
**GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY**

Winchester, Virginia

FINANCIAL REPORT

JUNE 30, 2021

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50 S. Cameron St.
Winchester, VA 22601

540.662.3417

YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Glass-Glen Burnie Museum, Inc.
DBA: The Museum of the Shenandoah Valley
Winchester, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Glass-Glen Burnie Museum, Inc. DBA: The Museum of the Shenandoah Valley which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and cash flows for the years then ended and the related notes to the financial statements (collectively, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glass-Glen Burnie Museum, Inc. DBA: The Museum of the Shenandoah Valley as of June 30, 2021 and 2020, 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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
December 10, 2021

GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statements of Financial Position
June 30, 2021 and 2020

Assets	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents (Note 1)	\$ 575,642	\$ 588,823
Accounts receivable (Note 1)	5,335	4,792
Accrued interest receivable	-	11,165
Prepaid expenses	164,556	304,854
Pledges receivable, net (Note 7)	152,366	201,399
Inventory (Note 1)	<u>41,932</u>	<u>36,996</u>
Total current assets	<u>\$ 939,831</u>	<u>\$ 1,148,029</u>
Noncurrent Assets		
Pledges receivable, net (Note 7)	\$ 3,209	\$ 44,993
Investments (Notes 1, 3 and 15)	12,076,780	10,007,160
Property and equipment, net of accumulated depreciation (Notes 1 and 4)	28,640,264	27,195,541
Other assets (Note 5)	<u>115,519</u>	<u>138,624</u>
Total noncurrent assets	<u>\$ 40,835,772</u>	<u>\$ 37,386,318</u>
Total assets	<u>\$ 41,775,603</u>	<u>\$ 38,534,347</u>
 Liabilities and Net Assets		
Current Liabilities		
Security deposit	\$ 2,561	\$ 1,561
Accounts payable	515,685	431,644
Accrued expenses	185,107	204,106
Note payable, current portion (Note 16)	6,832	6,832
Deferred revenue	<u>36,365</u>	<u>1,319,578</u>
Total current liabilities	<u>\$ 746,550</u>	<u>\$ 1,963,721</u>
Noncurrent Liabilities		
Note payable, less current portion (Note 16)	\$ 7,974	\$ 14,803
Line of credit (Note 16)	1,187,270	1,404,981
Paycheck Protection Program loan (Note 17)	<u>517,711</u>	<u>541,400</u>
Total noncurrent liabilities	<u>\$ 1,712,955</u>	<u>\$ 1,961,184</u>
Total liabilities	<u>\$ 2,459,505</u>	<u>\$ 3,924,905</u>
Net Assets		
Without donor restrictions	\$ 26,853,230	\$ 24,242,334
With donor restrictions (Notes 12, 13 and 18)	<u>12,462,868</u>	<u>10,367,108</u>
Total net assets	<u>\$ 39,316,098</u>	<u>\$ 34,609,442</u>
Total liabilities and net assets	<u>\$ 41,775,603</u>	<u>\$ 38,534,347</u>

See Notes to Financial Statements.

GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statements of Activities

For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Gains						
Contributions:						
Glass-Glen Burnie Foundation	\$ 2,961,000	\$ 1,652,947	\$ 4,613,947	\$ 2,961,000	\$ 618,537	\$ 3,579,537
Memberships	193,465	--	193,465	157,229	--	157,229
Grants	542,559	--	542,559	13,270	201,000	214,270
Other contributions	736,068	1,690,061	2,426,129	441,644	569,506	1,011,150
Total contributions	\$ 4,433,092	\$ 3,343,008	\$ 7,776,100	\$ 3,573,143	\$ 1,389,043	\$ 4,962,186
Earned income:						
Admissions	\$ 179,114	--	\$ 179,114	\$ 61,693	--	\$ 61,693
Educational programs	40,776	--	40,776	32,144	--	32,144
Gift store sales	130,416	--	130,416	92,895	--	92,895
Plant sales	32,735	--	32,735	22,662	--	22,662
Development and membership events	200	--	200	1,601	--	1,601
Public events	19,805	--	19,805	39,163	--	39,163
Total earned income	\$ 403,046	--	\$ 403,046	\$ 250,158	--	\$ 250,158
Other revenue and gains:						
Investment return, net	\$ 1,616	\$ 2,524,440	\$ 2,526,056	\$ 5,690	\$ 632,921	\$ 638,611
Miscellaneous income	12,629	--	12,629	2,383	--	2,383
Special property use	58,135	--	58,135	78,254	--	78,254
Total other revenue and gains	\$ 72,380	\$ 2,524,440	\$ 2,596,820	\$ 86,327	\$ 632,921	\$ 719,248
Net assets released from restrictions (Note 13)	\$ 3,771,688	\$ (3,771,688)	\$ --	\$ 1,991,703	\$ (1,991,703)	\$ --
Total support, revenue and gains	\$ 8,680,206	\$ 2,095,760	\$ 10,775,966	\$ 5,901,331	\$ 30,261	\$ 5,931,592
Expenses						
Salaries and benefits	\$ 2,467,628	\$ --	\$ 2,467,628	\$ 2,557,962	\$ --	\$ 2,557,962
Depreciation	1,578,291	--	1,578,291	1,446,209	--	1,446,209
Collections, conservation and exhibits	341,464	--	341,464	118,539	--	118,539
Marketing and promotion	175,371	--	175,371	156,129	--	156,129
Utilities	194,414	--	194,414	215,583	--	215,583
Grounds maintenance	226,202	--	226,202	124,567	--	124,567
Building maintenance	105,850	--	105,850	111,174	--	111,174
Professional services	128,510	--	128,510	151,159	--	151,159
Balance carryforward	\$ 5,217,730	\$ --	\$ 5,217,730	\$ 4,881,322	\$ --	\$ 4,881,322

See Notes to Financial Statements.

GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statements of Activities

(Continued)

For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Balance carried forward	\$ 5,217,730	\$ --	\$ 5,217,730	\$ 4,881,322	\$ --	\$ 4,881,322
Expenses (continued)						
Security and other	158,774	--	158,774	134,475	--	134,475
Insurance	127,072	--	127,072	111,419	--	111,419
Communications	107,908	--	107,908	78,741	--	78,741
Events and programs	40,378	--	40,378	82,549	--	82,549
Acquisitions	27,275	--	27,275	52,393	--	52,393
Printing	68,366	--	68,366	54,200	--	54,200
Museum store	51,285	--	51,285	56,091	--	56,091
Contributions and gifts	48,018	--	48,018	39,333	--	39,333
Office expense	34,540	--	34,540	27,017	--	27,017
Professional training and memberships	30,911	--	30,911	28,424	--	28,424
Interest	53,062	--	53,062	60,884	--	60,884
Other expenses	35,300	--	35,300	30,943	--	30,943
Conceptual land use	23,105	--	23,105	23,105	--	23,105
Meals	6,978	--	6,978	14,612	--	14,612
Education	10,883	--	10,883	18,355	--	18,355
Transportation	2,867	--	2,867	6,822	--	6,822
Other maintenance	15,645	--	15,645	10,686	--	10,686
Bridal room supplies and decorations	1,070	--	1,070	3,147	--	3,147
Lodging	--	--	--	1,954	--	1,954
Consultants	7,363	--	7,363	4,075	--	4,075
Reference and research materials	780	--	780	278	--	278
Total expenses	<u>\$ 6,069,310</u>	<u>\$ --</u>	<u>\$ 6,069,310</u>	<u>\$ 5,720,825</u>	<u>\$ --</u>	<u>\$ 5,720,825</u>
Change in net assets	<u>\$ 2,610,896</u>	<u>\$ 2,095,760</u>	<u>\$ 4,706,656</u>	<u>\$ 180,506</u>	<u>\$ 30,261</u>	<u>\$ 210,767</u>
Net Assets at beginning of year	<u>\$ 24,242,334</u>	<u>\$ 10,367,108</u>	<u>\$ 34,609,442</u>	<u>\$ 24,061,828</u>	<u>\$ 10,336,847</u>	<u>\$ 34,398,675</u>
Net Assets, ending	<u>\$ 26,853,230</u>	<u>\$ 12,462,868</u>	<u>\$ 39,316,098</u>	<u>\$ 24,242,334</u>	<u>\$ 10,367,108</u>	<u>\$ 34,609,442</u>

See Notes to Financial Statements.

GLASS GLEN-BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 4,706,656	\$ 210,767
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,578,291	1,446,209
Unrealized and realized (gain) on investments	(2,444,687)	(462,284)
Loss on disposal of property and equipment	-	1,238
Write off conceptual land use and master plan	23,105	23,105
Forgiveness of Paycheck Protection Program loan	(541,400)	-
Changes in assets and liabilities:		
(Increase) in accounts receivable	(543)	(4,792)
Decrease in accrued interest receivable	11,165	1,019
Decrease in pledges receivable	90,817	53,345
Decrease (increase) in prepaid expenses	140,298	(107,489)
(Increase) decrease in inventory	(4,936)	1,960
Increase in accounts payable	84,041	2,149
(Decrease) increase in deferred revenue	(1,283,213)	5,874
Increase (decrease) in security deposit	1,000	(1,000)
(Decrease) in accrued expenses	(18,999)	(76,190)
Net cash provided by operating activities	<u>\$ 2,341,595</u>	<u>\$ 1,093,911</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	\$ (3,023,014)	\$ (997,176)
Purchase of investments	(2,087,501)	(12,633,505)
Proceeds from sale of investments	2,462,568	12,979,859
Net cash (used in) investing activities	<u>\$ (2,647,947)</u>	<u>\$ (650,822)</u>
Cash Flows from Financing Activities		
Net payments on line of credit	\$ (217,711)	\$ (495,019)
Proceeds from Paycheck Protection Program loan	517,711	541,400
Payments on note payable	(6,829)	(6,832)
Net cash provided by financing activities	<u>\$ 293,171</u>	<u>\$ 39,549</u>
Net (decrease) increase in cash and cash equivalents	\$ (13,181)	\$ 482,638
Cash and Cash Equivalents		
Beginning	588,823	106,185
Ending	<u>\$ 575,642</u>	<u>\$ 588,823</u>
Supplemental Disclosures of Cash Flow Information,		
cash payments for interest	<u>\$ 53,062</u>	<u>\$ 60,884</u>

See Notes to Financial Statements.

**GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY**

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

The Museum of the Shenandoah Valley (the MSV and/or Museum) preserves over 214 acres of the Glen Burnie Historic House, Gardens, walking trails with Artscape, and farmland, a full service Museum with four galleries, and Museum store, as well as operating adjacent farmland. In addition, in partnership with Frederick County Parks and Recreation Department, the MSV oversees and interprets 300 acres at Rose Hill, site of The Civil War's First Battle of Kernstown. The Museum maintains the landscape and farmland of all these properties, each of which offers educational programming and/or exhibitions to its members and visitors.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Basis of Accounting

The financial statements of the Museum have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The Museum considers all highly liquid investments with a maturity of one year or less to be cash and cash equivalents, excluding those held for long-term investment. The Museum's cash accounts are maintained in three commercial banks located in Virginia, which, at times may exceed federally insured limits. The Museum has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash and cash equivalents.

Inventory

Inventory is stated at the lower of cost or net realizable value determined by the first-in, first-out method.

Accounts Receivable

Accounts receivable are reported at their net realizable value. At June 30, 2021, accounts receivable totaled \$5,335. At June 30, 2020, accounts receivable totaled \$4,792.

Notes to Financial Statements

Advertising

The Museum considers all advertising costs to be expensed as incurred. Inclusive of in-kind support, the total amount of advertising expensed during the years ended June 30, 2021 and 2020 was \$175,371 and \$156,129, respectively.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Museum maintains the following funds:

General Operating Fund

Resources maintained in the General Operating Fund are used to meet the costs of providing the Museum's programs and supporting services.

Operating Endowment Fund

The Operating Endowment Fund consists of contributions classified as net assets with donor restrictions to be held in perpetuity. The income generated by endowment investments is restricted to support general operating expenditures.

Capital Improvements Fund

The Capital Improvements Fund consists of contributions classified as net assets with donor restrictions which must be used for capital expenditures.

Collections and Exhibitions Fund

The Collections and Exhibitions Fund consists of contributions classified as net assets with donor restrictions to be held in perpetuity. The income generated by endowment investments must be used to conserve objects in the collection, and/or to acquire collection pieces for the Museum, and/or be used for exhibitions.

Notes to Financial Statements

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-19, “Revenue from Contracts with Customers (Topic 606).” Topic 606 supersedes the revenue recognition requirements in “Revenue Recognition (Topic 605)” and requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Museum adopted Topic 606 as of July 1, 2020. Analysis of various provisions of the standard resulted in no significant changes in the way the Museum recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis.

The Museum recognizes revenue in accordance with ASC Topic 606. This standard provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Nature of Products and Services

Earned income, including admissions, educational programs, public and membership events and gift store and plant sales, are considered exchange transactions and are recognized at the point in time the goods and services are provided.

Membership payments received by the Museum are considered contributions as benefits are considered insubstantial. Membership revenue is recognized by the Museum when received.

Transaction Price

The transaction price is the amount of consideration to which the Museum expects to be entitled in exchange for transferring goods and services to the customer.

Contract Balances

Funds received by the Museum relating to revenue generating activities of future reporting periods are recorded as a contract liability (deferred revenue) on the statements of financial position and were \$36,365 and \$28,374 at June 30, 2021 and 2020, respectively. The Museum does not recognize revenue in advance of the right to invoice and therefore has not recorded a contract asset as of June 30, 2021 or 2020.

Property and Equipment

Property and equipment are stated at cost on the date of acquisition, or fair market value on the date of donation (in the case of gifts). Depreciation is computed on a straight-line basis over the estimated useful lives of the respective classes of property which range from 3 to 40 years. During the years ended June 30, 2021 and 2020, depreciation amounted to \$1,578,291 and \$1,446,209, respectively.

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Museum qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Collections

The collections, which were acquired through purchases and contributions since the Museum's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as expenses in the year in which the items are acquired. Contributed collection items are not reflected on the financial statements. Forty percent of the proceeds from any deaccessions or insurance recoveries are designated by the Board of Directors for future purchases of collection items. Sixty percent of proceeds from deaccessions or insurance recoveries would be reflected as increases in the General Operating Fund designated for conservation of collection items. For the years ending June 30, 2021 and 2020, no amounts were designated for the Collection from deaccession sales.

Fair Value of Financial Instruments

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through collaboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Notes to Financial Statements

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For fiscal years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value.

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The carrying amounts of the Museum's financial instruments not described above arise in the ordinary course of business and approximate fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Notes to Financial Statements

Schedule of Functional Expenses

The costs of providing program and other activities are summarized on a functional basis in the schedule of functional expenses. Certain costs have been allocated among program, management and general and fundraising. The methodology for allocation is as follows:

<u>Expense</u>	<u>Methodology</u>
Salaries and benefits	Time and effort
Depreciation	Square footage
Collections, conservation and exhibits	Direct
Marketing and promotion	Time and effort
Utilities	Square footage
Grounds maintenance	Square footage
Building maintenance	Square footage
Professional services	Time and effort
Security and other	Square footage
Insurance	Time and effort
Communications	Time and effort
Events and programs	Direct
Acquisitions	Direct
Printing	Direct
Museum store	Direct
Contributions and gifts	Direct
Office expense	Direct
Professional training and memberships	Time and effort
Interest	Direct
Other expenses	Direct
Conceptual land use	Time and effort
Meals	Time and effort
Education	Direct
Transportation	Time and effort
Other maintenance	Direct
Bridal room supplies and decorations	Direct
Lodging	Time and effort
Consultants	Direct
Reference and research materials	Direct

Notes to Financial Statements

New and Upcoming Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Museum for its year ending June 30, 2023. Early adoption is permitted. The Museum is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. ASU 2020-07 is effective for the Museum for its year ended June 30, 2022. Early adoption is permitted. The Museum is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 2. Liquidity and Availability

The Museum had \$453,026 and \$542,331 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. The Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As of June 30, 2021 and 2020, the Museum had an additional \$1,312,730 and \$1,095,019, respectively, remaining on the line of credit that could be made available for general expenditures within one year. (See Note 16)

Notes to Financial Statements

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2021 and 2020:

	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	\$ 575,642	\$ 588,823
Accounts receivable	5,335	4,792
Accrued interest receivable	-	11,165
Pledges receivable, net	152,366	201,399
Investments	12,076,780	10,007,160
Total financial assets	\$ 12,810,123	\$ 10,813,339
Less amounts not available to be used within one year:		
Restricted by donors for purpose	\$ 432,314	\$ 412,493
Endowment	12,030,554	9,961,175
	\$ 12,462,868	\$ 10,373,668
Appropriated according to Operating Endowment spending policy	\$ 105,771	\$ 102,660
Financial assets available to meet cash needs for general expenditures within one year	\$ 453,026	\$ 542,331

The Museum historically has appropriated a portion of the Collections and Exhibitions Endowment each year to fund acquisitions of collection items and operating expenses of the collections and exhibitions departments according to the Collections and Exhibitions Endowment spending policy. The Museum has approved to transfer \$382,715 from the Collections and Exhibitions Endowment during fiscal year ending June 30, 2022.

Notes to Financial Statements

Note 3. Investments

The Museum's investments at June 30, 2021 and 2020 consisted of the following types of securities valued at their fair market values.

	2021		
	Historical Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and Money Mutual Funds	\$ 1,231,458	\$ 1,231,458	\$ - -
Equities	6,172,581	8,369,264	2,196,683
Fixed Income	1,261,587	1,255,500	(6,087)
Corporate Bonds	1,208,865	1,215,558	6,693
Debt Securities	5,000	5,000	- -
	\$ 9,879,491	\$ 12,076,780	\$ 2,197,289
	2020		
	Historical Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and Money Mutual Funds	\$ 1,479,930	\$ 1,479,930	\$ - -
Equities	6,525,075	7,135,072	609,997
Treasury Bonds	748,250	755,160	6,910
Corporate Bonds	839,126	624,498	(214,628)
Debt Securities	12,500	12,500	- -
	\$ 9,604,881	\$ 10,007,160	\$ 402,279

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Building	\$ 19,478,652	\$ 19,478,652
Equipment	230,732	178,731
Office equipment	224,726	185,963
Furniture and fixtures	1,007,066	972,022
Software	149,575	149,575
Vehicles	60,580	60,580
Leasehold improvements	19,897,707	16,636,312
Construction in progress	439,857	804,046
	\$ 41,488,895	\$ 38,465,881
Less accumulated depreciation	(12,848,631)	(11,270,340)
	\$ 28,640,264	\$ 27,195,541

Notes to Financial Statements

Note 5. Other Assets

During fiscal year ended June 30, 2013, the Museum began to prepare a Master Plan. The Museum has incurred costs related to preliminary site evaluations and building plans, which were made for the purpose of evaluating future projects defined as the Master Plan. If any portion of the project is ever abandoned, it will be expensed as feasibility studies in that period.

Phase One of the Master Plan includes renovations of the Glen Burnie manor house, surrounding gardens and grounds, and certain renovations at the Museum building. In prior years, the cost of the Master Plan was placed in service ratably as each of the four phases of construction included in the plan were completed. Phase One of the Master Plan is complete and has been placed in service, however, during fiscal year ended June 30, 2017, the MSV has determined that portions of the remaining phases included in the overall Master Plan may require a 10-year time horizon for completion. In fiscal years ended June 30, 2021 and 2020, \$23,105 of the remaining balance of the cost of the Master Plan was expensed.

Note 6. Commitments Under Cooperative Agreement and Leases

The Museum has entered into a cooperative agreement and lease dated May 13, 2013 with the Glass-Glen Burnie Foundation (the Foundation) whereby the Museum agrees to manage certain real property in Winchester, Virginia owned by the Foundation known as Glen Burnie, Rose Hill, Middle Road Properties, and the Hexagon House. The Museum has entered into an operating lease for the real property with future minimum annual lease payments of ten dollars per annum with a 25-year lease period. The Museum has the right to exercise this option to renew in multiple instances up to a maximum term, including renewals, of 50 years. This lease requires the Museum to pay certain costs of maintenance, insurance, taxes and utilities. Leasehold improvements to the property are capitalized and depreciated over the lesser of their estimated useful life or the remaining lease term.

The Foundation entered into a Deed of Easement dated June 30, 2013 with the City of Winchester for the grantee (City) to obtain a permanent easement for construction of a portion of the Green Circle on the Museum's Campus.

The Foundation entered into a perpetual Deed of Easement dated July 31, 2018 with the Frederick County School Board for the Foundation (grantee) to obtain a sanitary sewer easement on property owned by the Frederick County School Board (grantor) for the purposes of installing, constructing, operating, maintaining, repairing, or altering a private sanitary sewer line, consisting of pipes and appurtenances for the transmission of sewer through, upon, and across a portion of the grantors land.

Notes to Financial Statements

The Foundation and the Museum entered into a Deed of Easement (Trail Easement) dated February 6, 2019 with the City of Winchester whereby the parties agree to develop a network of walking trails for public use upon a portion of land owned by the Glass Glen Burnie Foundation subject to the terms of a Memorandum of Understanding (MOU) dated February 6, 2019. The Foundation, the Museum, and the City of Winchester agreed to a MOU regarding the MSV trail network to construct a portion of the trail for the enjoyment of the general public. Upon completion of construction of the trails by the City, the MSV will be responsible for the maintenance of the trails and operation of the trails. The MSV will provide matching funds required for any grant application. The City will manage and oversee construction and provide the MSV with construction billings to review prior to payment by the MSV to the City. The trails were placed in service as construction phases were completed in the fiscal year ended June 30, 2021.

The Glass-Glen Burnie Museum, Inc. and the Glass-Glen Burnie Foundation entered into an agreement dated May 5, 2015 (subsequently amended on August 10, 2015) with the County of Frederick, Virginia allowing the Museum to sublease 7.7 acres of the real property known as Rose Hill to the County for recreational purposes for the general public for an annual sum of \$1 for a term of 50 years. The Foundation was required to construct and maintain an access road, parking lot, entrance gate, and interpretive signage within two years of signing the contract. The project was completed by the Museum during the year ended June 30, 2017. The County agreed to construct and maintain certain recreation amenities including trails, a picnic shelter and play areas, and to open and close the area each day. Further, the Glass-Glen Burnie Museum, Inc. and the Glass-Glen Burnie Foundation agree to allow the County to provide restrooms in a mutually agreed upon location in the general vicinity of the parking area with structural maintenance and utility costs associated with the restrooms the responsibility of the County.

The Museum entered into an occupancy agreement with the Executive Director beginning October 1, 2014 for the Executive Director to occupy the Rose Hill Farm as a personal residence. The Museum agrees to pay utilities, telephone, cable television, property taxes, monthly security monitoring costs, and property and liability insurance. The Executive Director agrees to pay the Museum \$1,000 per month, while agreeing to the day-to-day care of the historic house, serving as onsite security for the property, oversight of the installation of the adjacent Rose Hill park in collaboration with Frederick County Parks and Recreation at no additional costs to the Museum, and entertaining in the house as part of fundraising duties.

The Museum sublets farm pasture including a barn located at Rose Hill farm on a month-to-month basis with no annual rental fee to an area farmer for beef cattle. The Museum entered into a lease agreement with a local farmer dated July 3, 2017 and ending July 3, 2022 to sublet farmland consisting of 83.87 acres adjacent to the Museum of the Shenandoah Valley for an annual rental fee of \$1,553. Both leases were terminated on June 30, 2020. In August 2020, the MSV signed two Memorandums of Understanding entering into partnership with two area farmers to utilize farmland at Rose Hill and property adjacent to the MSV for five years. The farmland will be used for cattle grazing and hay production.

Notes to Financial Statements

On October 14, 2019, the Museum entered into a memorandum of understanding regarding extension of the MSV trail network onto the lands of the Handley Board of Trustees (Handley Trust) pursuant to a license agreement for trail easement. The license agreement for trail easement was signed on October 11, 2019 by the Handley Trust, The Winchester Public School Board, and the City of Winchester for land containing 15.815 acres owned by the Handley Board of Trustees. The trail easement terminates October 11, 2039. The memorandum of understanding sets forth agreed upon terms with respect to the development and maintenance of the extension of the MSV trail network unto a portion of the Handley Trust parcel.

Note 7. Pledges

The Museum had outstanding pledges receivable of \$155,575 and \$246,392 at June 30, 2021 and 2020, respectively, categorized as follows:

	2021	2020
General fund	\$ 18,000	\$ 12,412
Master plan phase two	<u>137,575</u>	<u>233,980</u>
	<u>\$ 155,575</u>	<u>\$ 246,392</u>

The outstanding pledges are due as follows:

	2021	2020
Within one year	\$ 152,366	\$ 201,399
Within one to five years	<u>7,245</u>	<u>49,029</u>
	\$ 159,611	\$ 250,428
Less: present value component	<u>4,036</u>	<u>4,036</u>
	<u>\$ 155,575</u>	<u>\$ 246,392</u>

Discount rate was 3.375% for the years ended June 30, 2021 and 2020. There was no bad debt expense for the years ended June 30, 2021 and 2020.

Included in total outstanding pledges receivable at June 30, 2020 for Master Plan Phase Two are matching funds from the Glass-Glen Burnie Foundation of \$23,626. During the year ending June 30, 2020, the Glass-Glen Burnie Foundation pledged an additional \$100,000 for a garden structure along the trails. This amount is also included in outstanding pledges receivable for Master Plan Phase Two at June 30, 2021.

Notes to Financial Statements

Master Plan Phase Two

The Glass-Glen Burnie Foundation provided a 1:1 matching contribution of \$4,855,000 for cash payments on pledges and certain gift in kind services for portions of Phase Two of the Master Plan and certain other portions of the overall Master Plan as specifically approved by the Museum's Board of Directors. The Museum has cumulatively recognized 100% of the contribution as revenue during the year ended June 30, 2021. The Glass-Glen Burnie Foundation advanced \$1,291,204 to the Museum which was shown as a liability and included in deferred revenue on the statement of financial position of the Museum at June 30, 2020 since the conditions for recognition had not been met in the prior year. The project was complete and assets were placed in service during the fiscal year ended June 30, 2021. At June 30, 2021, \$240,897 is payable to the City of Winchester and is included in accounts payable.

Glass Glen Burnie Foundation Matching Pledge for Capital Repairs and Replacements

The Glass Glen Burnie Foundation announced an additional matching donation of \$250,000 to the MSV during the year ending June 30, 2020 to fund certain agreed upon capital repairs and replacements to existing structures. As of June 30, 2020, the MSV had recognized \$93,204 of matching funds. During the year ended June 30, 2021, the Museum recognized the remaining \$156,796 of matching funds and recognized the donation from the Foundation. Accounts payable at June 30, 2021 includes \$206,600 for capital improvements partially funded by this matching donation.

Note 8. Retirement Plan

The Museum has a Defined Contribution Retirement Plan which covers all employees who have completed one year of service to the Museum. The Museum contributes 5% of annual compensation. The Museum contributed \$89,094 and \$90,767 to the plan for the years ended June 30, 2021 and 2020, respectively

The Museum has established a Tax-Deferred Annuity (TDA) Plan under Section 403(b) of the Internal Revenue Code. The plan allows employees to defer a portion of their compensation. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. Employees are eligible to participate immediately upon employment. The Museum did not make any contributions to this plan during the years ended June 30, 2021 and 2020.

Note 9. Investment Return, Net

Investment return, net consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 150,709	\$ 221,575
Realized and unrealized gain	2,444,687	462,284
Investment fees	<u>(69,340)</u>	<u>(44,010)</u>
	<u>\$ 2,526,056</u>	<u>\$ 639,849</u>

Notes to Financial Statements

Note 10. Revenue Source Concentration

The Glass-Glen Burnie Foundation is the parent-organization of the Museum and by agreement, provides a significant source of income to the Museum. If this revenue source were to cease or be reduced, it would significantly affect the Museum's operations.

Note 11. Related Parties

Two members of the Board and one member of the Finance Committee are affiliated with banks which the Museum utilizes for investment and deposit accounts. The Museum has an outstanding loan with a bank of which one Board member and one Finance Committee member are affiliated.

The Museum (property manager) entered into sublease agreements with two non-profit organizations, Preservation of Historic Winchester (lessee) and Shenandoah Arts Council, Inc. (lessee) for the rental of the building known as the Hexagon House. The Hexagon House is owned by the Glass-Glen Burnie Foundation. The Museum has valued the in-kind rental of the house for the years ended June 30, 2021 and 2020 at \$24,561 for each year. This value includes consideration of the square foot rental value and the Museum's obligation under the lease to provide year-round grounds maintenance, including mowing and snow removal, water and sewer service, insurance, taxes and structural maintenance.

During fiscal years ended June 30, 2021 and 2020, the Museum utilized the services of a construction company which employs a member of a Board Committee. Payments to this company were \$3,684 and \$324,620 for fiscal years ended June 30, 2021 and 2020, respectively.

During fiscal years ended June 30, 2021 and 2020, the Museum utilized the services of an architectural firm which employs a member of a Board Committee. Payments to this firm were \$7,250 and \$5,789 for fiscal years ended June 30, 2021 and 2020, respectively. During the year, the Museum entered into a contract with this firm for consulting and design services for ongoing Master Plan development.

During fiscal years ended June 30, 2021 and 2020, the Museum utilized an engineering firm affiliated with a member of the Board. Payments to this company were \$9,445 for the fiscal year ended June 30, 2021. There were no services received from this company for the year ended June 30, 2021. The Museum recorded \$133,589 and \$48,514 of in-kind services from this company for fiscal years ended June 30, 2021 and 2020, respectively. Additionally, the engineering firm entered into an agreement with the City of Winchester on February 20, 2020 to construct the Museum's trail system for the contract sum of \$2,577,652. The engineering firm orally agreed to reimburse the Museum \$369,021 for payments made by the Museum for an aluminum dock system which is part of the trail system. The docking system was placed in service in the fiscal year ended June 30, 2021 and all payments to the vendor and reimbursements from the engineering firm has been transacted.

Notes to Financial Statements

Note 12. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
General operating	\$ 144,518	\$ 86,513
Capital projects	<u>287,796</u>	<u>325,980</u>
	<u>\$ 432,314</u>	<u>\$ 412,493</u>
Endowments:		
Operating	\$ 2,156,395	\$ 2,156,395
Miniature care and maintenance	50,000	50,000
Collections and exhibitions	<u>4,535,503</u>	<u>4,533,150</u>
	<u>\$ 6,741,898</u>	<u>\$ 6,739,545</u>
Subject to endowment spending policy and appropriation:		
Operating	\$ 458,560	\$ --
Collections and exhibitions	<u>4,830,096</u>	<u>3,221,630</u>
	<u>\$ 5,288,656</u>	<u>\$ 3,221,630</u>
Less: Underwater endowment	<u>\$ --</u>	<u>\$ (6,560)</u>
Total endowments	<u>\$ 12,030,554</u>	<u>\$ 9,954,615</u>
Total net assets with donor restrictions	<u>\$ 12,462,868</u>	<u>\$ 10,367,108</u>

Note 13. Net Assets Released from Restrictions

Net assets during the years ended June 30, 2021 and 2020 were released from donor restrictions by incurring expenses satisfying the restrictions or by the occurrence of other events specified by donors, and were as follows:

	2021	2020
Satisfaction of purpose restrictions:		
General operating	\$ 40,284	\$ 107,099
Capital projects	<u>3,280,550</u>	<u>1,366,391</u>
	<u>\$ 3,320,834</u>	<u>\$ 1,473,490</u>
Subject to endowment spending policy and appropriation:		
Operating	\$ 102,662	\$ 117,720
Collections and exhibitions	<u>348,192</u>	<u>400,493</u>
	<u>\$ 450,854</u>	<u>\$ 518,213</u>
Total net assets released from restrictions	<u>\$ 3,771,688</u>	<u>\$ 1,991,703</u>

Notes to Financial Statements

Note 14. Commitments

The Museum has entered into several agreements for loan exhibitions, artwork along the trails, and conservation of collection items. Payments on these commitments are due upon satisfactory completion of deliverables. As of June 30, 2021, outstanding commitments totaled \$203,512.

The Museum entered into a contract for ongoing Master Plan architectural landscaping services dated May 4, 2021 with fees billed as services are rendered at agreed upon rates not to exceed \$33,900 exclusive of travel reimbursements.

The Museum entered into an agreement with an architectural firm for consulting and Master Plan design services dated March 2021 with fees billed as services are rendered at agreed upon rates.

Note 15. Fair Value of Financial Instruments

The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	<u>Balance as of June 30, 2021</u>	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Levels (Level 2)</u>	<u>Significant Other Unobservable Levels (Level 3)</u>
Investments	\$ 12,076,780	\$ 12,076,780	\$ --	\$ --
	<u>Balance as of June 30, 2020</u>	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Levels (Level 2)</u>	<u>Significant Other Unobservable Levels (Level 3)</u>
Investments	\$ 10,007,160	\$ 10,007,160	\$ --	\$ --

Note 16. Line of Credit and Note Payable

During the year ended June 30, 2017, the Museum obtained an available line of credit of \$2,500,000 with an interest rate of 3.375%. The line of credit matures on March 23, 2022. The line of credit is collateralized by a portion of the overall market value of the Collections and Exhibitions Endowment investment account (see Note 18). The outstanding balance was \$1,187,270 and \$1,404,981 at June 30, 2021 and 2020, respectively.

During the year ended June 30, 2019, the Museum entered into a note payable agreement for the purchase of equipment. The terms of the agreement require monthly payments of \$569 with 0% interest until August 2023. The outstanding balance was \$14,806 and \$21,635 as of June 30, 2021 and 2020, respectively.

Future maturities on the note payable are: 2022, \$6,832; 2023, \$6,832 and 2024, \$1,142.

Notes to Financial Statements

Note 17. Paycheck Protection Program Loan

On April 17, 2020, the Museum received a \$541,400 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the United States Small Business Administration (SBA). The loan accrued interest at 1% with a maturity two years from the date of the loan. The Museum was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. As of June 30, 2021, the loan and accrued interest had been formally forgiven. This amount was recognized as grant revenue on the statement of activities.

On February 24, 2021, the Museum received a second loan of \$517,711 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the United States Small Business Administration (SBA). The loan accrues interest at 1% with a maturity two years from the date of the loan. The Museum was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Note 18. Endowments

The Museum's endowment consists of two funds: the Collections and Exhibitions Endowment established to provide for collections and exhibitions as well as related program expenditures; and the Operating Endowment for support of day-to-day operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted state law as requiring the preservation of the value of the original gift (corpus) of the perpetual donor-restricted endowment funds. The net appreciation (realized and unrealized) is classified as net assets with donor restrictions until appropriated for expenditure according to the Museum's spending policy.

The Museum has adopted an investment policy. The investment objective is to provide long-term growth of capital, consistent with its preservation, and to provide sufficient income to guarantee excellence in the Museum's standard of operation as well as the conservation and interpretation of its collection.

The Board of Directors has adopted a spending policy which uses a calculation based on the average market value at the end of the preceding five calendar years. The Board approves the annual spending rate each year upon approval of the annual budget. The approved annual spending rate for the year ended June 30, 2021 was 4.5% for both the General Operating Endowment and the Collections and Exhibitions Endowment.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2021, there were no underwater endowments. At June 30, 2020, there was one underwater endowment fund with an original gift value of \$2,206,395, fair value of \$2,199,835 and a deficiency of \$6,560.

Notes to Financial Statements

During the year ended June 30, 2017, a portion of the overall market value of the Collections and Exhibitions Endowment investment account has been pledged as collateral for a commercial line of credit of \$2,500,000. The initial amount pledged was \$4,166,667 which represents a 60% loan to value. The loan to value ratio is measured quarterly and shall not exceed 80%. In the event the collateral value fails to support the 80% ratio, the Museum will be required to reduce the loan amount or pledge additional collateral to maintain the 80% ratio.

Changes in endowment net assets for the years ending June 30, 2021 and 2020 were as follows:

	Net Assets With Donor Restrictions
Endowment net assets, June 30, 2019	\$ 9,839,703
Investment return, net	633,123
Appropriation of endowment assets for expenditure	<u>(518,211)</u>
Endowment net assets, June 30, 2020	\$ 9,954,615
Investment return, net	2,524,440
Contributions	2,353
Appropriation of endowment assets for expenditure	<u>(450,854)</u>
Endowment net assets, June 30, 2021	<u>\$ 12,030,554</u>

Notes to Financial Statements

Note 19. Schedule of Functional Expenses

Expenses by natural and functional classifications for the years ended June 30, 2021 and 2020 are as follows:

	2021			
	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 2,047,563	\$ 253,036	\$ 167,029	\$ 2,467,628
Depreciation	1,313,112	165,404	99,775	1,578,291
Collections, conservation and exhibits	341,464	--	--	341,464
Marketing and promotion	174,731	564	76	175,371
Utilities	185,061	5,640	3,713	194,414
Grounds maintenance	215,974	6,137	4,091	226,202
Building maintenance	100,908	2,965	1,977	105,850
Professional services	79,023	33,903	15,584	128,510
Security and other	150,854	4,752	3,168	158,774
Insurance	99,179	18,934	8,959	127,072
Communications	83,588	9,538	14,782	107,908
Events and programs	24,607	--	15,771	40,378
Acquisitions	27,275	--	--	27,275
Printing	52,935	1,060	14,371	68,366
Museum store	51,285	--	--	51,285
Contributions and gifts	2,716	25,973	19,329	48,018
Office expense	21,840	11,245	1,455	34,540
Professional training and memberships	23,610	2,306	4,995	30,911
Interest	--	53,062	--	53,062
Other expenses	6,143	29,100	57	35,300
Conceptual land use	18,829	2,575	1,701	23,105
Meals	659	2,179	4,140	6,978
Education	10,883	--	--	10,883
Transportation	245	1,307	1,315	2,867
Other maintenance	14,745	540	360	15,645
Bridal room supplies and decorations	918	--	152	1,070
Consultants	985	5,500	878	7,363
Reference and research materials	437	337	6	780
Total expenses	\$ 5,049,569	\$ 636,057	\$ 383,684	\$ 6,069,310

Notes to Financial Statements

	2020			
	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 2,116,923	\$ 275,852	\$ 165,187	\$ 2,557,962
Depreciation	1,181,417	168,069	96,723	1,446,209
Collections, conservation and exhibits	118,539	--	--	118,539
Marketing and promotion	154,723	1,159	247	156,129
Utilities	215,478	105	--	215,583
Grounds maintenance	116,106	5,077	3,384	124,567
Building maintenance	93,882	10,375	6,917	111,174
Professional services	96,992	36,194	17,973	151,159
Security and other	126,997	4,487	2,991	134,475
Insurance	88,513	15,999	6,907	111,419
Communications	60,922	6,343	11,476	78,741
Events and programs	43,148	--	39,401	82,549
Acquisitions	52,393	--	--	52,393
Printing	36,712	436	17,052	54,200
Museum store	56,091	--	--	56,091
Contributions and gifts	472	36,324	2,537	39,333
Office expense	16,929	8,937	1,151	27,017
Professional training and memberships	22,237	3,306	2,881	28,424
Interest	--	60,884	--	60,884
Other expenses	8,407	22,494	42	30,943
Conceptual land use	19,121	2,492	1,492	23,105
Meals	7,610	3,269	3,733	14,612
Education	18,355	--	--	18,355
Transportation	6,178	387	257	6,822
Other maintenance	10,367	200	119	10,686
Bridal room supplies and decorations	3,121	--	26	3,147
Lodging	985	205	764	1,954
Consultants	747	1,977	1,351	4,075
Reference and research materials	10	268	--	278
Total expenses	\$ 4,673,375	\$ 664,839	\$ 382,611	\$ 5,720,825

Note 20. Master Plan

In fiscal year ended June 30, 2014, the Museum Board approved the Master Plan which will serve as a guide for the next ten years. Divided into phases, the MSV's Master Plan approaches the site holistically, with careful consideration and stewardship of resources, capacity building and with it responsible growth to develop a cohesive campus. This plan addresses many of these opportunities and re-emphasizes the need to build for the future while establishing relevance and meaning with our core audiences. While the entire plan has been fully evaluated for construction costs in today's market, the plan creates a flexible framework to guide the future physical development of the campus as funding and needs prescribe.

Phase One of the Master Plan (Stewardship and full utilization of what we already have) was fully-funded and construction is complete.

Phase Two of the Master Plan is organized into six incremental projects (A-F).

Notes to Financial Statements

On June 11, 2018, the Museum entered into an agreement with a contractor for the construction of Phase 2A to include a new entrance roadway, service road, event lawn, expanded paver parking lot, trailheads, landscaping, fencing, and utility infrastructure. The contract sum inclusive of all change orders, was \$5,335,925 with final payment made in July 2019 upon completion of the project.

In support of Phase 2B of the MSV's Master Plan, on October 24, 2017, the City of Winchester Common Council supported application to the Virginia Department of Transportation (VDOT) Fiscal Year 2019 Revenue Sharing Program for funds of \$2,082,408 (\$1,041,204 state match and \$1,041,204 local match) for the Museum's recreation trails included in Phase 2B of the Master Plan. Subsequently, the City of Winchester was notified of revenue sharing funds in fiscal year 2020 of \$185,366 (\$92,683 state match and \$92,683 local match). Additionally, the City of Winchester and the Commonwealth of Virginia Department of Transportation entered into a Standard Project Administration Agreement (Federal-aid Projects) dated February 12, 2018 for scope of work including connection of the Museum's trail to the Green Circle trail from the Museum's entrances for a total project cost of \$312,500, of which the Virginia Department of Transportation will provide maximum funding of \$250,000 and the locality shall provide \$62,500. In summary, awards for the trails network totaled \$2,580,274 inclusive of matching funds required by the Museum of \$1,196,387. This project, Master Plan Phase 2B has been bid and managed by the City, with the Museum's contractor serving as the Museum's agent. Upon receipt of the final billing from the City of Winchester, the Museum was assessed an additional fee of \$33,291. The trails were placed in service as construction was completed in fiscal year ended June 30, 2021.

Note 21. Subsequent Events

The Museum entered into an agreement on August 5, 2021 for conservation of a collection item for \$13,427.

Subsequent to year end, the Museum withdrew \$950,000 from the Collections and Exhibitions endowment and used the proceeds to pay down the line of credit. As of October 21, 2021, the line of credit has an outstanding balance of \$232,270.

The Museum has evaluated all subsequent events through December 10, 2021, the date the financial statements were available to be issued. The Museum has determined there are no additional subsequent events that require recognition or disclosure.



50 S. Cameron St.
Winchester, VA 22601

540.662.3417

YHBcpa.com

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Glass-Glen Burnie Museum, Inc.
DBA: The Museum of the Shenandoah Valley
Winchester, Virginia

We have audited the financial statements of Glass-Glen Burnie Museum, Inc. DBA: The Museum of the Shenandoah Valley as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
December 10, 2021

GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statement of Financial Position (Fund Basis)

June 30, 2021

(See Independent Auditor's Report on the Supplementary Information)

	General Operating Fund	Operating Endowment Fund	Capital Improvements Fund	Collections and Exhibitions Fund	Total All Funds
Assets					
Current Assets					
Cash and cash equivalents	\$ 462,975	\$ --	\$ 112,667	\$ --	\$ 575,642
Accounts receivable	5,335	--	--	--	5,335
Prepaid expenses	164,556	--	--	--	164,556
Pledges receivable, net	18,000	--	134,366	--	152,366
Due from Capital Improvements Fund	811,505	--	--	--	811,505
Inventory	41,932	--	--	--	41,932
Total current assets	<u>\$ 1,504,303</u>	<u>\$ --</u>	<u>\$ 247,033</u>	<u>\$ --</u>	<u>\$ 1,751,336</u>
Noncurrent Assets					
Pledges receivable, net	\$ --	\$ --	\$ 3,209	\$ --	\$ 3,209
Investments	46,226	2,664,955	--	9,365,599	12,076,780
Property and equipment, net of accumulated depreciation	28,203,947	--	436,317	--	28,640,264
Other assets	115,519	--	--	--	115,519
Total noncurrent assets	<u>\$ 28,365,692</u>	<u>\$ 2,664,955</u>	<u>\$ 439,526</u>	<u>\$ 9,365,599</u>	<u>\$ 40,835,772</u>
Total assets	<u>\$ 29,869,995</u>	<u>\$ 2,664,955</u>	<u>\$ 686,559</u>	<u>\$ 9,365,599</u>	<u>\$ 42,587,108</u>
Liabilities and Net Assets					
Current Liabilities					
Security deposit	\$ 2,561	\$ --	\$ --	\$ --	\$ 2,561
Accounts payable	57,688	--	457,997	--	515,685
Accrued expenses	185,107	--	--	--	185,107
Note payable, current portion	6,832	--	--	--	6,832
Due to General Operating Fund	--	--	811,505	--	811,505
Deferred revenue	36,365	--	--	--	36,365
Total current liabilities	<u>\$ 288,553</u>	<u>\$ --</u>	<u>\$ 1,269,502</u>	<u>\$ --</u>	<u>\$ 1,558,055</u>
Noncurrent Liabilities					
Note payable, less current portion	\$ 7,974	\$ --	\$ --	\$ --	\$ 7,974
Line of credit	--	--	1,187,270	--	1,187,270
Paycheck Protection Program loan	517,711	--	--	--	517,711
Total noncurrent liabilities	<u>\$ 525,685</u>	<u>\$ --</u>	<u>\$ 1,187,270</u>	<u>\$ --</u>	<u>\$ 1,712,955</u>
Total liabilities	<u>\$ 814,238</u>	<u>\$ --</u>	<u>\$ 2,456,772</u>	<u>\$ --</u>	<u>\$ 3,271,010</u>
Net Assets					
Without donor restrictions	\$ 28,911,239	\$ --	\$ (2,058,009)	\$ --	\$ 26,853,230
With donor restrictions	144,518	2,664,955	287,796	9,365,599	12,462,868
Total net assets	<u>\$ 29,055,757</u>	<u>\$ 2,664,955</u>	<u>\$ (1,770,213)</u>	<u>\$ 9,365,599</u>	<u>\$ 39,316,098</u>
Total liabilities and net assets	<u>\$ 29,869,995</u>	<u>\$ 2,664,955</u>	<u>\$ 686,559</u>	<u>\$ 9,365,599</u>	<u>\$ 42,587,108</u>

GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statement of Activities (Fund Basis)
For the Year Ended June 30, 2021
(See Independent Auditor's Report on the Supplementary Information)

	General Operating Fund	Operating Endowment Fund	Capital Improvements Fund	Collections and Exhibitions Fund	Total All Funds
Support, Revenue and Gains					
Contributions:					
Glass-Glen Burnie Foundation	\$ 2,961,000	\$ --	\$ 1,652,947	\$ --	\$ 4,613,947
Memberships	193,465	--	--	--	193,465
Grants	542,559	--	--	--	542,559
Other contributions	834,357	--	1,589,419	2,353	2,426,129
Total contributions	<u>\$ 4,531,381</u>	<u>\$ --</u>	<u>\$ 3,242,366</u>	<u>\$ 2,353</u>	<u>\$ 7,776,100</u>
Earned income:					
Admissions	\$ 179,114	\$ --	\$ --	\$ --	\$ 179,114
Educational programs	40,776	--	--	--	40,776
Gift store sales	130,416	--	--	--	130,416
Plant sales	32,735	--	--	--	32,735
Development and membership events	200	--	--	--	200
Public events	19,805	--	--	--	19,805
Total earned income	<u>\$ 403,046</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 403,046</u>
Other revenue and gains:					
Investment return, net	\$ 1,616	\$ 567,781	\$ --	\$ 1,956,659	\$ 2,526,056
Miscellaneous income	12,629	--	--	--	12,629
Special property use	58,135	--	--	--	58,135
Total other revenue and gains	<u>\$ 72,380</u>	<u>\$ 567,781</u>	<u>\$ --</u>	<u>\$ 1,956,659</u>	<u>\$ 2,596,820</u>
Total support, revenue and gains	<u>\$ 5,006,807</u>	<u>\$ 567,781</u>	<u>\$ 3,242,366</u>	<u>\$ 1,959,012</u>	<u>\$ 10,775,966</u>

GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statement of Activities (Fund Basis)
(Continued)

For the Year Ended June 30, 2021

(See Independent Auditor's Report on the Supplementary Information)

	General Operating Fund	Operating Endowment Fund	Capital Improvements Fund	Collections and Exhibitions Fund	Total All Funds
Expenses					
Salaries and benefits	\$ 2,467,628	\$ --	\$ --	\$ --	\$ 2,467,628
Depreciation	1,578,291	--	--	--	1,578,291
Collections, conservation and exhibits	326,054	--	15,410	--	341,464
Marketing and promotion	175,371	--	--	--	175,371
Utilities	194,414	--	--	--	194,414
Grounds maintenance	112,888	--	113,314	--	226,202
Building maintenance	105,850	--	--	--	105,850
Professional services	128,062	--	448	--	128,510
Security and other	158,774	--	--	--	158,774
Insurance	127,072	--	--	--	127,072
Communications	107,908	--	--	--	107,908
Events and programs	34,254	--	6,124	--	40,378
Acquisitions	27,275	--	--	--	27,275
Printing	67,896	--	470	--	68,366
Museum store	51,285	--	--	--	51,285
Contributions and gifts	36,196	--	11,822	--	48,018
Office expense	32,103	--	2,437	--	34,540
Professional training and memberships	30,911	--	--	--	30,911
Interest	53,062	--	--	--	53,062
Other expenses	35,300	--	--	--	35,300
Conceptual land use	23,105	--	--	--	23,105
Meals	6,978	--	--	--	6,978
Education	10,883	--	--	--	10,883
Transportation	2,867	--	--	--	2,867
Other maintenance	15,645	--	--	--	15,645
Bridal room supplies and decorations	1,070	--	--	--	1,070
Consultants	7,363	--	--	--	7,363
Reference and research materials	780	--	--	--	780
Total expenses	<u>\$ 5,919,285</u>	<u>\$ --</u>	<u>\$ 150,025</u>	<u>\$ --</u>	<u>\$ 6,069,310</u>

GLASS-GLEN BURNIE MUSEUM, INC.
DBA: THE MUSEUM OF THE SHENANDOAH VALLEY

Statement of Activities (Fund Basis)
(Continued)

For the Year Ended June 30, 2021

(See Independent Auditor's Report on the Supplementary Information)

	<u>General Operating Fund</u>	<u>Operating Endowment Fund</u>	<u>Capital Improvements Fund</u>	<u>Collections and Exhibitions Fund</u>	<u>Total All Funds</u>
Change in net assets	\$ (912,478)	\$ 567,781	\$ 3,092,341	\$ 1,959,012	\$ 4,706,656
Other Changes in Net Assets					
Transfers for:					
Capital expenditures	2,710,658	--	(2,710,658)	--	--
General operations	102,661	(102,661)	--	--	--
Collections and exhibitions	<u>348,193</u>	<u>--</u>	<u>--</u>	<u>(348,193)</u>	<u>--</u>
Change in net assets	<u>\$ 2,249,034</u>	<u>\$ 465,120</u>	<u>\$ 381,683</u>	<u>\$ 1,610,819</u>	<u>\$ 4,706,656</u>
Net Assets, beginning of year	<u>\$ 26,806,723</u>	<u>\$ 2,199,835</u>	<u>\$ (2,151,896)</u>	<u>\$ 7,754,780</u>	<u>\$ 34,609,442</u>
Net Assets, end of year					
Without donor restrictions	\$ 28,911,239	\$ --	\$ (2,058,009)	\$ --	\$ 26,853,230
With donor restrictions	<u>144,518</u>	<u>2,664,955</u>	<u>287,796</u>	<u>9,365,599</u>	<u>12,462,868</u>
Total net assets, ending	<u>\$ 29,055,757</u>	<u>\$ 2,664,955</u>	<u>\$ (1,770,213)</u>	<u>\$ 9,365,599</u>	<u>\$ 39,316,098</u>