

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

**Winchester, Virginia**

**FINANCIAL REPORT**

**JUNE 30, 2020**

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Dana Hand Evans

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## 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, 2020 and 2019, 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, 2020 and 2019, 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  
November 23, 2020

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

**Statements of Financial Position**  
June 30, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and cash equivalents (Note 1)	\$ 588,823	\$ 106,185
Accounts receivable (Note 1)	4,792	--
Accrued interest receivable	11,165	12,184
Prepaid expenses	304,854	197,365
Pledges receivable, net (Note 7)	201,399	254,349
Inventory (Note 1)	<u>36,996</u>	<u>38,956</u>
Total current assets	<u>\$ 1,148,029</u>	<u>\$ 609,039</u>
<b>Noncurrent Assets</b>		
Pledges receivable, net (Note 7)	\$ 44,993	\$ 45,388
Investments (Notes 1, 3 and 15)	10,007,160	9,891,230
Property and equipment, net of accumulated depreciation (Notes 1 and 4)	27,195,541	27,645,812
Other assets (Note 5)	<u>138,624</u>	<u>161,729</u>
Total noncurrent assets	<u>\$ 37,386,318</u>	<u>\$ 37,744,159</u>
Total assets	<u><u>\$ 38,534,347</u></u>	<u><u>\$ 38,353,198</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Security deposit	\$ 1,561	\$ 2,561
Accounts payable	431,644	429,495
Accrued expenses	204,106	280,296
Note payable, current portion (Note 16)	6,832	6,832
Deferred revenue	<u>1,319,578</u>	<u>1,313,704</u>
Total current liabilities	<u>\$ 1,963,721</u>	<u>\$ 2,032,888</u>
<b>Noncurrent Liabilities</b>		
Note payable, less current portion (Note 16)	\$ 14,803	\$ 21,635
Line of credit (Note 16)	1,404,981	1,900,000
Paycheck Protection Program loan (Note 17)	<u>541,400</u>	<u>--</u>
Total noncurrent liabilities	<u>\$ 1,961,184</u>	<u>\$ 1,921,635</u>
Total liabilities	<u>\$ 3,924,905</u>	<u>\$ 3,954,523</u>
<b>Net Assets</b>		
Without donor restrictions	\$ 24,242,334	\$ 24,061,828
With donor restrictions (Notes 12, 13 and 18)	<u>10,367,108</u>	<u>10,336,847</u>
Total net assets	<u>\$ 34,609,442</u>	<u>\$ 34,398,675</u>
Total liabilities and net assets	<u><u>\$ 38,534,347</u></u>	<u><u>\$ 38,353,198</u></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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, Revenue and Gains (Losses)</b>						
Contributions:						
Glass-Glen Burnie Foundation	\$ 2,961,000	\$ 618,537	\$ 3,579,537	\$ 2,961,000	\$ 923,683	\$ 3,884,683
Memberships	157,229	--	157,229	144,376	--	144,376
Grants	13,270	201,000	214,270	21,984	50,500	72,484
Other contributions	441,644	569,506	1,011,150	348,383	639,089	987,472
Total contributions	<u>\$ 3,573,143</u>	<u>\$ 1,389,043</u>	<u>\$ 4,962,186</u>	<u>\$ 3,475,743</u>	<u>\$ 1,613,272</u>	<u>\$ 5,089,015</u>
Earned income:						
Admissions	\$ 61,693	\$ --	\$ 61,693	\$ 175,291	\$ --	\$ 175,291
Educational programs	32,144	--	32,144	43,343	--	43,343
Gift store sales	92,895	--	92,895	145,551	--	145,551
Plant sales	22,662	--	22,662	16,565	--	16,565
Development and membership events	1,601	--	1,601	2,125	--	2,125
Public events	39,163	--	39,163	38,192	--	38,192
Total earned income	<u>\$ 250,158</u>	<u>\$ --</u>	<u>\$ 250,158</u>	<u>\$ 421,067</u>	<u>\$ --</u>	<u>\$ 421,067</u>
Other revenue and gains (losses):						
Investment return, net	\$ 5,690	\$ 632,921	\$ 638,611	\$ 3,125	\$ 48,126	\$ 51,251
(Loss) on disposal of property and equipment	--	--	--	--	--	--
Miscellaneous income	2,383	--	2,383	14,649	--	14,649
Special property use	78,254	--	78,254	90,373	--	90,373
Total other revenue and gains (losses)	<u>\$ 86,327</u>	<u>\$ 632,921</u>	<u>\$ 719,248</u>	<u>\$ 108,147</u>	<u>\$ 48,126</u>	<u>\$ 156,273</u>
<b>Net assets released from restrictions (Note 13)</b>	<u>\$ 1,991,703</u>	<u>\$ (1,991,703)</u>	<u>\$ --</u>	<u>\$ 5,380,497</u>	<u>\$ (5,380,497)</u>	<u>\$ --</u>
Total support, revenue and gains (losses)	<u>\$ 5,901,331</u>	<u>\$ 30,261</u>	<u>\$ 5,931,592</u>	<u>\$ 9,385,454</u>	<u>\$ (3,719,099)</u>	<u>\$ 5,666,355</u>
<b>Expenses</b>						
Salaries and benefits	\$ 2,557,962	\$ --	\$ 2,557,962	\$ 2,629,401	\$ --	\$ 2,629,401
Depreciation	1,446,209	--	1,446,209	1,004,811	--	1,004,811
Collections, conservation and exhibits	118,539	--	118,539	244,118	--	244,118
Marketing and promotion	156,129	--	156,129	215,865	--	215,865
Utilities	215,583	--	215,583	204,406	--	204,406
Grounds maintenance	124,567	--	124,567	179,747	--	179,747
Building maintenance	111,174	--	111,174	144,059	--	144,059
Professional services	151,159	--	151,159	124,372	--	124,372
Balance carryforward	<u>\$ 4,881,322</u>	<u>\$ --</u>	<u>\$ 4,881,322</u>	<u>\$ 4,746,779</u>	<u>\$ --</u>	<u>\$ 4,746,779</u>

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, 2020 and 2019

	<b>2020</b>			<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Balance carried forward	\$ 4,881,322	\$ --	\$ 4,881,322	\$ 4,746,779	\$ --	\$ 4,746,779
<b>Expenses (continued)</b>						
Security and other	134,475	--	134,475	116,950	--	116,950
Insurance	111,419	--	111,419	102,658	--	102,658
Communications	78,741	--	78,741	95,947	--	95,947
Events and programs	82,549	--	82,549	94,849	--	94,849
Acquisitions	52,393	--	52,393	91,655	--	91,655
Printing	54,200	--	54,200	89,152	--	89,152
Museum store	56,091	--	56,091	74,138	--	74,138
Contributions and gifts	39,333	--	39,333	41,853	--	41,853
Office expense	27,017	--	27,017	32,484	--	32,484
Professional training and memberships	28,424	--	28,424	30,711	--	30,711
Interest	60,884	--	60,884	29,937	--	29,937
Other expenses	30,943	--	30,943	26,038	--	26,038
Conceptual land use	23,105	--	23,105	23,105	--	23,105
Meals	14,612	--	14,612	22,776	--	22,776
Education	18,355	--	18,355	17,528	--	17,528
Transportation	6,822	--	6,822	8,153	--	8,153
Other maintenance	10,686	--	10,686	8,960	--	8,960
Bridal room supplies and decorations	3,147	--	3,147	4,750	--	4,750
Lodging	1,954	--	1,954	3,509	--	3,509
Consultants	4,075	--	4,075	2,727	--	2,727
Reference and research materials	278	--	278	313	--	313
Total expenses	<u>\$ 5,720,825</u>	<u>\$ --</u>	<u>\$ 5,720,825</u>	<u>\$ 5,664,972</u>	<u>\$ --</u>	<u>\$ 5,664,972</u>
Change in net assets	<u>\$ 180,506</u>	<u>\$ 30,261</u>	<u>\$ 210,767</u>	<u>\$ 3,720,482</u>	<u>\$ (3,719,099)</u>	<u>\$ 1,383</u>
<b>Net Assets at beginning of year</b>	<u>\$ 24,061,828</u>	<u>\$ 10,336,847</u>	<u>\$ 34,398,675</u>	<u>\$ 20,341,346</u>	<u>\$ 14,055,946</u>	<u>\$ 34,397,292</u>
<b>Net Assets, ending</b>	<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>

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, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 210,767	\$ 1,383
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,446,209	1,004,811
Unrealized and realized (gain) loss on investments	(462,284)	200,103
Loss on disposal of property and equipment	1,238	-
Write off conceptual land use and master plan	23,105	23,105
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,792)	2,607
Decrease (increase) in accrued interest receivable	1,019	(1,536)
Decrease in pledges receivable	53,345	1,445,756
(Increase) decrease in prepaid expenses	(107,489)	12,905
Decrease in inventory	1,960	10,192
Increase (decrease) in accounts payable	2,149	(199,585)
Increase in deferred revenue	5,874	1,261,050
(Decrease) increase in security deposit	(1,000)	1,061
(Decrease) increase in accrued expenses	(76,190)	2,131
Net cash provided by operating activities	\$ 1,093,911	\$ 3,763,983
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	\$ (997,176)	\$ (6,668,426)
Purchase of investments	(12,633,505)	(5,710,141)
Proceeds from sale of investments	12,979,859	6,748,316
Net cash (used in) investing activities	\$ (650,822)	\$ (5,630,251)
<b>Cash Flows from Financing Activities</b>		
Net (payments) draws on line of credit	\$ (495,019)	\$ 1,700,000
Proceeds from Paycheck Protection Program loan	541,400	-
Payments on note payable	(6,832)	(5,693)
Net cash provided by financing activities	\$ 39,549	\$ 1,694,307
Net increase (decrease) in cash and cash equivalents	\$ 482,638	\$ (171,961)
<b>Cash and Cash Equivalents</b>		
Beginning	106,185	278,146
Ending	\$ 588,823	\$ 106,185
<b>Supplemental Disclosures of Cash Flow Information,</b>		
cash payments for interest	\$ 60,884	\$ 29,937
<b>Supplemental Disclosures of Noncash Investing and Financing Activities,</b>		
assets acquired and debt assumed through purchase of property and equipment	\$ -	\$ 34,160

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, 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, 2020, accounts receivable totaled \$4,792. There was no outstanding accounts receivable as of June 30, 2019.

## 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, 2020 and 2019 was \$156,129 and \$215,865, 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**

The Museum recognizes membership revenue in the year it is received. Membership benefits are considered insubstantial. All membership levels receive the same benefits.

### **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, 2020 and 2019, depreciation amounted to \$1,446,209 and \$1,004,811, respectively.

### **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, 2020 and 2019, no amounts were designated for the Collection from deaccession sales.

## Notes to Financial Statements

### 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.

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, 2020 and 2019, 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 May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative transition method. ASU 2014-09 was effective for the Museum for the year ended June 30, 2020. Due to the COVID-19 pandemic, FASB has postponed the implementation for the Museum to the year ended June 30, 2021. Early adoption is permitted. The Museum is currently evaluating the impact that the adoption of Topic 606 will have on its financial statements.

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Museum has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

## Notes to Financial Statements

### Note 2. Liquidity and Availability

The Museum had \$542,331 and \$39,487 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, 2020 and 2019, the Museum had an additional \$1,095,019 and \$600,000, respectively, remaining on the line of credit that could be made available for general expenditures within one year. (See Note 16)

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, 2020 and 2019:

	2020	2019
Financial assets, at year-end:		
Cash and cash equivalents	\$ 588,823	\$ 106,185
Accounts receivable	4,792	-
Accrued interest receivable	11,165	12,184
Pledges receivable, net	201,399	254,349
Investments	10,007,160	9,891,230
Total financial assets	\$ 10,813,339	\$ 10,263,948
Less amounts not available to be used within one year:		
Restricted by donors for purpose	\$ 412,493	\$ 497,144
Endowment	9,961,175	9,845,038
	\$ 10,373,668	\$ 10,342,182
Appropriated according to Operating Endowment spending policy	\$ 102,660	\$ 117,721
Financial assets available to meet cash needs for general expenditures within one year	\$ 542,331	\$ 39,487

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 \$348,192 from the Collections and Exhibitions Endowment during fiscal year ending June 30, 2021.



## Notes to Financial Statements

### Note 3. Investments

The Museum's investments at June 30, 2020 and 2019 consisted of the following types of securities valued at their fair market values.

	<b>2020</b>		
	<b>Historical Cost</b>	<b>Fair Market Value</b>	<b>Unrealized Appreciation (Depreciation)</b>
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	--
	<u>\$ 9,604,881</u>	<u>\$ 10,007,160</u>	<u>\$ 402,279</u>
	<b>2019</b>		
	<b>Historical Cost</b>	<b>Fair Market Value</b>	<b>Unrealized Appreciation (Depreciation)</b>
Cash and Money Mutual Funds	\$ 48,684	\$ 48,684	\$ --
Equities	7,302,024	8,126,469	824,445
Corporate Bonds	1,789,890	1,703,577	(86,313)
Debt Securities	12,500	12,500	--
	<u>\$ 9,153,098</u>	<u>\$ 9,891,230</u>	<u>\$ 738,132</u>

### Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Building	\$ 19,478,652	\$ 19,478,652
Equipment	178,731	323,186
Office equipment	185,963	166,417
Furniture and fixtures	972,022	954,731
Software	149,575	178,801
Vehicles	60,580	60,580
Leasehold improvements	16,636,312	16,201,347
Construction in progress	804,046	298,925
	<u>\$ 38,465,881</u>	<u>\$ 37,662,639</u>
Less accumulated depreciation	<u>(11,270,340)</u>	<u>(10,016,827)</u>
	<u>\$ 27,195,541</u>	<u>\$ 27,645,812</u>

## 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 both fiscal years ended June 30, 2020 and 2019, \$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 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. The farmland will be used for beef cattle and hay production. Both leases were terminated on June 30, 2020. Subsequent to year end, the MSV signed two Memorandums of Understanding entering into a partnership with two area farmers to utilize farmland at Rose Hill and property adjacent to the MSV for five years.

## 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, 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 \$246,392 and \$299,737 at June 30, 2020 and 2019, respectively, categorized as follows:

	2020	2019
General fund	\$ 12,412	\$ 11,062
Master plan phase two	<u>233,980</u>	<u>288,675</u>
	<u>\$ 246,392</u>	<u>\$ 299,737</u>

The outstanding pledges are due as follows:

	2020	2019
Within one year	\$ 201,399	\$ 254,349
Within one to five years	<u>49,029</u>	<u>52,841</u>
	\$ 250,428	\$ 307,190
Less: present value component	<u>4,036</u>	<u>7,453</u>
	<u>\$ 246,392</u>	<u>\$ 299,737</u>

Discount rate was 3.375% for the years ended June 30, 2020 and 2019. There was no bad debt expense for the years ended June 30, 2020 and 2019.

Included in total outstanding pledges receivable for Master Plan Phase Two are matching funds from the Glass-Glen Burnie Foundation of \$23,626 and \$144,441 at June 30, 2020 and 2019, respectively. 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, 2020.

## Notes to Financial Statements

### Master Plan Phase Two

The Glass-Glen Burnie Foundation has pledged to provide a 1:1 matching contribution up to \$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 Master Plan as specifically approved by the Museum's Board of Directors. The Museum has cumulatively recognized \$3,358,849 of 1:1 matching funds. Additionally, the Glass-Glen Burnie Foundation has advanced \$1,291,204 to the Museum of which \$1,196,387 is payable to the City of Winchester upon receipt of approved construction invoices for a certain portion of the trail system. The \$1,291,204 advance is shown as a liability and is included in deferred revenue on the statement of financial position of the Museum at both June 30, 2020 and 2019. The Museum will reach the \$4,855,000 ceiling for the matching grant with collections of cash and gift in kind services totaling \$204,947 in subsequent years.

### Glass Glen Burnie Foundation Matching Pledge for Capital Repairs and Replacements

The Glass Glen Burnie Foundation announced an additional matching donation to the MSV during the year ending June 30, 2020 to fund certain agreed upon capital repairs and replacements to existing structures. The Foundation will match up to \$250,000 based upon invoices submitted and approved by the Foundation as qualifying. As of June 30, 2020, the MSV has recognized \$93,204 of matching funds. No pledge receivable has been recognized on the statements of financial position due to the conditional nature of the contribution.

### 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 \$90,767 and \$85,849 to the plan for the years ended June 30, 2020 and 2019, 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, 2020 and 2019.

### Note 9. Investment Return, Net

Investment return, net consisted of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 221,575	\$ 271,086
Realized and unrealized gain (loss)	462,284	(200,103)
Investment fees	<u>(44,010)</u>	<u>(19,732)</u>
	<u>\$ 639,849</u>	<u>\$ 51,251</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 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 is 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, 2020 and 2019 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, 2020 and 2019, the Museum utilized the services of a construction company which employs a member of a Board Committee. Payments to this company were \$324,620 and \$5,608,603 for fiscal years ended June 30, 2020 and 2019, respectively. The Museum recorded \$133,057 of in-kind services from this company for fiscal year ended June 30, 2019. There were no in-kind services received from this company for the fiscal year ended June 30, 2020.

During fiscal years ended June 30, 2020 and 2019, the Museum utilized the services of an architectural firm which employs a member of a Board Committee. Payments to this firm were \$5,789 and \$45,545 for fiscal years ended June 30, 2020 and 2019, respectively.

During fiscal years ended June 30, 2020 and 2019, the Museum utilized an engineering firm affiliated with a member of a Board Committee. Payments to this company were \$1,640 for the fiscal year ended June 30, 2019. There were no services received from this company for the year ended June 30, 2020. The Museum recorded \$48,514 and \$133,589 of in-kind services from this company for fiscal years ended June 30, 2020 and 2019, 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 has 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.

## 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, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
General operating	\$ 86,513	\$ 38,481
Capital projects	325,980	458,663
	\$ 412,493	\$ 497,144
Endowments:		
Operating	\$ 2,156,395	\$ 2,156,395
Miniature care and maintenance	50,000	50,000
Collections and exhibitions	4,533,150	4,533,150
	\$ 6,739,545	\$ 6,739,545
Subject to endowment spending policy and appropriation:		
Collections and exhibitions	\$ 3,221,630	\$ 3,105,493
Less: Underwater endowment	\$ (6,560)	\$ (5,335)
Total endowments	\$ 9,954,615	\$ 9,839,703
Total net assets with donor restrictions	\$ 10,367,108	\$ 10,336,847

### Note 13. Net Assets Released from Restrictions

Net assets during the years ended June 30, 2020 and 2019 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:

	2020	2019
Satisfaction of purpose restrictions:		
General operating	\$ 107,099	\$ 101,774
Capital projects	1,366,391	4,741,086
	\$ 1,473,490	\$ 4,842,860
Subject to endowment spending policy and appropriation:		
Operating	\$ 117,720	\$ 134,758
Collections and exhibitions	400,493	402,879
	\$ 518,213	\$ 537,637
Total net assets released from restrictions	\$ 1,991,703	\$ 5,380,497

## Notes to Financial Statements

### Note 14. Commitments

The Museum has entered into several agreements for loan exhibitions and artwork along the trails. Payments on these commitments are due upon satisfactory completion of deliverables. As of June 30, 2020, outstanding commitments totaled approximately \$338,960.

The Museum obtained an irrevocable letter of credit bank agreement issued January 2020 for \$1,193,765 secured by assets held at First Bank, loan to value of 65%. The outstanding balance was zero at June 30, 2020.

### 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, 2020 and 2019:

	<b>Balance as of June 30, 2020</b>	<b>Quoted Price in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Levels (Level 2)</b>	<b>Significant Other Unobservable Levels (Level 3)</b>
Investments	<u>\$ 10,007,160</u>	<u>\$ 10,007,160</u>	<u>\$ --</u>	<u>\$ --</u>
	<b>Balance as of June 30, 2019</b>	<b>Quoted Price in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Levels (Level 2)</b>	<b>Significant Other Unobservable Levels (Level 3)</b>
Investments	<u>\$ 9,891,230</u>	<u>\$ 9,891,230</u>	<u>\$ --</u>	<u>\$ --</u>

### 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 \$1,404,981 and \$1,900,000 at June 30, 2020 and 2019, 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 \$21,635 and \$28,467 as of June 30, 2020 and 2019, respectively.

Future maturities on the note payable are: 2021, \$6,832; 2022, \$6,832; 2023, \$6,832 and 2024, \$1,139.



## 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 accrues interest at 1% with a maturity two years from the date of the loan. The Museum is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Payments are deferred until a determination of the amount of forgiveness is made by the SBA. 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, 2020 was 5.5% 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, 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. At June 30, 2019, there was one underwater endowment fund with an original gift value of \$2,206,395, fair value of \$2,201,060 and a deficiency of \$5,335.

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.

## Notes to Financial Statements

Changes in endowment net assets for the years ending June 30, 2020 and 2019 were as follows:

	<b>Net Assets With Donor Restrictions</b>
Endowment net assets, June 30, 2018	\$ 10,327,834
Investment return, net	49,506
Appropriation of endowment assets for expenditure	(537,637)
Endowment net assets, June 30, 2019	\$ 9,839,703
Investment return, net	633,123
Appropriation of endowment assets for expenditure	(518,211)
Endowment net assets, June 30, 2020	\$ 9,954,615

### Note 19. Schedule of Functional Expenses

Expenses by natural and functional classifications for the years ended June 30, 2020 and 2019 are as follows:

	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

## Notes to Financial Statements

	2019			
	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 2,121,496	\$ 332,031	\$ 175,874	\$ 2,629,401
Depreciation	827,822	111,949	65,040	1,004,811
Collections, conservation and exhibits	244,118	--	--	244,118
Marketing and promotion	210,022	493	5,350	215,865
Utilities	203,108	1,298	--	204,406
Grounds maintenance	169,077	6,402	4,268	179,747
Building maintenance	125,459	11,121	7,479	144,059
Professional services	78,964	38,179	7,229	124,372
Security and other	109,992	4,175	2,783	116,950
Insurance	80,004	16,353	6,301	102,658
Communications	77,419	6,329	12,199	95,947
Events and programs	52,335	--	42,514	94,849
Acquisitions	91,655	--	--	91,655
Printing	71,096	79	17,977	89,152
Museum store	74,138	--	--	74,138
Contributions and gifts	15,121	25,749	983	41,853
Office expense	19,578	11,567	1,339	32,484
Professional training and memberships	21,584	6,821	2,306	30,711
Interest	31	29,906	--	29,937
Other expenses	6,626	19,412	--	26,038
Conceptual land use	18,643	2,917	1,545	23,105
Meals	9,030	4,507	9,239	22,776
Education	17,528	--	--	17,528
Transportation	6,849	745	559	8,153
Other maintenance	8,544	416	--	8,960
Bridal room supplies and decorations	4,618	--	132	4,750
Lodging	1,735	478	1,296	3,509
Consultants	455	--	2,272	2,727
Reference and research materials	89	224	--	313
Total expenses	\$ 4,667,136	\$ 631,151	\$ 366,685	\$ 5,664,972

### 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).

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.

## Notes to Financial Statements

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 to serve as the Museum's agent. Funding from VDOT has been received and managed by the City, and the Museum's match will be billed at regular intervals for reimbursement to the City. The Museum anticipates that construction will be completed by December 31, 2020.

### Note 21. Subsequent Events

The Museum has evaluated all subsequent events through November 23, 2020, the date the financial statements were available to be issued.

The Museum entered into an agreement on July 9, 2020 to purchase building materials for an aluminum dock system to be built on the trails. The total contract of \$369,021 is payable upon receipt of the materials in August and September 2020, payable in installments. In turn, the entire \$369,021 will be reimbursed to the Museum based upon an oral agreement by the contractor constructing the docking system on the trails.

On July 14, 2020, the Museum entered into a contract with an engineering firm to build an additional 1050 feet of trail system for a contract sum of \$49,445.

In September 2020, the Museum entered into various agreements totaling \$8,431 for a sculpture to be installed along the trail including agreements to borrow, conserve and install.

In October 2020, the Museum entered into a contract for the design, manufacture, and installation of a commissioned piece of artwork known as the "Seven Bends of the Shenandoah Bench" for a contract sum of \$41,300.

Subsequent to year end, the Museum signed two Memorandums of Understanding entering into a partnership with two area farmers to utilize farmland at Rose Hill and property adjacent to the MSV for a five-year term. No rental income will be required in exchange for the farmers' maintaining the pasture land.

Subsequent to year end, the Museum entered into a one-year lease of certain rooms in the carriage house in the Glen Burnie historical gardens to a local arts nonprofit organization. No rental income will be required.

**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, 2020 and 2019, and have issued our report thereon, dated November 23, 2020, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to November 23, 2020.

The accompanying 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  
November 23, 2020

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

**Statement of Financial Position (Fund Basis)**

June 30, 2020

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

	<b>General Operating Fund</b>	<b>Operating Endowment Fund</b>	<b>Capital Improvements Fund</b>	<b>Collections and Exhibitions Fund</b>	<b>Total All Funds</b>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 445,141	\$ --	\$ 143,682	\$ --	\$ 588,823
Accounts receivable	4,792	--	--	--	4,792
Accrued interest receivable	--	1,662	--	9,503	11,165
Prepaid expenses	304,854	--	--	--	304,854
Pledges receivable, net	12,412	--	188,987	--	201,399
Due from Capital Improvements Fund	315,000	--	--	--	315,000
Inventory	36,996	--	--	--	36,996
Total current assets	<u>\$ 1,119,195</u>	<u>\$ 1,662</u>	<u>\$ 332,669</u>	<u>\$ 9,503</u>	<u>\$ 1,463,029</u>
<b>Noncurrent Assets</b>					
Pledges receivable, net	\$ --	\$ --	\$ 44,993	\$ --	\$ 44,993
Investments	63,710	2,198,173	--	7,745,277	10,007,160
Property and equipment, net of accumulated depreciation	26,395,035	--	800,506	--	27,195,541
Other assets	138,624	--	--	--	138,624
Total noncurrent assets	<u>\$ 26,597,369</u>	<u>\$ 2,198,173</u>	<u>\$ 845,499</u>	<u>\$ 7,745,277</u>	<u>\$ 37,386,318</u>
Total assets	<u>\$ 27,716,564</u>	<u>\$ 2,199,835</u>	<u>\$ 1,178,168</u>	<u>\$ 7,754,780</u>	<u>\$ 38,849,347</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Security deposit	\$ 1,561	\$ --	\$ --	\$ --	\$ 1,561
Accounts payable	112,765	--	318,879	--	431,644
Accrued expenses	204,106	--	--	--	204,106
Note payable, current portion	6,832	--	--	--	6,832
Due to General Operating Fund	--	--	315,000	--	315,000
Deferred revenue	28,374	--	1,291,204	--	1,319,578
Total current liabilities	<u>\$ 353,638</u>	<u>\$ --</u>	<u>\$ 1,925,083</u>	<u>\$ --</u>	<u>\$ 2,278,721</u>
<b>Noncurrent Liabilities</b>					
Note payable, less current portion	\$ 14,803	\$ --	\$ --	\$ --	\$ 14,803
Line of credit	--	--	1,404,981	--	1,404,981
Paycheck Protection Program loan	541,400	--	--	--	541,400
Total noncurrent liabilities	<u>\$ 556,203</u>	<u>\$ --</u>	<u>\$ 1,404,981</u>	<u>\$ --</u>	<u>\$ 1,961,184</u>
Total liabilities	<u>\$ 909,841</u>	<u>\$ --</u>	<u>\$ 3,330,064</u>	<u>\$ --</u>	<u>\$ 4,239,905</u>
<b>Net Assets</b>					
Without donor restrictions	\$ 26,720,210	\$ --	\$ (2,477,876)	\$ --	\$ 24,242,334
With donor restrictions	86,513	2,199,835	325,980	7,754,780	10,367,108
Total net assets	<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>
Total liabilities and net assets	<u>\$ 27,716,564</u>	<u>\$ 2,199,835</u>	<u>\$ 1,178,168</u>	<u>\$ 7,754,780</u>	<u>\$ 38,849,347</u>

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

**Statement of Activities (Fund Basis)**

For the Year Ended June 30, 2020

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

	<b>General Operating Fund</b>	<b>Operating Endowment Fund</b>	<b>Capital Improvements Fund</b>	<b>Collections and Exhibitions Fund</b>	<b>Total All Funds</b>
<b>Support, Revenue and Gains (Losses)</b>					
Contributions:					
Glass-Glen Burnie Foundation	\$ 2,961,000	\$ --	\$ 618,537	\$ --	\$ 3,579,537
Memberships	157,229	--	--	--	157,229
Grants	13,270	--	201,000	--	214,270
Other contributions	596,775	--	414,375	--	1,011,150
Total contributions	<u>\$ 3,728,274</u>	<u>\$ --</u>	<u>\$ 1,233,912</u>	<u>\$ --</u>	<u>\$ 4,962,186</u>
Earned income:					
Admissions	\$ 61,693	\$ --	\$ --	\$ --	\$ 61,693
Educational programs	32,144	--	--	--	32,144
Gift store sales	92,895	--	--	--	92,895
Plant sales	22,662	--	--	--	22,662
Development and membership events	1,601	--	--	--	1,601
Public events	39,163	--	--	--	39,163
Total earned income	<u>\$ 250,158</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 250,158</u>
Other revenue and gains (losses):					
Investment return, net	\$ 6,928	\$ 116,495	\$ (204)	\$ 516,630	\$ 639,849
(Loss) on the disposal of property and equipment	(1,238)	--	--	--	(1,238)
Miscellaneous income	2,383	--	--	--	2,383
Special property use	78,254	--	--	--	78,254
Total other revenue and gains (losses)	<u>\$ 86,327</u>	<u>\$ 116,495</u>	<u>\$ (204)</u>	<u>\$ 516,630</u>	<u>\$ 719,248</u>
Total support, revenue gains and (losses)	<u>\$ 4,064,759</u>	<u>\$ 116,495</u>	<u>\$ 1,233,708</u>	<u>\$ 516,630</u>	<u>\$ 5,931,592</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, 2020

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

	<b>General Operating Fund</b>	<b>Operating Endowment Fund</b>	<b>Capital Improvements Fund</b>	<b>Collections and Exhibitions Fund</b>	<b>Total All Funds</b>
<b>Expenses</b>					
Salaries and benefits	\$ 2,557,962	\$ --	\$ --	\$ --	\$ 2,557,962
Depreciation	1,446,209	--	--	--	1,446,209
Collections, conservation and exhibits	118,539	--	--	--	118,539
Marketing and promotion	156,129	--	--	--	156,129
Utilities	215,583	--	--	--	215,583
Grounds maintenance	102,384	--	22,183	--	124,567
Building maintenance	111,174	--	--	--	111,174
Professional services	150,911	--	248	--	151,159
Security and other	134,475	--	--	--	134,475
Insurance	111,419	--	--	--	111,419
Communications	78,351	--	390	--	78,741
Events and programs	81,286	--	1,263	--	82,549
Acquisitions	52,393	--	--	--	52,393
Printing	51,725	--	2,475	--	54,200
Museum store	56,091	--	--	--	56,091
Contributions and gifts	38,552	--	781	--	39,333
Office expense	27,017	--	--	--	27,017
Professional training and memberships	28,424	--	--	--	28,424
Interest	60,884	--	--	--	60,884
Other expenses	30,900	--	43	--	30,943
Conceptual land use	23,105	--	--	--	23,105
Meals	14,612	--	--	--	14,612
Education	18,355	--	--	--	18,355
Transportation	6,822	--	--	--	6,822
Other maintenance	10,686	--	--	--	10,686
Bridal room supplies and decorations	3,147	--	--	--	3,147
Lodging	1,954	--	--	--	1,954
Consultants	3,991	--	84	--	4,075
Reference and research materials	278	--	--	--	278
Total expenses	<u>\$ 5,693,358</u>	<u>\$ --</u>	<u>\$ 27,467</u>	<u>\$ --</u>	<u>\$ 5,720,825</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, 2020

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

	<b>General Operating Fund</b>	<b>Operating Endowment Fund</b>	<b>Capital Improvements Fund</b>	<b>Collections and Exhibitions Fund</b>	<b>Total All Funds</b>
Change in net assets	\$ (1,628,599)	\$ 116,495	\$ 1,206,241	\$ 516,630	\$ 210,767
<b>Other Changes in Net Assets</b>					
Transfers for:					
Capital expenditures	277,207	--	(277,207)	--	--
General operations	117,720	(117,720)	--	--	--
Collections and exhibitions	<u>400,493</u>	<u>--</u>	<u>--</u>	<u>(400,493)</u>	<u>--</u>
<b>Change in net assets</b>	<u>\$ (833,179)</u>	<u>\$ (1,225)</u>	<u>\$ 929,034</u>	<u>\$ 116,137</u>	<u>\$ 210,767</u>
<b>Net Assets, beginning of year</b>	<u>\$ 27,639,902</u>	<u>\$ 2,201,060</u>	<u>\$ (3,080,930)</u>	<u>\$ 7,638,643</u>	<u>\$ 34,398,675</u>
<b>Net Assets, end of year</b>					
Without donor restrictions	\$ 26,720,210	\$ --	\$ (2,477,876)	\$ --	\$ 24,242,334
With donor restrictions	<u>86,513</u>	<u>2,199,835</u>	<u>325,980</u>	<u>7,754,780</u>	<u>10,367,108</u>
Total net assets, ending	<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>