2012 ANNUAL REPORT
The 2012 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, 2012.

Carla L. Rosati, CFRE, Editor
Donald Norwood Design, Design and Publication
Photos by Scavone Photography and from the virtual museum and archive at www.sechistorical.org

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

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

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Matnita A. Green, Office Manager – Bookkeeper

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Visit the virtual museum and archive at www.sechistorical.org.

ON THE COVER: Mid-1940s SEC Commission meeting with staff: (left to right) Robert K. McConnaughy, Robert E. Healy, Ganson Purcell, Sumner T. Pike and James J. McCaffrey; (back to camera) Lawrence Greene.
December 31, 2012

Dear Friends:

On behalf of my fellow trustees of the SEC Historical Society, it is my pleasure to present the 2012 Annual Report, including a review of the Society’s accomplishments this year, our audited financial statements, and a list of our donors in 2012.

This year, our unique virtual museum and archive at www.sechistorical.org celebrated its 10th anniversary. You can read more about the museum’s growth and new initiatives in this anniversary year in the Report from the Executive Director.

I started as a founding trustee with the Society in 2000 and have enjoyed the role of servant leader in various capacities over the past twelve years. I have been privileged to work with outstanding leaders on the Board of Trustees and Board of Advisors, and have witnessed firsthand the tremendous progress in achieving our mission to share, preserve and advance knowledge of the history of financial regulation.

That progress has been made possible through the sustained and generous funding of so many over the years. My fellow trustees join me in gratitude for the continued support of all those whose gifts and grants are recognized in this Annual Report, as well as those who have contributed to the growth of the museum this year.

In the 2006 Annual Report, I stated that my confidence in the Society has never been greater. I feel exactly the same today, and invite you to continue with us in our important work.

Sincerely,

Robert J. Kueppers
2012-13 President
"Sunshine is said to be the best of disinfectants; electric light the most efficient policeman."

Louis Brandeis wrote those words nearly a century ago (and you can find them in the museum in December 20, 1913 “What Publicity Can Do”). If Justice Brandeis was alive today, he would be using our virtual museum and archive of the history of financial regulation at www.sechistorical.org.

Founded in 2002, at the birth of the digital age, the museum was the first to break the boundaries of time and place to make available original, primary materials, providing valuable content and context on the history of the creation and growth of the regulation of capital markets. Harnessing the power of the Internet, the museum provides unprecedented access to information and materials that before had been limited to a few.

In 2012, the virtual museum and archive celebrated the tenth anniversary of its founding. In tandem with the anniversary, the first fair market value study of the virtual museum and archive was conducted by an independent appraisal firm, and revealed valuable information on why people access www.sechistorical.org and how they use the museum.

The obvious reason why people come to www.sechistorical.org is that it is free and accessible at all times. But that is only the starting point. The fair market value study revealed that the museum is first among over 62 million websites on ”the history of financial regulation” using Google’s search engine, meaning that the museum is the premier online source on the subject.

The study confirmed what we have known since the museum’s opening: people who come to www.sechistorical.org are not there to browse; they are information seekers. This year’s statistics revealed that, each day, visitors access over 1,300 materials, more than one quarter of the current museum collection.

The appraisers determined that the museum makes it easy for visitors to find what they are seeking, estimating that each search saves the visitor more than five minutes over searching other sites.

The study concluded that the museum is well-used because its information can be trusted. Since its founding, the museum collection has been built with original materials from verified and reputable sources. Visitors know they are accessing primary, actual information when they read the words, see the images, and listen to the voices of persons from all parts of the financial regulatory spectrum.

Who are the visitors? The fair market value study confirmed that they are persons such as you: 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. The museum welcomed its one millionth visitor on April 9th, and now averages more than one thousand visitors daily.

2012 Achievements

The virtual museum and archive did not rest on its laurels in its anniversary year. As before, the museum expanded its bounds and inaugurated actions in 2012 to build the collection and serve visitors.

One fact from the fair market value study was a ranking of visitor use of museum sections. While Papers – the first and the largest section – remains the most accessed part of the collection, we learned that Galleries is now the second most-visited section. In response, the museum had five Galleries in various stages of production during the year. The Richard C. Adkerson Gallery on the SEC Role in Accounting Standards Setting, the first Gallery on an accounting or auditing topic, and the first to be exclusively sponsored, opened in December. Wrestling With Reform: Financial Scandals and the Legislation They Inspired Gallery, and the Gallery on fed-
eral legislation and financial regulation were prepared for opening, respectively, in May and in December 2013 – the first time since 2005 that two Galleries will open in one year.

With a generous commitment from the Center for Audit Quality, the museum commissioned a Gallery on corporate governance, to open in December 2014. We also commissioned a Gallery on women in financial regulation to open in May 2015. Materials for those two Galleries will be added to the collection next year.

Recognizing the need to be inclusive in conducting oral histories interviews with individuals across a wide range of experiences and expertise, the virtual museum and archive inaugurated oral histories sponsorships this year. The first sponsored interviews were conducted with Henry Manne and with William O’Brien.

The museum debuted the “Looking Back” Feature to recognize significant financial regulatory anniversaries, with a remembrance of the 70th anniversary of the enactment of Rule 10b-5 in April, and a highlight of the 25th anniversary of the 1987 market break in October.

To serve academic users, we began quarterly publication of the For Academics e-newsletter, highlighting materials in the virtual museum and archive of use in the teaching and study of law, accounting and auditing, business and economics.

**Funding Keeps Pace**

The museum and the Society continued to receive significant funding support in 2012.

Restricted gifts and grants represented 46.4% of total revenue, with unrestricted grants from institu-
tions representing 28.6% and gifts from individuals 25%. Over 85% of all contributions went directly to the building and outreach of the virtual museum and archive in 2012.

Our thanks go to the many donors over the years, from 2002 to the present, who have given generously to build the virtual museum and archive from concept to its current state. It takes a special type of donor to be willing to help fund a vision, support it through its fledgling state, and continue contributions as it matures.

We are grateful for all those who have and continue to help keep the virtual museum and archive current, independent and growing.

**Celebrating the 10th Anniversary**

The virtual museum and archive at www.sechistorical.org is now permanent. It exemplifies the best of financial regulation, providing transparency, disclosure and common ground for — in the words of former SEC Chairman William O. Douglas — “the little fellow and the big shot alike” (and you can find them as well in the museum in December 19, 1938 “Draft SEC Statement”).

Carla L. Rosati, CFRE
December 31, 2012
In Support of the Museum and Society in 2012

The SEC Historical Society thanks the following donors who joined in support of our work from January 1, 2012 through December 31, 2012. Those donors with § have designated their support for the virtual museum and archive at www.sechistorical.org.

1934 Circle
Gifts and Grants of $25,000 and More

Richard C. Adkerson and Freeport-McMoRan Copper & Gold Foundation §
Bingham McCutchen LLP §
Center for Audit Quality §
Deloitte LLP §
The Depository Trust & Clearing Corporation §
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1941 meeting of SEC Regional Administrators: (left to right) Day Karr (Seattle), Daniel T. Moore (Cleveland), Joseph P. Rooney (Boston), O.H. Allred (Fort Worth), William McNeil Kennedy (Chicago), John L. Geraghty (Denver), William E. Green (Atlanta), James Caffrey (New York), William Malone (Philadelphia) and Howard A. Judy (Los Angeles and San Francisco).
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<th>JT Ball §</th>
<th>Bruce C. Bennett</th>
<th>Edwards Wildman Palmer LLP</th>
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<td>Angela C. and Daniel L. Goelzer</td>
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<td>Jenner &amp; Block LLP</td>
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<td>Kraft Foods, Inc. §</td>
<td>Elizabeth R. Kreutzman</td>
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**DIRECTORS CIRCLE**
GIFTS AND GRANTS OF
$500 TO $999

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<tr>
<th>Carl Albert Center, University of Oklahoma</th>
<th>In honor of Dr. Kurt Hohenstein §</th>
<th>J. Bradley Bennett</th>
<th>In honor of James R. Doty</th>
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<td>Paul R. Berger</td>
<td>Samuel L. Burke</td>
<td>James H. Cheek III</td>
<td>Stacy P. Chittick</td>
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<td>Robert L.D. Colby</td>
<td>J. Michael Cook</td>
<td>Meredith B. Cross</td>
<td>David A. DeMuro</td>
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<td>J. Michael Cook</td>
<td>Kimberley S. Drexlere</td>
<td>In memory of Linda C. Quinn</td>
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<td>Herbert F. Janick III</td>
<td>In memory of Eric Summergrad’s 59th birthday, November 23, 2012 §</td>
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<td>Marc S. Firestone</td>
<td>Michael D. Trager</td>
<td>Richard H. Walker</td>
<td>Herbert S. Wander</td>
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<td>Anne C. Flannery</td>
<td>Harold M. Williams</td>
<td>Pam Baker</td>
<td>The Winston Foundation, Inc.</td>
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| In memory of the Honorable Paul Casey |
| In memory of the Honorable Paul Casey |
| Natalie S. Bej | Kenneth J. Berman |
| Bressler, Amery & Ross P.C. § |
| Chevron |
| Chicago Board Options Exchange § |
| James F. Clark |
| Susan S. Coffey |
| Crowell & Moring LLP |
| Paul Gonson |
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| Dixie L. Johnson and Robert Rosenblum |
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| The SEC Institute, Inc. |
| Joel Seligman |
| Mr. and Mrs. Leo Summergrad |

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$1,000 TO $2,499

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<thead>
<tr>
<th>William R. Baker III</th>
<th>In memory of the Honorable Paul Casey</th>
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<td>Natalie S. Bej</td>
<td>Kenneth J. Berman</td>
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<td>James F. Clark</td>
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<td>Susan S. Coffey</td>
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<td>Paul Gonson</td>
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<td>Thomas O. Gorman</td>
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<td>Paul G. Haaga, Jr.</td>
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<td>Virginia S. and Michael J. Halloran Charitable Fund</td>
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<td>Dixie L. Johnson and Robert Rosenblum</td>
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<td>Lady Barbara S. Thomas Judge</td>
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<td>Lisa Beth Lenti</td>
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<td>Theodore A. Levine</td>
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</table>
Mid-1970s Andrew Steffan, Richard Rowe and Neal McCoy, SEC Division of Corporation Finance. (It was not a prayer meeting.)

Edward A. Kwalwasser
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John A. Zecca
  In memory of SEC Commissioner
  Norman S. Johnson

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Robert Knuts
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Martin E. Lybecker
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  David Silver Fund
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  In memory of A. A. Sommer, Jr.
Stanley Sporkin
Phillip L. Stern
Martin S. Wilczynski

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Eva Marie Carney
  In honor of retired SEC Associate
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K. Susan Grafton
Karl Groskaufmanis
Parveen P. Gupta
Jean C. Harris
Linda W. Hart
Allan Horwich
Victoria P. Hulick
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In memory of John Bryce, John Brousseau and Bill Barker.
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Jonathan G. Katz
Lynnette Kelly
Timothy M. Kelly
Philip Khinda
Nelson Kibler
Justin P. Klein
David L. Kornblau
Richard M. Kosnik
Paul T. Kraft
Richard M. Leisner
Ezra G. Levin
In honor of Dr. Jonathan Levin
Albert Lilienfeld
In memory of Alan B. Levenson
Charles W. Lutter, Jr.
Donald N. Malawsky
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Sarah Miller
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Carlos M. Morales
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Donald T. Nicolaisen
William Nortman
In memory of Dr. Marvin Nortman
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William D. Ostrow
Monica L. Parry
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Irving M. Pollack
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David A. Sirignano
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In honor of David Ferber
Peter Unger
Theodore W. Urban
Consuela Washington
Robert F. Watson
In honor of Robert Davenport
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In memory of Alan B. Levenson
Gerald L. Werner
In memory of Mary “Mickey” Beach
Cindy Wong
William C. Wood

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Gary M. Price
Brice D. Prince
Jeffrey Puretz
Joseph Radovsky
Sylvia J. Reis
In memory of Mary “Mickey” Beach and in honor of Ernestine Zipoy
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Steven J. Shore
Marshall L. Small
Karl C. Smeltzer
In memory of Dr. Charles and Mary Smeltzer
Joseph E. Smith
Lawrence E. Soper
Debra G. Speyer
Marc I. Steinberg
Roberto A. Tercero
Rhonda L. Wilson
Ernestine M.R. Zipoy

Planned Gift Commitments

Anonymous
Carla L. Rosati
INDEPENDENT AUDITORS’ 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) (a non-profit organization), which comprise the statement of financial position as of December 31, 2012, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 2012, 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 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman, Rosenberg & Freedman
March 20, 2013

Financial Statements
Securities and Exchange Commission
Historical Society

For The Year Ended December 31, 2012

Statement of Financial Position
as of December 31, 2012 with summarized financial information for 2011

ASSETS

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>CURRENT ASSETS</td>
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<tr>
<td>Cash and cash equivalents, including $659, which is</td>
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<td>Board designated at December 31, 2012 (Note 8)</td>
<td>$502,923 $519,142</td>
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<td>Investments (Notes 2, 8 and 9)</td>
<td>$877,593 $922,612</td>
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<td>Grants and contributions receivable, current</td>
<td>$100,000 $25,000</td>
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<td>Prepaid expenses</td>
<td>$21,547 $19,785</td>
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<td>Total current assets</td>
<td>$1,502,063 $1,486,539</td>
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<td>EQUIPMENT AND SOFTWARE</td>
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<td>Equipment</td>
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<td>Computer software</td>
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<td>$14,743 $14,743</td>
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<td>Less: Accumulated depreciation and amortization</td>
<td>$(41,072) $(41,072)</td>
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<tr>
<td>Net equipment and software</td>
<td>$2,735</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td></td>
</tr>
<tr>
<td>Virtual museum and archive collections (Note 6)</td>
<td>$1,442,571 $1,234,925</td>
</tr>
<tr>
<td>Donated artwork</td>
<td>$25,000 $25,000</td>
</tr>
<tr>
<td>Security deposit (Note 5)</td>
<td>$7,000 $7,000</td>
</tr>
<tr>
<td>Grants and contributions receivable, net of current portion</td>
<td>$50,000</td>
</tr>
<tr>
<td>Total other assets</td>
<td>$1,524,571 $1,266,925</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$3,029,369 $2,753,464</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$37,714 $39,404</td>
</tr>
<tr>
<td>Current portion of deferred rent abatement (Note 5)</td>
<td>$4,266 $1,314</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$41,980 $40,718</td>
</tr>
<tr>
<td>LONG-TERM LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>Long-term portion of deferred rent abatement (Note 5)</td>
<td>— $4,266</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$41,980 $44,984</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
</tr>
<tr>
<td>Unrestricted:</td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>$481,566 $428,443</td>
</tr>
<tr>
<td>Investment in virtual museum and archive collections (Note 6)</td>
<td>$1,442,571 $1,234,925</td>
</tr>
<tr>
<td>Board designated reserve fund (Note 8)</td>
<td>$877,593 $922,612</td>
</tr>
<tr>
<td>Total unrestricted net assets</td>
<td>$2,802,389 $2,585,980</td>
</tr>
<tr>
<td>Temporarily restricted (Note 3)</td>
<td>$185,000 $122,500</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$2,987,389 $2,708,480</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND NET ASSETS</td>
<td>$3,029,369 $2,753,464</td>
</tr>
</tbody>
</table>
**Statement of Activities and Change in Net Assets**
*For the year ended December 31, 2012 with summarized financial information for 2011*

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Temporarily</td>
<td>Restricted</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>$ 631,823</td>
<td>$ 185,000</td>
</tr>
<tr>
<td>Interest and investment income (Note 2)</td>
<td>16,223</td>
<td>—</td>
</tr>
<tr>
<td>Net assets released from donor restrictions (Note 4)</td>
<td>122,500</td>
<td>(122,500)</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>770,546</td>
<td>62,500</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virtual Museum and Archive</td>
<td>476,106</td>
<td>—</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
<td>19,664</td>
<td>—</td>
</tr>
<tr>
<td>Development and Fundraising</td>
<td>58,367</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>78,031</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>554,137</td>
<td>—</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>216,409</td>
<td>62,500</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>2,585,980</td>
<td>122,500</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td>$ 2,802,389</td>
<td>$ 185,000</td>
</tr>
</tbody>
</table>

**Statement of Functional Expenses**
*For the year ended December 31, 2012 with summarized financial information for 2011*

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Virtual Museum and Archive</td>
<td>Supporting Services</td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
<td>$ 189,287</td>
<td>$ 28,941</td>
</tr>
<tr>
<td>Benefits (Note 7)</td>
<td>70,567</td>
<td>10,591</td>
</tr>
<tr>
<td>Printing and production</td>
<td>6,044</td>
<td>2,889</td>
</tr>
<tr>
<td>Professional fees</td>
<td>—</td>
<td>17,174</td>
</tr>
<tr>
<td>Occupancy (Note 5)</td>
<td>—</td>
<td>78,601</td>
</tr>
<tr>
<td>Telephone</td>
<td>7,423</td>
<td>11,524</td>
</tr>
<tr>
<td>Travel</td>
<td>11,791</td>
<td>—</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>2,967</td>
<td>1,034</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,535</td>
<td>830</td>
</tr>
<tr>
<td>Events and meetings</td>
<td>14,767</td>
<td>—</td>
</tr>
<tr>
<td>Museum maintenance</td>
<td>39,168</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>15,674</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>345,089</td>
<td>166,808</td>
</tr>
<tr>
<td>Allocation of general and administrative</td>
<td>131,017</td>
<td>(147,144)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 476,016</td>
<td>$ 19,664</td>
</tr>
</tbody>
</table>
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 2012:

**VIRTUAL MUSEUM AND ARCHIVE:** The virtual museum and archive of the history of financial regulation at www.sechistorical.org provides access to primary materials on the regulation of the capital markets from the 20th century to the present. The museum is free and accessible worldwide. The museum collection includes papers, photos, oral histories, programs, film, radio and television media; a timeline of regulatory developments against U.S. and world events; and galleries, permanent exhibits on specific subjects. The museum is built and exhibited independent of any oversight from the U.S. Securities and Exchange Commission.

**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, 2011, 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.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) provided temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) insured depository institutions (the “Dodd-Frank Deposit Insurance Provision”). The Society maintained a portion of its cash balance at a financial institution in a non-interest bearing account; thereby, all of this cash balance was protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in...
non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of $250,000.

At times during the year, the Society maintains cash balances at financial institutions in excess of FDIC 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 approximate fair value. 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 and web development costs, five years for computer equipment and seven years for all other equipment. The cost of maintenance and repairs is recorded as expenses are incurred. As of December 31, 2012, there was no depreciation expense.

**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**
In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2012, the Society has documented its consideration of FASB ASC 740-10 and 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 revenue 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 revenue 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, 2012:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Bonds</td>
<td>$221,910</td>
<td>$226,171</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>$670,000</td>
<td>$671,422</td>
</tr>
</tbody>
</table>

**TOTAL INVESTMENTS**
$871,910  $877,593

Included in interest and investment income are the following at December 31, 2012:

Interest
Realized gain
Unrealized gain

**TOTAL INTEREST AND INVESTMENT INCOME**
$16,223

**3. TEMPORARILY RESTRICTED NET ASSETS**
Temporarily restricted net assets consisted of the following at December 31, 2012:

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center for Audit Quality</td>
<td>$150,000</td>
</tr>
<tr>
<td>Ernst &amp; Young LLP</td>
<td>15,000</td>
</tr>
<tr>
<td>NERA Economic Consulting</td>
<td>10,000</td>
</tr>
<tr>
<td>Time restricted</td>
<td>10,000</td>
</tr>
</tbody>
</table>

**TOTAL TEMPORARILY RESTRICTED NET ASSETS**
$185,000
4. 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:

- Richard Adkerson and Freeport
- McMoRan Copper & Gold Foundation $50,000
- Bingham McCutchen LLP $25,000
- Depository Trust & Clearing Corporation $15,000
- Municipal Securities Rulemaking Board $10,000
- NERA Economic Consulting $10,000
- Family of Diane Sanger $10,000
- Charles Schwab Foundation $2,500

TOTAL NET ASSETS RELEASED FROM RESTRICTIONS $122,500

5. 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 prorata 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. 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 a deferred rent liability in the Statement of Financial Position.

The deferred rent liability will be reduced as cash payments exceed rent expense. Occupancy expense for the year ended December 31, 2012 totaled $18,601. Total future minimum payments under the lease commitment are as follows:

| Year Ending December 31, 2013 | $ 59,094 |

6. 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, 2012, the museum collection totaled 5,967 primary materials, including 4,893 papers; 602 photos; 147 oral histories; 84 programs; 32 film, radio and television media; 200 Timeline developments; and 9 Gallery essays. No materials were de-accessioned from the collection in 2012.

For the year ended December 31, 2012, costs incurred in building the collection of the virtual museum and archive totaled $207,646. As of December 31, 2012, the accumulated costs incurred in building the virtual museum and archive totaled $1,442,571.

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, 2012.

7. SAVINGS PLAN
The Society maintains a 403(b) Savings Plan (the Plan) for its employees. The Plan provides for employee contributions. The Society matches up to 100% of employee contributions. Employees are 100% vested upon entry into the Plan. For the year ended December 31, 2012, contributions to the Plan totaled $30,300.

8. 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, 2012 was $878,252. The fund is comprised of corporate bonds and certificates of deposit totaling $877,593 and money funds totaling $659, included in investments and cash and cash equivalents, respectively, in the accompanying Statement of Financial Position.

9. 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 or 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, 2012: • Corporate Bonds — Valued at the closing price reported on the active market in which the individual securities are traded. • 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, 2012:

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>QUOTED PRICES IN ACTIVE MARKETS</th>
<th>SIGNIFICANT OTHER Observable inputs (Level 2)</th>
<th>SIGNIFICANT UNObservable inputs (Level 3)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Bonds</td>
<td>$226,170</td>
<td>$</td>
<td>$</td>
<td>$226,170</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>$651,423</td>
<td>$</td>
<td>$</td>
<td>$651,423</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$226,170</td>
<td>$651,423</td>
<td>$</td>
<td>$877,593</td>
</tr>
</tbody>
</table>

10. SUBSEQUENT EVENTS
In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through March 20, 2013, 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 2012:

American Institute of Certified Public Accountants (AICPA)
- James L. Akers, Jr.
- JT Ball
- Mark Beasley
- Richard Beckler
- Alan Beller
- Dennis Beresford
- The Herb Block Foundation
- Jonathan Burks
- George Canellos
- The Cartoon Bank
- William J. Clinton Presidential Library & Museum
- Robert K.D. Colby
- Columbia University in the City of New York: Arthur Levitt Papers, Rare Book & Manuscript Library
- Lisa Fairfax
- Financial Accounting Foundation Library
- Fried Frank Harris Shriver & Jacobson LLP: Harvey L. Pitt SEC Brief Collection
- Tamar Frankel
- Jan Freundschuh
- George P. Fritz
- Kathryn Fulton
- Bernard Garil
- Daniel Goelzer
- Harvey Goldschmid
- Alan Grant
- Robert Herz
- Henry Jaenicke
- Edmund Jenkins
- Kansas State Historical Society
- Edward E. "Ted" Kaufman
- Bruce Kraus
- Arthur Laby
- Donald Langevoort
- Arthur Levitt
- Library of Congress
- Barbara Lucas
- Henry Manne
- Susan Merrill
- James McKinney
- William McLlus
- Mare Minor
- University of Mississippi: AICPA Collection
- John Montgomery
- Francis Morrissey
- National Archives and Records Administration
- Richard Nesson
- New York City Municipal Archives
- Richard Nixon Presidential Library and Museum
- William O’Brien
- James Overdahl
- Michael Oxley
- Mark Peecher
- Peggy Peterson
- Prelinger Archives
- Ronald Reagan Library
- Eric Roiter
- A. Clarence Sampson
- Paul Sarbanes
- Dean Shahinian
- University of South Carolina: Newsfilm Library
- Linda Chatman Thomsen
- Joseph Ucuzoglu
- U.S. Department of Justice: Enron Exhibits

December 5, 1936 Telegram from Howard A. Judy to Allen Throop