

The American Numismatic Society

Financial Statements

September 30, 2012 and 2011

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, 2012 and 2011 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, 2012 and 2011, and the 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, LLP

New York, New York
February 22, 2013

The American Numismatic Society

Statements of Financial Position

	September 30,	
	2012	2011
ASSETS		
Cash	\$ 787,008	\$ 707,858
Pledges receivable	49,970	75,695
Other receivables and prepaid expenses	424,584	347,963
Investments	29,455,072	27,502,035
Restricted cash	799,869	799,869
Loan receivable, 140 William Street, net of allowance	991,943	1,000,000
Deferred leasing costs	82,502	87,741
Restricted investments	6,228,115	6,218,171
Beneficial interest in perpetual trusts	2,284,952	2,054,964
Property and equipment, net	3,913,707	4,222,382
	\$ 45,017,722	\$ 43,016,678
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 130,991	\$ 106,503
Deferred rent	1,301,765	1,007,328
Total Liabilities	1,432,756	1,113,831
 Net assets		
Unrestricted		
Undesignated	20,773,496	20,199,288
Invested in property and equipment	3,913,707	4,222,381
Total Unrestricted Net Assets	24,687,203	24,421,669
Temporarily restricted	10,384,696	9,208,043
Permanently restricted	8,513,067	8,273,135
Total Net Assets	43,584,966	41,902,847
	\$ 45,017,722	\$ 43,016,678

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Statement of Activities
Year Ended September 30, 2012

	Unrestricted		Total	Temporarily Restricted	Permanently Restricted	Total
	Undesignated	Designated				
OPERATING REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 432,643	\$ -	\$ 432,643	\$ 100,064	\$ 9,945	\$ 542,652
Sales, membership dues and other income	386,418	-	386,418	145,880	-	532,298
Investment income, net	2,170,543	-	2,170,543	1,703,542	-	3,874,085
Unrealized gain in perpetual trusts	-	-	-	-	229,987	229,987
Special events, net	62,319	-	62,319	250	-	62,569
Net assets released from restrictions						
Satisfaction of program restrictions	911,949	-	911,949	(911,949)	-	-
and Other Support	3,963,872	-	3,963,872	1,037,787	239,932	5,241,591
OPERATING EXPENSES						
Program services	2,731,577	308,674	3,040,251	-	-	3,040,251
Management and general	628,668	-	628,668	-	-	628,668
Fundraising	40,872	-	40,872	-	-	40,872
Total Operating Expenses	3,401,117	308,674	3,709,791	-	-	3,709,791
Change in Net Assets from Operating Activities	562,755	(308,674)	254,081	1,037,787	239,932	1,531,800
NON-OPERATING ACTIVITIES						
Sale of collection items	2,423	-	2,423	649,760	-	652,183
Purchase of collection items	(970)	-	(970)	(500,894)	-	(501,864)
Change in Net Assets from Non-Operating Activities	1,453	-	1,453	148,866	-	150,319
Interfund transfers	10,000	-	10,000	(10,000)	-	-
Change in Net Assets	574,208	(308,674)	265,534	1,176,653	239,932	1,682,119
NET ASSETS						
Beginning of year	20,199,288	4,222,381	24,421,669	9,208,043	8,273,135	41,902,847
Net Assets, end of year	\$ 20,773,496	\$ 3,913,707	\$ 24,687,203	\$ 10,384,696	\$ 8,513,067	\$ 43,584,966

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Statement of Activities
Year Ended September 30, 2011

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	Undesignated	Designated				Total
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	<u>923,336</u>	<u>-</u>	<u>923,336</u>	<u>(923,336)</u>	<u>-</u>	<u>-</u>
Total Operating Revenues, Gains and Other Support	<u>1,098,117</u>	<u>-</u>	<u>1,098,117</u>	<u>(1,045,063)</u>	<u>(94,763)</u>	<u>(41,709)</u>
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	<u>41,705</u>	<u>-</u>	<u>41,705</u>	<u>-</u>	<u>-</u>	<u>41,705</u>
Total Operating Expenses	<u>3,311,979</u>	<u>309,170</u>	<u>3,621,149</u>	<u>-</u>	<u>-</u>	<u>3,621,149</u>
Change in Net Assets from Operating Activities	<u>(2,213,862)</u>	<u>(309,170)</u>	<u>(2,523,032)</u>	<u>(1,045,063)</u>	<u>(94,763)</u>	<u>(3,662,858)</u>
NON-OPERATING ACTIVITIES						
Sale of collection items	6,079	-	6,079	239,728	-	245,807
Purchase of collection items	<u>(4,060)</u>	<u>-</u>	<u>(4,060)</u>	<u>(51,827)</u>	<u>-</u>	<u>(55,887)</u>
Change in Net Assets from Non-Operating Activities	<u>2,019</u>	<u>-</u>	<u>2,019</u>	<u>187,901</u>	<u>-</u>	<u>189,920</u>
Interfund transfers	<u>(190,680)</u>	<u>-</u>	<u>(190,680)</u>	<u>190,680</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(2,402,523)</u>	<u>(309,170)</u>	<u>(2,711,693)</u>	<u>(666,482)</u>	<u>(94,763)</u>	<u>(3,472,938)</u>
NET ASSETS						
Beginning 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>
End of year	<u>\$ 20,199,288</u>	<u>\$ 4,222,381</u>	<u>\$ 24,421,669</u>	<u>\$ 9,208,043</u>	<u>\$ 8,273,135</u>	<u>\$ 41,902,847</u>

The American Numismatic Society

Statements of Cash Flows

	Year Ended	
	September 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,682,119	\$ (3,472,938)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gains on investments	(483,081)	(938,072)
Unrealized (gain) loss on investments	(2,947,334)	2,487,943
Unrealized (gain) loss on perpetual trusts	(229,987)	103,332
Donated stock	(4,564)	(20,429)
Depreciation and amortization	313,913	314,409
Amortization of deferred rent	294,437	315,446
Contributions restricted for endowments	(9,945)	(8,569)
Bad debt expense	6,375	40
Net changes in operating assets and liabilities		
Pledges receivable	25,725	17,005
Other receivables and prepaid expenses	(76,621)	(37,802)
Accounts payable	24,488	(55,813)
Net Cash from Operating Activities	(1,404,475)	(1,295,448)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(19,548,145)	(24,365,881)
Proceeds from investments	21,021,825	24,526,683
Net Cash from Investing Activities	1,473,680	160,802
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions permanently restricted for endowments	9,945	8,569
Change in Cash and Cash Equivalents	79,150	(1,126,077)
CASH AND CASH EQUIVALENTS		
Beginning of year	707,858	1,833,935
End of year	\$ 787,008	\$ 707,858

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

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.

2. Summary of Significant Accounting Policies

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.

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.

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 independent from the Society. 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.

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

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

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.

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.

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Notes to Financial Statements
September 30, 2012 and 2011

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

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 periodically. 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. Proceeds from deaccessions are reflected as increases in the appropriate net asset class, and are used to acquire other items for the collection. 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).

Net Asset 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.

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Notes to Financial Statements
September 30, 2012 and 2011

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

Net Asset Presentation (continued)

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.

Temporarily restricted net assets contain donor imposed restrictions that permit the Society to use up or expend the donated assets as specified. These restrictions are met by actions of the Society.

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.

Deferred Rent

The Society has entered into an operating lease agreement which contains a provision for future rent increases. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is charged to deferred rent, in the accompanying statement of financial position.

Accounting for Uncertainty in Income Taxes

The Society recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Society had no uncertain tax positions that would require financial statement recognition or disclosure. The Society is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2009.

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

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

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 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 22, 2013.

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.

The American Numismatic Society

Notes to Financial Statements
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4. Pledges Receivable

Pledges receivable consist of pledges for the Hudson Square renovation.

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, 2012 and 2011, all of the pledges receivable were expected to be collected within the next fiscal year.

5. Fair Value Measurements

The following are the major categories of investments measured at estimated fair value categorized by the fair value hierarchy as of September 30:

	2012			Total
	Level 1	Level 2	Level 3	
Cash and Money Market Funds	\$ 1,390,082	\$ -	\$ -	\$ 1,390,082
Equity Securities				
Consumer discretionary	829,127	-	-	829,127
Energy	357,330	-	-	357,330
Health care	443,072	-	-	443,072
Industrials	735,551	-	-	735,551
Information technology	1,414,521	-	-	1,414,521
Other	572,772	-	-	572,772
Mutual Funds				
Fixed income	6,074,911	-	-	6,074,911
International	4,602,154	-	-	4,602,154
Other	3,829,226	-	-	3,829,226
U.S. Treasuries	2,905,713	-	-	2,905,713
Corporate Bonds	-	1,381,546	-	1,381,546
Mortgage Pools	-	311,552	-	311,552
Hedge Funds				
Emerging markets	-	2,325,412	-	2,325,412
Hedged equity	-	3,089,414	-	3,089,414
Inflation protection	-	956,395	-	956,395
Multi-strategy/credit	-	1,468,880	2,995,529	4,464,409
Total investments	<u>\$ 23,154,459</u>	<u>\$ 9,533,199</u>	<u>\$ 2,995,529</u>	<u>35,683,187</u>
Beneficial interest in perpetual trusts	-	-	2,284,952	2,284,952
	<u>\$ 23,154,459</u>	<u>\$ 9,533,199</u>	<u>\$ 5,280,481</u>	<u>\$ 37,968,139</u>

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

5. Fair Value Measurements (continued)

	2011			
	Level 1	Level 2	Level 3	Total
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 following is a reconciliation of the beginning and ending balances for Level 3 investments during the fiscal years ended September 30:

	2012					Balance, September 30, 2012
	Balance, October 1, 2011	Transfers in/(out)	Purchases	Sales	Total Realized and Unrealized Gain/(Loss)	
Hedge Funds						
Multi-strategy/credit	\$ 2,635,804	\$ -	\$ -	\$ -	\$ 359,725	\$ 2,995,529
Beneficial interest in perpetual trusts	2,054,964	-	-	-	229,988	2,284,952
Total	<u>\$ 4,690,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,713</u>	<u>\$ 5,280,481</u>
	2011					Balance, September 30, 2011
	Balance, October 1, 2010	Transfers in/(out)	Purchases	Sales	Total Realized and Unrealized Gain/(Loss)	
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>

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Notes to Financial Statements
September 30, 2012 and 2011

5. Fair Value Measurements *(continued)*

The net change in unrealized gain (loss) on alternative investments held at year-end was \$359,729 and \$(75,834) for the years ended September 30, 2012 and 2011, respectively.

Information regarding alternative investments valued at NAV using the practical expedient at September 30, 2012 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds				
Emerging markets (see "a" below)	\$ 2,325,412	\$ -	Quarterly	60 days
Hedged equity (see "b" below)	3,089,414	-	Quarterly	45 days
Inflation protection (see "c" below)	956,395	-	Monthly - Quarterly	60 days
Multi-strategy/credit (see "d" below)	<u>4,464,409</u>	<u>-</u>	Quarterly - Annual	30 - 90 days
Total	<u>\$ 10,835,630</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.

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Notes to Financial Statements
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6. Investment Return

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

	2012	2011
Interest and dividend income	\$ 602,343	\$ 899,705
Realized gain	483,081	938,072
Unrealized gain (loss)	2,947,334	(2,487,943)
Investment-related expenses	(158,673)	(174,429)
	<u>\$ 3,874,085</u>	<u>\$ (824,595)</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 New York Prudent Management of Institutional Funds Act (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 percentage share in the pooled funds at the beginning of each quarter in which income and realized and unrealized gains or losses are earned.

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.

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

7. Endowment Funds *(continued)*

Return Objective and Risk Parameters (continued)

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 2012, this amount totaled \$771,311. 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 for the years ended September 30, 2012 and 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, October 1, 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	\$ (322,934)	\$ -	\$ 6,218,171	\$ 5,895,237
Contributions	-	-	9,945	9,945
Interest and dividends	-	108,842	-	108,842
Realized gains	-	87,291	-	87,291
Unrealized gains	322,934	209,640	-	532,574
Investment fees	-	(28,672)	-	(28,672)
Appropriation for expenditures	-	(298,738)	-	(298,738)
Balance, September 30, 2012	<u>\$ -</u>	<u>\$ 78,363</u>	<u>\$ 6,228,116</u>	<u>\$ 6,306,480</u>

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. In 2012, gains of \$322,934 were allocated to unrestricted net assets to restore excess losses absorbed in past years.

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

8. Society Collections

Various coins were lent to the Society by several organizations. The collection of coins on loan to the Society by the New Jersey Historical Society and individuals as of September 30, 2012 is as follows:

New Jersey Historical Society	271
Personal collections	<u>21,501</u>
Total Number of Coins on Loan to the Society	<u>21,772</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 matured on November 27, 2010 and is in default. 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, 2012, the Society set up an allowance of \$1,469,738 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.

11. Deferred Leasing Costs

Deferred leasing costs at September 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Cost	\$ 104,773	\$ 104,773
Accumulated amortization	<u>(22,271)</u>	<u>(17,032)</u>
	<u>\$ 82,502</u>	<u>\$ 87,741</u>

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

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

12. Property and Equipment

Property and equipment are summarized as follows:

	<u>2012</u>	<u>2011</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>(1,566,224)</u>	<u>(1,257,549)</u>
	<u>\$ 3,913,707</u>	<u>\$ 4,222,382</u>

Depreciation expense amounted to \$308,674 and \$309,170 for the years ended September 30, 2012 and 2011, respectively.

13. Temporarily Restricted Net Assets

The Society has a total of 35 temporarily restricted funds as of September 30, 2012, 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, 2012 and 2011, temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Coin and medal purchases	\$ 6,649,411	\$ 5,905,856
Library purchases	285,433	284,948
Education	999,584	876,114
Department support	2,328,562	2,032,313
Other	<u>121,706</u>	<u>108,812</u>
	<u>\$ 10,384,696</u>	<u>\$ 9,208,043</u>

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

	<u>2012</u>	<u>2011</u>
Coin and medal purchases	\$ 689,403	\$ 271,032
Library purchases	44,115	43,332
Education	61,898	64,904
Department support	617,427	592,562
Other	-	3,335
	<u>\$ 1,412,843</u>	<u>\$ 975,165</u>

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

14. Permanently Restricted Net Assets

The Society has a total of 22 permanently restricted funds as of September 30, 2012. The investment income earned on the balances is recorded as temporarily restricted net assets until appropriated to fund specific programs and purposes.

As of September 30, 2012 and 2011, permanently restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Program Activities:		
Coin and medal purchases	\$ 143,925	\$ 143,925
Library purchases	99,176	98,006
Education	779,928	779,728
Department support	4,989,747	4,981,172
Museum operations	<u>2,500,291</u>	<u>2,270,304</u>
	<u>\$ 8,513,067</u>	<u>\$ 8,273,135</u>

15. Special Events

Special events are presented net in the statement of activities for the years ended September 30, 2012 and 2011. The activities are summarized as follows:

	<u>2012</u>	<u>2011</u>
Revenue from events:		
Annual dinner	\$ 137,275	\$ 132,168
Other events	<u>885</u>	<u>950</u>
Total revenue from events	138,160	133,118
Cost of events:		
Annual dinner	<u>75,591</u>	<u>72,757</u>
Net revenue	<u>\$ 62,569</u>	<u>\$ 60,361</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 \$89,248 and \$86,658 for the years ended September 30, 2012 and 2011, respectively.

The American Numismatic Society

Notes to Financial Statements
September 30, 2012 and 2011

17. 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, 2012 totaled \$1,160,284, which included \$294,437 of amortized deferred rent.

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

Year Ending <u>September 30</u>	<u>Amount</u>
2013	\$ 887,382
2014	987,490
2015	1,012,066
2016	1,037,255
2017	1,063,075
Thereafter	<u>14,876,434</u>
	<u>\$ 19,863,702</u>

* * * * *

Supplemental Information

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted,
and Permanently Restricted Net Assets
Year Ended September 30, 2012

	Contributions	Investment Income/(Loss)	Other Income	Expenses	Transfers	Net Change	Net Assets October 1, 2011	Net Assets September 30, 2012
Unrestricted Net Assets								
Undesignated	\$ 432,643	\$ 2,170,543	\$ 451,160	\$ (2,490,138)	\$ 10,000	\$ 574,208	\$ 20,199,288	\$ 20,773,496
Invested in property and equipment	-	-	-	(308,674)	-	(308,674)	4,222,381	3,913,707
Total Unrestricted Net Assets	<u>432,643</u>	<u>2,170,543</u>	<u>451,160</u>	<u>(2,798,812)</u>	<u>10,000</u>	<u>265,534</u>	<u>24,421,669</u>	<u>24,687,203</u>
Temporarily restricted								
Designated for coin and medal purchases								
A.S. Sullivan Medal Fund	-	618	-	(400)	-	218	2,416	2,634
Avery Coin Purchase Fund	-	8,454	-	(664)	-	7,790	71,368	79,158
Edward P. Groh Memorial Fund	-	2,416	-	-	-	2,416	20,877	23,293
Fecht Coin Purchase Fund	-	21,217	-	-	-	21,217	183,398	204,615
George H. Clapp Coin Purchase Fund	-	6,391	-	-	-	6,391	48,670	55,061
Gale Coin Purchase Fund	-	13,078	-	-	-	13,078	90,987	104,065
General Coin Purchase Fund including E.T. Newell								
Coin Purchase Fund	68,000	655,754	650,469	(688,339)	-	685,884	5,435,313	6,121,197
John and Mary Lhotka								
Memorial Purchase Fund	-	2,328	-	-	-	2,328	16,983	19,311
Memorial Decorations Fund	-	3,119	-	-	-	3,119	26,196	29,315
Revolving Coin Purchase Fund	-	1,114	-	-	-	1,114	9,648	10,762
Total Designated for Coin and Metal Purchases	<u>68,000</u>	<u>714,489</u>	<u>650,469</u>	<u>(689,403)</u>	<u>-</u>	<u>743,555</u>	<u>5,905,856</u>	<u>6,649,411</u>
Designated for library purchases:								
Bass Library Fund	1,500	25,611	2,118	(43,990)	-	(14,761)	152,465	137,704
W. Gedney Beatty Library Fund	-	7,148	-	(125)	-	7,023	61,750	68,773
Merritt Library Fund	-	6,391	-	-	-	6,391	56,304	62,695
Michael Louis Backowske								
Memorial Purchase Fund	-	1,832	-	-	-	1,832	14,429	16,261
Total Designated for Library Purchases	<u>1,500</u>	<u>40,982</u>	<u>2,118</u>	<u>(44,115)</u>	<u>-</u>	<u>485</u>	<u>284,948</u>	<u>285,433</u>
Designated for education:								
J. Sanford Saltus Medal Fund	-	4,559	-	-	-	4,559	33,270	37,829
Donald Groves Fund	-	4,893	-	-	-	4,893	41,094	45,987
EPN - Education Fund	-	112,254	-	(48,167)	-	64,087	489,813	553,900
Frances M. Schwartz Memorial Fund	-	18,294	-	-	-	18,294	110,584	128,878
Harry W. Fowler Memorial Lecture Fund	-	10,201	250	(1,062)	-	9,389	39,825	49,214
Stack Family Fund	-	7,647	-	-	-	7,647	3,650	11,297
Krause/Mishler Fund	-	5,089	-	(4,513)	-	576	36,690	37,266
Mark Salton Memorial Lecture Fund	-	2,842	-	(2,723)	-	119	-	119
Scher Lecture Fund	-	5,861	-	(2,591)	-	3,270	2,075	5,345
Silvia Hurter Memorial	-	13,478	-	(2,842)	-	10,636	119,113	129,749
Total Designated for Education	<u>\$ -</u>	<u>\$ 185,118</u>	<u>\$ 250</u>	<u>\$ (61,898)</u>	<u>\$ -</u>	<u>\$ 123,470</u>	<u>\$ 876,114</u>	<u>\$ 999,584</u>

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted,
and Permanently Restricted Net Assets
(continued)
Year Ended September 30, 2012

	Contributions	Investment Income	Other Income	Expenses	Transfers	Net Change	Net Assets October 1, 2011	Net Assets September 30, 2012
Temporarily Restricted (continued)								
Departmental support funds:								
Eidlitz Building Maintenance Fund	\$ -	\$ 7,455	\$ -	\$ (5,000)	\$ -	\$ 2,455	\$ 71,089	\$ 73,544
General Publications including								
E.T. Newell Publications Fund	30,564	98,608	142,815	(230,969)	(10,000)	31,018	770,005	801,023
Henry Bass Endowment for Computers Fund	-	121,419	-	(74,575)	-	46,844	315,108	361,952
Margaret Thompson Curator of Greek Coins Fund	-	193,662	55	(116,903)	-	76,814	863,209	940,023
Francis Campbell Library Fund	-	141,729	183	(78,836)	-	63,076	-	63,076
James H. Schwartz Fund	-	11,945	-	(5,850)	-	6,095	-	6,095
U.S. Chair Fund	-	160,258	-	(98,794)	-	61,464	-	61,464
Islamic Chair Fund	-	14,983	-	(6,500)	-	8,483	12,902	21,385
Total Departmental Support Funds	<u>30,564</u>	<u>750,059</u>	<u>143,053</u>	<u>(617,427)</u>	<u>(10,000)</u>	<u>296,249</u>	<u>2,032,313</u>	<u>2,328,562</u>
Other designations								
Short term special purpose	-	6,096	-	-	-	6,096	51,161	57,257
Special project - IGCH	-	123	-	-	-	123	1,599	1,722
Special events	-	6,675	-	-	-	6,675	56,052	62,727
Total Other Designations	<u>-</u>	<u>12,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,894</u>	<u>108,812</u>	<u>121,706</u>
Total Temporarily Restricted Net Assets	<u>100,064</u>	<u>1,703,542</u>	<u>795,890</u>	<u>(1,412,843)</u>	<u>(10,000)</u>	<u>1,176,653</u>	<u>9,208,043</u>	<u>10,384,696</u>
Permanently Restricted Net Assets								
Operations	-	-	-	-	-	-	215,162	215,162
Perpetual trusts	-	-	229,987	-	-	229,987	2,055,142	2,285,129
Total Operations	<u>-</u>	<u>-</u>	<u>229,987</u>	<u>-</u>	<u>-</u>	<u>229,987</u>	<u>2,270,304</u>	<u>2,500,291</u>
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	-	-	-	-	-	-	111,655	111,655
John and Mary Lhohtka Memorial Purchase Fund	-	-	-	-	-	-	2,568	2,568
Total Designated for Coin and Medal Purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,925</u>	<u>143,925</u>
Designated for library purchases								
Bass Library Fund	1,170	-	-	-	-	1,170	96,906	98,076
Michael Louis Backowske Memorial Purchase Fund	-	-	-	-	-	-	1,100	1,100
Total Designated for Library Purchases	<u>\$ 1,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,170</u>	<u>\$ 98,006</u>	<u>\$ 99,176</u>

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted,
and Permanently Restricted Net Assets
(continued)
Year Ended September 30, 2012

	Contributions	Investment Income	Other Income	Expenses	Transfers	Net Change in Fund	Net Assets October 1, 2011	Net Assets September 30, 2012
Permanently Restricted Net Assets (continued)								
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	51,700	51,900
Krause/Mishler Fund	-	-	-	-	-	-	15,060	15,060
J. Sanford Saltus Medal Fund	-	-	-	-	-	-	5,000	5,000
Mark Salton Memorial Lecture Fund	-	-	-	-	-	-	24,400	24,400
Stack Family Fund	-	-	-	-	-	-	60,545	60,545
Scher Lecture Fund	-	-	-	-	-	-	50,000	50,000
Total Designated for Education	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>779,728</u>	<u>779,928</u>
Departmental support funds								
General Publications including								
E.T. Newell Publications Fund	1,550	-	-	-	-	1,550	117,814	119,364
Harry Bass Endowment Fund	-	-	-	-	-	-	833,500	833,500
James H. Schwartz Fund	-	-	-	-	-	-	110,453	110,453
Margaret Thompson Curator								
of Greek Coins	1,600	-	-	-	-	1,600	960,568	962,168
Francis Campbell Library Fund	5,300	-	-	-	-	5,300	1,317,940	1,323,240
U.S. Chair Fund	125	-	-	-	-	125	1,526,700	1,526,825
Islamic Chair Fund	-	-	-	-	-	-	114,197	114,197
Total Departmental Support Funds	<u>8,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,575</u>	<u>4,981,172</u>	<u>4,989,747</u>
Total Permanently Restricted Net Assets	<u>9,945</u>	<u>-</u>	<u>229,987</u>	<u>-</u>	<u>-</u>	<u>239,932</u>	<u>8,273,135</u>	<u>8,513,067</u>
Total	<u>\$ 542,652</u>	<u>\$ 3,874,085</u>	<u>\$ 1,477,037</u>	<u>\$ (4,211,655)</u>	<u>\$ -</u>	<u>\$ 1,682,119</u>	<u>\$ 41,902,847</u>	<u>\$ 43,584,966</u>

The American Numismatic Society

Schedule of Functional Expenses
Year Ended September 30, 2012

	Program Services	Management and General	Fundraising	Total
Salaries, benefits and payroll taxes	\$ 817,618	\$ 423,773	\$ 19,767	\$ 1,261,158
Professional and consulting fees	248,387	63,536	-	311,923
Supplies	17,126	13,922	327	31,375
Telephone	20,883	2,372	475	23,730
Postage and shipping	7,795	-	159	7,954
Occupancy	1,247,366	109,659	13,707	1,370,732
Insurance	67,122	5,900	738	73,760
Printing and publications	139,722	-	5,308	145,030
Conferences, conventions, meeting and travel	39,179	-	-	39,179
Membership dues	6,879	-	-	6,879
Awards and grants	33,465	-	-	33,465
Rental and maintenance of equipment	18,968	1,272	159	20,399
Depreciation and amortization	313,913	-	-	313,913
Exhibition and lecture	32,292	-	-	32,292
Bad debt expense	-	6,375	-	6,375
Other service fees	29,536	1,859	232	31,627
	<u>\$ 3,040,251</u>	<u>\$ 628,668</u>	<u>\$ 40,872</u>	<u>\$ 3,709,791</u>

The American Numismatic Society

Schedule of Functional Expenses
Year Ended September 30, 2011

	Program Services	Management and General	Fundraising	Total
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>