

**THE CORNING MUSEUM OF GLASS**

**Financial Statements  
as of December 31, 2019 and 2018  
Together with  
Independent Auditor's Report**

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

## **INDEPENDENT AUDITOR'S REPORT**

April 15, 2020

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, 2019 and 2018, and the related statements of activities and change in net assets, functional expenses 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 audit 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.

## **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, 2019 and 2018, 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.

### **Change in Accounting Principles**

As described in Note 2 to the financial statements, The Corning Museum of Glass implemented Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and ASU 2017-07, *Compensation – Retirement Benefits*, as of January 1, 2019, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Note 18, 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, 2019 AND 2018

(Dollars in Thousands)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and equivalents	\$ 12,238	\$ 10,537
Accounts receivable, net of allowance of \$1 for 2019 and 2018	116	78
Other receivable - Rockwell Museum	94	105
Inventories, net of reserve of \$35 and \$45 for 2019 and 2018, respectively	1,463	1,503
Current portion of contributions receivable, net	653	434
Contributions receivable from Corning Incorporated	4,700	4,700
Prepays and other assets	<u>1,221</u>	<u>1,013</u>
Total current assets	20,485	18,370
PENSION ASSET	77	-
INVESTMENTS	45,414	38,092
CONTRIBUTIONS RECEIVABLE, net	1,025	279
FIXED ASSETS, net	4,521	5,278
COLLECTIONS	<u>-</u>	<u>-</u>
	<u>\$ 71,522</u>	<u>\$ 62,019</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 727	\$ 683
Accrued liabilities	590	581
Deferred revenue	563	253
Current portion of postretirement benefits other than pension	<u>57</u>	<u>48</u>
Total current liabilities	1,937	1,565
ACCRUED PENSION LIABILITY	-	656
POSTRETIREMENT BENEFITS OTHER THAN PENSION, net of current portion	<u>907</u>	<u>760</u>
Total liabilities	<u>2,844</u>	<u>2,981</u>
NET ASSETS:		
Without donor restriction	61,314	54,384
With donor restriction	<u>7,364</u>	<u>4,654</u>
Total net assets	<u>68,678</u>	<u>59,038</u>
	<u>\$ 71,522</u>	<u>\$ 62,019</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, 2019

(Dollars in Thousands) (With Comparative Totals for 2018)

	2019			2018
	Without Donor Restriction	With Donor Restriction	Total	
<b>OPERATING SUPPORT AND REVENUE:</b>				
Contributions and grants	\$ 45,508	\$ 697	\$ 46,205	\$ 46,084
Sales from merchandising and food service	9,332	-	9,332	9,817
Admission and membership	4,056	-	4,056	4,394
Studio	2,876	-	2,876	2,810
Other revenue	569	-	569	1,319
Investment return appropriated for operations	64	-	64	63
Net assets released from restrictions	792	(792)	-	-
<b>Total operating support and revenue</b>	<b>63,197</b>	<b>(95)</b>	<b>63,102</b>	<b>64,487</b>
<b>OPERATING EXPENSES:</b>				
Program:				
Curatorial and collections	17,559	-	17,559	18,597
Studio, education, and outreach	16,422	-	16,422	17,906
Visitor services	17,620	-	17,620	17,563
<b>Total program</b>	<b>51,601</b>	<b>-</b>	<b>51,601</b>	<b>54,066</b>
General administration	5,519	-	5,519	5,344
Marketing and public relations	4,857	-	4,857	4,495
Development	1,848	-	1,848	1,306
<b>Total operating expenses</b>	<b>63,825</b>	<b>-</b>	<b>63,825</b>	<b>65,211</b>
<b>EXCESS (DEFICIENCY) OF OPERATING SUPPORT AND REVENUE OVER OPERATING EXPENSES</b>	<b>(628)</b>	<b>(95)</b>	<b>(723)</b>	<b>(724)</b>
<b>OTHER CHANGES IN NET ASSETS:</b>				
Contributions	-	2,461	2,461	421
Interest and dividends	1,120	67	1,187	1,048
Net appreciation (depreciation) of investments	5,846	341	6,187	(1,952)
Investment return appropriated for operations	-	(64)	(64)	(63)
Net pension and post-retirement plans periodic benefit gain (cost), net of service costs	213	-	213	(213)
Change in funded status of pension plan	681	-	681	(230)
Change in funded status of postretirement benefit plan	(302)	-	(302)	168
<b>Total other changes in net assets</b>	<b>7,558</b>	<b>2,805</b>	<b>10,363</b>	<b>(821)</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,930</b>	<b>2,710</b>	<b>9,640</b>	<b>(1,545)</b>
<b>NET ASSETS - beginning of year</b>	<b>54,384</b>	<b>4,654</b>	<b>59,038</b>	<b>60,583</b>
<b>NET ASSETS - end of year</b>	<b>\$ 61,314</b>	<b>\$ 7,364</b>	<b>\$ 68,678</b>	<b>\$ 59,038</b>

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, 2018

	2018		
	Without Donor Restriction	With Donor Restriction	Total
<b>OPERATING SUPPORT AND REVENUE:</b>			
Contributions and grants	\$ 45,097	\$ 987	\$ 46,084
Sales from merchandising and food service	9,817	-	9,817
Admission and membership	4,394	-	4,394
Studio	2,810	-	2,810
Other revenue	1,319	-	1,319
Investment return appropriated for operations	63	-	63
Net assets released from restrictions	1,695	(1,695)	-
<b>Total operating support and revenue</b>	<b>65,195</b>	<b>(708)</b>	<b>64,487</b>
<b>OPERATING EXPENSES:</b>			
Program:			
Curatorial and collections	18,597	-	18,597
Studio, education, and outreach	17,906	-	17,906
Visitor services	17,563	-	17,563
<b>Total program</b>	<b>54,066</b>	<b>-</b>	<b>54,066</b>
General administration	5,344	-	5,344
Marketing and public relations	4,495	-	4,495
Development	1,306	-	1,306
<b>Total operating expenses</b>	<b>65,211</b>	<b>-</b>	<b>65,211</b>
<b>DEFICIENCY OF OPERATING SUPPORT AND REVENUE FROM OPERATING EXPENSES</b>	<b>(16)</b>	<b>(708)</b>	<b>(724)</b>
<b>OTHER CHANGES IN NET ASSETS:</b>			
Contributions	-	421	421
Interest and dividends	994	54	1,048
Net appreciation (depreciation) of investments	(1,864)	(88)	(1,952)
Investment return appropriated for operations	-	(63)	(63)
Net periodic benefit cost, net of service costs	(213)	-	(213)
Change in funded status of pension plan	(230)	-	(230)
Change in funded status of postretirement benefit plan	168	-	168
<b>Total other changes in net assets</b>	<b>(1,145)</b>	<b>324</b>	<b>(821)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,161)</b>	<b>(384)</b>	<b>(1,545)</b>
<b>NET ASSETS - beginning of year</b>	<b>55,545</b>	<b>5,038</b>	<b>60,583</b>
<b>NET ASSETS - end of year</b>	<b>\$ 54,384</b>	<b>\$ 4,654</b>	<b>\$ 59,038</b>

The accompanying notes are an integral part of these statements.

## THE CORNING MUSEUM OF GLASS

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

(Dollars in Thousands)

	Program							
	Curatorial and Collections	Studio, Education, and Outreach	Visitor Services	Total	General Administration	Marketing and Public Relations	Development	Total
OPERATING EXPENSES:								
Occupancy	\$ 7,022	\$ 7,339	\$ 5,486	\$ 19,847	\$ 875	\$ 414	\$ 329	\$ 21,465
Salaries	4,432	3,732	2,732	10,896	2,521	1,301	592	15,310
Operating expenses	1,097	1,863	1,338	4,298	571	420	304	5,593
Employee benefits	1,575	1,203	929	3,707	816	398	177	5,098
Cost of goods sold	-	-	4,197	4,197	-	-	-	4,197
Contracted personnel services	171	1,005	1,950	3,126	115	179	165	3,585
Repairs and maintenance	1,173	418	560	2,151	108	86	27	2,372
Professional services	259	388	133	780	451	655	236	2,122
Advertising	-	-	70	70	-	1,334	-	1,404
Depreciation	599	474	225	1,298	62	70	18	1,448
	16,328	16,422	17,620	50,370	5,519	4,857	1,848	62,594
Acquisitions	1,231	-	-	1,231	-	-	-	1,231
Total operating expenses	\$ 17,559	\$ 16,422	\$ 17,620	\$ 51,601	\$ 5,519	\$ 4,857	\$ 1,848	\$ 63,825

The accompanying notes are an integral part of these statements.

## THE CORNING MUSEUM OF GLASS

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018

(Dollars in Thousands)

	Program							
	Curatorial and Collections	Studio, Education, and Outreach	Visitor Services	Total	General Administration	Marketing and Public Relations	Development	Total
OPERATING EXPENSES:								
Occupancy	\$ 6,831	\$ 7,147	\$ 5,284	\$ 19,262	\$ 969	\$ 393	\$ 270	\$ 20,894
Salaries	4,495	3,682	2,600	10,777	2,427	1,325	507	15,036
Operating expenses	1,283	2,407	1,426	5,116	555	355	201	6,227
Employee benefits	1,529	1,129	856	3,514	705	383	159	4,761
Cost of goods sold	-	-	4,326	4,326	-	-	-	4,326
Contracted personnel services	188	1,044	1,995	3,227	43	154	21	3,445
Professional services	403	1,341	179	1,923	484	480	104	2,991
Repairs and maintenance	874	455	634	1,963	113	76	31	2,183
Advertising	-	221	76	297	-	1,280	-	1,577
Depreciation	544	480	187	1,211	48	49	13	1,321
	16,147	17,906	17,563	51,616	5,344	4,495	1,306	62,761
Acquisitions	2,450	-	-	2,450	-	-	-	2,450
Total operating expenses	\$ 18,597	\$ 17,906	\$ 17,563	\$ 54,066	\$ 5,344	\$ 4,495	\$ 1,306	\$ 65,211

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, 2019 AND 2018

(Dollars in Thousands)

	<u>2019</u>	<u>2018</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 9,640	\$ (1,545)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	1,448	1,321
Net (appreciation) depreciation of investments	(6,187)	1,952
Change in funded status of pension plan	(681)	230
Change in funded status of postretirement benefit plan	302	(168)
Acquisitions for the Museum collection	1,231	2,450
Contributions donor restricted for capital projects	(1,906)	(396)
Contributions donor restricted for endowment	(555)	(25)
Changes in:		
Accounts receivable	(38)	119
Other receivable - Rockwell Museum	11	(19)
Inventories	40	(173)
Contributions receivable	515	251
Contributions receivable from Corning Incorporated	-	(600)
Prepays and other assets	(208)	68
Accounts payable	44	(1,491)
Accrued liabilities	9	(48)
Deferred revenue	310	16
Accrued pension liability/ pension asset	(52)	360
Postretirement benefits other than pension	(146)	(109)
Net cash flow from operating activities	<u>3,777</u>	<u>2,193</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(733)	(905)
Loss on disposal of fixed assets	42	34
Purchases of investments	(22,796)	(5,428)
Proceeds from the sale of investments	21,661	4,575
Acquisitions for the Museum collection	(1,231)	(2,450)
Net cash flow from investing activities	<u>(3,057)</u>	<u>(4,174)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Contributions donor restricted for capital projects	618	12
Contributions donor restricted for endowment	363	25
Net cash flow from financing activities	<u>981</u>	<u>37</u>
CHANGE IN CASH AND EQUIVALENTS	1,701	(1,944)
CASH AND EQUIVALENTS - beginning of year	<u>10,537</u>	<u>12,481</u>
CASH AND EQUIVALENTS - end of year	<u>\$ 12,238</u>	<u>\$ 10,537</u>

The accompanying notes are an integral part of these statements.

# THE CORNING MUSEUM OF GLASS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(Dollars in Thousands)

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### 1. THE ORGANIZATION

The mission of The Corning Museum of Glass (the Museum) is to inspire people to see glass in a new light. The Museum engages its visitors and the community through the art, history, and science of glass. This involves building, stewarding and promoting the world's foremost collection of objects representing the art, history and science of glass, and supporting the library of record on those subjects, for a broad range of current and new Museum visitors, artists and researchers. The Museum displays the glass and library collections in permanent exhibitions and arranges temporary exhibitions that draw attention to particular aspects of the art and history of glass. In doing so, the Museum maintains an international reputation for scholarship and research on glass. The Museum also presents permanent exhibitions of glass science and technology that educate and engage visitors of all ages in the stories of historic innovations and future applications of glass and glass-related materials. In order to deepen visitors' understanding of glass and its properties, the Museum provides unique opportunities to view glass artists creating new works, as well as offers an opportunity for visitors to experience glassmaking firsthand through creative engagements in the Studio.

### 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).

#### **Change in Accounting Principle**

##### ASC Topic 606, *Revenue from Contracts with Customers*

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Note that the recognition of contribution income and income from investments is not within the scope of Topic 606.

The Museum adopted the requirements of Topic 606 utilizing the modified retrospective method as of January 1, 2019. Adoption of the new guidance impacted the Museum's accounting policies for revenue recognition related to sales from merchandising and food service, admissions and membership, and the Studio. Topic 606 requires new disclosures related to the Museum's methodology for recognition of revenue. These additional disclosures are included in this Note under the sub-heading Revenue Recognition. There was no effect on total net assets or change in net assets.

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

### **Change in Accounting Principle (Continued)**

#### ASU 2018-08, Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08 in order to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to Topic 606. The Museum adopted ASU 2018-08 for the year ended December 31, 2019, using a modified prospective application. There was no effect on total net assets or change in net assets.

#### ASU 2017-07, Compensation – Retirement Benefits

In March 2017, the FASB issued ASU 2017-07, which amends the requirements in ASC 715 related to the statement of activities presentation of the components of net periodic benefit cost for an entity's sponsored defined benefit pension and other postretirement plans. The key provisions of the ASU requires entities to (1) disaggregate the current-service-cost component from the other components of net benefit cost (the "other components") and present it with other current compensation costs for related employees in the statement of activities and (2) present the other components elsewhere in the statement of activities and outside of income from operations if such a subtotal is presented. The ASU also requires entities to disclose the statement of activities lines that contain the other components if they are not presented on appropriately described separate lines. The Museum adopted ASU 2017-07 for the year ended December 31, 2019. There was no effect on total net assets or change in net assets.

### **Financial Reporting**

The Museum reports its net assets and changes therein in the following classifications:

- Net Assets Without Donor Restriction are net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restriction are net assets whose use by the Museum is limited by donor-imposed stipulations. This includes stipulations that can be fulfilled or removed by actions of the Museum pursuant to the stipulations, as well as donor-imposed stipulations that do not expire. In cases where the donor-imposed stipulation does not expire, generally the donor of these net assets permits the Museum to use all or part of the investment return on the related assets to support collection acquisitions or other program activities.

### **Operations**

The statements of activities and change in net assets present the changes in net assets of the Museum from operating activities and from non-operating activities. Operating revenues and expenses relate primarily to the educational, research, and community engagement activities provided by the Museum as well as auxiliary sales and service revenue. Utilization of investment income under the Museum's endowment spending policy is considered operating revenue.

Non-operating activities reflect transactions not related to current year operations. These include contributions from donors to be invested by the Museum to generate a return that will support operations in the future, contributions from donors restricted for specific capital expenditures, income or losses on the Museum's investment portfolio, and the effect of actuarial changes in the funded status of the Museum's long-term benefit plan obligations.

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

### **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 (IRC). The Museum has also been classified by the Internal Revenue Service as an entity which is not a private foundation.

### **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 which are stated at cost, which approximates fair value. 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 group admission fees, facility rentals, and educational outreach. 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 net realizable value. 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**

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 assets and liabilities stated at fair value are valued utilizing Level 1 inputs. The Museum currently has no assets or liabilities valued utilizing Level 2 or 3 inputs.

### **Revenue Recognition**

The Museum's revenue recognition policies for primary sources of revenue are as follows:

- **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 increases in net assets with donor restriction 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.
- **Sales from merchandising and food service:** Revenue from merchandising and food service is collected and recognized as sales occur. Merchandising sales are generated primarily at the Museum's on-site retail operation and are comprised of sales of goods related to the Museum's mission and other items. Food service sales are generated at the Museum's on-site café.
- **Admission and membership:** The Museum recognizes revenue from sales of admission tickets as visitors utilize the ticket to experience the Museum's collections and programs. Generally, admission revenue is collected from visitors on the day of their visit. Membership revenue is recognized in a manner that approximates ratably over the 12-month period of the membership. Membership revenue is collected at the beginning of the membership period, unearned portions of which are deferred at year-end.
- **Studio:** Studio revenue represents income from classes and glass-related experiences. This revenue is recognized as the classes and experiences are provided. Payments for these classes and experiences are occasionally collected in advance and deferred until the class or experience occurs.
- **Other revenue:** The Museum recognizes revenue from a variety of other services and activities, including facility rentals and other ancillary services in furtherance of its mission. Such revenue is recognized by the Museum as services are performed, or activities occur.

### **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 two years and are deemed to be temporary, which are charged to expense. Depreciation expense is computed using the straight-line method over the estimated useful life of the assets (ranging from 2 to 40 years).

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

### **Endowments**

The Museum's endowments were established by contributions from donors. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Funds with donor-imposed restrictions stating that the funds must be held in perpetuity are included in net assets with donor restriction in the accompanying statements of financial position.

### **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 net assets without donor restriction 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.

### **Deferred Revenue**

Deferred revenue represents cash received in advance of revenue recognition by the Museum.

### **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.

### **Allocation of Certain Expenses**

The statement of functional expenses presents expenses by both natural and functional classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. These expenses include occupancy, certain employee benefit expenses, the information technology department, and depreciation. Occupancy expenses are allocated based on the square footage of the Museum's facilities utilized by each functional area. The information technology department and certain employee benefits are allocated based on employee headcount in each functional area. Depreciation is allocated based on identified assets used by each functional area as well as a square footage allocation for assets used by multiple functional areas.

### **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 accordance 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.

### **Reclassification**

Certain reclassifications have been made to the 2018 financial statements to conform with the current year presentation.

### 3. LIQUIDITY

The Museum is substantially supported by unrestricted contributions and revenue generated by its operations. In addition, support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Museum must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. As part of the Museum's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Museum invests cash in excess of daily requirements in its investment portfolio. A portion of the investment portfolio without donor restrictions is specifically designated by the Board for collection acquisition activity.

The Museum's financial assets available to meet cash needs for general expenditures within one year are as follows at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year end	\$ 64,240	\$ 54,225
Less: Financial assets unavailable for general expenditures within one year, due to:		
Board designated funds	(6,523)	-
Restricted in perpetuity by donor	(1,565)	(1,010)
Subject to satisfaction of donor restrictions	<u>(5,799)</u>	<u>(3,644)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 50,353</u>	<u>\$ 49,571</u>

The Museum experiences operational seasonality that affects its liquidity at different times of the year. Typically, the Museum generates cash flow surpluses in the summer, cash flow deficits in the winter, and operates at generally break-even cash flow in spring and fall. The Museum manages cash resources to ensure the availability of adequate liquidity at all times. If the need for additional liquidity were to arise, the Museum could draw on its investment balances held without donor restrictions.

### 4. OTHER RECEIVABLE - ROCKWELL MUSEUM

Employees of the Museum provide services to the Rockwell Museum (the Rockwell) for which the Museum is reimbursed the cost of salaries and benefits of the specific employees. In 2019 and 2018, the Museum provided services totaling \$1,412 and \$1,354, respectively, to the Rockwell. As of December 31, 2019 and 2018, respectively, the Museum recorded an amount due from the Rockwell for salaries, benefits, and other services of \$94 and \$105. Repayment terms for these balances require quarterly payments, with all balances outstanding at November 30 paid by the end of December each year, and the amount for December paid by the end of the next month.

## 5. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows during the years ending December 31:

2020	\$	653
2021		445
2022		435
2023		205
Thereafter		<u>70</u>
Less: Discount		<u>(130)</u>
	\$	<u>1,678</u>

Contributions receivable represents the net present value of amounts pledged and is discounted at rates ranging from 6.00% to 6.50% to reflect the time value of money. The difference between contributions outstanding and their net present value is recorded as a reduction to contributions receivable and is recognized as contribution revenue over the term of the related pledge.

## 6. INVESTMENTS

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

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 4,328	\$ 3,620
Balanced mutual funds	2,249	1,699
Fixed income mutual funds	17,296	14,562
Domestic equity mutual funds	17,244	14,572
International equity mutual funds	<u>4,297</u>	<u>3,639</u>
	<u>\$ 45,414</u>	<u>\$ 38,092</u>

## 7. FAIR VALUE

The following were measured at fair value on a recurring basis at December 31, 2019:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments	\$ <u>45,414</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>45,414</u>
Cash equivalents	\$ <u>11,740</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,740</u>

The following were measured at fair value on a recurring basis at December 31, 2018:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments	\$ <u>38,092</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>38,092</u>
Cash equivalents	\$ <u>10,200</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,200</u>



## 8. ENDOWMENTS

The Museum's endowments include contributions restricted in perpetuity by donors as well as accumulated unappropriated earnings on those amounts (the Endowments). As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The New York Prudent Management of Institutional Funds Act (NYPMIFA) governs the management and investment of funds held by not-for-profit corporations and other institutions. The Museum has interpreted NYPMIFA as allowing the Museum to appropriate for expenditure or accumulate so much of an endowment fund as the Museum determines is prudent to the uses, benefits, purposes, and duration for which the Endowments are established, subject to the intent of the donor as expressed in the gift instrument. The Museum has determined that it is prudent to preserve the value of the original gift as of the gift date of the donation absent explicit donor stipulation to the contrary.

As a result of this interpretation, the Museum classifies as endowment, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is made to the fund. Endowment funds remain classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standards of prudence prescribed by NYPMIFA and the spending policy of the Museum, as described below.

### Endowment Spending Policy

The Museum has adopted a target spending policy whereby 4.0% of the average fair value of the Endowments for the preceding twenty quarters is appropriated annually. In developing its spending policy, the Museum considered the following factors which it determines relevant:

1. The duration and preservation of the Endowments;
2. The purposes of the Museum and the Endowments;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Museum;
7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the Endowments, giving due consideration to the effect that such alternatives may have on the Museum; and
8. The investment policies of the Museum.

### Endowment Activity

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

	<u>2019</u>	<u>2018</u>
Endowment net assets, beginning of year	\$ 1,699	\$ 1,786
Investment income	46	39
Contributions	555	25
Net change in value of investments	341	(88)
Appropriations	<u>(64)</u>	<u>(63)</u>
Endowment net assets, end of year	<u>\$ 2,577</u>	<u>\$ 1,699</u>

## **8. ENDOWMENTS (Continued)**

### **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, 2019 and 2018.

### **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 endowments 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, selected mutual funds 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 endowments are restricted by the original donors for specific operational objectives. The Museum's policy is to appropriate as much of the endowment earnings as considered necessary to accomplish these objectives annually while maintaining the purchasing power of the endowment assets, limited to the maximum of 7% of the rolling 20 quarter average of the endowments balance.

## **9. BOARD DESIGNATED NET ASSETS**

The Museum's Board Designated net assets, generally referred to as "The Acquisition Fund," (the Fund), represent net assets designated by the Board for future collection acquisitions. The Fund was created in 2019 with an initial \$6,300 of designated funds. The Fund is not an endowment and therefore the full balance is available to the Museum should the Board approve its expenditure. Additionally, future unspent acquisition funds from the annual budget will be added to the Fund, along with other optional additions at the Board's discretion. During the year ended December 31, 2019, \$259 was expended from the Fund for collection acquisitions in accordance with the Museum's policy.

## 10. NATURE, PURPOSE AND AMOUNT OF RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Net assets with donor restrictions that can be satisfied by action of the Museum or the passage of time:		
Scholarships and awards	\$ 1,857	\$ 1,915
Unappropriated endowment appreciation	1,012	689
Acquisitions	223	257
Capital projects	2,467	561
Other	240	222
Net assets restricted in perpetuity by the donor:		
Acquisitions, scholarships and awards	1,490	960
Other	<u>75</u>	<u>50</u>
	<u>\$ 7,364</u>	<u>\$ 4,654</u>

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

	<u>2019</u>	<u>2018</u>
Scholarships and awards	\$ 231	\$ 224
Endowment appropriations	64	63
Acquisitions	401	686
Special projects	-	641
Other	<u>160</u>	<u>144</u>
	<u>\$ 856</u>	<u>\$ 1,758</u>

## 11. FIXED ASSETS

Fixed assets consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 9,366	\$ 9,399
Equipment	11,447	11,303
Construction in progress	<u>418</u>	<u>23</u>
	21,231	20,725
Less: Accumulated depreciation and amortization	<u>(16,710)</u>	<u>(15,447)</u>
	<u>\$ 4,521</u>	<u>\$ 5,278</u>

## 12. 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.

The Defined Benefit Pension Plan (the DB Plan) was frozen as of December 31, 2016. No new participants will be eligible to participate in the DB Plan and no benefits will accrue after December 31, 2016. In response to the DB Plan being frozen, the Museum modified the 403(b) plan, effective January 1, 2017, to increase the employer matching contribution percentage as well as incorporate a non-elective contribution based on an age-and-service formula.

The Postretirement Benefit Plan (the Plan) is limited to employees hired before January 1, 2007, with 15 years of service at the time of retirement. 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 plan participant 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 as of December 31:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Projected benefit obligation	\$ 27,476	\$ 24,365	\$ 964	\$ 808
Fair value of plan assets at end of year	<u>27,553</u>	<u>23,709</u>	<u>-</u>	<u>-</u>
Funded status	<u>\$ 77</u>	<u>\$ (656)</u>	<u>\$ (964)</u>	<u>\$ (808)</u>

### Other Financial Disclosures

Accumulated benefit obligation	\$ 27,476	\$ 24,365	N/A	N/A
Employer contributions	\$ 350	\$ -	\$ 21	\$ 26
Plan participants' contributions	\$ -	\$ -	\$ 20	\$ 21
Benefit payments and expenses	\$ (1,135)	\$ (955)	\$ (41)	\$ (47)

### Financial Statement Recognition

The following liabilities for postretirement benefits were recognized at December 31:

	<u>2019</u>	<u>2018</u>
As a non-current asset	\$ 77	\$ -
As a current liability	\$ (57)	\$ (48)
As a non-current liability	\$ (907)	\$ (1,416)

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

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

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net periodic benefit cost (gain)	\$ 298	\$ 359	\$ (124)	\$ (83)
Other changes in net assets	\$ 681	\$ (230)	\$ (302)	\$ (168)

The net periodic benefit cost (gain) for the years ended December 31 was as follows:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Service costs	\$ 9	\$ 18	\$ 27	\$ 44
Other components:				
Interest	1,009	922	32	35
Expected return on assets	(777)	(780)	N/A	N/A
Amortization of prior service cost (credit)	-	-	(183)	(183)
Other	<u>(293)</u>	<u>199</u>	<u>-</u>	<u>21</u>
Net periodic benefit cost (gain)	<u>\$ (52)</u>	<u>\$ 359</u>	<u>\$ (124)</u>	<u>\$ (83)</u>

Net periodic benefit cost (gain), net of service costs, is reported in other changes in net assets in the accompanying statement of activities and change in net assets. The service cost portion of net period benefit cost (gain) is reported in employee benefits expense in the statement of functional expenses, allocated to the appropriate functional categories.

As of December 31, 2019, 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, 2019	\$ -	\$ (3,285)	\$ 95	\$ (47)
Expected amortization of unrecognized items in next year's expense	\$ -	\$ (204)	\$ 183	\$ -

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

### Assumptions

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

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.25%	4.25%	2.9%	4.00%
Expected long-term rate of return on plan assets	3.25%	3.25%	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>2019</u>	<u>2018</u>
<u>Pre-65 years of age</u>		
Health care cost trend rate assumed for next year	6.75%	7.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.78%	3.78%
Year that the rate reaches the ultimate trend rate	2075	2075
<u>Post-65 years of age</u>		
Health care cost trend rate assumed for next year	4.50%	5.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.78%	3.78%
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 through 2023, then decrease at a gradual annual pace 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 4.20% through 2022, and remain at 4.20% annually through 2065, after which it gradually decreases 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 Accumulated Benefit Obligation for 2019.

The mortality assumption has been revised as of December 31, 2019 to the sex-distinct amount-weighted Pri-2012 Mortality Tables for employees and healthy annuitants, adjusted for mortality improvements using Scale MP-2019 on a fully generational basis to reflect newly published mortality tables. The change in mortality tables was made based on the Museum's anticipation of future experience under the Plan and resulted in a decrease in liabilities.

## 12. 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 relevant benchmarks. In 2018, the Museum used a benchmark of 50% Barclays Capital Long Government/Credit Index and 50% Barclays Long Corporate Index. In 2019, benchmarks were updated to 40% Barclays Capital Long Government/Credit Index, 50% Barclays Long Corporate Index and 10% Barclays Intermediate (5-10 Year) Government/Credit Index.

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 96	\$ 84
Fixed income mutual funds	<u>27,457</u>	<u>23,625</u>
	<u>\$ 27,553</u>	<u>\$ 23,709</u>

The fair value of the Museum's pension plan investments at December 31, 2019, 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>\$ 27,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,553</u>

The fair value of the Museum's pension plan investments at December 31, 2018, 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>\$ 23,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,709</u>

### Contributions

The Museum expects to contribute \$57 to its postretirement benefit plan in 2020. The Museum does not expect to be required to make a contribution to the DB Plan in 2020.

### 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>
2020	\$ 1,296	\$ 57
2021	\$ 1,314	\$ 66
2022	\$ 1,359	\$ 61
2023	\$ 1,385	\$ 57
2024	\$ 1,429	\$ 63
2025 - 2029	\$ 7,102	\$ 345

### 13. 403(b) DEFINED CONTRIBUTION RETIREMENT PLAN

Employees of the Museum are eligible to participate in The Defined Contribution Retirement Plan, a 403(b) tax-deferred annuity program, after completing 90 days of employment. 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 following provisions were effective in 2018 and 2019 for the Defined Contribution Retirement Plan:

- The Museum's matching contributions to the 403(b) Plan equal up to 5% of the employee's compensation, matched dollar for dollar to the employee's contribution.
- The Museum will make additional non-elective contributions for employees based on a point system that considers years-of-service and age.
- The Museum will auto-enroll employees with an initial deferral of 5% (employees have the right to opt out).
- The Museum will automatically escalate employee contributions by 1% each year in the pay period that includes April 1 (after the first year of employment) to a maximum of 15%.
- The vesting period for employer contributed funds is now 100% vesting after 2 years of service for employees hired on or after January 1, 2017.
- Participant loans are permitted subject to certain restrictions.

The total of an employee's and the Museum's matching contributions is not to exceed the maximum IRC Section 415 limitations of \$56 in 2019. In addition, employees age 50 or older were permitted to make catch-up contributions in 2019, not to exceed \$6. The Museum's total matching contributions for 2019 and 2018 were \$585 and \$618, respectively. The Museum's total non-elective contributions for 2019 and 2018 were \$505 and \$504, respectively.

### 14. CONCENTRATIONS

The Museum receives non-cash and cash contributions from Corning Incorporated, which are included in contributions and grants in the accompanying statements of activities and changes in net assets. Contributions from Corning Incorporated were as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Operations expenses incurred on behalf of the Museum	\$ 9,611	\$ 9,382
Facility and equipment	<u>16,626</u>	<u>16,490</u>
Total non-cash contributions	<u>\$ 26,237</u>	<u>\$ 25,872</u>
Total cash contributions	<u>\$ 19,000</u>	<u>\$ 18,700</u>

Contributions from Corning Incorporated are without donor restriction.

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. These contributions are recorded as both support and expenses and are reflected in the applicable operating expense categories in the statements of functional expenses.



## 15. ADVERTISING COSTS

For the years ended December 31, 2019 and 2018, advertising costs for the Museum were \$1,404 and \$1,577 respectively.

## 16. OPERATING LEASES

The Museum has several non-cancelable operating leases, primarily for vehicles and office equipment, which expire at various dates through 2024. These leases generally require the Museum to pay all executory costs such as maintenance and insurance. The expense for operating leases for 2019 and 2018 was \$168 and \$171, respectively. The Museum's future minimum operating lease commitments are as follows:

2020	\$	148
2021		64
2022		57
2023		17
2024		<u>5</u>
	\$	<u>291</u>

## 17. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Museum and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through April 15, 2020, which is the date the financial statements were available to be issued.

## 18. GIFTS AND DONATIONS (UNAUDITED)

Gifts of art objects and library materials received during 2019 and 2018 were estimated by the Museum's curators to have a value of approximately \$323 and \$405, respectively.

A substantial number of volunteers donated 14,390 and 14,988 hours to the Museum's program services during 2019 and 2018, 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 5,875 and 8,166 hours during 2019 and 2018, respectively.