THE CORNING MUSEUM OF GLASS

Financial Statements
as of December 31, 2008 and 2007
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

March 19, 2009

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, 2008 and 2007, 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, 2008 and 2007, 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 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

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007
(Dollars in Thousands)

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 3,433	$ 4,022
Accounts receivable, net of allowance of $1 for 2008 and 2007	156	52
Other receivable - Rockwell Museum	46	59
Inventories, net of reserve of $25 for 2008 and 2007	643	629
Contributions receivable	25	36
Other assets	109	96
Total current assets	4,412	4,894
INVESTMENTS	17,634	20,547
FIXED ASSETS, net	3,008	3,573
PREPAID PENSION EXPENSE	-	952
COLLECTIONS (Note 2)	-	-
	20,642	25,072
	$ 25,054	$ 29,966
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 437	$ 659
Accrued liabilities	299	473
Deferred revenue	185	163
Current portion of capital lease obligations	46	43
Current portion of postretirement benefits other than pension	36	20
Total current liabilities	1,003	1,358
CAPITAL LEASE OBLIGATIONS, net of current portion	504	551
ACCRUED PENSION LIABILITY	1,638	-
POSTRETIREMENT BENEFITS OTHER THAN PENSION, net of current portion	779	780
Total liabilities	3,924	2,689
NET ASSETS:		
Unrestricted	18,903	25,249
Temporarily restricted	799	619
Permanently restricted	1,428	1,409
Total net assets	21,130	27,277
	$ 25,054	$ 29,966

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, 2008
(Dollars in Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions from Corning Incorporated	$ 24,474	$ -	$ -	$ 24,474
Admissions	2,039	-	-	2,039
Sales from merchandising and food service	5,350	-	-	5,350
Studio, education, and outreach	2,150	-	-	2,150
Other revenues and contributions	562	536	-	1,098
Interest and dividends	737	61	14	812
Net appreciation (depreciation) of investments	(4,409)	18	5	(4,386)
Net assets released from restrictions	435	(435)	-	-
Total support and revenue	31,338	180	19	31,537
EXPENSES:				
Program services -				
Curatorial, exhibitions, and research	6,125	-	-	6,125
Studio, education, and outreach	5,930	-	-	5,930
Library services	1,753	-	-	1,753
Publications	495	-	-	495
Visitor services	2,494	-	-	2,494
Merchandising and food service	3,922	-	-	3,922
Cost of sales from merchandising and food service	2,616	-	-	2,616
Total program services	23,335	-	-	23,335
Support services -				
General administration	6,836	-	-	6,836
Marketing and public relations	2,213	-	-	2,213
Information services	1,095	-	-	1,095
Total support services	10,144	-	-	10,144
Acquisitions -				
Purchases for the Glass Collection	950	-	-	950
Purchases for the Library Collection	259	-	-	259
Total acquisitions	1,209	-	-	1,209
Total expenses	34,688	-	-	34,688
CHANGE IN NET ASSETS BEFORE OTHER CHANGES IN NET ASSETS	(3,350)	180	19	(3,151)
OTHER CHANGES IN NET ASSETS:				
Change in funded status of pension plan (Note 11)	(2,888)	-	-	(2,888)
Change in funded status of postretirement benefit plan (Note 11)	(108)	-	-	(108)
CHANGE IN NET ASSETS	(6,346)	180	19	(6,147)
NET ASSETS - beginning of year	25,249	619	1,409	27,277
NET ASSETS - end of year	$ 18,903	$ 799	$ 1,428	$ 21,130

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, 2007
(Dollars in Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions from Corning Incorporated	$ 24,309	$ -	$ -	$ 24,309
Admissions	2,229	-	-	2,229
Sales from merchandising and food service	5,749	-	-	5,749
Studio, education, and outreach	1,971	-	-	1,971
Other revenues and contributions	577	494	-	1,071
Interest and dividends	823	77	16	916
Net appreciation of investments	746	21	14	781
Net assets released from restrictions	465	(465)	-	-
Total support and revenue	36,869	127	30	37,026
EXPENSES:				
Program services -				
Curatorial, exhibitions, and research	5,855	-	-	5,855
Studio, education, and outreach	5,434	-	-	5,434
Library services	1,671	-	-	1,671
Publications	429	-	-	429
Visitor services	2,579	-	-	2,579
Merchandising and food service	3,907	-	-	3,907
Cost of sales from merchandising and food service	2,696	-	-	2,696
Total program services	22,571	-	-	22,571
Support services -				
General administration	7,389	-	-	7,389
Marketing and public relations	2,296	-	-	2,296
Information services	968	-	-	968
Total support services	10,653	-	-	10,653
Acquisitions -				
Purchases for the Glass Collection	1,796	-	-	1,796
Purchases for the Library Collection	209	-	-	209
Total acquisitions	2,005	-	-	2,005
Total expenses	35,229	-	-	35,229
CHANGE IN NET ASSETS BEFORE OTHER CHANGES IN NET ASSETS	1,640	127	30	1,797
OTHER CHANGES IN NET ASSETS:				
Effect of adoption of SFAS No. 158 (Note 11)	563	-	-	563
CHANGE IN NET ASSETS	2,203	127	30	2,360
NET ASSETS - beginning of year	23,046	492	1,379	24,917
NET ASSETS - end of year	$ 25,249	$ 619	$ 1,409	$ 27,277

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, 2008 AND 2007
(Dollars in Thousands)

	2008	2007
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (6,147)	$ 2,360
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	809	745
Loss on the sale of fixed assets	4	-
Net depreciation (appreciation) of investments	4,386	(781)
Interest and dividends restricted for reinvestment	(14)	(16)
Change in funded status of pension plan	2,888	-
Change in funded status of postretirement benefit plan	108	-
Effect of adoption of SFAS No. 158	-	(563)
Acquisitions for the Museum collection	1,209	2,005
Changes in:		
Accounts receivable	(104)	1
Other receivable - Rockwell Museum	13	(8)
Inventories	(14)	106
Contributions receivable	11	82
Other assets	(13)	19
Prepaid pension expense	952	(389)
Accounts payable	(222)	342
Accrued liabilities	(174)	8
Deferred revenue	22	(54)
Accrued pension liability	(1,250)	-
Postretirement benefits other than pension	(93)	(72)
Net cash flow from operating activities	2,371	3,785
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(248)	(457)
Purchases of investments	(5,470)	(3,844)
Proceeds from the sale of investments	3,997	3,151
Acquisitions for the Museum collection	(1,209)	(2,005)
Net cash flow from investing activities	(2,930)	(3,155)
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments on capital leases	(44)	(26)
Interest and dividends restricted for reinvestment	14	16
Net cash flow from financing activities	(30)	(10)
CHANGE IN CASH AND EQUIVALENTS	(589)	620
CASH AND EQUIVALENTS - beginning of year	4,022	3,402
CASH AND EQUIVALENTS - end of year	$ 3,433	$ 4,022

The accompanying notes are an integral part of these statements.

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 and change in net assets 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 Net 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 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 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 on 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.

Fair Value Measurement - Definition and Hierarchy

In 2008, the Museum adopted the provisions of SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Museum uses various valuation techniques in determining fair value. SFAS No. 157 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Museum. Unobservable inputs are inputs that reflect the Museum's assumptions about the assumption market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement - Definition and Hierarchy (Continued)

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

  The Museum's investments are valued utilizing Level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

  The Museum currently has no assets or liabilities valued utilizing Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

  The Museum currently has no assets or liabilities valued utilizing Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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).

Deferred Revenue

Deferred revenue represents cash received in excess of revenue recognized by the Museum.

Taxes

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB No. 109, Accounting for Income Taxes (FIN 48). FIN 48 requires entities to disclose in their financial statements the nature of any uncertainty in their tax positions. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could occur which have the potential to jeopardize an organization's tax-exempt status.

The Museum implemented the provisions of FIN 48 in 2008. The Museum believes it has no uncertain tax positions as of and for the year ended December 31, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and change in net assets.

Endowment

The Museum's endowment consists of three individual funds established for a variety of purposes by donors. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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 estimated 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.

Advertising

Advertising costs are expensed as incurred.

Sales Tax

The Museum records sales net of tax collected.

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 items have been reclassified in the 2007 audited financial statements to conform to the current year presentation.

3. OTHER RECEIVABLE - ROCKWELL MUSEUM

Employees of the Museum provide services to the Rockwell Museum (Rockwell) for which the Museum is reimbursed for the cost of salaries and benefits of the specific employees. In 2008 and 2007, the Museum provided services totaling $745 and $742, respectively, to Rockwell. As of December 31, 2008 and 2007, respectively, the Museum recorded an amount due from Rockwell for salaries, benefits, and other services of $46 and $59.

4. INVESTMENTS

The Museum has investments which consist of the following at December 31:

	2008	2007
Vanguard Short-Term Money Market Fund	$ 3,377	$ 1,905
Vanguard Total Bond Market Fund	5,547	7,562
Vanguard Short-Term Bond Fund	1,573	1,527
Vanguard Total Stock Market Index Fund	5,712	7,610
Vanguard International Growth Fund	1,104	1,473
Vanguard Emerging Stock Market Fund	321	470
	$ 17,634	$ 20,547

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

	2008	2007
Interest and dividends	$ 689	$ 707
Realized gain on investments, net	98	426
Unrealized (loss) gain on investments, net	(4,484)	355
	$ (3,697)	$ 1,488

Additional interest and dividends earned on cash and equivalents consisted of $123 and $209 in 2008 and 2007, respectively.

The following are measured at fair value on a recurring basis at December 31, 2008:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments	$ 17,634	$ -	$ -	$ 17,634

5. ENDOWMENT

Endowment Net Asset Composition by Fund Type as of December 31, 2008 is as follows:

	Permanently Restricted	Total
Donor-restricted endowment funds	$ 1,428	$ 1,428

5. ENDOWMENT (Continued)

Changes in the Endowment Net Assets for the year ended December 31, 2008 are as follows:

	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,409	$ 1,409
Investment return:		
Investment income	14	14
Net appreciation (realized and unrealized)	5	5
Endowment net assets, end of year	$ 1,428	$ 1,428

Endowment Net Asset Composition by Fund Type as of December 31, 2007 is as follows:

	Permanently Restricted	Total
Donor-restricted endowment funds	$ 1,409	$ 1,409

Changes in the Endowment Net Assets for the year ended December 31, 2007 are as follows:

	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,379	$ 1,379
Investment return:		
Investment income	16	16
Net appreciation (realized and unrealized)	8	8
Contributions	6	6
Endowment net assets, end of year	$ 1,409	$ 1,409

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by New York Not-for-Profit Corporation Law. There were no such deficiencies as of December 31, 2008 and 2007.

Return Objectives and Risk Parameters

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, investments are consistent with the quality deemed appropriate in a fiduciary relationship and to which a prudent investor would adhere. All assets have readily ascertainable market values and are easily marketable.

5. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives
The Museum's strategy is to invest its endowment assets in mutual funds. This allows for diversity without the need to track individual securities. Only mutual funds that have been in existence for at least five years are used. Additionally, they have favorable risk adjusted performance records and low expense ratios over time relative to peer funds and their associated benchmarks.

Spending Policy and How the Investment Objectives Relate to Spending Policy
Earnings on the Museum's endowment are restricted for an award(s) for excellence in glass and for library acquisitions. The Museum's policy is to spend as much of the endowment earnings as considered necessary. Any unspent endowment earnings in any given year become part of the permanently restricted endowment. The endowment is invested conservatively, so as to avoid losses that may occur in conjunction with market fluctuations.

The governing board of the Museum has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends).

6. TEMPORARILY RESTRICTED NET ASSETS

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

	2008	2007
Glass acquisitions	$ 215	$ 146
Library acquisitions	59	81
Scholarships and awards	344	318
Time restrictions	181	74
	$ 799	$ 619

7. NET ASSETS RELEASED FROM RESTRICTIONS

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

	2008	2007
Glass acquisitions	$ 203	$ 233
Library acquisitions	91	47
Scholarships and awards	86	65
Time restrictions	55	120
	$ 435	$ 465

8. PERMANENTLY RESTRICTED NET ASSETS

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

	2008	2007
Acquisitions of books for the Rakow Research Library	$ 644	$ 644
Annual awards for glass research and commissioned works of art	784	765
	$ 1,428	$ 1,409

9. DONOR-IMPOSED RESTRICTIONS ON UNSPENT EARNINGS

Certain permanently restricted investment earnings are temporarily restricted for an award(s) for excellence in glass and for library acquisitions. Per donor instructions, each year, any unspent earnings from these investments are to be transferred back to permanently restricted investments. In 2008, the earnings available from these investments were completely spent on the restricted purpose and, accordingly, no amounts were transferred from temporarily restricted to permanently restricted net assets.

10. FIXED ASSETS

Fixed assets consist of the following at December 31:

	2008	2007
Vehicles under capital lease	$ 619	$ 619
Buildings	7,409	7,378
Equipment	4,917	4,942
Construction in progress	40	26
	12,985	12,965
Less: Accumulated depreciation and amortization	(9,977)	(9,392)
	$ 3,008	$ 3,573

Accumulated amortization on vehicles under capital lease was $93 and $31 at December 31, 2008 and 2007, respectively.

11. 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 eligible retirees and dependents. The health care plan is contributory, with participants' contributions determined by years of service. The life insurance plan is noncontributory.

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

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 $8 and 2% thereafter. In addition, credited service taken into account is now limited to a maximum 30 years rather than unlimited. This amendment had the effect of reducing the benefit obligation by $1,177.

Also effective January 1, 2007, the postretirement benefits plan was amended to eliminate plan benefits for employees hired after January 1, 2007; to increase the years of service for eligibility to 15 from 5; to eliminate retiree medical insurance upon reaching age 65 for any current employee who becomes a participant by retiring on or after January 1, 2007; to require that medical contributions for current and future retirees be limited to amounts determined by the Benefits Committee; and to fix the retiree life insurance benefit at $20 rather than a percentage of final pay. This had the effect of reducing the benefit obligation by $2,833.

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. However, 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.

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

Adoption of SFAS No. 158

The Museum adopted the recognition provisions of FASB Statement No. 158 as of December 31, 2007, which require that the funded status of defined benefit pension and other postretirement plans be fully recognized in the balance sheet. The incremental effects of applying FASB Statement No. 158 on individual line items in the balance sheet are as follows:

	Before Application	Adjustments	After Application
Prepaid pension expense	$ 1,855	$ (903)	$ 952
Current portion of postretirement benefits, other than pension	(20)	-	(20)
Postretirement benefits other than pension, net of current portion	(2,246)	1,466	(780)
	$ (411)	$ 563	$ 152

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Funded Status
Obligations and funded status of the plans are as follows:

	Pension Benefits		Postretirement Benefits	
	2008	2007	2008	2007
Benefit obligation	$ 10,469	$ 9,573	$ 815	$ 800
Fair value of plan assets at end of Year	8,831	10,525	-	-
Funded status	$ (1,638)	$ 952	$ (815)	$ (800)
Accumulated benefit obligation	$ 9,859	$ 9,068	$ -	$ -
Employer contributions	$ 548	$ 679	$ 36	$ 19
Plan participants' contributions	$ -	$ -	$ 25	$ 14
Benefit payments	$ (327)	$ (262)	$ (61)	$ (33)

Financial Statement Recognition
As of December 31, 2008 and 2007, the following amounts were recognized in the balance sheet:

	2008	2007
As a non-current asset	$ -	$ 952
As a current liability	$ (36)	$ (20)
As a non-current liability	$ (2,417)	$ (780)

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

	Pension Benefits		Postretirement Benefits	
	2008	2007	2008	2007
Net periodic benefit cost (income)	$ 250	$ 290	$ (57)	$ (53)

As of December 31, 2008, the following items included in net assets had not yet been recognized as components of benefits expense:

	Pension Benefits		Postretirement Benefits	
	Prior Service Credit	Net Loss	Prior Service Credit	Net Loss
Unrecognized amounts at December 31, 2008	$ 981	$ (4,772)	$ 2,660	$ (1,301)
Expected amortization of unrecognized items in next year's expense	$ (71)	$ 135	$ (225)	$ 76

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Assumptions

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

	Pension Benefits		Postretirement Benefits	
	2008	2007	2008	2007
Discount rate	6.00%	6.00%	6.00%	6.00%
Average annual increase in compensation	4.50%	4.50%	N/A	N/A
Expected long-term rate of 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:

	2008	2007
Health care cost trend rate assumed for next year	8%	10%
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	2012

The health care cost trend is assumed to decline 1% per year until the ultimate rate is reached in 2012.

Plan Assets

The Museum's pension plan weighted average asset allocations at December 31, 2008 and 2007, by asset category are as follows:

	2008	2007	Target
Equity securities	41%	40%	40%
Fixed income securities	49%	50%	50%
International securities	10%	10%	10%
	100%	100%	100%

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 40% MSCI US Broad Market, 10% MSCI EAFE Index, 40% Barclays Long Gov/Credit Index, and 10% Barclays Inflation Note Index.

Contributions

The Museum expects to contribute $557 and $40 to its pension plan and postretirement benefit plan, respectively, in 2009.

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

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

	Pension Benefits	Postretirement Benefits
2009	$ 497	$ 40
2010	$ 528	$ 45
2011	$ 555	$ 59
2012	$ 607	$ 61
2013	$ 654	$ 67
2014 - 2018	$ 3,793	$ 389

12. 403(B) DEFINED CONTRIBUTION RETIREMENT PLAN

Employees of the Museum are immediately eligible 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 up to the maximum allowed by law. 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 matching contributions is not to exceed the maximum IRC Section 415 limitations of $46 in 2008. In addition, employees age 50 or older were permitted to make catch-up contributions in 2008, not to exceed $5. Matching contributions for 2008 and 2007 were $115 and $104, respectively.

13. CONTRIBUTIONS FROM CORNING INCORPORATED

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

	2008	2007
Expenses incurred on behalf of the Museum	$ 12,901	$ 13,589
Cash	11,573	10,720
	$ 24,474	$ 24,309

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 68% and 67% of the Museum's total support and revenue (excluding net appreciation/depreciation of investments) for the years ended December 31, 2008 and 2007, respectively.

14. 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 tax expense of $9 and $27 in 2008 and 2007, respectively. The Museum paid excise taxes of $6 and $29 in 2008 and 2007, respectively.

15. OPERATING LEASES

The Museum has several non-cancelable operating leases, primarily for office equipment, that expire through 2012. These leases generally require the Museum to pay all executory costs such as maintenance and insurance. The expense for operating leases for 2008 and 2007 was $63 and $151, respectively. The future minimum operating lease commitments are as follows:

2009	$ 44
2010	21
2011	13
2012	5
	$ 83

16. CAPITAL LEASES

In 2007, the Museum 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. The lease requires the Museum to pay operating expenses related to the leased asset. Future minimum lease payments at December 31, 2008, are as follows:

2009	$ 94
2010	94
2011	94
2012	94
2013	94
Thereafter	314
Total minimum lease payments	784
Less: Amount representing interest	(234)
Present value of future minimum lease payments	550
Less: Current portion	(46)
	$ 504

Interest expense and interest paid on the capital lease was approximately $52 and $36 for the years ended December 31, 2008 and 2007, respectively.

17. ARTHUR 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. As a result, the Museum's interest in the trust is not included in the statement of financial position. The revenue from the trust is recorded as it is received. The revenue from the trust was $7 in 2008. There was no revenue recognized from the trust in 2007.

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 any undistributed balance 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 the conclusion of the wind-up period.

18. ADVERTISING COSTS

For the years ended December 31, 2008 and 2007, advertising costs for the Museum were $804 and $890, respectively.

19. FUNDRAISING COSTS

For the years ended December 31, 2008 and 2007, fundraising costs for the Museum were $47 and $217, respectively, and are included in general administration in the accompanying statements of activities and change in net assets.

20. RELATED PARTIES

The Museum had a contract through December 31, 2008, for consulting services, which were provided by a related party. Expenses paid for these services totaled $47 and $38 for 2008 and 2007, respectively.

21. LEGAL PROCEEDINGS

The Museum is involved in a claim and legal action, which arose 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.

22. GIFTS AND DONATIONS (UNAUDITED)

Gifts of art objects and library materials received during 2008 and 2007 were estimated by the Museum's curators to have a value of approximately $1,082 and $5,178, respectively. The significant decrease was caused by 2007 being the final year of a two year contribution, which consisted of 235 contemporary studio glass vessels and sculptures, by Ben W. and Natalie G. Heineman, Sr., of the Ben W. Heineman family collection.

A substantial number of volunteers donated approximately 8,603 and 7,835 hours to the Museum's program services during 2008 and 2007, respectively; however, the value of these donated services is not reflected in the financial statements.