

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

www.sechistorical.org

The Virtual Museum and Archive of the History of Financial Regulation



2013

ANNUAL REPORT

2013 Annual Report

The 2013 Annual Report includes the narrative of activities, list of donors and audited financial statements of the Securities and Exchange Commission Historical Society from January 1 through December 31, 2013.

Carla L. Rosati, CFRE, *Editor*

Donald Norwood Design, *Design and Publication*

Photos by Donovan Marks Photography, Scavone Photography and from the virtual museum and archive at www.sechistorical.org

Securities and Exchange Commission Historical Society

The Securities and Exchange Commission Historical Society, through its virtual museum and archive at www.sechistorical.org, shares, preserves and advances knowledge of the history of financial regulation. The Society is a 501(c)(3) non-profit organization, independent of the U.S. Securities and Exchange Commission.

1101 Pennsylvania Avenue NW, Suite 600
Washington, D.C. 20004
202-756-5015
202-756-5014 (fax)

Administration

Carla L. Rosati, CFRE, *Executive Director*
Matnita A. Green, *Office Manager – Bookkeeper*

2013-14 Board of Trustees

CLASS OF 2014

Alan L. Beller
W. Hardy Callcott, *President-Elect*
Jackson M. Day
Margaret M. Foran
Cynthia M. Fornelli
David B.H. Martin, *Vice President*
Pamela J. Parizek
James A. Tricarico, *Vice President*

CLASS OF 2015

Cynthia A. Glassman, *Treasurer*
Robert J. Kueppers, *Chairman*
Lisa Beth Lentini, *Secretary*
Eric D. Roiter
Linda Chatman Thomsen
John W. White

CLASS OF 2016

Bruce C. Bennett, *President*
David M. Lynn
George C. McKann
Timothy F. Ryan
Charles V. Senatore
Larry W. Sonsini

2013-14 Board of Advisors

The Board of Advisors is a corps of committed volunteer leaders who, while not subject to the governance and fiduciary responsibilities of the Board of Trustees, work individually and as a group to advance the mission and work of the Society.

CLASS OF 2014

William R. Baker III
J. Bradley Bennett
Robert Denham
Roberta Karmel
John Lipton
David Lipton
Ronald Long
Michael Mann
Amy Pawlicki
Richard Roberts
Peter Romeo
Brian Rubin
Joel Seligman
Cecile Srodes
Robert Strahota
Georges Ugeux
William J. Williams

CLASS OF 2015

Natalie Bej
Paul Berger
Samuel Burke
James Cheek
Marc Firestone

Bruce Foerster
Thomas Gorman
Dixie Johnson
Stuart Kaswell
Philip Kruse
Arthur Laby
Donald Langevoort
Susan Markel
Kristofer Swanson
Mary Tokar
Michael Trager
Martin Wilczynski

CLASS OF 2016

Troy Calkins
Wayne Carlin
Pamela Cavness
Robert Colby
Peter Derby
Scot Draeger
Amy Goodman
Parveen Gupta
Michael Halloran
Brian Neil Hoffman
Philip Khinda
Elizabeth Krentzman
Barry Melancon
Carlos Morales
John Olson
James Overdahl
Sheldon Ray
Amy Schneider
Joseph Ucuzoglu
Herbert Wander
David Whitcomb

VISIT THE VIRTUAL MUSEUM AND ARCHIVE AT WWW.SECHISTORICAL.ORG.

ON THE COVER: 1971 Speaker of the House Carl Albert (lower right) with constituents on the steps of the U.S. Capitol, from *The Mechanics of Legislation: Congress, the SEC and Financial Regulation Gallery*; courtesy of the Carl Albert Center, University of Oklahoma



June 6, 2013 Bruce C. Bennett

Letter from the President

December 31, 2013

Dear Friends:

On behalf of my fellow trustees of the SEC Historical Society, it is a privilege to share with you the 2013 Annual Report.

This report recognizes and thanks the many people who make possible our work in sharing, preserving, and advancing knowledge of the history of financial regulation through our virtual museum and archive at www.sechistorical.org. Those who visit the museum, those who generously give to ensure its building and outreach, those who advocate for its use, and those who ensure quality governance and fiduciary responsibility for the organization are all key contributors to the Society's continued success.

As a member of the Board of Trustees since 2010, and during my tenure as Board President, I have been grateful to work with outstanding leaders, donors and academics. It is the goal of each trustee and President to leave the Society in better standing at the end of his or her term. I can attest that this 2013-14 Board has shared with me and with you great dedication to ensure the long-term growth of our work.

Next September, the Society will mark the 15th anniversary of its founding. The progress that we have achieved over this decade and a half has been tremendous. It would not have happened without the sustained and generous gifts of time, energy, ideas and monies from so many over the years. My fellow trustees join me in gratitude for the support of all whose contributions are recognized in this Annual Report.

I encourage you to continue with us in our important work.

Sincerely,

Bruce C. Bennett
2013-14 President

Report from the Executive Director

2013 was a transformational year for the virtual museum and archive of the history of financial regulation at www.sechistorical.org, as it entered its second decade of service.

Visitors Set Records

The museum welcomed a record 593,532 visitors for 2013, a 75% increase over 2012. The museum attracted increasing daily visitor totals as the year progressed, reaching a high of 4,788 visitors on November 22nd, and exceeded 100,000 monthly visitors for the first time in December.

Visitors continued to represent the museum's core constituencies: regulators from federal, state, municipal and international agencies; self-regulators; practitioners from corporations and law, accounting and auditing, and financial services firms; and academics – both professors and students.

With the average museum visit in 2013 exceeding 22 minutes, visitors were able to access and download a record 1.5 million copies of museum materials.

Expanding Museum Support

The virtual museum and archive attracted significant funding support for specific museum building projects this year. The Municipal Securities Rulemaking Board committed as sole sponsor of the Gallery on municipal securities regulation, to permanently open in the museum in December 2015 in recognition of MSRB's 40th anniversary. The Gallery will build on MSRB's past support for the growth of the museum, including the addition of municipal securities regulation developments to the Timeline in 2008, and sponsorship of the April 2011 Fireside Chat – Pay to Play program.

FTI Consulting, Inc. became the new sponsor of the

program series on current economic issues in financial regulation, to debut next November.

Bingham McCutchen LLP renewed as multi-year sponsor of Bingham Presents, its program series broadcast on www.sechistorical.org each September on current issues in financial regulation of interest to the legal profession.

The Deloitte Fireside Chats – interactive programs on financial regulation for the accounting and auditing professions – will broadcast through October 2016, thanks to the sustained support of Deloitte LLP.

Sidley Austin LLP entered into a multi-year commitment to sponsor oral histories interviews for the museum collection. Morrison & Foerster LLP became the first to sponsor a museum Feature when it committed to fund the August 2014 Back to School Feature.

In total, dedicated museum support – both designated for specific museum projects and for general support of the museum's growth and outreach – represented a record 62% of all contributions made in 2013.

Growth of the Museum

In addition to direct museum support, over 82% of all unrestricted 2013 gifts and grants were used for museum building and outreach this year. That support enabled the virtual museum and archive to significantly expand the collection, adding more than 700 new materials in 2013 and bringing the total collection to just over 6,600.

For the first time since the Galleries section debuted in 2005, two Galleries opened in the museum in one year. Wrestling with Reform: Financial Scandals and the Legislation They Inspired Gallery opened May 1st, and The Mechanics of Legislation: Congress, the SEC and Financial Regulation Gallery opened December 1st.



September 12, 2013 Nancy Morris, with Arthur Laby, Thomas Harman and Andrew Donohue, during Bingham Presents 2013: Asset Management

Primary research was completed for the Center for Audit Quality Gallery on Corporate Governance, to open in December 2014, and began for The Open Door: Roles of Women in Securities Regulation Gallery, to open in May 2015. The museum committed to open a Gallery on the role of the executive branch of government in financial regulation in December 2016.

Twenty-eight oral histories interviews were conducted during the year, alphabetically from Katherine Addleman to Geraldine Walsh. More than half of the interviews were with women who had served at or currently work with the U.S. Securities and Exchange Commission and/or NASD/FINRA, as part of

the building of The Open Door Gallery, significantly expanding the representation of women in the Oral Histories section. The museum debuted its annual Women in Financial Regulation Feature in March, in recognition of International Women's Day that month, and featured some of the women who have shared their remembrances with the museum.

The museum also welcomed the support of Winton Capital Management Limited in sponsoring an interview with David Harding, its founder.

The Timeline had its largest expansion to date in 2013, adding four dozen new developments in financial regulation, inspired by The Richard C. Adkerson



October 10, 2013 Russell Golden, Joseph Ucuzoglu and Parveen Gupta prior to Deloitte Fireside Chat IX: The FASB at Forty and Forward

Gallery on the SEC Role in Accounting Standards Setting.

A re-design of the museum infrastructure facilitated visitor use on tablet computers, and gave more prominence to Features and online giving.

A New Decade of Service

The virtual museum and archive at www.sechistorical.org now stands as the premier, trusted and permanent online resource of the history of financial regulation.

Its founding principles of transparency and disclosure; its free and constant accessibility worldwide;

its trusted collection of original, first-hand materials from verified sources; and its integration of knowledge from across the wide spectrum of financial regulation – all continue to ensure the virtual museum and archive’s integrity.

Thank you for keeping the virtual museum and archive independent, and helping to share and preserve its valuable knowledge.

A handwritten signature in black ink that reads "Carla L. Rosati".

Carla L. Rosati, CFRE
December 31, 2013



June 6, 2013 Jane Cobb and Kathryn Fulton listen to SEC Commissioner Elisse Walter prior to The Anatomy of Securities Legislation

In Support of the Museum and Society in 2013

The SEC Historical Society thanks the following donors for their support of our work from January 1, 2013 through December 31, 2013. Donors with § designated their contributions for the virtual museum and archive at www.sechistorical.org.

1934 Circle

GIFTS AND GRANTS OF \$25,000 AND MORE

Bingham McCutchen LLP §
 Center for Audit Quality §
 Deloitte LLP §
 FTI Consulting, Inc. §
 Municipal Securities
 Rulemaking Board §
 Sidley Austin LLP §

FDR Circle

GIFTS AND GRANTS OF \$10,000 TO \$24,999

American Institute of Certified
 Public Accountants (AICPA)
 Covington & Burling LLP
 The Depository Trust & Clearing
 Corporation §
 Edward Jones §
 Ernst & Young LLP §
 FINRA §
 Freeport-McMoRan Copper
 & Gold Foundation §

Fried Frank Harris Shriver &
 Jacobson LLP
 Robert J. Kueppers
 David B.H. Martin
 Prudential Financial, Inc. §
 Securities Industry and Financial
 Markets Association (SIFMA) §
 Larry W. Sonsini
 Wilmer Cutler Pickering Hale
 and Dorr LLP
 Winton Capital Management
 Limited §

Chairmen Circle

GIFTS AND GRANTS OF \$5,000 TO \$9,999

Anonymous §
Arnold & Porter LLP
JT Ball §
Alan L. Beller
Bruce C. Bennett
W. Hardy Callcott
Cleary Gottlieb Steen
& Hamilton LLP
The Comcast Foundation §
Cravath Swaine & Moore LLP
Meredith B. Cross §
In memory of Linda Quinn, and
in honor of Mary Schapiro, Elisse
Walter, Abigail Arms, Paula Dubberly
and Shelley Parratt
Crowe Horwath LLP
Davis Polk & Wardwell LLP
Jackson M. Day §
Debevoise & Plimpton LLP
The Dorsey & Whitney Foundation
Drinker Biddle & Reath LLP
Federal Bar Association – Securities
Law Executive Committee §
Federated Investors
Foundation, Inc.
Cynthia M. Fornelli
Cynthia A. Glassman
Angela C. and Daniel L. Goelzer
K&L Gates LLP
Katten Muchin Rosenman
Foundation, Inc.
KPMG LLP
Kramer Levin Naftalis
& Frankel LLP
Latham & Watkins LLP
David M. Lynn
McGladrey LLP
George C. McKann
Morrison & Foerster LLP §
The NASDAQ OMX Group
Educational Foundation, Inc. §
PNC Foundation §
PricewaterhouseCoopers LLP
Promontory Financial Group LLC §
Eric D. Roiter
Timothy F. Ryan
Charles V. Senatore
Skadden Arps Slate Meagher
& Flom LLP

Sullivan & Cromwell LLP
Linda Chatman Thomsen
James A. Tricarico
UBS
Wachtell Lipton Rosen & Katz
Weil, Gotshal & Manges
Foundation, Inc.
John W. White
Wilson Sonsini Goodrich & Rosati

June 6th Circle

GIFTS AND GRANTS OF \$2,500 TO \$4,999

James F. Clark
Edwards Wildman Palmer LLP
Margaret M. Foran
History Associates, Inc. §
Hogan Lovells LLP
Murphy & McGonigle P.C.
Peter J. Romeo §
Carla L. Rosati §
Stroock & Stroock & Lavan LLP
Sutherland §
Vanguard §

Commissioners Circle

GIFTS AND GRANTS OF \$1,000 TO \$2,499

Natalie S. Bej
Kenneth J. Berman
Pamela K. Cavness
Chevron
Robert L.D. Colby
Robert W. Cook
Crowell & Moring LLP
Peter Derby
Sheldon I. Goldfarb
Paul Gonson
Amy L. Goodman §
Thomas O. Gorman
Jenner & Block LLP
Dixie L. Johnson
Lady Barbara S. Thomas Judge
Philip S. Khinda and Steptoe
& Johnson LLP
Elizabeth R. Krentzman
Lisa Beth Lentini
Theodore A. Levine
John M. Liftin
Ronald C. Long

Susan L. Merrill §
Jack W. Murphy
Richard B. Nesson and
Barbara N. Lucas
John F. Olson
Richard M. and Elda Phillips
Pillsbury Winthrop Shaw
Pittman LLP
Proskauer Rose LLP §
Barry W. Rashkover
Richard Y. Roberts
David S. Ruder
The SEC Institute, Inc.
Joel Seligman
Mr. and Mrs. Leo Summergrad §
In memory of Eric Summergrad's 60th
birthday, November 23, 2013
Michael D. Trager
Richard H. Walker
Herbert S. Wander
Harold M. Williams
The Winston Foundation, Inc.

Directors Circle

GIFTS AND GRANTS OF \$500 TO \$999

James W. Barratt
Paul R. Berger
Samuel L. Burke
James H. Cheek III
Stacy P. Chittick
James R. Doty
In memory of A.A. Sommer, Jr.
Marc S. Firestone
Bruce S. Foerster
Harvey J. Goldschmid
Parveen P. Gupta
Michael J. and Virginia S. Halloran
Teresa E. Iannaconi §
Herbert F. Janick III
Stuart J. and Sherry Kaswell
Stanley Keller
Arthur B. Laby
Robert Todd Lang
Donald R. Littlefield
Matthew J. Mallow
Catherine Collins McCoy
In memory of Neal S. McCoy
Barry C. Melancon
Amy R. Pawlicki
Sheldon L. Ray



July 27, 2013 Timothy McKenna, Reena Aggarwal, Jorge Baez, Alan Grant and Erin McHugh before The Best of NERA 2013

Robert M. Romano
 Richard H. Rowe §
 Brian L. Rubin
 Robert D. Strahota
 Michael H. Sutton
 Kristofer K. Swanson
 Mary B. Tokar §

In honor of Elisse Walter

Joseph B. Ucuzoglu
 Michael R. Young
 John A. Zecca

In memory of Norman S. Johnson

Sustainer

GIFTS AND GRANTS OF \$250 TO \$499

Erica Sulkowski Bens
 Mark D. Cahn
 Andrea Corcoran
 Catherine T. Dixon
 Linda L. Griggs

Kathleen M. Hamm
 William M. Hegan
 Dorothy Heyl §
 In memory of Lawrence Heyl, Jr.
 Consuelo J. Hitchcock
 Brian Neil Hoffman
 Lawrence S. Jones
 Kenneth L. Josselyn
 Jesse P. Kanach
 David A. Katz

In honor of James Cheek

Robert Knuts
 Edward A. Kwalwasser
 David A. Lipton
 Martin E. Lybecker
 Michael D. Mann
 Carlos M. Morales
 Irving H. Picard
 Phillip R. Pollock
 Ralph S. Saul

In memory of Bette J. Saul

Erik Sirri

Stanley Sporkin
 Cecile Srodes
 Phillip L. Stern
 Thomas W. Van Dyke
 Consuela Washington
 Donald E. Weeden
 Martin S. Wilczynski

Contributor

GIFTS AND GRANTS OF \$100 TO \$249

Clifford J. Alexander
 David B. Bayless
 Troy M. Calkins
 Donald L. Calvin
 In honor of Judge Stanley Sporkin
 Eva Marie Carney
 John F. Cogan, Jr.
 David A. Covington
 Dewey B. Crawford
 Stephen J. Crimmins

Louis Dempsey
 David A. DeMuro
 Howard Dicker
 Andrew J. Donohue
 James J. Draddy
 Paul R. Eckert
 John M. Fedders
 Lloyd H. Feller
 Thomas Ferraro
 Diane C. Fischer §
 Michael D. Foley
 David F. Freeman
 Felice B. Friedman
 Lawrence A. Friend
 Robert C. Friese
 General Electric Company
 Eugene I. Goldman
 In memory of The Honorable
 John R. Evans
 K. Susan Grafton
 Greensfelder Hemker & Gale P.C. §
 Louis D. Greenstein
 The Greene - Milstein
 Family Foundation
 Karl Groskaufmanis
 Linda W. Hart
 Allan Horwich
 Victoria P. Hulick
 Jonathan G. Katz
 Margaret H. Kavalaris
 Nelson Kibler
 Sandra Folsom Kinsey
 Philip L. Kirstein
 In memory of Sydney Mendelsohn
 Justin P. Klein
 Susan M. Koski-Grafer
 Richard M. Kosnik
 Paul T. Kraft
 Richard S. Kraut
 In memory of Arthur F. Mathews
 Gregory T. Lawrence
 Randall R. Lee
 Albert Lilienfeld
 In memory of Alan Levenson
 Charles W. Lutter, Jr.
 Donald N. Malawsky
 In honor of Kevin Thomas Duffy
 Paul J. Mason

Robert E. McLaughlin
 Pete Michaels
 Sarah Miller
 Margaret E. Moore §
 James J. Moylan
 Robert H. Mundheim
 Donald T. Nicolaisen
 William O'Neill
 Stephen J. Paradise
 Lionel E. Pashkoff
 Deborah E. Patton
 In memory of James L. Akers, Jr.
 James H. Perry
 Robert E. Plaze
 John Polanin, Jr.
 Alan C. Porter
 In memory of Arthur J. Brown
 Michael Pressman
 Richard L. Rodgers
 Matthew W. Rogers
 S. Jane Rose §
 Robert J. Sack
 Walter P. Schuetze
 George K. Schuler
 Jayne L. Seidman
 Dean V. Shahinian
 Marshal Shichtman
 Fred Siesel
 David A. Sirignano
 Philip N. Smith, Jr.
 Claudius O. Sokenu
 Kenneth S. Spirer
 In memory of John B. Manning, Jr.
 Andrew P. Steffan
 Marc I. Steinberg
 In honor of the Honorable
 Stanley Sporkin
 Michael J. Stewart
 In honor of David Ferber
 John H. Sturc
 In memory of Jerry A. Isenberg
 Diana K. Tani
 Georges Ugeux
 In honor of Ethiopis Tafara
 Paul Uhlenhop
 Peter Unger
 Robert H. Werbel
 In memory of Alan B. Levenson
 Gerald L. Werner
 Charles S. Whitman III

Donor

GIFTS OF \$50 TO \$99

James E. Bacon
 Susan Baron
 In honor of Arthur Laby
 Lewis W. Brothers
 Christine A. Bruenn
 Charles Dale
 Carol Der Garry
 Paul Dudek
 Mark Fearer
 Paul M. Helms
 Michael L. Hermsen
 Richard R. Howe
 Ronald F. Hunt
 Michael P. Jamroz
 Marion E. Koenigs
 Joan Loizeaux
 James M. McConnell
 Bart J. McDonald
 E. Marlee Mitchell
 David T. Mittelman
 William E. Morley
 Christopher S. Petito
 Brice D. Prince
 Michael F. Proctor
 Joseph Radovsky
 Kenneth M. Rosen
 Peter H. Schwartz
 Steven J. Shore
 Marshall L. Small
 Karl C. Smeltzer
 In honor of Frederick, Suzanne
 and Nina Smeltzer, my children
 Lawrence E. Soper
 Theodore W. Urban
 Robert F. Watson
 In honor of Julia Huseman
 Rhonda L. Wilson

PLANNED GIFT COMMITMENT

Anonymous
 Carla L. Rosati §

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Securities and Exchange Commission
Historical Society
Washington, D.C.

We have audited the accompanying financial statements of the Securities and Exchange Commission Historical Society (the Society), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2013, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Society's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman, Rosenberg & Freedman
March 19, 2014

FINANCIAL STATEMENTS

Securities and Exchange Commission Historical Society

For The Year Ended December 31, 2013

Statement of Financial Position

as of December 31, 2013 with summarized financial information for 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents (Note 9)	\$ 589,331	\$ 502,923
Investments (Notes 2, 9 and 10)	776,463	877,593
Grants and contributions receivable, current (Note 3)	185,000	100,000
Prepaid expenses	20,357	21,547
Deferred rent abatement (Note 6)	4,230	—
Total current assets	1,575,381	1,502,063
EQUIPMENT AND SOFTWARE		
Equipment	4,250	26,074
Computer software	—	2,990
Computer equipment	14,743	14,743
Less: Accumulated depreciation and amortization	(17,170)	(41,072)
Net equipment and software	1,823	2,735
OTHER ASSETS		
Virtual museum and archive collections (Note 7)	1,658,655	1,442,571
Donated artwork	25,000	25,000
Security deposit (Note 6)	7,000	7,000
Grants and contributions receivable, net of current portion (Note 3)	177,652	50,000
Total other assets	1,868,307	1,524,571
TOTAL ASSETS	\$ 3,445,511	\$3,029,369
LIABILITIES AND NET ASSETS	2013	2012
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 33,461	\$ 37,714
Deferred rent abatement (Note 6)	—	4,266
Total current liabilities	33,461	41,980
LONG-TERM LIABILITIES		
Long-term portion of deferred rent abatement (Note 6)	5,493	—
Total liabilities	38,954	41,980
NET ASSETS		
Unrestricted:		
Undesignated	554,780	481,566
Investment in virtual museum and archive collections (Note 7)	1,658,655	1,442,571
Board designated reserve fund (Note 9)	777,970	878,252
Total unrestricted net assets	2,991,405	2,802,389
Temporarily restricted (Note 4)	415,152	185,000
Total net assets	3,406,557	2,987,389
TOTAL LIABILITIES AND NET ASSETS	\$ 3,445,511	\$3,029,369

Statement of Activities and Change in Net Assets

For the year ended December 31, 2013 with summarized financial information for 2012

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants and contributions	\$ 538,386	\$ 413,152	\$ 951,538	\$ 816,823
Interest and investment income (Note 2)	11,980	—	11,980	16,223
Net assets released from donor restrictions (Note 5)	183,000	(183,000)	—	—
Total revenue	733,366	230,152	963,518	833,046
EXPENSES				
Program Services:				
Virtual Museum and Archive	449,045	—	449,045	476,106
Supporting Services:				
General and Administrative	65,906	—	65,906	19,664
Development and Fundraising	29,399	—	29,399	58,367
Total supporting services	95,305	—	95,305	78,031
Total expenses	544,350	—	544,350	554,137
Change in net assets	189,016	230,152	419,168	278,909
Net assets at beginning of year	2,802,389	185,000	2,987,389	2,708,480
NET ASSETS AT END OF YEAR	\$ 2,991,405	\$ 415,152	\$ 3,406,557	\$ 2,987,389

Statement of Functional Expenses

For the year ended December 31, 2013 with summarized financial information for 2012

	2013				2012	
	Virtual Museum and Archive	General and Administrative	Development and Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 210,647	\$ 35,032	\$ 9,344	\$ 44,376	\$ 255,023	\$ 241,684
Benefits (Note 8)	76,129	12,661	3,377	16,038	92,167	89,844
Printing and production	7,456	2,808	2,865	5,673	13,129	9,448
Professional fees	—	18,476	3,864	22,340	22,340	21,522
Occupancy (Note 6)	—	78,636	—	78,636	78,636	78,601
Depreciation and amortization	—	912	—	912	912	—
Telephone	5,816	11,031	2,531	13,562	19,378	21,402
Travel	8,974	—	—	—	8,974	11,791
Postage and delivery	2,398	2,312	681	2,993	5,391	5,112
Supplies	3,132	1,619	—	1,619	4,751	3,395
Events and meetings	10,635	—	—	—	10,635	14,767
Museum maintenance	14,336	—	—	—	14,336	39,168
Equipment expenses	—	1,829	—	1,829	1,829	—
Subscriptions and other fees	—	14,970	1,879	16,849	16,849	17,403
Sub-total	339,523	180,286	24,541	204,827	544,350	554,137
Allocation of general and administrative	109,522	(114,380)	4,858	(109,522)	—	—
TOTAL	\$449,045	\$ 65,906	\$ 29,399	\$ 95,305	\$ 544,350	\$ 554,137

Statement of Cash Flows

For the year ended December 31, 2013 with summarized financial information for 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 419,168	\$ 278,909
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	912	—
Realized gain on investments	—	(1,388)
Unrealized loss (gain) on investments	786	(1,716)
(Increase) decrease in:		
Grants and contributions receivable	(212,652)	(125,000)
Prepaid expenses	1,190	(1,762)
Deferred rent abatement	(4,230)	—
Increase (decrease) in:		
Accounts payable and accrued liabilities	(4,253)	(1,690)
Deferred rent abatement	1,227	(1,314)
Net cash provided by operating activities	202,148	146,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and software	—	(2,735)
Purchase of investments	(499,656)	(154,706)
Proceeds from maturity of investments	600,000	202,829
Accession of virtual museum and archive collections	(216,084)	(207,646)
Net cash used by investing activities	(115,740)	(162,258)
Net increase (decrease) in cash and cash equivalents	86,408	(16,219)
Cash and cash equivalents at beginning of year	502,923	519,142
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 589,331	\$ 502,923
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Donated Securities	\$ —	\$ 5,261

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization

The Securities and Exchange Commission Historical Society (the Society) is a 501(c)(3) nonprofit organization, incorporated in the District of Columbia. The Society shares, preserves and advances knowledge of the history of financial regulation through its virtual museum and archive at www.sechistorical.org. The Society is independent of the U.S. Securities and Exchange Commission and receives no funding from the public sector. Significant accounting policies followed by the Society are presented below.

The Society operated the following program in 2013:

Virtual Museum and Archive: The virtual museum and archive serves as the premier, trusted and permanent resource of the history of financial regulation. The museum is built and exhibited independent of the U.S. Securities and Exchange Commission. It is free and accessible worldwide at all times, and welcomed 593,532 visitors in 2013.

Basis of presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information

should be read in conjunction with the Society's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Cash and cash equivalents

The Society considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year the Society maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in interest and investment income in the Statement of Activities and Change in Net Assets.

Grants and contributions receivable

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Grants and contributions receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially

met. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. All grants and contributions receivable are expected to be collected within two years.

Equipment and software

Equipment and software in excess of \$1,500, which have been purchased, are stated at cost. Donated equipment and software are valued at its appraised value. Equipment and software are depreciated using the straight-line method. Provisions for depreciation and amortization are based on estimated useful lives of three years for software, five years for computer equipment and seven years for all other equipment. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Society is not a private foundation.

Uncertain tax positions

For the year ended December 31, 2013, the Society has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted grants and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Society and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include grants and contributions subject to donor-imposed stipulations that will be met by the actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Grants and contributions

Grants and contributions are recorded as revenue when notification of the gift is received from the donor. Donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donor-restricted grants and contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement

The Society adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. The Society accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at December 31, 2013:

	COST	MARKET VALUE
Certificates of Deposit	\$ 450,000	\$ 450,139
Corporate Bonds	213,069	219,661
Exchange-Traded Funds	99,657	106,663
TOTAL INVESTMENTS	\$ 762,726	\$ 776,463

Included in interest and investment income are the following at December 31, 2013:

Interest	\$ 12,766
Unrealized loss	(786)
TOTAL INTEREST AND INVESTMENT INCOME	\$ 11,980

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2013, contributors to the Society have made written promises to give totaling \$370,000. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25%.

Grants are due as follows at December 31, 2013:

Less than one year	\$ 185,000
One to five years	185,000
Total	370,000
Less: Allowance to discount balance to present value	(7,348)
GRANTS RECEIVABLE	\$ 362,652

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2013:

Municipal Securities Rulemaking Board	\$ 98,426
Deloitte LLP	72,664
FTI Consulting, Inc.	72,664
Center for Audit Quality	50,000
Bingham McCutchen LLP	49,213
Ernst & Young LLP	30,000
Sidley Austin LLP	29,685
Morrison & Foerster LLP	5,000
Time restricted	7,500
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ 415,152

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors or the passage of time:

Center for Audit Quality	\$ 100,000
Municipal Securities Rulemaking Board	50,000
NERA Economic Consulting	10,000
Time restricted	23,000
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 183,000

6. LEASE COMMITMENT

The Society entered into a 36-month lease that began on October 1, 2010, with a base rent of \$5,630 per month, plus a pro-rata share of operating expenses and any increase in real estate taxes and assessments over amounts stipulated in the lease agreement, increasing by a factor of 8% per year. On June 17, 2013, the Society extended the lease for another 48 months with a base rent of \$6,830 per month, increasing by a factor of 4% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as deferred rent abatement in the Statement of Financial Position.

Occupancy expense for the year ended December 31, 2013 totaled \$78,636. Total future minimum payments under the lease commitment are as follows:

Year Ending December 31,	
2014	\$ 82,780
2015	86,091
2016	89,534
2017	69,145
	\$ 327,550

7. VIRTUAL MUSEUM AND ARCHIVE COLLECTION

The Society has capitalized the collection of the virtual museum and archive since the museum's inception in June 2002.

On December 31, 2013, the museum collection totaled 6,618 primary materials: papers; photos; oral histories; programs; film, radio and television media; Timeline developments; and Gallery essays. No materials were de-accessioned from the collection in 2013.

For the year ended December 31, 2013, costs incurred in building the collection of the virtual museum and archive totaled \$216,084. As of December 31, 2013, the accumulated costs incurred in building the virtual museum and archive totaled \$1,658,655.

The fair market value of the virtual museum and archive, as of June 30, 2012, is in excess of the carrying value at December 31, 2013.

8. SAVINGS PLAN

The Society maintains a Savings Plan (the Plan) under Section 403(b) of the Internal Revenue Code for its employees. The Society makes matching contributions of 100% of elected employee deferrals up to the maximum limits as stipulated by the Internal Revenue Code. Employees are 100% vested upon entry into the Plan. For the year ended December 31, 2013, contributions to the Plan totaled \$31,465.

9. BOARD DESIGNATED NET ASSETS

The Board of Trustees of the Society established a \$500,000 Board designated fund to assure continuation of the Society. The value of this fund at December 31, 2013 was \$777,970. The fund is comprised of certificates of deposit, corporate bonds and exchange-traded funds totaling \$776,463 and money funds totaling \$1,507, included in investments and cash and cash equivalents, respectively, in the accompanying Statement of Financial Position.

10. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2013:

- *Corporate bonds* – Valued at the closing price reported on the active market in which the individual securities are traded.
- *Exchange-traded funds* – The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Certificates of deposit* – Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of December 31, 2013:

ASSET CLASS INVESTMENTS:	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Certificates of Deposit	\$ —	\$ 450,139	\$ —	\$ 450,139
Corporate Bonds	219,661	—	—	219,661
Exchange-Traded Funds	106,663	—	—	106,663
TOTAL	\$ 326,324	\$ 450,139	\$ —	\$ 776,463

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through March 19, 2014, the date the financial statements were issued.

Building the Museum Collection

The SEC Historical Society thanks the following donors of material to the collection of the virtual museum and archive at www.sechistorical.org in 2013:

Katherine Addleman	Stuart Kaswell
Reena Aggarwal	Arthur Laby
Marcia Asquith	Arthur Levitt
Carl Albert Congressional Research and Studies Center	Library of Congress
Jorge Baez	Martin Lipton
Curtis Barnette	David Martin
Karl Barnickol	Erin McHugh
Alan Beller	Timothy McKenna
Shelly Bohlin	Susan Merrill
William J. Clinton Library	Nancy Morris
Jane Cobb	National Archives and Records Administration
Charles Cox	NYSE Euronext Archives
Meredith Cross	John Olson
Andrew Donohue	Prelinger Archives
Beverly Fleming	Therese Pritchard
Kathryn Fulton	Franklin Delano Roosevelt Presidential Library
Angela Goelzer	David Smith
Russell Golden	Cecile Srodes
Harvey Goldschmid	Jean Gleason Stromberg
Amy Goodman	Barbara Sweeney
Emily Gordy	Linda Chatman Thomsen
Alan Grant	Joseph Ucuzoglu
David Greenberg	University of South Carolina Newsfilm Library
Joseph Grundfest	U.S. Securities and Exchange Commission
Parveen Gupta	Grace Vogel
David Harding	Geraldine Walsh
Thomas Harman	
Kurt Hohenstein	
William Jaenike	

Annual Visitors to the Virtual Museum and Archive of the History of Financial Regulation at www.sechistorical.org, 2002 – 2013

