

THE CORNING MUSEUM OF GLASS

**Financial Statements
as of December 31, 2006 and 2005
Together with
Independent Auditors' Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

April 3, 2007

To the Board of Trustees of
The Corning Museum of Glass:

We have audited the accompanying statements of financial position of The Corning Museum of Glass (a New York not-for-profit corporation) as of December 31, 2006 and 2005, and the related statements of activities and change in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Corning Museum of Glass as of December 31, 2006 and 2005, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Note 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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THE CORNING MUSEUM OF GLASS

STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Dollars in thousands)

	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
LIABILITIES AND NET ASSETS				
ASSETS				
CURRENT ASSETS:				
Cash and equivalents	\$ 3,402	\$ 2,968	\$ 316	\$ 494
Accounts receivable, net of allowance of \$1 for 2006 and 2005	53	82	465	328
Other receivable - Rockwell Museum Inventories, net of reserve of \$25 for 2006 and 2005	51	49	218	205
Contributions receivable	734	889	23	-
Other assets	118	250	-	-
	115	111	32	26
Total current assets	<u>4,473</u>	<u>4,349</u>	<u>1,054</u>	<u>1,053</u>
INVESTMENTS				
FIXED ASSETS, net	19,073	17,854	-	1,370
PREPAID PENSION EXPENSE	3,861	3,812	596	-
INTANGIBLE PENSION ASSET	1,466	-	-	-
COLLECTIONS (Note 2)	-	67	2,306	1,748
	-	-	-	-
Total liabilities	<u>24,400</u>	<u>21,733</u>	<u>3,956</u>	<u>4,171</u>
NET ASSETS:				
Unrestricted			23,046	20,111
Temporarily restricted			492	435
Permanently restricted			1,379	1,365
Total net assets			<u>24,917</u>	<u>21,911</u>
	<u>\$ 28,873</u>	<u>\$ 26,082</u>	<u>\$ 28,873</u>	<u>\$ 26,082</u>

The accompanying notes are an integral part of these statements.

THE CORNING MUSEUM OF GLASS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions from Corning Incorporated	\$ 22,932	\$ -	\$ -	\$ 22,932
Admissions	1,944	-	-	1,944
Sales from merchandising and food service	5,079	-	-	5,079
Studio and education programs	1,626	-	-	1,626
Other revenues and contributions	484	342	-	826
Interest and dividends	702	65	15	782
Net appreciation (depreciation) of investments	1,258	(3)	(1)	1,254
Net assets released from restrictions	347	(347)	-	-
Total support and revenue	34,372	57	14	34,443
EXPENSES:				
Program services -				
Curatorial, exhibitions, and research	6,042	-	-	6,042
Studio and education programs	4,840	-	-	4,840
Library services	1,646	-	-	1,646
Publications	389	-	-	389
Visitor services	2,508	-	-	2,508
Merchandising and food service	3,766	-	-	3,766
Cost of sales from merchandising and food service	2,411	-	-	2,411
Total program services	21,602	-	-	21,602
Support services -				
General administration	7,510	-	-	7,510
Marketing and public relations	2,097	-	-	2,097
Information services	764	-	-	764
Total support services	10,371	-	-	10,371
Acquisitions -				
Purchases for the Glass Collection	917	-	-	917
Purchases for the Library Collection	216	-	-	216
Total acquisitions	1,133	-	-	1,133
Total expenses	33,106	-	-	33,106
Other -				
Change in minimum pension liability	1,669	-	-	1,669
CHANGE IN NET ASSETS	2,935	57	14	3,006
NET ASSETS - beginning of year	20,111	435	1,365	21,911
NET ASSETS - end of year	\$ 23,046	\$ 492	\$ 1,379	\$ 24,917

The accompanying notes are an integral part of these statements.

THE CORNING MUSEUM OF GLASS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2005 (Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions from Corning Incorporated	\$ 20,470	\$ -	\$ -	\$ 20,470
Admissions	1,804	-	-	1,804
Sales from merchandising and food service	4,820	-	-	4,820
Studio and education programs	1,463	-	-	1,463
Other revenues and contributions	1,104	534	-	1,638
Interest and dividends	514	48	12	574
Net depreciation of investments	457	(23)	(7)	427
Net assets released from restrictions	501	(501)	-	-
Total support and revenue	31,133	58	5	31,196
EXPENSES:				
Program services -				
Curatorial, exhibitions, and research	5,890	-	-	5,890
Studio and education programs	4,631	-	-	4,631
Library services	1,279	-	-	1,279
Publications	433	-	-	433
Visitor services	2,441	-	-	2,441
Merchandising and food service	3,603	-	-	3,603
Cost of sales from merchandising and food service	2,238	-	-	2,238
Total program services	20,515	-	-	20,515
Support services -				
General administration	6,939	-	-	6,939
Marketing and public relations	2,029	-	-	2,029
Information services	797	-	-	797
Total support services	9,765	-	-	9,765
Acquisitions -				
Purchases for the Glass Collection	1,426	-	-	1,426
Purchases for the Library Collection	171	-	-	171
Total acquisitions	1,597	-	-	1,597
Total expenses	31,877	-	-	31,877
Other -				
Change in minimum pension liability	(555)	-	-	(555)
CHANGE IN NET ASSETS	(1,299)	58	5	(1,236)
NET ASSETS - beginning of year	21,410	377	1,360	23,147
NET ASSETS - end of year	\$ 20,111	\$ 435	\$ 1,365	\$ 21,911

The accompanying notes are an integral part of these statements.

THE CORNING MUSEUM OF GLASS

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(Dollars in thousands)

	<u>2006</u>	<u>2005</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,006	\$ (1,236)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	680	647
(Gain) loss on the disposal of fixed assets	(70)	26
Net appreciation of investments	(1,254)	(427)
Interest and dividends restricted for reinvestment	(15)	(12)
Change in minimum pension liability	(1,669)	555
Acquisitions to the Museum collection	1,133	1,597
Changes in:		
Accounts receivable	29	(46)
Other receivable - Rockwell Museum	(2)	176
Inventories	155	(201)
Contributions receivable	132	(246)
Other assets	(4)	(24)
Prepaid pension expense	(1,466)	-
Intangible pension asset	67	13
Accounts payable	(178)	268
Accrued liabilities	137	(57)
Deferred revenue	13	44
Accrued pension liability	299	266
Postretirement benefits other than pension	564	326
Net cash flow from operating activities	<u>1,557</u>	<u>1,669</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(323)	(354)
Proceeds from sale of fixed assets	283	-
Purchases of investments	(12,267)	(7,224)
Proceeds from sale of investments	12,302	6,885
Acquisitions to the Museum collection	<u>(1,133)</u>	<u>(1,597)</u>
Net cash flow from investing activities	<u>(1,138)</u>	<u>(2,290)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Interest and dividends restricted for reinvestment	<u>15</u>	<u>12</u>
Net cash flow from financing activities	<u>15</u>	<u>12</u>
CHANGE IN CASH AND EQUIVALENTS	434	(609)
CASH AND EQUIVALENTS - beginning of year	<u>2,968</u>	<u>3,577</u>
CASH AND EQUIVALENTS - end of year	<u>\$ 3,402</u>	<u>\$ 2,968</u>

SUPPLEMENTAL CASH FLOW INFORMATION - NON-CASH INVESTING AND FINANCING TRANSACTIONS

A capital lease obligation of \$619 was incurred when the Museum entered into a lease for buses.

The accompanying notes are an integral part of these statements.

THE CORNING MUSEUM OF GLASS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

(Dollars in thousands)

1. THE ORGANIZATION

The mission of The Corning Museum of Glass (the Museum) is to engage, educate, and inspire visitors and the community through the art, history and science of glass. This involves building, preserving, and promoting the world's foremost collection of objects representing the art and history of glass, and the library of record on those subjects for a broad range of current and new museum visitors; displaying the best of the collection in a permanent exhibition and arranging temporary exhibitions illustrating particular aspects of the art and history of glass, and in doing so maintaining an international reputation for scholarship and research on glass; presenting exhibitions of glass science and technology that educate and involve visitors of all ages in historic innovations and future applications of glass and glass-related materials and providing visitors with a unique opportunity to view and experience glassmaking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Museum have been prepared in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Museum, the accounts are reported in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into groups of net assets established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

Net assets of the Museum are classified and reported as follows:

- **Unrestricted Net Assets**

Unrestricted net assets include operating net assets, which are not subject to donor-imposed stipulations, and are generally available for support of Museum operations, with certain limitations, as designated by the Board of Trustees.

- **Temporarily Restricted Net Assets**

Temporarily restricted net assets include resources resulting from contributions of assets whose use by the Museum is limited by donor-imposed restrictions that either expire by passage of time or will be fulfilled by future actions of the Museum pursuant to those restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported and classified based on the terms of the original gift.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Assets (Continued)

- **Permanently Restricted Net Assets**

Permanently restricted net assets have been restricted by donors to be maintained by the Museum in perpetuity. Generally, the Museum is permitted to use or expend part or all of the income and gains derived from the donated assets, restricted only by the donors' wishes.

Cash and Equivalents

Cash and equivalents consist of amounts on deposit with financial institutions, short-term investments with maturities of three months or less at the time of purchase, and other highly liquid investments, primarily money market funds. At times, the balances in the bank accounts may exceed federally insured limits. The Museum has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts primarily due from tour group operators and other organizations for their participation in Museum activities as well as for facility rental fees. The Museum records an allowance for doubtful accounts based on prior experience and a review of specific accounts.

Inventories

Inventories consist of items purchased for resale in the Museum's gift shops and are valued at the lower of cost, determined by the average-cost basis, or market. The cost of inventory produced by Museum staff is expensed as incurred, since the future recovery of such costs is uncertain.

Investments

Investments are stated at fair value based on quoted market prices.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the net assets of the Museum.

Fixed Assets

Fixed asset purchases are capitalized and recorded at cost or, in the case of gifts, at fair value at date of donation. The Museum capitalizes all fixed assets with a cost of \$5 or more that have a useful life of greater than one year. Depreciation expense is computed using the straight-line method over the estimated useful life of the assets (ranging from 2 to 40 years).

Taxes

The Museum is a not-for-profit corporation exempt from income taxes as qualified under Section 501(c)(3) of the Internal Revenue Code. The Museum has been classified by the Internal Revenue Service as a private operating foundation.

Museum Collection

The collections, which were acquired through purchases and contributions since the Museum's inception, are not recognized as assets on the statement of financial position. Purchases of or proceeds from the sale of collection items are recorded as changes in unrestricted net assets in the year the transaction occurs. Donations of art objects and library materials are not recorded as income in the statement of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Museum reports gifts of cash and other assets as either temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

Contributions receivable represents the fair value of amounts pledged. All pledged amounts are expected to be collected within one year.

Donated Services, Goods, and Facilities

Materials and other goods and services received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Volunteers have donated significant amounts of time in support of the Museum's activities. However, the value of these services is not reflected in the accompanying statements as they do not meet the criteria for recognition as set forth under generally accepted accounting principles.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, contributions receivable, accounts payable, and accrued liabilities approximate fair value due to the short-term maturities of these instruments. The fair value of investments has been determined as set forth previously.

Advertising

Advertising costs are expensed as incurred.

Use of Estimates

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

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. These consisted of changes in the statement of activities and change in net assets and additional refinement in the detail of the changes in operating and investment components in the statements of cash flows.

3. OTHER RECEIVABLE - ROCKWELL MUSEUM

Employees of the Museum provide services to the Rockwell Museum (Rockwell) for which the Museum is reimbursed. As of December 31, 2006 and 2005, respectively, the Museum recorded an amount due from the Rockwell for salaries, benefits and other services of \$51 and \$49.

4. INVESTMENTS

The Museum has Board-designated and permanent endowment investments which consist of the following at December 31:

	<u>2006</u>	<u>2005</u>
Vanguard Short-Term Money Market Fund	\$ 1,688	\$ 1,569
Vanguard Total Bond Market Fund	6,839	6,383
Vanguard Short-Term Bond Fund	1,437	1,399
Vanguard Equity Funds	<u>9,109</u>	<u>8,503</u>
	<u>\$ 19,073</u>	<u>\$ 17,854</u>

Net investment income generated from these investments consisted of the following for the years ending December 31:

	<u>2006</u>	<u>2005</u>
Interest and dividends	\$ 611	\$ 494
Realized gain on investments, net	1,264	150
Unrealized gain (loss) on investments, net	<u>(10)</u>	<u>277</u>
	<u>\$ 1,865</u>	<u>\$ 921</u>

Additional interest and dividends earned on cash and equivalents consisted of \$171 and \$80 at December 31, 2006 and 2005, respectively.

5. FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2006</u>	<u>2005</u>
Construction in progress	\$ 11	\$ 20
Vehicles under capital lease	619	-
Buildings	7,276	7,554
Equipment	<u>4,779</u>	<u>4,562</u>
	12,685	12,136
Less: Accumulated depreciation	<u>(8,824)</u>	<u>(8,324)</u>
	<u>\$ 3,861</u>	<u>\$ 3,812</u>

6. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Museum has a funded noncontributory defined benefit pension plan that covers all of its employees.

The Museum also has other postretirement benefit plans that provide health care and life insurance benefits for retirees and eligible dependents. The health care plan is contributory with participants' contributions determined by years of service. The life insurance plan is noncontributory.

Certain employees of the Museum provide services to the Rockwell Museum (Rockwell). Therefore, pension costs are allocated by the Museum to Rockwell based on the level of services provided to Rockwell by the Museum's employees.

Effective January 1, 2007, the pension plan was amended to reduce future benefit accruals by changing the plan formula accrual to 1.5% of all compensation, rather than 1.5% up to \$7,800 and 2% thereafter. In addition, credited service taken into account is now limited to a maximum 30 years rather than no limit.

Also effective January 1, 2007, the postretirement benefits plan was amended to eliminate plan benefits for employees hired after January 1, 2007, increase the years of service for eligibility to 15 from 5, eliminate retiree medical insurance for any current employee who becomes a participant by retiring on or after January 1, 2007 upon reaching age 65, require that medical contributions for current and future retirees be limited to amounts determined by the Benefits Committee, and fix the retiree life insurance benefit at \$20,000 rather than a percentage of final pay.

The postretirement benefit plan disclosure information set forth below does not reflect the impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 as the Museum has not yet determined whether prescription benefits provided by the Plan satisfy the actuarial equivalency requirement needed to obtain the federal subsidy. Because of the plan amendments effective January 1, 2007, there will be no future impact of the Act as retiree medical benefits end upon reaching age 65, which is currently the age at which one becomes eligible for Medicare.

Since the Museum does not issue publicly traded equity securities, the disclosure information set forth below will not reflect FAS No. 158, issued September 2006, until 2007.

The Museum uses a December 31 measurement date for all of its plans.

Obligations and funded status of the plans at December 31 are as follows:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Benefit obligation	\$ 9,012	\$ 9,668	\$ 788	\$ 3,168
Fair value of plan assets at end of year	9,320	6,826	-	-
Funded status	308	(2,843)	(788)	(3,168)
Accumulated benefit obligation	8,492	8,196	-	-
Employer contributions	1,821	400	9	5
Plan participants' contributions	-	-	6	4
Benefit payments	(232)	(279)	(15)	(9)
Net amount recognized	1,466	365	(2,338)	(1,774)

6. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Amounts recognized in the statements of financial position consist of:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Prepaid benefit cost	\$ 1,466	\$ 365	\$ -	\$ -
Accrued benefit cost	-	-	(2,338)	(1,774)
Additional minimum liability	-	(1,735)	-	-
Intangible asset	-	67	-	-

Amounts recognized in the statements of activities and changes in net assets consist of:

Net periodic benefit cost	\$ 720	\$ 679	\$ 584	\$ 345
Change in additional minimum liability	(1,669)	555	-	-

Assumptions

Weighted average assumptions used to determine benefit obligations at December 31, are as follows:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Discount rate	5.75%	5.50%	5.75%	5.50%
Average annual increase in compensation	4.50%	4.50%	4.50%	4.50%
Long-term expected return on plan assets	8.00%	8.00%	N/A	N/A

Weighted average assumptions used to determine net periodic benefit costs at December 31 are as follows:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Discount rate	5.50%	5.75%	5.50%	5.75%
Average annual increase in compensation	4.50%	4.50%	4.50%	4.50%
Long-term expected return on plan assets	8.00%	8.00%	N/A	N/A

The expected rate of return on assets is based on the current interest rate environment and historical market premiums of equity and other asset classes relative to fixed income rates.

Assumed health care cost trend rates at December 31, are as follows:

	<u>2006</u>	<u>2005</u>
Health care cost trend rate assumed for next year	12%	14%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5%	5%
Year that the rate reaches the ultimate trend rate	2012	2011

The health care cost trend is assumed to decline 2% per year through 2009 after which it declines 1% per year until the ultimate rate is reached in 2012.

6. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Plan Assets

The Museum's pension plan weighted average asset allocations at December 31, 2006 and 2005, by asset category are as follows:

Asset category:	<u>2006</u>	<u>2005</u>	<u>Target</u>
Equity securities	49%	47%	48%
Fixed income securities	39%	40%	40%
International securities	<u>12%</u>	<u>13%</u>	<u>12%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Museum has an investment policy for the pension plan with the primary objective of adequately providing for both the growth and liquidity needed to support all current and future benefit payment obligations. The investment strategy is to invest in a diversified portfolio of assets which are expected to satisfy the above objective and produce both absolute and risk adjusted returns competitive with a benchmark of 48% Wilshire 5000 Index, 12% MSCI EAFE Index, 30% Lehman Aggregate Bond Index and 10% Lehman Inflation Note Index.

Contributions

The Museum expects to contribute \$679 and \$11 to its pension plan and post retirement benefit plan, respectively, in 2007.

Estimated Future Benefit Payments

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	<u>Pension Benefits</u>	<u>Postretirement Benefits</u>
2007	\$ 436	\$ 32
2008	455	40
2009	479	47
2010	508	53
2011	533	67
2012 - 2015	3,018	374

7. 403(b) DEFINED CONTRIBUTION RETIREMENT PLAN

Employees of the Museum are eligible immediately to participate in The Corning Museum of Glass Defined Contribution Retirement Plan, a 403(b) tax deferred annuity program. Each employee determines whether participation in the program is appropriate and the percentage of compensation he or she wishes to defer. Employees may contribute any percentage of compensation. The Museum makes matching contributions of 50% of each employee's contributions, up to a maximum of 4% of the employee's total contributions. The total of an employee's and the Museum's contributions for that employee are not to exceed the maximum IRC Section 415 limitations of \$44 in 2006. In addition, employees age 50 or older may make catch-up contributions in 2006, not to exceed \$5. Matching contributions for 2006 and 2005 were \$82 and \$78, respectively.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31 are restricted as follows:

	<u>2006</u>	<u>2005</u>
Glass acquisitions	\$ 149	\$ 136
Library acquisitions	39	32
Scholarships and awards	261	202
Time restrictions	<u>43</u>	<u>65</u>
	<u>\$ 492</u>	<u>\$ 435</u>

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses or the passage of time satisfying the restricted purposes, as follows:

	<u>2006</u>	<u>2005</u>
Glass acquisitions	\$ 184	\$ 380
Library acquisitions	40	32
Scholarships and awards	54	47
Time restrictions	<u>69</u>	<u>42</u>
	<u>\$ 347</u>	<u>\$ 501</u>

10. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted investments in perpetuity, the income from which is expendable to support the following as of December 31:

	<u>2006</u>	<u>2005</u>
Acquisitions of books for the Rakow Research Library	\$ 637	\$ 637
Annual awards for Excellence in Glass	<u>742</u>	<u>728</u>
	<u>\$ 1,379</u>	<u>\$ 1,365</u>

11. CONTRIBUTIONS FROM CORNING INCORPORATED

Contributions from Corning Incorporated for the years ended December 31 were as follows:

	<u>2006</u>	<u>2005</u>
Expenses incurred on behalf of the Museum	\$ 12,932	\$ 12,470
Cash	<u>10,000</u>	<u>8,000</u>
	<u>\$ 22,932</u>	<u>\$ 20,470</u>

Cash contributions are unrestricted and available for the Museum's general operations and acquisitions. Expenses incurred by Corning Incorporated on behalf of the Museum consist primarily of facilities costs and salaries expense. These are reflected in the applicable program and support services categories in the statements of activities. The overall contribution from Corning Incorporated was approximately 67% and 66% of the Museum's total support and revenue for the years ended December 31, 2006 and 2005, respectively.

12. EXCISE TAXES

The Museum is subject to federal excise tax on net taxable investment income, as defined by the Internal Revenue Code. For tax purposes, such tax is determined, in part, based on net realized gains on sales of investments (the difference between the donor's basis of the investment, if contributed, or the cost of the investment, if purchased, and the proceeds of the sale). The Museum incurred expense of \$41 and \$14 in Federal excise tax for the years ended December 31, 2006 and 2005, respectively.

13. OPERATING LEASES

The Museum has several noncancelable operating leases, primarily for office equipment, that expire through 2011. These leases generally require the Museum to pay all executory costs such as maintenance and insurance. The expense for operating leases for 2006 and 2005 was \$307 and \$28, respectively. The future minimum operating lease commitments are as follows:

2007	\$	206
2008		46
2009		19
2010		1
2011		<u>1</u>
	\$	<u>273</u>

14. CAPITAL LEASES

The Museum has entered into a contract to lease two buses under a non-cancelable capital lease agreement with an interest rate of 9% and an expiration date in 2017. It is anticipated that the buses will be placed in service in mid-2007. The lease requires the Museum to pay operating expenses related to the leased asset. Future minimum lease payments at December 31, 2006 are as follows:

2007	\$	54
2008		94
2009		94
2010		94
2011		94
Thereafter		<u>511</u>
Total minimum lease payments		941
Less: Amount representing interest		<u>(322)</u>
Present value of future minimum lease payments		619
Less: Current portion		<u>(23)</u>
	\$	<u>596</u>

15. RUBLOFF RESIDUARY TRUST

The Museum has been named a 2.8% beneficiary in a residuary trust. The assets are known, but their value is not easily determinable and as a result, the Museum's interest in the trust is not included on the statement of financial position. The income from the trust is recorded as it is received. The income from the trust was \$67 and \$238 for 2006 and 2005, respectively. During 2005, the income from the trust included proceeds from the sale of certain trust assets.

On December 31, 2006, the trust was terminated and a wind-up period was established not to extend beyond December 31, 2009. The Trustees will continue to hold and administer approximately \$800 in cash in the trust and its wholly-owned entities during the wind-up period. The funds are being retained to cover potential future expenses in which the trust entities are or may be liable. The Trustees will distribute the remaining principal no later than at the conclusion of the wind-up period.

16. ADVERTISING COSTS

For the years ended December 31, 2006 and 2005, advertising costs for the Museum were \$856 and \$860, respectively.

17. FUNDRAISING COSTS

For the years ended December 31, 2006 and 2005, fundraising costs for the Museum were \$189 and \$188, respectively.

18. DONOR IMPOSED RESTRICTIONS ON UNSPENT EARNINGS

Certain permanently restricted investment earnings are temporarily restricted for library acquisitions. Per donor instructions, each year, any unspent earnings from these investments are to be transferred back to permanently restricted investments. In 2006, the earnings available from these investments were not completely spent on the restricted purpose. An amount less than \$1 was transferred from temporarily restricted to permanently restricted net assets for the year ended December 31, 2006.

19. RELATED PARTIES

The Museum had a contract through December 31, 2006 for consulting services, which were provided by a related party. Expenses paid for these services totaled \$41 and \$55 for 2006 and 2005, respectively. The Museum also purchased library materials from a related party totaling \$1 for 2006. In addition, Corning Incorporated made a restricted contribution to fund the purchase of a commissioned glass piece from a related party. Expenses paid for this commissioned piece totaled \$25 and \$50 for 2006 and 2005, respectively.

20. LEGAL PROCEEDINGS

The Museum is involved in a claim and legal action arising in the ordinary course of business. In the opinion of management, the ultimate disposition of this matter will not have a material adverse effect on the Museum's financial position, results of operations, or liquidity.

21. STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 158

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158 - Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. This Statement requires an employer to recognize the funded status of a defined benefit pension and other post-retirement plans as either an asset or liability in its statements of financial position, and to recognize changes in the funded status in the year in which the changes occur through unrestricted net assets below the operating indicator. The Museum is required to adopt the recognition provisions of this statement for its year ended December 31, 2007.

22. GIFTS AND DONATIONS (UNAUDITED)

Gifts of art objects and library materials received during 2006 and 2005 were estimated by the Museum's curators to have a value of approximately \$4,448 and \$731, respectively. The substantial increase was due to a gift by Ben W. and Natalie G. Heineman Sr. of The Ben W. Heineman Sr. Family Collection, which consists of 250 contemporary studio glass vessels and sculptures. The receipt of the gift spans two years and the remainder of the collection is anticipated to be received in 2007.

A substantial number of volunteers donated approximately 4,971 and 5,069 hours to the Museum's program services during 2006 and 2005, respectively; however, the value of these donated services is not reflected in the financial statements.