

**THE CORNING MUSEUM OF GLASS**

**Financial Statements  
as of December 31, 2015 and 2014  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

March 29, 2016

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Corning Museum of Glass which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Note 16, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

# THE CORNING MUSEUM OF GLASS

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and equivalents	\$ 13,299	\$ 11,460
Accounts receivable, net of allowance of \$1 for 2015 and 2014	469	320
Other receivable - Rockwell Museum	72	59
Inventories, net of reserve of \$43 and \$40 for 2015 and 2014, respectively	1,115	1,034
Contributions receivable	70	120
Other assets	<u>482</u>	<u>685</u>
Total current assets	<u>15,507</u>	<u>13,678</u>
INVESTMENTS	30,977	30,066
FIXED ASSETS, net	5,783	5,116
COLLECTIONS	<u>-</u>	<u>-</u>
	<u>36,760</u>	<u>35,182</u>
	<u>\$ 52,267</u>	<u>\$ 48,860</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,004	\$ 1,222
Accrued liabilities	602	587
Deferred revenue	240	246
Current portion of postretirement benefits other than pension	<u>60</u>	<u>68</u>
Total current liabilities	1,906	2,123
ACCRUED PENSION LIABILITY	3,562	2,773
POSTRETIREMENT BENEFITS OTHER THAN PENSION, net of current portion	<u>1,068</u>	<u>907</u>
Total liabilities	<u>6,536</u>	<u>5,803</u>
NET ASSETS:		
Unrestricted	42,374	39,653
Temporarily restricted	2,397	1,889
Permanently restricted	<u>960</u>	<u>1,515</u>
Total net assets	<u>45,731</u>	<u>43,057</u>
	<u>\$ 52,267</u>	<u>\$ 48,860</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, 2015

(Dollars in Thousands) (With Comparative Totals for 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
<b>SUPPORT AND REVENUE:</b>					
Contributions from Corning Incorporated	\$ 40,654	\$ -	\$ -	\$ 40,654	\$ 32,609
Admissions	4,142	-	-	4,142	3,501
Sales from merchandising and food service	9,052	-	-	9,052	8,579
Studio, education, and outreach	3,497	-	-	3,497	3,399
Other revenues and contributions	754	1,140	-	1,894	1,954
Interest and dividends	571	28	-	599	599
Net appreciation (depreciation) of investments	(528)	(21)	-	(549)	1,345
Net assets released from restrictions	1,194	(1,194)	-	-	-
<b>Total support and revenue</b>	<b>59,336</b>	<b>(47)</b>	<b>-</b>	<b>59,289</b>	<b>51,986</b>
<b>EXPENSES:</b>					
Operations -					
Curatorial, exhibitions, and research	10,853	-	-	10,853	8,434
Studio, education, and outreach	12,264	-	-	12,264	8,196
Library services	2,743	-	-	2,743	2,513
Visitor services	3,783	-	-	3,783	3,403
Merchandising and food service	7,616	-	-	7,616	6,253
Cost of sales from merchandising and food service	4,099	-	-	4,099	3,769
General administration	7,534	-	-	7,534	6,850
Marketing and public relations	4,038	-	-	4,038	3,240
<b>Total operations</b>	<b>52,930</b>	<b>-</b>	<b>-</b>	<b>52,930</b>	<b>42,658</b>
Acquisitions -					
Purchases for the Glass Collection	1,269	-	-	1,269	1,631
Purchases for the Library Collection	256	-	-	256	302
<b>Total acquisitions</b>	<b>1,525</b>	<b>-</b>	<b>-</b>	<b>1,525</b>	<b>1,933</b>
Facility expansion	1,164	-	-	1,164	1,656
<b>Total expenses</b>	<b>55,619</b>	<b>-</b>	<b>-</b>	<b>55,619</b>	<b>46,247</b>
<b>EXCESS OF SUPPORT AND REVENUE OVER EXPENSES</b>	<b>3,717</b>	<b>(47)</b>	<b>-</b>	<b>3,670</b>	<b>5,739</b>
<b>OTHER CHANGES IN NET ASSETS:</b>					
Reclassification of endowment balances	-	555	(555)	-	-
Change in funded status of pension plan	(722)	-	-	(722)	(3,328)
Change in funded status of postretirement benefit plan	(274)	-	-	(274)	(142)
<b>CHANGE IN NET ASSETS</b>	<b>2,721</b>	<b>508</b>	<b>(555)</b>	<b>2,674</b>	<b>2,269</b>
NET ASSETS - beginning of year	39,653	1,889	1,515	43,057	40,788
NET ASSETS - end of year	\$ 42,374	\$ 2,397	\$ 960	\$ 45,731	\$ 43,057

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, 2014

(Dollars in Thousands)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions from Corning Incorporated	\$ 32,609	\$ -	\$ -	\$ 32,609
Admissions	3,501	-	-	3,501
Sales from merchandising and food service	8,579	-	-	8,579
Studio, education, and outreach	3,399	-	-	3,399
Other revenues and contributions	716	1,238	-	1,954
Interest and dividends	580	14	5	599
Net appreciation of investments	1,344	1	-	1,345
Net assets released from restrictions	<u>822</u>	<u>(822)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>51,550</u>	<u>431</u>	<u>5</u>	<u>51,986</u>
<b>EXPENSES:</b>				
Operations -				
Curatorial, exhibitions, and research	8,434	-	-	8,434
Studio, education, and outreach	8,196	-	-	8,196
Library services	2,513	-	-	2,513
Visitor services	3,403	-	-	3,403
Merchandising and food service	6,253	-	-	6,253
Cost of sales from merchandising and food service	3,769	-	-	3,769
General administration	6,850	-	-	6,850
Marketing and public relations	<u>3,240</u>	<u>-</u>	<u>-</u>	<u>3,240</u>
<b>Total operations</b>	<u>42,658</u>	<u>-</u>	<u>-</u>	<u>42,658</u>
Acquisitions -				
Purchases for the Glass Collection	1,631	-	-	1,631
Purchases for the Library Collection	<u>302</u>	<u>-</u>	<u>-</u>	<u>302</u>
<b>Total acquisitions</b>	<u>1,933</u>	<u>-</u>	<u>-</u>	<u>1,933</u>
Facility expansion	<u>1,656</u>	<u>-</u>	<u>-</u>	<u>1,656</u>
<b>Total expenses</b>	<u>46,247</u>	<u>-</u>	<u>-</u>	<u>46,247</u>
<b>EXCESS OF SUPPORT AND REVENUE OVER EXPENSES</b>	5,303	431	5	5,739
<b>OTHER CHANGES IN NET ASSETS:</b>				
Change in funded status of pension plan	(3,328)	-	-	(3,328)
Change in funded status of postretirement benefit plan	<u>(142)</u>	<u>-</u>	<u>-</u>	<u>(142)</u>
<b>CHANGE IN NET ASSETS</b>	1,833	431	5	2,269
<b>NET ASSETS - beginning of year</b>	<u>37,820</u>	<u>1,458</u>	<u>1,510</u>	<u>40,788</u>
<b>NET ASSETS - end of year</b>	<u>\$ 39,653</u>	<u>\$ 1,889</u>	<u>\$ 1,515</u>	<u>\$ 43,057</u>

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, 2015 AND 2014

(Dollars in Thousands)

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,674	\$ 2,269
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	775	537
Gain on the sale of fixed assets	-	(42)
Net (appreciation) depreciation of investments	549	(1,345)
Interest and dividends restricted for reinvestment	-	(5)
Change in funded status of pension plan	722	3,328
Change in funded status of postretirement benefit plan	274	142
Acquisitions for the Museum collection	1,525	1,933
Changes in:		
Accounts receivable	(149)	(122)
Other receivable - Rockwell Museum	(13)	5
Inventories	(81)	(7)
Contributions receivable	50	(81)
Other assets	203	(311)
Accounts payable	(218)	752
Accrued liabilities	15	(124)
Deferred revenue	(6)	24
Prepaid pension expense/accrued pension liability, net	67	(302)
Postretirement benefits other than pension	(121)	(102)
Net cash flow from operating activities	<u>6,266</u>	<u>6,549</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(1,442)	(3,731)
Purchases of investments	(5,281)	(3,814)
Proceeds from the sale of investments	3,821	4,212
Acquisitions for the Museum collection	(1,525)	(1,933)
Net cash flow from investing activities	<u>(4,427)</u>	<u>(5,266)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments on capital leases	-	(55)
Interest and dividends restricted for reinvestment	-	5
Net cash flow from financing activities	<u>-</u>	<u>(50)</u>
CHANGE IN CASH AND EQUIVALENTS	1,839	1,233
CASH AND EQUIVALENTS - beginning of year	<u>11,460</u>	<u>10,227</u>
CASH AND EQUIVALENTS - end of year	<u>\$ 13,299</u>	<u>\$ 11,460</u>

The accompanying notes are an integral part of these statements.

# THE CORNING MUSEUM OF GLASS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

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### 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 of America (GAAP).

#### **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.

- **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 restriction that income and gains on donated funds are restricted, such income and gains are reported as unrestricted. Temporarily restricted net assets also include unappropriated earnings on permanently restricted endowment funds.



## 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 financial institution 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 for educational outreach, group admission fees and facility rentals. The Museum records an allowance for doubtful accounts based on experience and a review of specific accounts outstanding. Accounts for which no payments have been received for several months are considered delinquent and when customary collection efforts are exhausted, the account is written-off.

### 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 publication inventory produced by Museum staff is charged to expense 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

The Museum uses various valuation techniques in determining fair value. 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 assumptions 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:

- 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 assets and liabilities does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Fair Value Measurement - (Continued)**

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.

All of the Museum's investments are valued utilizing Level 1 inputs. The Museum currently has no assets or liabilities valued utilizing Level 2 or 3 inputs.

### **Fixed Assets**

Fixed asset purchases are capitalized and recorded at cost or, in the case of gifts, at fair value at the 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, with the exception of capital expenditures that are related to exhibits that will be in place for less than 2 years and are deemed to be temporary. 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 advance of revenue recognition by the Museum.

### **Taxes**

The Museum is a not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Museum applied to the IRS to change its tax status from a private foundation to a public charity effective January 1, 2010. The Museum completed the five year application review period on December 31, 2014. In 2015 the IRS acknowledged the Museum's change to a public charity effective January 1, 2010.

### **Museum Collection**

The collections, which were acquired through purchases and contributions since the Museum's inception, are not recognized as assets in 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 a permanently restricted fund established by a donor. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Contributions**

Contributions received and unconditional promises to give are measured at their fair values at the date of the gift 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 net present value of amounts pledged. Substantially all pledges are to be received 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 GAAP.

### **Advertising**

Advertising costs are charged to expense as incurred.

### **Sales Tax**

The Museum records sales net of tax collected.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP 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.

## 3. OTHER RECEIVABLE - ROCKWELL MUSEUM

Employees of the Museum provide services to the Rockwell Museum (the Rockwell) for which the Museum is reimbursed for the cost of salaries and benefits of the specific employees. In 2015 and 2014, the Museum provided services totaling \$976 and \$817, respectively, to the Rockwell. As of December 31, 2015 and 2014, respectively, the Museum recorded an amount due from the Rockwell for salaries, benefits, and other services of \$72 and \$59. There are no formal repayment terms for these balances, but they are typically repaid in a manner similar to trade receivables.

#### 4. INVESTMENTS

The Museum's investments consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Vanguard Total Stock Market Index Fund Institutional	\$ 12,221	\$ 11,660
Vanguard Total Bond Market Fund Institutional Plus	11,262	11,601
Vanguard Prime Short-Term Admiral Money Market Fund	2,860	2,536
Vanguard International Growth Admiral Fund	2,436	2,005
Vanguard Balanced Index Admiral Fund	1,535	-
Vanguard Emerging Market Stock Index Admiral Fund	663	709
Vanguard Short-Term Bond Index Admiral Fund	<u>-</u>	<u>1,555</u>
	<u>\$ 30,977</u>	<u>\$ 30,066</u>

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

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 599	\$ 599
Realized gain on investments, net	269	507
Unrealized gain (loss) on investments, net	<u>(818)</u>	<u>838</u>
	<u>\$ 50</u>	<u>\$ 1,944</u>

The following are measured at fair value on a recurring basis at December 31, 2015:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments	<u>\$ 30,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,977</u>

The following are measured at fair value on a recurring basis at December 31, 2014:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments	<u>\$ 30,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,066</u>

#### 5. ENDOWMENT

Endowment net assets consisted of the Rakow Endowment Fund at both December 31, 2015 and 2014. During 2015, the Museum received judicial approval to administer the Rakow Endowment Fund as a single fund. Prior to this change, the Rakow endowment gift had been administered as two separate funds; one for acquisitions of books for The Juliette K. and Leonard S. Rakow Research Library, and one for annual awards for glass research and commissioned works of art, in accordance with original donor stipulations. The combined Rakow Endowment Fund will still be used for these purposes.

The changes to the Rakow Endowment Fund in 2015 also included a change in the investment strategy to better align the investments to achieve the Fund's objectives over the long-term. The combined Fund will be more efficient to administer and account for, allowing for more effective use of the fund by the Museum.

## 5. ENDOWMENT (Continued)

In recognition of the change in administration of the Rakow Endowment Fund, the Museum re-characterized the accumulated unappropriated appreciation of the fund to temporarily restricted net assets, leaving the original gift amount recorded as permanently restricted.

Changes in endowment net assets were as follows for the years ended December 31:

	<u>Temporarily Restricted</u>	<u>2015 Permanently Restricted</u>	<u>Total</u>	<u>2014</u>
Endowment net assets, beginning of year	\$ -	\$ 1,515	\$ 1,515	\$ 1,510
Transfer for change in administration of Rakow fund	555	(555)	-	-
Investment income	27	-	27	5
Net depreciation of investments	<u>(21)</u>	<u>-</u>	<u>(21)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 561</u>	<u>\$ 960</u>	<u>\$ 1,521</u>	<u>\$ 1,515</u>

### 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, 2015 and 2014.

### 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 Museum 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.

### 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 appropriate as much of the endowment earnings as considered necessary.

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 all investment earnings on its permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions.

## 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following as of December 31:

	<u>2015</u>	<u>2014</u>
Scholarships and awards	\$ 1,384	\$ 1,160
Unappropriated endowment appreciation	561	-
Acquisitions	312	538
Other	<u>140</u>	<u>191</u>
	<u>\$ 2,397</u>	<u>\$ 1,889</u>

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

	<u>2015</u>	<u>2014</u>
Scholarships and awards	\$ 223	\$ 182
Acquisitions	558	544
Other	<u>413</u>	<u>96</u>
	<u>\$ 1,194</u>	<u>\$ 822</u>

## 7. FIXED ASSETS

Fixed assets consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Buildings and improvements	\$ 8,668	\$ 7,451
Equipment	9,283	6,028
Construction in progress	<u>238</u>	<u>3,268</u>
	18,189	16,747
Less: Accumulated depreciation and amortization	<u>(12,406)</u>	<u>(11,631)</u>
	<u>\$ 5,783</u>	<u>\$ 5,116</u>

## 8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Museum has a funded noncontributory defined benefit pension plan that covers eligible 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.

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

## 8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

The postretirement benefit plan is limited to employees hired before January 1, 2007, with 15 years of service. Under the Plan, medical contributions for current and future retirees are limited based on years of service and the retiree life insurance benefit is fixed at \$20. The plan also eliminates retiree medical insurance upon reaching age 65 for any employee who retired or will retire on or after January 1, 2007.

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

### Funded Status

Obligations and funded status of the plans were as follows for the years ended December 31:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Projected benefit obligation	\$ 24,434	\$ 23,640	\$ 1,128	\$ 975
Fair value of plan assets at end of year	<u>20,872</u>	<u>20,867</u>	<u>-</u>	<u>-</u>
Funded status	<u>\$ (3,562)</u>	<u>\$ (2,773)</u>	<u>\$ (1,128)</u>	<u>\$ (975)</u>
Accumulated benefit obligation	\$ 22,420	\$ 21,716	N/A	N/A
Employer contributions	\$ 1,200	\$ 991	\$ 30	\$ 23
Plan participants' contributions	\$ -	\$ -	\$ 26	\$ 23
Benefit payments and expenses	\$ (808)	\$ (693)	\$ (56)	\$ (46)

### Financial Statement Recognition

As of December 31, 2015 and 2014, the following liabilities were recognized:

	<u>2015</u>	<u>2014</u>
As a current liability	\$ (60)	\$ (68)
As a non-current liability	\$ (4,630)	\$ (3,680)

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

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Expenses	\$ 1,266	\$ 689	\$ (92)	\$ (78)
Other changes in net assets	\$ (722)	\$ (3,328)	\$ (274)	\$ (142)

As of December 31, 2015, the following items included in net assets had not yet been recognized as components of benefits expense:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>Prior Service Credit</u>	<u>Net Loss</u>	<u>Prior Service Credit</u>	<u>Net Loss</u>
Unrecognized amounts at December 31, 2015	\$ 420	\$ (6,788)	\$ 850	\$ (567)
Expected amortization of unrecognized items in next year's expense	\$ (84)	\$ 274	\$ (225)	\$ 59

## 8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

### Assumptions

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

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Discount rate	4.25%	4.00%	3.88%	3.50%
Average annual increase in compensation	4.50%	4.50%	N/A	N/A
Expected long-term rate of return on plan assets	6.25%	6.25%	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, were as follows:

	<u>2015</u>	<u>2014</u>
Pre-65 years of age		
Health care cost trend rate assumed for next year	7.75%	8.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.89%	3.89%
Year that the rate reaches the ultimate trend rate	2075	2075
Post-65 years of age		
Health care cost trend rate assumed for next year	6.00%	6.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.89%	3.89%
Year that the rate reaches the ultimate trend rate	2075	2075

The health care cost trend for pre-65 years of age retirees is assumed to decline .25% per year for the next several years, then decrease at a slower annual rate until the ultimate trend is reached in 2075. The health care cost trend for post-65 years of age retirees is assumed to decline to 5.75% through 2019 and then decline at a slower rate annually until the ultimate trend is reached in 2075. The effect of a 1% increase or decrease in the health care cost trend rate would be immaterial to the Net Periodic Benefit Cost and APBO accumulated benefit obligation for 2015.

In 2014, the Museum adopted the RP-2014 Mortality Table for both the pension and postretirement benefit plans, which was based on the Museum's anticipation of future experience under the Plan. The adoption of this table resulted in an increase in the liabilities and normal cost as of December 31, 2014.



## 8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

### Plan Assets

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 that 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 Index, 10% MSCI EAFE Index, 50% Barclays Long Corporate Index.

The Museum's pension plan had investments that consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Cash	\$ 65	\$ -
Vanguard Prime Money Market Admiral Fund	48	200
Vanguard Long-Term Corp Bond Index Fund Institutional	9,751	10,325
Vanguard Total Stock Market Index Fund Institutional	8,787	8,368
Vanguard International Growth Admiral Fund	<u>2,221</u>	<u>1,974</u>
	<u>\$ 20,872</u>	<u>\$ 20,867</u>

The fair value of the Museum's pension plan investments at December 31, 2015, was determined using the following input levels:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments	<u>\$ 20,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,872</u>

The fair value of the Museum's pension plan investments at December 31, 2014, was determined using the following input levels:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments	<u>\$ 20,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,867</u>

### Contributions

The Museum expects to contribute \$1,369 and \$60 to its pension plan and postretirement benefit plan, respectively, in 2016.

### 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>
2016	\$ 942	\$ 60
2017	\$ 1,013	\$ 64
2018	\$ 1,036	\$ 71
2019	\$ 1,112	\$ 74
2020	\$ 1,198	\$ 73
2021 - 2025	\$ 7,091	\$ 424

## 9. 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 lesser of 75% of their compensation or the maximum allowed by law. The Museum makes matching contributions of 50% of each employee's contributions, up to a maximum of 4% of compensation. The total of an employee's and the Museum's matching contributions is not to exceed the maximum IRC Section 415 limitations of \$53 in 2015. In addition, employees age 50 or older were permitted to make catch-up contributions in 2015, not to exceed \$6. The Museum's matching contributions for 2015 and 2014 were \$173 and \$161, respectively.

## 10. CONTRIBUTIONS FROM CORNING INCORPORATED

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

	<u>2015</u>	<u>2014</u>
Operations expenses incurred on behalf of the Museum	\$ 9,147	\$ 7,688
Facility and equipment	11,343	7,015
Cash	19,000	16,250
Facility expansion	<u>1,164</u>	<u>1,656</u>
	<u>\$ 40,654</u>	<u>\$ 32,609</u>

Cash contributions from Corning Incorporated are unrestricted and available for the Museum's general operations and acquisitions.

Operations expenses incurred by Corning Incorporated on behalf of the Museum consisted primarily of personnel expenses. The majority of the Museum's facilities are owned by Corning Incorporated and provided to the Museum. All of these are recorded as both support and expenses and are reflected in the applicable operations expense categories in the statements of activities.

In 2015 and 2014, Corning Incorporated allocated non-capitalizable costs totaling \$1,164 and \$1,656, respectively, relating to certain facility renovations. These amounts are shown as both support and facility expansion expense in the statements of activities.

## 11. CAPITAL LEASES

In 2007, the Museum entered into a contract to lease two buses under a capital lease agreement with an interest rate of 9% and an expiration date in 2017. The lease was terminated during 2014. Interest expense and interest paid on the capital lease was \$17 for the year ended December 31, 2014. The Museum did not incur any interest expense or pay any interest for the year ended December 31, 2015.

## 12. ADVERTISING COSTS

For the years ended December 31, 2015 and 2014, advertising costs for the Museum were \$1,277 and \$992, respectively.

### 13. OPERATING LEASES

The Museum has several non-cancelable operating leases, primarily for office equipment and vehicles, which expire through 2020. These leases generally require the Museum to pay all executory costs such as maintenance and insurance. The expense for operating leases for 2015 and 2014 was \$143 and \$86, respectively. The Museum's future minimum operating lease commitments are as follows:

2016	\$	138
2017		131
2018		96
2019		67
2020		<u>6</u>
	\$	<u>438</u>

### 14. FUNCTIONAL EXPENSES

Functional expenses were as follows for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Program	\$ 48,085	\$ 39,397
Administrative	7,186	6,524
Fundraising	<u>348</u>	<u>326</u>
	<u>\$ 55,619</u>	<u>\$ 46,247</u>

### 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 29, 2016, which is the date the financial statements were available to be issued.

### 16. GIFTS AND DONATIONS (UNAUDITED)

Gifts of art objects and library materials received during 2015 and 2014 were estimated by the Museum's curators to have a value of approximately \$697 and \$460, respectively.

A substantial number of volunteers donated 11,740 and 9,446 hours to the Museum's program services during 2015 and 2014, respectively. The value of these donated services is not reflected in the financial statements.

In addition to the volunteer hours, the Museum's internship program provided for 3,485 and 1,176 hours during 2015 and 2014, respectively.