*

Future annual rent under the leases (including fixed common area maintenance charges) is as follows:

Year Ending <u>September 30</u>	<u>Amount</u>
2012	\$ 865,847
2013	887,382
2014	987,490
2015	1,012,066
2016	1,037,255
Thereafter	<u>15,939,509</u>
	<u>\$ 20,729,549</u>

Supplemental Information

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted,
and Permanently Restricted Net Assets

Year Ended September 30, 2011

	Contributions	Investment Income/(Loss)	Other Income	Expenses	Transfers	Net Change	Net Assets October 1, 2010	Net Assets September 30, 2011
Unrestricted								
Undesignated	\$ 296,359	\$ (482,761)	\$ 367,263	\$ (2,392,704)	\$ (190,680)	\$ (2,402,523)	\$ 22,601,811	\$ 20,199,288
Invested in property and equipment	-	-	-	(309,170)	-	(309,170)	4,531,551	4,222,381
Total Unrestricted Funds	296,359	(482,761)	367,263	(2,701,874)	(190,680)	(2,711,693)	27,133,362	24,421,669
Temporarily restricted								
Designated for coin and medal purchases								
A.S. Sullivan Medal Fund	-	(121)	-	-	-	(121)	2,537	2,416
Avery Coin Purchase Fund	-	(1,663)	-	(4,000)	-	(5,663)	77,031	71,368
Edward P. Groh Memorial Fund	-	(484)	-	(1,000)	-	(1,484)	22,361	20,877
Fecht Coin Purchase Fund	-	(4,218)	-	(9,505)	-	(13,723)	197,121	183,398
George H. Clapp Coin Purchase Fund	-	(1,197)	-	-	-	(1,197)	49,867	48,670
Gale Coin Purchase Fund	-	(2,619)	-	(5,929)	-	(8,548)	99,535	90,987
General Coin Purchase Fund including E.T. Newell								
Coin Purchase Fund	4,000	(124,652)	225,546	(250,098)	-	(145,204)	5,580,517	5,435,313
John and Mary Lhotka Memorial Purchase Fund	-	(436)	-	-	-	(436)	17,419	16,983
Memorial Decorations Fund	-	(585)	-	-	-	(585)	26,781	26,196
Revolving Coin Purchase Fund	-	(224)	-	(500)	-	(724)	10,372	9,648
Total Designated for Coin and Metal Purchases	4,000	(136,199)	225,546	(271,032)	-	(177,685)	6,083,541	5,905,856
Designated for library purchases:								
Bass Library Fund	1,500	(5,908)	1,316	(38,088)	-	(41,180)	193,645	152,465
W. Gedney Beatty Library Fund	-	(1,403)	-	(1,640)	-	(3,043)	64,793	61,750
Merritt Library Fund	-	(1,310)	-	(3,444)	-	(4,754)	61,058	56,304
Michael Louis Backowske Memorial Purchase Fund	-	(348)	-	(160)	-	(508)	14,937	14,429
Total Designated for Library Purchases	1,500	(8,969)	1,316	(43,332)	-	(49,485)	334,433	284,948
Designated for education:								
J. Sanford Saltus Medal Fund	-	(854)	-	-	-	(854)	34,124	33,270
Donald Groves Fund	-	(917)	-	-	-	(917)	42,011	41,094
EPN - Education Fund	5,000	(23,429)	-	(53,573)	-	(72,002)	561,815	489,813
Frances M. Schwartz Memorial Fund	-	(3,427)	-	-	-	(3,427)	114,011	110,584
Harry W. Fowler Memorial Lecture Fund	-	(2,121)	-	(4,709)	-	(6,830)	46,655	39,825
Stack Family Fund	-	(1,430)	-	-	-	(1,430)	5,080	3,650
Krause/Mishler Fund	-	(1,155)	-	-	-	(1,155)	37,845	36,690
Mark Salton Memorial Lecture Fund	-	(467)	450	(3,321)	2,443	(895)	895	-
Scher Lecture Fund	-	(1,161)	-	-	-	(1,161)	3,236	2,075
Silvia Hurter Memorial	350	(2,693)	-	(3,301)	-	(5,644)	124,757	119,113
Total Designated for Education	\$ 5,350	\$ (37,654)	\$ 450	\$ (64,904)	\$ 2,443	\$ (94,315)	\$ 970,429	\$ 876,114

See independent auditors' report

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted,
and Permanently Restricted Net Assets
(continued)

Year Ended September 30, 2011

	Contributions	Investment Income	Other Income	Expenses	Transfers	Net Change	Net Assets October 1, 2010	Net Assets September 30, 2011
Departmental support funds:								
Eidlitz Building Maintenance Fund	\$ -	\$ (1,640)	\$ -	\$ (5,000)	\$ -	\$ (6,640)	\$ 77,729	\$ 71,089
General Publications including								
E.T. Newell Publications Fund	62,018	(19,736)	144,644	(189,719)	-	(2,793)	772,798	770,005
Henry Bass Endowment for Computers Fund	-	(26,515)	-	(72,603)	-	(99,118)	414,226	315,108
Margaret Thompson Curator of								
Greek Coins Fund	-	(42,051)	-	(122,055)	-	(164,106)	1,027,315	863,209
Francis Campbell Library Fund	-	(29,126)	-	(78,827)	49,810	(58,143)	58,143	-
James H. Schwartz Fund	-	(2,457)	-	(6,600)	3,497	(5,560)	5,560	-
U.S. Chair Fund	-	(32,184)	15,012	(117,758)	134,930	-	-	-
Islamic Chair Fund	-	(2,835)	-	-	-	(2,835)	15,737	12,902
Total Departmental Support Funds	62,018	(156,544)	159,656	(592,562)	188,237	(339,195)	2,371,508	2,032,313
Other designations								
Short term special purpose	-	(1,216)	-	(3,335)	-	(4,551)	55,712	51,161
Special project - IGCH	-	-	-	-	-	-	1,599	1,599
Special events	-	(1,251)	-	-	-	(1,251)	57,303	56,052
Total Other Designations	-	(2,467)	-	(3,335)	-	(5,802)	114,614	108,812
Total Temporarily Restricted Funds	72,868	(341,833)	386,968	(975,165)	190,680	(666,482)	9,874,525	9,208,043
Permanently restricted								
Operations	-	-	-	-	-	-	215,162	215,162
Perpetual trusts	-	-	(103,332)	-	-	(103,332)	2,158,474	2,055,142
Total Operations	-	-	(103,332)	-	-	(103,332)	2,373,636	2,270,304
Designated for coin and medal purchases								
A.S. Sullivan Medal Fund	-	-	-	-	-	-	3,001	3,001
Gale Coin Purchase Fund	-	-	-	-	-	-	21,701	21,701
George H. Clapp Coin Purchase Fund	-	-	-	-	-	-	5,000	5,000
General Coin Purchases including								
E.T. Newell Coin Purchase Fund	250	-	-	-	-	250	111,405	111,655
John and Mary Lhohtka Memorial Purchase Fund	-	-	-	-	-	-	2,568	2,568
Total Designated for Coin and Medal Purchases	250	-	-	-	-	250	143,675	143,925
Designated for library purchases								
Bass Library Fund	125	-	-	-	-	125	96,781	96,906
Michael Louis Backowske Memorial Purchase Fund	-	-	-	-	-	-	1,100	1,100
Total Designated for Library Purchases	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ 125	\$ 97,881	\$ 98,006

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted,
and Permanently Restricted Net Assets
(continued)

Year Ended September 30, 2011

	Contributions	Investment Income	Other Income	Expenses	Transfers	Net Change in Fund	Net Assets October 1, 2010	Net Assets September 30, 2011
Permanently restricted								
Designated for education								
EPN - Education Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 530,023	\$ 530,023
Frances M. Schwartz Memorial Fund	-	-	-	-	-	-	43,000	43,000
Harry W. Fowler Memorial Lecture Fund	200	-	-	-	-	200	51,500	51,700
Krause/Mishler Fund	-	-	-	-	-	-	15,060	15,060
J. Sanford Saltus Medal Fund	-	-	-	-	-	-	5,000	5,000
Mark Salton Memorial Lecture Fund	5,000	-	-	-	-	5,000	19,400	24,400
Stack Family Fund	100	-	-	-	-	100	60,445	60,545
Scher Lecture Fund	-	-	-	-	-	-	50,000	50,000
Total Designated for Education	5,300	-	-	-	-	5,300	774,428	779,728
Departmental support funds								
General Publications including								
E.T. Newell Publications Fund	44	-	-	-	-	44	117,770	117,814
Harry Bass Endowment Fund	-	-	-	-	-	-	833,500	833,500
James H. Schwartz Fund	-	-	-	-	-	-	110,453	110,453
Margaret Thompson Curator of Greek Coins	-	-	-	-	-	-	960,568	960,568
Francis Campbell Library Fund	2,675	-	-	-	-	2,675	1,315,265	1,317,940
U.S. Chair Fund	75	-	-	-	-	75	1,526,625	1,526,700
Islamic Chair Fund	100	-	-	-	-	100	114,097	114,197
Total Departmental Support Funds	2,894	-	-	-	-	2,894	4,978,278	4,981,172
Total Permanently Restricted	8,569	-	(103,332)	-	-	(94,763)	8,367,898	8,273,135
Total	\$ 377,796	\$ (824,594)	\$ 650,899	\$ (3,677,039)	\$ -	\$ (3,472,938)	\$ 45,375,785	\$ 41,902,847

The American Numismatic Society

Schedule of Functional Expenses

Year Ended September 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and payroll taxes	\$ 884,500	\$ 352,516	\$ 20,283	\$ 1,257,299
Professional and consulting fees	190,655	114,058	-	304,713
Supplies	7,790	12,532	206	20,528
Telephone	12,206	1,387	277	13,870
Postage and shipping	10,848	-	221	11,069
Occupancy	1,219,454	107,665	13,458	1,340,577
Insurance	63,463	5,579	697	69,739
Printing and publications	140,880	-	6,264	147,144
Conferences, conventions, meeting and travel	37,683	-	-	37,683
Membership dues	4,593	-	-	4,593
Awards and grants	36,603	-	-	36,603
Rental and maintenance of equipment	15,129	934	117	16,180
Depreciation and amortization	314,409	-	-	314,409
Exhibition and lecture	20,957	-	-	20,957
Bad debt expense	-	40	-	40
Other service fees	24,144	1,419	182	25,745
	<u>\$ 2,983,314</u>	<u>\$ 596,130</u>	<u>\$ 41,705</u>	<u>\$ 3,621,149</u>

See independent auditors' report

The American Numismatic Society

Schedule of Functional Expenses

Year Ended September 30, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and payroll taxes	\$ 867,710	\$ 351,069	\$ 16,642	\$ 1,235,421
Professional and consulting fees	294,746	50,749	-	345,495
Supplies	49,285	493	435	50,213
Telephone	10,485	1,192	238	11,915
Postage and shipping	7,103	-	906	8,009
Occupancy	1,212,851	106,624	13,328	1,332,803
Insurance	67,334	5,919	740	73,993
Printing and publications	86,402	-	4,663	91,065
Conferences, conventions, meeting and travel	43,706	-	-	43,706
Membership dues	5,610	-	-	5,610
Awards and grants	34,212	-	-	34,212
Rental and maintenance of equipment	10,533	860	108	11,501
Depreciation and amortization	316,084	-	-	316,084
Exhibition and lecture	8,571	-	-	8,571
Bad debt expense	-	1,000,000	-	1,000,000
Other service fees	18,365	1,477	185	20,027
	<u>\$ 3,032,997</u>	<u>\$ 1,518,383</u>	<u>\$ 37,245</u>	<u>\$ 4,588,625</u>