

The American Numismatic Society

Financial Statements

September 30, 2018 and 2017

Independent Auditors' Report

Board of Trustees The American Numismatic Society

We have audited the accompanying financial statements of The American Numismatic Society (the "Society") which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Numismatic Society as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of changes in unrestricted, temporarily restricted and permanently restricted net assets for the year ended September 30, 2018 on pages 21 - 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

May 18, 2019

The American Numismatic Society

Statements of Financial Position

	September 30,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 177,605	\$ 123,234
Pledges receivable	276,975	104,975
Other receivables and prepaid expenses	376,938	475,859
Due from broker	-	58,419
Investments	34,098,004	34,017,806
Deferred leasing costs, net	49,322	54,561
Restricted investments	8,064,020	7,637,551
Beneficial interest in perpetual trusts	2,854,756	2,737,529
Property and equipment, net	2,290,379	2,602,974
Society collections (note 2)	-	-
	<u>\$ 48,187,999</u>	<u>\$ 47,812,908</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 154,624	\$ 159,140
Deferred rent	2,186,662	2,115,918
Total Liabilities	<u>2,341,286</u>	<u>2,275,058</u>
 Net Assets		
Unrestricted		
Undesignated	19,879,572	19,503,280
Designated	2,908,592	3,018,208
Total Unrestricted Net Assets	<u>22,788,164</u>	<u>22,521,488</u>
Temporarily restricted	12,139,773	12,641,282
Permanently restricted	10,918,776	10,375,080
Total Net Assets	<u>45,846,713</u>	<u>45,537,850</u>
	<u>\$ 48,187,999</u>	<u>\$ 47,812,908</u>

See notes to financial statements

The American Numismatic Society

Statement of Activities Year Ended September 30, 2018

	Undesignated	Unrestricted Designated	Total	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 853,109	\$ -	\$ 853,109	\$ 40,200	\$ 426,469	\$ 1,319,778
Government grants	87,818	-	87,818	-	-	87,818
Sales and other income	276,609	-	276,609	119,469	-	396,078
Membership dues	133,385	-	133,385	-	-	133,385
Investment return, net	1,360,659	208,217	1,568,876	1,384,121	-	2,952,997
Unrealized gain in perpetual trusts	-	-	-	-	117,227	117,227
Special events, net	171,558	-	171,558	-	-	171,558
Net assets released from restrictions	1,513,963	-	1,513,963	(1,513,963)	-	-
Total Operating Revenues, Gains and Other Support	<u>4,397,101</u>	<u>208,217</u>	<u>4,605,318</u>	<u>29,827</u>	<u>543,696</u>	<u>5,178,841</u>
OPERATING EXPENSES						
Program services	3,285,985	317,833	3,603,818	-	-	3,603,818
Management and general	617,052	-	617,052	-	-	617,052
Fundraising	117,772	-	117,772	-	-	117,772
Total Operating Expenses	<u>4,020,809</u>	<u>317,833</u>	<u>4,338,642</u>	<u>-</u>	<u>-</u>	<u>4,338,642</u>
Change in Net Assets from Operating Activities	<u>376,292</u>	<u>(109,616)</u>	<u>266,676</u>	<u>29,827</u>	<u>543,696</u>	<u>840,199</u>
NON-OPERATING ACTIVITIES						
Sale of collection items	-	-	-	1,085	-	1,085
Purchase of collection items	-	-	-	(532,421)	-	(532,421)
Total Non-Operating Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(531,336)</u>	<u>-</u>	<u>(531,336)</u>
Change in Net Assets	376,292	(109,616)	266,676	(501,509)	543,696	308,863
NET ASSETS						
Beginning of year	<u>19,503,280</u>	<u>3,018,208</u>	<u>22,521,488</u>	<u>12,641,282</u>	<u>10,375,080</u>	<u>45,537,850</u>
End of year	<u>\$ 19,879,572</u>	<u>\$ 2,908,592</u>	<u>\$ 22,788,164</u>	<u>\$ 12,139,773</u>	<u>\$ 10,918,776</u>	<u>\$ 45,846,713</u>

See notes to financial statements

The American Numismatic Society

Statement of Activities Year Ended September 30, 2017

	Undesignated	Unrestricted Designated	Total	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 880,721	\$ -	\$ 880,721	\$ 46,657	\$ 208,465	\$ 1,135,843
Government grants	76,119	-	76,119	-	-	76,119
Sales and other income	88,230	-	88,230	76,297	-	164,527
Membership dues	131,060	-	131,060	-	-	131,060
Investment return, net	2,180,214	54,938	2,235,152	2,806,981	-	5,042,133
Unrealized gain in perpetual trusts	-	-	-	-	235,953	235,953
Special events, net	98,619	-	98,619	-	-	98,619
Net assets released from restrictions	850,328	-	850,328	(850,328)	-	-
Total Operating Revenues, Gains and Other Support	<u>4,305,291</u>	<u>54,938</u>	<u>4,360,229</u>	<u>2,079,607</u>	<u>444,418</u>	<u>6,884,254</u>
OPERATING EXPENSES						
Program services	3,045,929	316,955	3,362,884	-	-	3,362,884
Management and general	544,403	-	544,403	-	-	544,403
Fundraising	142,942	-	142,942	-	-	142,942
Total Operating Expenses	<u>3,733,274</u>	<u>316,955</u>	<u>4,050,229</u>	<u>-</u>	<u>-</u>	<u>4,050,229</u>
Change in Net Assets from Operating Activities	<u>572,017</u>	<u>(262,017)</u>	<u>310,000</u>	<u>2,079,607</u>	<u>444,418</u>	<u>2,834,025</u>
NON-OPERATING ACTIVITIES						
Sale of collection items	-	27,015	27,015	13,052	-	40,067
Purchase of collection items	(147)	-	(147)	(73,018)	-	(73,165)
Total Non-Operating Activities	<u>(147)</u>	<u>27,015</u>	<u>26,868</u>	<u>(59,966)</u>	<u>-</u>	<u>(33,098)</u>
Interfund transfers	(17,717)	17,717	-	-	-	-
Change in Net Assets	554,153	(217,285)	336,868	2,019,641	444,418	2,800,927
NET ASSETS						
Beginning of year	<u>18,949,127</u>	<u>3,235,493</u>	<u>22,184,620</u>	<u>10,621,641</u>	<u>9,930,662</u>	<u>42,736,923</u>
End of year	<u>\$ 19,503,280</u>	<u>\$ 3,018,208</u>	<u>\$ 22,521,488</u>	<u>\$ 12,641,282</u>	<u>\$ 10,375,080</u>	<u>\$ 45,537,850</u>

See notes to financial statements

The American Numismatic Society

Statement of Functional Expenses Year Ended September 30, 2018

	Program Services	Management and General	Fund- raising	Total
Salaries, benefits and payroll taxes	\$ 1,292,820	\$ 393,626	\$ 70,494	\$ 1,756,940
Professional and consulting fees	241,921	59,743	17,150	318,814
Supplies	29,100	2,558	320	31,978
Telephone	26,210	2,978	596	29,784
Postage and shipping	5,650	705	5,618	11,973
Occupancy	1,323,868	116,383	14,548	1,454,799
Insurance	45,678	4,016	502	50,196
Printing and publications	203,755	-	7,782	211,537
Conferences, conventions, meeting and travel	1,208	28,033	-	29,241
Membership dues	5,487	-	-	5,487
Awards and grants	24,621	-	-	24,621
Rental and maintenance of equipment	30,214	2,656	332	33,202
Depreciation and amortization	317,834	-	-	317,834
Exhibition and lecture	12,388	3,042	-	15,430
Bad debt expense	3,950	-	-	3,950
Other service fees	39,114	3,312	430	42,856
	\$ 3,603,818	\$ 617,052	\$ 117,772	\$ 4,338,642

See notes to financial statements

The American Numismatic Society

Statement of Functional Expenses Year Ended September 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries, benefits and payroll taxes	\$ 1,390,659	\$ 253,935	\$ 4,818	\$ 1,649,412
Professional and consulting fees	22,438	140,549	109,871	272,858
Supplies	13,409	1,178	147	14,734
Telephone	21,031	2,388	478	23,897
Postage and shipping	3,888	500	3,942	8,330
Occupancy	1,307,362	114,932	14,367	1,436,661
Insurance	50,498	4,440	555	55,493
Printing and publications	147,139	-	8,111	155,250
Conferences, conventions, meeting and travel	690	21,250	-	21,940
Membership dues	5,026	-	-	5,026
Awards and grants	23,213	-	-	23,213
Rental and maintenance of equipment	29,055	2,555	319	31,929
Depreciation and amortization	303,941	-	-	303,941
Exhibition and lecture	9,147	-	-	9,147
Bad debt expense	4,959	-	-	4,959
Other service fees	30,429	2,676	334	33,439
	<u>\$ 3,362,884</u>	<u>\$ 544,403</u>	<u>\$ 142,942</u>	<u>\$ 4,050,229</u>

See notes to financial statements

The American Numismatic Society

Statements of Cash Flows

	Year Ended	
	September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 308,863	\$ 2,800,927
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gain on investments	(1,957,301)	(3,229,951)
Unrealized gain on investments	(61,833)	(1,072,303)
Unrealized gain on perpetual trusts	(117,227)	(235,953)
Depreciation and amortization	317,834	303,941
Deferred rent	70,744	97,210
Contributions restricted for endowments	(426,469)	(208,465)
Purchase of collection items	532,421	73,165
Sale of collection items	(1,085)	(40,067)
Bad debt expense	3,950	4,959
Net changes in operating assets and liabilities		
Pledges receivable	(172,000)	79,995
Other receivables and prepaid expenses	94,971	(114,660)
Due from broker	58,419	(58,419)
Accounts payable	(4,516)	(10,828)
Net Cash from Operating Activities	(1,353,229)	(1,610,449)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of collection items	1,085	40,067
Purchase of collection items	(532,421)	(73,165)
Purchase of investments	(30,875,818)	(20,060,288)
Proceeds from investments	32,388,285	21,515,398
Purchase of property and equipment	-	(17,717)
Net Cash from Investing Activities	981,131	1,404,295
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions permanently restricted for endowments	426,469	208,465
Change in Cash and Cash Equivalents	54,371	2,311
CASH AND CASH EQUIVALENTS		
Beginning of year	123,234	120,923
End of year	\$ 177,605	\$ 123,234

See notes to financial statements

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

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 promote and advance the study, research, and appreciation of numismatics. Items in Society collections are available for loan to other museums for exhibits on particular themes. The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include 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 the Society's long-term investment strategies.

Investment Valuation and Investment Income Recognition

Investments are carried at fair value. Purchases and sales of investments are reflected on a trade-date basis. Interest 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 statements 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.

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 trusts 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, 2018 and 2017

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

Fair Value Measurements

The Society follows US GAAP 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.

Society Collections

The Society's collections consist primarily of coins, medals, paper money 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 in the statements 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 donor restrictions placed on assets used to purchase the items. 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.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to accounts receivable. Management of the Society reviewed the collectible status of its receivables and deemed an allowance unnecessary at September 30, 2018 and 2017.

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, furniture and office equipment, are depreciated principally using the straight-line method over the estimated useful lives of the assets which is estimated to be five to ten years. Leasehold improvements are amortized over the shorter of the lease inclusive of expected renewals and the estimated useful life of the asset.

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

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

Asset Recoverability

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charge has been recognized.

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) on a straight-line basis.

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.

Unrestricted net assets are not restricted by donors. The Society's Board of Trustees ("Trustees") has designated a portion of the unrestricted net assets for specified purposes. These net assets are differentiated from temporarily restricted net assets because the Trustees can remove the restrictions it imposed. The Trustees have designated these net assets for property and equipment and the Curatorial Expense Fund.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Society to use or expend the donated assets as specified. These restrictions are satisfied either by the passage of time or by action of the Society.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but may 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 reflected as deferred rent, in the accompanying statements of financial position.

Governmental Grants and Appropriations

Cost-reimbursement governmental grants are recognized as revenue at the same time as expenses are incurred based on the terms of the grant.

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Measure of Operations

Operations include all revenues and expenses that are an integral part of the Society's programs and supporting activities. The measure of operations excludes the purchase and sale of Society collection items and interfund transfers of net assets.

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 i.e., when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of 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 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.

Functional Allocations of Expenses

The costs of providing for the various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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 fiscal 2015.

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 May 18, 2019.

The American Numismatic Society

Notes to Financial Statements
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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 with periodic reviews of the Society's investment portfolio in order to minimize risk.

The Society receives its contributions primarily from its members, Trustees, and other 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 at September 30 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Due within one year	\$ 276,975	\$ 64,970
Due within two to three years	-	40,005
	<u>\$ 276,975</u>	<u>\$ 104,975</u>

Management of the Society reviewed the collectible status of its pledges receivable and deemed an allowance to be unnecessary at September 30, 2018 and 2017.

5. Property and Equipment

Property and equipment are summarized as follows:

	<u>2018</u>	<u>2017</u>
Furniture and office equipment	\$ 1,468,824	\$ 1,468,824
Leasehold improvements	4,210,070	4,210,070
	5,678,894	5,678,894
Accumulated depreciation	<u>(3,388,515)</u>	<u>(3,075,920)</u>
	<u>\$ 2,290,379</u>	<u>\$ 2,602,974</u>

Depreciation expense amounted to \$312,595 and \$296,954 for the years ended September 30, 2018 and 2017.

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Notes to Financial Statements
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6. Fair Value Measurements

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

	2018			Total
	Level 1	Level 2	Level 3	
Equity Securities				
Consumer discretionary	\$ 2,676,691	\$ -	\$ -	\$ 2,676,691
Financial	2,038,277	-	-	2,038,277
Health care	770,325	-	-	770,325
Industrials	769,927	-	-	769,927
Information technology	2,317,160	-	-	2,317,160
Other	998,867	-	-	998,867
Mutual Funds				
Equity	17,826,976	-	-	17,826,976
Other	2,932,862	-	-	2,932,862
Bonds				
U.S government securities	-	4,010,034	-	4,010,034
Corporate bonds	-	7,228,479	-	7,228,479
Total Investments at Fair Value	30,331,085	11,238,513	-	41,569,598
Beneficial interest in perpetual trust	-	-	2,854,756	2,854,756
Total Assets at Fair Value	<u>\$ 30,331,085</u>	<u>\$ 11,238,513</u>	<u>\$ 2,854,756</u>	44,424,354
Cash and money market funds, at cost				592,426
Total				<u>\$ 45,016,780</u>

	2017			Total
	Level 1	Level 2	Level 3	
Equity Securities				
Consumer discretionary	\$ 2,271,813	\$ -	\$ -	\$ 2,271,813
Financial	1,651,621	-	-	1,651,621
Health care	658,310	-	-	658,310
Industrials	588,577	-	-	588,577
Information technology	1,307,816	-	-	1,307,816
Other	605,132	-	-	605,132
Mutual Funds				
Equity	17,925,546	-	-	17,925,546
Fixed income	4,318,992	-	-	4,318,992
Other	4,355,040	-	-	4,355,040
Bonds				
U.S government securities	-	4,864,114	-	4,864,114
Corporate bonds	-	2,468,985	-	2,468,985
Total Investments at Fair Value	33,682,847	7,333,099	-	41,015,946
Beneficial interest in perpetual trust	-	-	2,737,529	2,737,529
Total Assets at Fair Value	<u>\$ 33,682,847</u>	<u>\$ 7,333,099</u>	<u>\$ 2,737,529</u>	43,753,475
Cash and money market funds, at cost				639,411
Total				<u>\$ 44,392,886</u>

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Notes to Financial Statements
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6. Fair Value Measurements *(continued)*

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the year ended September 30:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 2,737,529	\$ 2,501,576
Total unrealized appreciation relating to instruments still held at the reporting date included in earnings	<u>117,227</u>	<u>235,953</u>
Balance, end of year	<u>\$ 2,854,756</u>	<u>\$ 2,737,529</u>

7. Investment Return

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

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 1,094,190	\$ 876,661
Realized gain	1,957,301	3,229,951
Unrealized gain	61,833	1,072,303
Investment-related expenses	<u>(160,327)</u>	<u>(136,782)</u>
	<u>\$ 2,952,997</u>	<u>\$ 5,042,133</u>

8. 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 US GAAP, 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 Trustees of the Society have 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 Trustees classify 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 Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

8. Endowment Funds (continued)

Interpretation of Relevant Law (continued)

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.

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 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 average market value of the Society's net assets of the previous three year period is available for appropriation. For 2018 and 2017, this amount totaled \$2,163,909 and \$1,968,145. 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, 2018 and 2017:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Balance, October 1, 2016	\$ 75,306	\$ 606,299	\$ 7,279,086	\$ 7,960,691
Contributions	-	-	268,465	268,465
Interest and dividends	-	167,083	-	167,083
Realized gain	-	623,074	-	623,074
Unrealized gain	-	253,055	-	253,055
Investment fees	-	(26,458)	-	(26,458)
Appropriation for expenditures	-	(202,397)	-	(202,397)
Balance, September 30, 2017	<u>75,306</u>	<u>1,420,656</u>	<u>7,547,551</u>	<u>9,043,513</u>
Contributions	-	-	516,469	516,469
Interest and dividends	-	176,559	-	176,559
Realized gain	-	318,077	-	318,077
Unrealized gain	-	10,048	-	10,048
Investment fees	-	(26,054)	-	(26,054)
Appropriation for expenditures	-	(331,591)	-	(331,591)
Balance, September 30, 2018	<u>\$ 75,306</u>	<u>\$ 1,567,695</u>	<u>\$ 8,064,020</u>	<u>\$ 9,707,021</u>

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

8. Endowment Funds *(continued)*

Return Objective and Risk Parameters (continued)

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original permanently restricted contribution. The Society is not aware of any funds with deficiencies as of September 30, 2018 and 2017.

9. Society Collections

Various coins were lent to the Society by several organizations. The number of coins on loan to the Society as of September 30, 2018 and 2017 is as follows:

New Jersey Historical Society	271
Private parties	<u>21,924</u>
Total Number of Coins on Loan to the Society	<u><u>22,195</u></u>

10. Deferred Leasing Costs

Deferred leasing costs at September 30 consist of the following:

	2018	2017
Cost	\$ 104,773	\$ 104,773
Accumulated amortization	<u>(55,451)</u>	<u>(50,212)</u>
	<u><u>\$ 49,322</u></u>	<u><u>\$ 54,561</u></u>

11. Temporarily Restricted Net Assets

The Society has a total of 35 temporarily restricted funds as of September 30, 2018, of which 25 represent balances from permanently restricted net assets that are available for release to fund specific programs or purposes.

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

	2018	2017
Coin and medal purchases	\$ 7,027,310	\$ 7,645,074
Library purchases	379,611	341,312
Education	1,466,138	1,397,376
Departmental support	<u>3,266,714</u>	<u>3,257,520</u>
	<u><u>\$ 12,139,773</u></u>	<u><u>\$ 12,641,282</u></u>

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

11. Temporarily Restricted Net Assets *(continued)*

Net assets released from restrictions consist of the following for the years ended September 30:

	2018	2017
Coin and medal purchases	\$ 1,155,948	\$ 347,738
Library purchases	26,135	22,235
Education	89,125	43,416
Departmental support	775,176	509,957
	\$ 2,046,384	\$ 923,346

12. Permanently Restricted Net Assets

The Society has a total of 25 permanently restricted funds as of September 30, 2018. 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, 2018 and 2017, permanently restricted net assets are available for the following purposes:

	2018	2017
Program Activities		
Coin and medal purchases	\$ 143,925	\$ 143,925
Library purchases	106,926	106,896
Education	931,428	881,428
Departmental support	6,666,402	6,289,963
Museum operations	3,070,095	2,952,868
	\$ 10,918,776	\$ 10,375,080

13. Special Events

Special events are presented net in the statements of activities and are summarized as follows for the years ended September 30:

	2018	2017
Revenue from Events		
Annual dinner	\$ 212,936	\$ 171,995
Other events	39,520	63,267
Total Revenue from Events	252,456	235,262
Cost of Events		
Annual dinner	52,466	70,136
Trustees dinner	6,076	6,802
Other events	22,356	59,705
Total Costs of Events	80,898	136,643
Net Revenue	\$ 171,558	\$ 98,619

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

14. Rental Commitments

Hudson Street Facility

The Society leases space in a building known as One Hudson Square. The lease commenced on March 1, 2008 and expires on November 30, 2028. 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 value of the rent determined in accordance with the lease. Under the terms of this lease, the Society provided the landlord an irrevocable standby letter of credit in the amount of approximately \$400,000 as a security deposit. During the 2011 fiscal year, the Society entered into an additional lease agreement to rent space in the basement of One Hudson Square. This 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 to make a monthly payment of \$373 the first of every month.

Nevada Storage Facility

During the 2018 fiscal year, the Society entered into an additional, one-year lease agreement to rent space for the temporary storage of purchased goods awaiting appraisal. The lease commenced on July 18, 2018 and requires the Society to make a monthly payment of \$2,250 the first of every month. The lease provides for an optional extension on a monthly basis at the current rate for a period of two years subsequent to lease expiration.

Rent expense for the years ended September 30, 2018 and 2017 totaled \$1,179,284 and \$1,169,533, which include \$70,744 and \$97,210 of amortized deferred rent.

Future minimum annual rent commitments for years ending September 30, under the leases (including fixed common area maintenance charges) is as follows:

	<u>Amount</u>
2019	\$ 1,220,453
2020	1,234,458
2021	1,264,958
2022	1,296,220
2023	1,328,263
2024 and thereafter	<u>7,560,904</u>
	<u>\$ 13,905,256</u>

The American Numismatic Society

Notes to Financial Statements
September 30, 2018 and 2017

15. 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 \$117,914 and \$99,654 for the years ended September 30, 2018 and 2017.

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The American Numismatic Society

Supplementary Information
For Year Ended
September 30, 2018

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets Year Ended September 30, 2018

	Contributions and Grants	Investment Income	Other Income	Expenses	Transfers	Net Change	Net Assets Beginning of Year	Net Assets End of Year
Unrestricted Net Assets								
Undesignated	\$ 940,927	\$ 1,360,659	\$ 581,552	\$ (2,506,846)	\$ -	\$ 376,292	\$ 19,503,280	\$ 19,879,572
Board Designated Curatorial Expense Fund	-	28,646	-	-	-	28,646	415,234	443,880
Board Designated Invested in Property and Equipment	-	179,571	-	(317,833)	-	(138,262)	2,602,974	2,464,712
Total Unrestricted Net Assets	940,927	1,568,876	581,552	(2,824,679)	-	266,676	22,521,488	22,788,164
Temporarily Restricted Net Assets								
Designated for Coin and Medal Purchases								
A.S. Sullivan Medal Fund	-	481	-	(117)	-	364	3,974	4,338
Avery Coin Purchase Fund	-	6,607	-	(15,340)	-	(8,733)	95,778	87,045
Edward P. Groh Memorial Fund	-	1,860	-	(495)	-	1,365	26,962	28,327
Fecht Coin Purchase Fund	-	14,169	-	(30,142)	-	(15,973)	205,383	189,410
George H. Clapp Coin Purchase Fund	-	5,545	-	(41,350)	-	(35,805)	75,371	39,566
Gale Coin Purchase Fund	-	9,924	-	(18,660)	-	(8,736)	122,150	113,414
General Coin Purchase Fund including E.T. Newell including E.T. Newell Coin Purchase Fund	-	493,221	845	(1,045,717)	-	(551,651)	7,037,830	6,486,179
John and Mary Lhotka Memorial Purchase Fund	-	1,973	-	(493)	-	1,480	26,030	27,510
Memorial Decorations Fund	-	2,763	-	(2,750)	-	13	40,051	40,064
Revolving Coin Purchase Fund	-	796	-	(884)	-	(88)	11,545	11,457
Total Designated for Coin and Medal Purchases	-	537,339	845	(1,155,948)	-	(617,764)	7,645,074	7,027,310
Designated for Library Purchases								
Bass Library Fund	32,200	17,601	1,312	(18,073)	-	33,040	149,326	182,366
W. Gedney Beatty Library Fund	-	6,344	-	(3,799)	-	2,545	91,958	94,503
Merritt Library Fund	-	5,447	-	(3,857)	-	1,590	78,957	80,547
Michael Louis Backowske Memorial Purchase Fund	-	1,530	-	(406)	-	1,124	21,071	22,195
Total Designated for Library Purchases	32,200	30,922	1,312	(26,135)	-	38,299	341,312	379,611
Designated for Education								
J. Sanford Saltus Medal Fund	-	3,579	-	(2,451)	-	1,128	46,883	48,011
Clain-Stefanelli Lecture Fund	-	9,516	-	(3,120)	-	6,396	37,942	44,338
Donald Groves Fund	-	4,357	-	(1,068)	-	3,289	63,154	66,443
EPN - Education Fund	-	86,557	-	(64,973)	-	21,584	724,659	746,243
Frances M. Schwartz Memorial Fund	-	15,232	-	(4,025)	-	11,207	177,806	189,013
Harry W. Fowler Memorial Lecture Fund	-	8,696	-	(2,911)	-	5,785	74,160	79,945
Stack Family Fund	-	6,621	-	(1,603)	-	5,018	35,420	40,438
Krause/Mishler Fund	-	4,820	-	(1,021)	-	3,799	54,807	58,606
Mark Salton Memorial Lecture Fund	-	2,305	-	(847)	-	1,458	7,511	8,969
Scher Lecture Fund	-	5,249	-	(1,211)	-	4,038	26,095	30,133
Silvia Hurter Memorial	-	10,275	680	(5,895)	-	5,060	148,939	153,999
Total Designated for Education	-	157,207	680	(89,125)	-	68,762	1,397,376	1,466,138

See independent auditors' report

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets Year Ended September 30, 2018

	Contributions and Grants	Investment Income	Other Income	Expenses	Transfers	Net Change	Net Assets Beginning of Year	Net Assets End of Year
Temporarily Restricted Net Assets (continued)								
Departmental Support Funds								
Eidlitz Building Maintenance Fund	\$ -	\$ 5,452	\$ -	\$ (5,202)	\$ -	\$ 250	\$ 79,023	\$ 79,273
General Publications including E.T. Newell Publications Fund	8,000	71,498	117,717	(207,906)	-	(10,691)	917,028	906,337
Harry Bass Endowment for Computers Fund	-	91,601	-	(73,538)	-	18,063	494,296	512,359
European Chair Fund	-	16,430	-	(9,653)	-	6,777	37,951	44,728
Margaret Thompson Curator of Greek Coins Fund	-	143,656	-	(136,957)	-	6,699	1,120,201	1,126,900
Francis Campbell Library Fund	-	106,810	-	(105,194)	-	1,616	221,730	223,346
James H. Schwartz Fund	-	9,502	-	(3,664)	-	5,838	27,278	33,116
North American Chair Fund	-	118,913	-	(188,210)	-	(69,297)	196,872	127,575
Executive Director Chair Fund	-	84,347	-	(37,087)	-	47,260	125,946	173,206
Islamic Chair Fund	-	10,444	-	(7,765)	-	2,679	37,195	39,874
Total Departmental Support Funds	<u>8,000</u>	<u>658,653</u>	<u>117,717</u>	<u>(775,176)</u>	<u>-</u>	<u>9,194</u>	<u>3,257,520</u>	<u>3,266,714</u>
Total Temporarily Restricted Net Assets	<u>40,200</u>	<u>1,384,121</u>	<u>120,554</u>	<u>(2,046,384)</u>	<u>-</u>	<u>(501,509)</u>	<u>12,641,282</u>	<u>12,139,773</u>
Permanently Restricted Net Assets								
Museum Operations								
Operations	-	-	-	-	-	-	215,339	215,339
Perpetual trusts	-	-	117,227	-	-	117,227	2,737,529	2,854,756
Total Museum Operations	<u>-</u>	<u>-</u>	<u>117,227</u>	<u>-</u>	<u>-</u>	<u>117,227</u>	<u>2,952,868</u>	<u>3,070,095</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	30	-	-	-	-	30	105,796	105,826
Michael Louis Backowske Memorial Purchase Fund	-	-	-	-	-	-	1,100	1,100
Total Designated for Library Purchases	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>106,896</u>	<u>106,926</u>

See independent auditors' report

The American Numismatic Society

Schedule of Changes in Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets Year Ended September 30, 2018

	Contributions and Grants	Investment Income	Other Income	Expenses	Transfers	Net Change	Net Assets Beginning of Year	Net Assets End of Year
Permanently Restricted Net Assets (continued)								
Designated for Education								
EPN - Education Fund	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 530,023	\$ 580,023
Frances M. Schwartz Memorial Fund	-	-	-	-	-	-	43,000	43,000
Harry W. Fowler Memorial Lecture Fund	-	-	-	-	-	-	51,900	51,900
Krause/Mishler Fund	-	-	-	-	-	-	15,060	15,060
J. Sanford Saltus Medal Fund	-	-	-	-	-	-	5,000	5,000
Clain-Stefanelli Lecture Fund	-	-	-	-	-	-	100,000	100,000
Mark Salton Memorial Lecture Fund	-	-	-	-	-	-	25,900	25,900
Stack Family Fund	-	-	-	-	-	-	60,545	60,545
Scher Lecture Fund	-	-	-	-	-	-	50,000	50,000
Total Designated for Education	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>881,428</u>	<u>931,428</u>
Departmental Support Funds								
General Publications including								
E.T. Newell Publications Fund	-	-	-	-	-	-	119,364	119,364
Harry Bass Endowment Fund	-	-	-	-	-	-	833,500	833,500
James H. Schwartz Fund	-	-	-	-	-	-	110,453	110,453
European Chair Fund	200,341	-	-	-	-	200,341	200,216	400,557
Margaret Thompson Curator								
Margaret Thompson Curator of Greek Coins	-	-	-	-	-	-	962,168	962,168
Francis Campbell Library Fund	-	-	-	-	-	-	1,326,540	1,326,540
North American Chair Fund	-	-	-	-	-	-	1,526,825	1,526,825
Executive Director Chair Fund	176,098	-	-	-	-	176,098	1,096,700	1,272,798
Islamic Chair Fund	-	-	-	-	-	-	114,197	114,197
Total Departmental Support Funds	<u>376,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,439</u>	<u>6,289,963</u>	<u>6,666,402</u>
Total Permanently Restricted Net Assets	<u>426,469</u>	<u>-</u>	<u>117,227</u>	<u>-</u>	<u>-</u>	<u>543,696</u>	<u>10,375,080</u>	<u>10,918,776</u>
Total	<u>\$ 1,407,596</u>	<u>\$ 2,952,997</u>	<u>\$ 819,333</u>	<u>\$ (4,871,063)</u>	<u>\$ -</u>	<u>\$ 308,863</u>	<u>\$ 45,537,850</u>	<u>\$ 45,846,713</u>