

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

Winchester, Virginia

FINANCIAL REPORT

JUNE 30, 2017

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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, 2017 and 2016, 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, 2017 and 2016, 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
October 27, 2017

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

Statements of Financial Position
June 30, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents (Note 1)	\$ 664,489	\$ 493,537
Accounts receivable (Note 1)	876	1,258
Accrued interest receivable	9,897	15,438
Prepaid expenses	135,522	117,424
Pledges receivable, net (Note 6)	226,930	289,650
Grants receivable	-	25,000
Inventory (Note 1)	30,425	44,510
Total current assets	<u>\$ 1,068,139</u>	<u>\$ 986,817</u>
Noncurrent Assets		
Pledges receivable, net (Note 6)	\$ 622,135	\$ 316,417
Investments (Notes 2 and 14)	11,269,420	10,151,057
Property and equipment, net of accumulated depreciation (Notes 1 and 3)	19,781,042	19,427,418
Other assets (Note 4)	207,936	294,642
Total noncurrent assets	<u>\$ 31,880,533</u>	<u>\$ 30,189,534</u>
Total assets	<u>\$ 32,948,672</u>	<u>\$ 31,176,351</u>
 Liabilities and Net Assets		
Current Liabilities		
Security deposit	\$ 500	\$ -
Accounts payable	339,136	153,871
Accrued expenses	246,471	259,912
Deferred revenue	25,000	73,500
Total current liabilities	<u>\$ 611,107</u>	<u>\$ 487,283</u>
Net Assets		
Unrestricted	\$ 19,209,334	\$ 19,705,890
Temporarily restricted (Notes 10 and 16)	6,388,686	4,243,633
Permanently restricted (Notes 11 and 16)	6,739,545	6,739,545
Total net assets	<u>\$ 32,337,565</u>	<u>\$ 30,689,068</u>
Total liabilities and net assets	<u>\$ 32,948,672</u>	<u>\$ 31,176,351</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, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance carried forward	\$ 2,948,760	\$ --	\$ --	\$ 2,948,760	\$ 2,994,601	\$ --	\$ --	\$ 2,994,601
Expenses (continued)								
Marketing and promotion	195,162	--	--	195,162	196,513	--	--	196,513
Printing	56,818	--	--	56,818	71,780	--	--	71,780
Communications	87,762	--	--	87,762	80,759	--	--	80,759
Equipment and supplies	54,727	--	--	54,727	47,640	--	--	47,640
Uniforms	4,363	--	--	4,363	20,489	--	--	20,489
Utilities	197,981	--	--	197,981	229,705	--	--	229,705
Security	12,819	--	--	12,819	12,528	--	--	12,528
Insurance	113,850	--	--	113,850	115,084	--	--	115,084
Building maintenance	102,200	--	--	102,200	64,840	--	--	64,840
Gardens and grounds maintenance	121,673	--	--	121,673	99,054	--	--	99,054
Other maintenance	7,915	--	--	7,915	12,231	--	--	12,231
Historic structures report	63,598	--	--	63,598	63,600	--	--	63,600
Conceptual land use and master plan	23,108	--	--	23,108	1,763	--	--	1,763
Collections, care and conservation	147,122	--	--	147,122	38,406	--	--	38,406
Loaned and changing exhibitions	139,022	--	--	139,022	199,338	--	--	199,338
Public events	39,027	--	--	39,027	40,146	--	--	40,146
Educational programs	14,551	--	--	14,551	14,272	--	--	14,272
Museum store and rental services	113,214	--	--	113,214	108,332	--	--	108,332
Depreciation	858,717	--	--	858,717	822,015	--	--	822,015
Other	21,364	--	--	21,364	16,972	--	--	16,972
Acquisitions	202,457	--	--	202,457	320,030	--	--	320,030
Interest	1	--	--	1	3	--	--	3
Investment fees	64,522	--	--	64,522	30,778	--	--	30,778
Total expenses	\$ 5,590,733	\$ --	\$ --	\$ 5,590,733	\$ 5,600,879	\$ --	\$ --	\$ 5,600,879
Change in net assets	\$ (496,556)	\$ 2,145,053	\$ --	\$ 1,648,497	\$ (569,674)	\$ (1,964,893)	\$ --	\$ (2,534,567)
Net Assets at beginning of year	\$ 19,705,890	\$ 4,243,633	\$ 6,739,545	\$ 30,689,068	\$ 20,275,564	\$ 6,208,526	\$ 6,739,545	\$ 33,223,635
Net Assets, ending	\$ 19,209,334	\$ 6,388,686	\$ 6,739,545	\$ 32,337,565	\$ 19,705,890	\$ 4,243,633	\$ 6,739,545	\$ 30,689,068

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, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 1,648,497	\$ (2,534,567)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	858,717	822,015
Unrealized and realized (gain) loss on investments	(1,836,222)	2,138,049
Write off obsolete inventory	--	37,647
Write off historic structures report	63,598	63,600
Write off conceptual land use and master plan	23,108	1,763
Changes in assets and liabilities:		
Decrease in accounts receivable	382	10,918
Decrease in accrued interest receivable	5,541	11,790
(Increase) in pledges receivable	(242,998)	(435,123)
(Increase) decrease in prepaid expenses	(18,098)	91,659
Decrease (increase) in grants receivable	25,000	(25,000)
Decrease in inventory	14,085	9,140
Increase in accounts payable	185,265	73,523
(Decrease) increase in deferred revenue	(48,500)	63,500
Increase (decrease) in security deposit	500	(500)
(Decrease) increase in accrued expenses	(13,441)	14,622
Net cash provided by operating activities	<u>\$ 665,434</u>	<u>\$ 343,036</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	\$ (1,212,341)	\$ (567,653)
Purchase of investments	(3,275,037)	(6,196,368)
Proceeds from sale of investments	3,992,896	6,585,635
Net cash (used in) investing activities	<u>\$ (494,482)</u>	<u>\$ (178,386)</u>
Net increase in cash and cash equivalents	\$ 170,952	\$ 164,650
Cash and Cash Equivalents		
Beginning	<u>493,537</u>	<u>328,887</u>
Ending	<u>\$ 664,489</u>	<u>\$ 493,537</u>
Supplemental Disclosures of Cash Flow Information,		
cash payments for interest	<u>\$ 1</u>	<u>\$ 3</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, and farmland, a full service Museum with four galleries, and Museum store, in addition to operating 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 First Battle of Kernstown. The Museum maintains the landscape and farmland of all these properties, each of which offers educational programming and exhibitions to its members and visitors.

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 two 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 market determined by the first-in, first-out method.

Accounts Receivable

Accounts receivable are reported at their net realizable value. At June 30, 2017 and 2016, accounts receivable totaled \$876 and \$1,258, respectively.

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, 2017 and 2016 was \$ 195,162 and \$196,513, respectively.

Notes to Financial Statements

Financial Statement Presentation

Classification of Net Assets

The Museum maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund; however, in the accompanying financial statements, these funds have been combined to focus on the entity as a whole in accordance with accounting standards. This has been done by classification of fund transactions and balances into three categories of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. 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. This Fund's net asset group is generally unrestricted.

Operating Endowment Fund

The Operating Endowment Fund consists mainly of permanently restricted contributions. The income generated by endowment investments is restricted to support general operating expenditures. This Fund's net asset groups may be unrestricted, temporarily restricted, or permanently restricted.

Capital Improvements Fund

The Capital Improvements Fund consists of temporarily restricted contributions which must be used for capital expenditures. This Fund's net asset groups are generally unrestricted and temporarily restricted.

Collections and Exhibitions Fund

The Collections and Exhibitions Fund consists mainly of permanently restricted contributions. The income generated by endowment investments must be used to conserve or acquire collection pieces for the Museum or be used for exhibitions. This Fund's net asset groups may be unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets generally result from revenues, less expenses, derived from providing services, unrestricted contributions, unrealized and realized gains and losses, and dividends and interest from investing in income-producing assets.

Temporarily restricted net assets generally result from contributions whose use by the Museum is limited by donor-imposed stipulations that can be fulfilled and removed by actions of the Museum pursuant to those stipulations. Accounting standards require the release from restriction on temporarily restricted net assets upon incurrence of an expense when both unrestricted and temporarily restricted net assets are available for that purpose.

Notes to Financial Statements

Permanently restricted net assets consist of gifts from donors who have stipulated, as a condition of the gift, that the principal is to be maintained intact in perpetuity and that only the income from the investment be expended either for unrestricted purposes or for purposes stated by the donor.

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, 2017 and 2016, depreciation amounted to \$858,717 and \$822,015, 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, 2017 and 2016, \$3,790 and \$12,915, respectively was designated for collections, and is included in unrestricted net assets.

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, 2017 and 2016, 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

New Accounting Pronouncements

In February 2016, the 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 in fiscal year 2021. Early adoption is permitted. The Museum is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for the Museum in fiscal year 2019. Early adoption is permitted. The Museum is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

Notes to Financial Statements

Note 2. Investments

The Museum's investments at June 30, 2017 and 2016 consisted of the following types of securities valued at their fair market values.

	2017		
	Historical Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and Money Mutual Funds	\$ 1,200,146	\$ 1,200,146	\$ --
Mutual Funds - Corporate Bonds	62,111	62,441	330
Mutual Funds - Government Bonds	249,477	249,051	(426)
Equities	6,978,515	8,850,765	1,872,250
Corporate Bonds	958,506	889,517	(68,989)
Debt Securities	17,500	17,500	--
	\$ 9,466,255	\$ 11,269,420	\$ 1,803,165
	2016		
	Historical Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and Money Mutual Funds	\$ 1,031,613	\$ 1,031,613	\$ --
Mutual Funds - Equity	181,879	181,213	(666)
Mutual Funds - Corporate Bonds	121,050	120,513	(537)
Mutual Funds - Government Bonds	106,789	109,488	2,699
Mutual Funds - Int'l Equity	88,343	85,950	(2,393)
Equities	6,986,909	7,475,907	488,998
Corporate Bonds	1,017,881	1,128,873	110,992
Debt Securities	17,500	17,500	--
	\$ 9,551,964	\$ 10,151,057	\$ 599,093

Notes to Financial Statements

Note 3. Property and Equipment

Property and equipment consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Building	\$ 19,478,652	\$ 19,478,652
Equipment	297,994	239,637
Office equipment	143,800	94,565
Furniture and fixtures	882,772	870,152
Software	99,710	99,710
Vehicles	60,580	60,580
Leasehold improvements	5,927,408	5,408,642
Construction in progress	1,068,936	495,573
	<u>\$ 27,959,852</u>	<u>\$ 26,747,511</u>
Less accumulated depreciation	<u>(8,178,810)</u>	<u>(7,320,093)</u>
	<u>\$ 19,781,042</u>	<u>\$ 19,427,418</u>

Note 4. 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. A substantial portion of Phase One of the Master Plan is complete and 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, 2017 and 2016, \$23,108 and \$1,763, respectively, of the remaining balance of the cost of the Master Plan was expensed.

The Museum will hire a consultant to evaluate the historic structure report for Rose Hill farm. Relevant information will be extracted from the historic structures report to aid in preparation of a Historic American Building Survey (HABS). The Museum has elected a three year write off of the cost of the historic structures report to coincide with the expected due date of the HABS report. In fiscal years ended June 30, 2017 and 2016, \$63,598 and \$63,600, respectively, of the cost of the historic structures report was included in expense.

Notes to Financial Statements

At June 30, 2017 and 2016, the balances consisted of the following:

	<u>2017</u>	<u>2016</u>
Historic structures report	\$ - -	\$ 63,598
Conceptual land use and master plan	<u>207,936</u>	<u>231,044</u>
	<u>\$ 207,936</u>	<u>\$ 294,642</u>

Note 5. 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 has also 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 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 is 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 final parking area with structural maintenance and utility costs associated with the restrooms the responsibility of the County. The Glass-Glen Burnie Museum, Inc. and the Glass-Glen Burnie Foundation agree to pay \$3,200 for trail length increases and \$18,000 for the restroom construction.

Notes to Financial Statements

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 and yard at no additional costs to the Museum, 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 is currently re-negotiating separate written leases at both sites with the farmer.

Note 6. Pledges

The Museum had outstanding pledges receivable of \$849,065 and \$606,067 at June 30, 2017 and 2016, respectively, categorized as follows:

	2017	2016
General fund	\$ 39,000	\$ 19,450
Master plan phase one	--	2,500
Master plan phase two	810,065	583,483
Rose Hill	--	634
	\$ 849,065	\$ 606,067

The outstanding pledges are due as follows:

	2017	2016
Within one year	\$ 226,930	\$ 289,650
Within one to five years	641,999	323,747
	\$ 868,929	\$ 613,397
Less: present value component	19,864	7,330
	\$ 849,065	\$ 606,067

Discount rate was 3.375% for 2017. Discount rate ranged from 0.58% to 0.86% for 2016.

Outstanding pledges receivable for Master Plan Phase Two from the Glass-Glen Burnie Foundation of \$444,456 is included in the total outstanding pledges at June 30, 2017 and is considered due in more than one year.

There was no bad debt expense for each of the years ended June 30, 2017 and 2016.

Notes to Financial Statements

Master Plan Phase One

In prior years, the Glass-Glen Burnie Foundation contributed \$2,500,000 for the preservation of the Glen Burnie house and gardens inclusive of a 2:1 matching contribution up to \$1,500,000. The preservation of Glen Burnie house and gardens was expanded into Phase One of the Master Plan. As of June 30, 2015, all of the Glass-Glen Burnie pledges for this project had been received by the Museum. At June 30, 2016, pledges receivable for Phase One of the Master Plan were \$2,500. There was no outstanding pledges receivable for Phase One of the Master Plan at June 30, 2017.

Master Plan Phase Two

The Glass-Glen Burnie Foundation has pledged to provide a 1:1 matching contribution up to \$3.5 million for pledges received by December 31, 2018 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 Glass-Glen Burnie Foundation will match payments received and not outstanding pledge balances. Cumulative through June 30, 2017, the Museum has recognized \$1,707,385 of contributions, of which \$1,046,429 were from individuals, bequests and grants, and \$660,956 of 1:1 matching funds were from the Glass-Glen Burnie Museum Foundation. Therefore, \$2,839,044 of matching funds are yet to be earned at June 30, 2017. Outstanding pledges receivable were \$810,065 and \$583,483 for the years ending June 30, 2017 and 2016, respectively.

Rose Hill

During fiscal year ended June 30, 2008, the Glass Glen Burnie Foundation pledged \$500,000 for the first phase of stabilization of the farm house, dependency building, barns and battlefield. This amount was paid in full in prior fiscal years. During fiscal year ended June 30, 2012, the Foundation pledged \$800,000 for the preservation of Rose Hill Manor House and Farm. The Foundation pledged an additional \$203,000 in fiscal year ended June 30, 2016 for a new parking lot and access roadway, farm road, gates and interpretive signage for the Rose Hill Farm Park. During fiscal year ended June 30, 2017 and 2016, the Museum received \$634 and \$258,280, respectively, of these pledges. At June 30, 2016, pledges receivable was \$634. There was no outstanding pledges receivable for the year ended June 30, 2017.

Notes to Financial Statements

Note 7. 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 \$97,892 and \$85,018 to the plan for the years ended June 30, 2017 and 2016, 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, 2017 and 2016.

Note 8. 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 9. Related Parties

Two members of the Board are affiliated with banks which the Museum utilizes for investment and deposit accounts.

The Museum (property manager) entered into a sublease agreement with the non-profit organization Preservation of Historic Winchester (lessee) for the rental of the residence 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, 2017 and 2016 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 the year ended June 30, 2012, the Museum received a gift from a corporation owned by a Board member whereby the Board member agreed to pay the down payment and monthly lease for a vehicle used by the Museum. The gift is recognized as payments are made. Payments of \$5,500 were made during year ended June 30, 2016. Upon completion of the 48 month lease term in May 2016, the donor gifted the vehicle to the Museum and valued the vehicle at \$15,000.

Notes to Financial Statements

During fiscal years ended June 30, 2017 and 2016, the Museum utilized the services of a construction company which employs a member of a Board Committee. Payments to this company were \$602,304 and \$68,400 for fiscal years ended June 30, 2017 and 2016, respectively.

During fiscal years ended June 30, 2017 and 2016, the Museum utilized the services of an architectural firm which employs a member of a Board Committee. Payments to this firm were \$20,469 and \$17,464 for fiscal years ended June 30, 2017 and 2016, respectively. The Museum recorded \$883 of in-kind services from this firm during fiscal year ended June 30, 2017.

During fiscal years ended June 30, 2017 and 2016, the Museum utilized an engineering firm of a Board member. Payments to this company were \$20,469 and \$8,000 for fiscal years ended June 30, 2017 and 2016, respectively. The Museum recorded \$14,241 and \$7,825 for in-kind services from this firm during fiscal years 2017 and 2016, respectively.

Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2017 and 2016 were:

	2017	2016
General operating	\$ 46,550	\$ 39,635
Capital	1,335,435	536,633
Collections and exhibitions	4,420,933	3,377,417
Operating endowment	585,768	289,948
	\$ 6,388,686	\$ 4,243,633

Note 11. Permanently Restricted Net Assets

The primary purpose and balance of these net assets as of June 30, 2017 and 2016 are as follows:

	2017	2016
Operating endowment	\$ 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

Notes to Financial Statements

Note 12. Net Assets Released from Restrictions

Net assets during the years ended June 30, 2017 and 2016 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:

	<u>2017</u>	<u>2016</u>
Operating endowment	\$ 173,000	\$ 183,093
General operating	111,930	61,620
Collections and exhibitions	615,012	534,715
Capital	<u>215,232</u>	<u>465,162</u>
	<u>\$ 1,115,174</u>	<u>\$ 1,244,590</u>

Note 13. Commitments

The Museum entered into an agreement with a publishing company to distribute the hardcover library bound book "Treasures of American and English Painting and Decorative Arts: The Julian Wood Glass, Jr. Collection at the Museum of the Shenandoah Valley." The publishing company has physical custody of 1,000 books with a historical cost value of \$91,967 at June 30, 2017 and 2016. The distributor has agreed to pay the Museum of the Shenandoah Valley seventy percent of the net receipts from the sale of the books. The Museum has received no payments from the distributor as of June 30, 2017 and 2016. The books have been written of as obsolete with final write-off of \$37,647 included in expenses of fiscal year ended June 30, 2016.

The Museum has entered into several agreements for loan exhibitions, and conservation services of collection items, and new garden statuary. Payments on these commitments are due upon satisfactory completion of deliverables. As of June 30, 2017, outstanding commitments totaled approximately \$252,925.

The Museum entered into an agreement with a construction company on March 17, 2017 for a guaranteed maximum price of \$2,173,916 for exterior renovations of the Museum building. Subsequent to year-end, the contract amount was increased by two change orders to \$2,341,800. The contract includes a contractor's fee of 5% of the cost of the work. The construction work is being managed by a building envelope engineering firm that bills monthly based upon hourly rates plus reimbursable expenses for services rendered. The architectural firm named in the contract also bills the Museum monthly based upon an hourly rate plus reimbursable expenses for service rendered. The date of substantial completion of the project will occur in fiscal year 2018.

The Museum has signed contractual agreements for various other professional services totaling \$60,742 at June 30, 2017.

Notes to Financial Statements

On December 17, 2014, the Museum entered into an agreement with a contractor. This agreement is a contract for construction of the Museum's Master Plan Phases 2A-2F. (see Note 19 for details). Each phase will be the subject of at least one change order which will include drawings and specifications and will establish a guaranteed maximum price for each phase. The agreement includes preconstruction services and includes a provision that if the project is not constructed following the preconstruction phase of the project phase, the Museum shall reimburse the contractor for all reasonable costs through the preconstruction phase plus a contractor's fee of 5%. As of June 30, 2017, construction of the project had not started and the Museum is not aware of any preconstruction amounts due.

Note 14. Fair Value of Financial Measurements

The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2017 and 2016:

	<u>Balance as of June 30, 2017</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	\$ 11,269,420	\$ 11,269,420	\$ --	\$ --
	<u>Balance as of June 30, 2016</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	\$ 10,151,057	\$ 10,151,057	\$ --	\$ --

Note 15. Line of Credit

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 16). As of June 30, 2017, there was no balance outstanding. Subsequent to year-end, the Museum drew \$1,200,000 of the \$2,500,000 available line of credit (see Note 19).

Notes to Financial Statements

Note 16. 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 permanent endowment funds. The net appreciation (realized and unrealized) is retained as temporarily restricted.

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 Trustees has adopted a spending policy which uses a calculation based on the average market value at the end of the preceding three 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, 2017 was 6% for the General Operating Endowment. The approved annual spending rate for the year ended June 30, 2017 was 7% for the Collections and Exhibitions Endowment.

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, 2017 and 2016 were as follows:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, June 30, 2015	\$ 6,181,026	\$ 6,739,545
Investment income	302,606	--
Net realized and unrealized (losses)	(2,098,459)	--
Appropriation of endowment assets for expenditure	<u>(717,808)</u>	<u>--</u>
Endowment net assets, June 30, 2016	\$ 3,667,365	\$ 6,739,545
Investment income	312,999	--
Net realized and unrealized gains	1,814,349	--
Appropriation of endowment assets for expenditure	<u>(788,012)</u>	<u>--</u>
Endowment net assets, June 30, 2017	<u>\$ 5,006,701</u>	<u>\$ 6,739,545</u>

Notes to Financial Statements

Note 17. Phase One of the Master Plan including Glen Burnie Historic House Preservation Project

The total estimated cost of the First Phase of the Master Plan is approximately \$3.9 million. The Glass-Glen Burnie Foundation has contributed \$2.5 million for this project with additional funding provided by grants and other donations. In addition, the Museum's Board had agreed to allow the use of a maximum of \$700,000 from the capital improvement fund to complete the project with the stipulation that the Museum reimburse the funds to the capital improvement fund in the following seven years. During fiscal year ended June 30, 2017, the Museum's Board removed the requirement that the Museum pay back the capital fund. The total cumulative amount withdrawn from the capital improvements fund to complete Master Plan Phase I as of June 30, 2017 was \$686,454.

Note 18. MSV Building Remediation Project

During the fiscal year ended June 30, 2017, the Museum began renovations to the Museum building. The MSV Building Remediation Project is expected to cost \$3.3 million dollars. The project is expected to be complete in January 2018.

The Museum signed a 60-month term business loan agreement on March 23, 2017 to finance the repairs and improvements to the Museum building including, but not limited to: new roof, windows, exterior stucco, upgrades to lighting, and new exterior irrigation system. The amount of the loan is \$2,500,000, 3.375% fixed interest rate for five years with interest only payments. As of June 30, 2017, the Museum had made no loan draws and had incurred no interest expense.

The Glass-Glen Burnie Foundation donated \$400,000 to the Museum for this project. The Capital Improvements Fund, a board designated investment account of \$330,480, will provide additional funding.

Note 19. Subsequent Events

The Museum has evaluated all subsequent events through October 27, 2017, the date the financial statements were available to be issued.

The Museum entered into a lease with a limited liability company to lease certain farmland consisting of 83.87 acres located in Frederick County, Virginia. This lease is for the term of five years commencing on July 3, 2017. The rent under the lease is \$1,553 per year.

Subsequent to year-end, the Museum drew \$1,200,000 of the \$2,500,000 available line of credit. The line of credit has an interest rate of 3.375% and matures on March 23, 2022 (see Note 15).

Subsequent to June 30, 2017, the Museum's Board of Directors agreed to allow the Museum to use the remaining funds in the capital fund investment account of \$330,480 to provide additional funding for the MSV Building Remediation Project.

Notes to Financial Statements

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. The largest green space and only remaining working farm in Winchester, the MSV has an exciting opportunity to create a thematically unique niche in the cultural community of the Shenandoah Valley. Divided into four 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 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. And 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) is already fully-funded. The next Phase of the Master Plan is critical. Building on the success of Phase One (Stewardship), in Phase Two (Public Trails and Capacity Building) we can address the many financial and logistical issues critical to our long-term sustainability, relevance and public value by increasing our capacity to serve and work with our immediate community.

Although all of Phase Two development of the MSV campus is forecasted to cost over \$26 million, in reviewing our objectives, listening to feedback from Board, staff and the community, and by also considering the strategic plans of other regional institutions and City governments, we determined a new course to fulfill our overarching vision:

- We have organized the Master Plan into *six incremental and manageable projects* (A-F) that allow the MSV to build capacity, audience, partnerships and revenues over the next decade. Each project has been developed as a logical sequence complete with a critical construction schedule that literally builds one project upon another without exhausting time, human and financial resources, or audience.
- MSV Master Plan Phase Two projects A and B, The Trailblazer Campaign, include a new site entrance, a primary trail system complete with trail head, shelters, and restrooms that will be freely open to all neighbors and the greater citizenship - and therefore have the greatest potential for positive community impact. It also includes necessary infrastructure to complete the other aspects of the plan including increased parking and a garden work center. Once construction begins, it is anticipated that completion will take 12-21 months.
- Phase Two project C will include renovation of the site's main barns and construction of a new Orientation building between the gardens and MSV building. Once construction begins, it is anticipated that completion will take 10-12 months.
- Phase Two project D will include expansion of infrastructure, service roads and the construction of an Arts and Education building. Once construction begins, it is anticipated that completion will take 12-24 months.
- Phase Two project E will include a professionally acoustically-designed garden amphitheater and stone artifact wall surround complete with restrooms and a box office. Once construction begins, it is anticipated that completion will take 12-24 months.
- Phase Two project F will include secondary site trails, and renovation and expansion of the MSV's water gardens adjacent to Amherst Street, complete with a pedestrian entrance. Once construction begins, it is anticipated that completion will take 12-24 months.

**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, 2017 and 2016, and have issued our report thereon, dated October 27, 2017, 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 October 27, 2017.

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
October 27, 2017

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

Statement of Financial Position (Fund Basis)

June 30, 2017

(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	\$ 294,947	\$ --	\$ 369,542	\$ --	\$ 664,489
Accounts receivable	876	--	--	--	876
Accrued interest receivable	673	1,923	--	7,301	9,897
Prepaid expenses	135,522	--	--	--	135,522
Pledges receivable, net	39,000	--	187,930	--	226,930
Inventory	30,425	--	--	--	30,425
Total current assets	<u>\$ 501,443</u>	<u>\$ 1,923</u>	<u>\$ 557,472</u>	<u>\$ 7,301</u>	<u>\$ 1,068,139</u>
Noncurrent Assets					
Pledges receivable, net	\$ --	\$ --	\$ 622,135	\$ --	\$ 622,135
Investments	408,533	2,468,366	--	8,392,521	11,269,420
Property and equipment, net of accumulated depreciation	18,712,107	--	1,068,935	--	19,781,042
Other assets	207,936	--	--	--	207,936
Total noncurrent assets	<u>\$ 19,328,576</u>	<u>\$ 2,468,366</u>	<u>\$ 1,691,070</u>	<u>\$ 8,392,521</u>	<u>\$ 31,880,533</u>
Total assets	<u>\$ 19,830,019</u>	<u>\$ 2,470,289</u>	<u>\$ 2,248,542</u>	<u>\$ 8,399,822</u>	<u>\$ 32,948,672</u>
Liabilities and Net Assets					
Current Liabilities					
Security deposit	\$ 500	\$ --	\$ --	\$ --	\$ 500
Accounts payable	60,125	--	279,011	--	339,136
Accrued expenses	246,471	--	--	--	246,471
Deferred revenue	25,000	--	--	--	25,000
Total current liabilities	<u>\$ 332,096</u>	<u>\$ --</u>	<u>\$ 279,011</u>	<u>\$ --</u>	<u>\$ 611,107</u>
Net Assets					
Unrestricted	\$ 19,451,373	\$ (321,874)	\$ 634,096	\$ (554,261)	\$ 19,209,334
Temporarily restricted	46,550	585,768	1,335,435	4,420,933	6,388,686
Permanently restricted	--	2,206,395	--	4,533,150	6,739,545
Total net assets	<u>\$ 19,497,923</u>	<u>\$ 2,470,289</u>	<u>\$ 1,969,531</u>	<u>\$ 8,399,822</u>	<u>\$ 32,337,565</u>
Total liabilities and net assets	<u>\$ 19,830,019</u>	<u>\$ 2,470,289</u>	<u>\$ 2,248,542</u>	<u>\$ 8,399,822</u>	<u>\$ 32,948,672</u>

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

Statement of Activities (Fund Basis)
For the Year Ended June 30, 2017
(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 (Losses)					
Contributions:					
Glass-Glen Burnie Foundation	\$ 2,961,000	\$ --	\$ 844,456	\$ --	\$ 3,805,456
Memberships	101,460	--	--	--	101,460
Grants	14,200	--	--	--	14,200
Other contributions	538,790	--	170,267	--	709,057
Total contributions	\$ 3,615,450	\$ --	\$ 1,014,723	\$ --	\$ 4,630,173
Earned income:					
Admissions	\$ 94,108	\$ --	\$ --	\$ --	\$ 94,108
Educational programs	26,351	--	--	--	26,351
Gift store sales	167,382	--	--	--	167,382
Plant sales	11,712	--	--	--	11,712
Development and membership events	13,734	--	--	--	13,734
Public events	28,730	--	--	--	28,730
Total earned income	\$ 342,017	\$ --	\$ --	\$ --	\$ 342,017
Other revenue and gains (losses):					
Investment income	\$ 11,779	\$ 73,014	\$ --	\$ 239,983	\$ 324,776
Deaccessioning revenue	3,790	--	--	--	3,790
Miscellaneous income	7,717	--	--	--	7,717
Special property use	94,535	--	--	--	94,535
Realized and unrealized gains (losses)	22,563	395,806	(689)	1,418,542	1,836,222
Total other revenue and gains (losses)	\$ 140,384	\$ 468,820	\$ (689)	\$ 1,658,525	\$ 2,267,040
Total support, revenue and gains (losses)	\$ 4,097,851	\$ 468,820	\$ 1,014,034	\$ 1,658,525	\$ 7,239,230

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

Statement of Activities (Fund Basis)

(Continued)

For the Year Ended June 30, 2017

(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	\$ 2,643,326	\$ --	\$ --	\$ --	\$ 2,643,326
Consultants	19,911	--	530	--	20,441
Professional services	125,865	--	63	--	125,928
Transportation	9,682	--	14	--	9,696
Lodging	507	--	--	--	507
Meals	17,057	--	159	--	17,216
Contributions and gifts	40,031	--	--	--	40,031
Development and membership events	50,260	--	5,116	--	55,376
Professional development	35,515	--	--	--	35,515
Research and reference books	724	--	--	--	724
Marketing and promotion	195,162	--	--	--	195,162
Printing	56,818	--	--	--	56,818
Communications	87,762	--	--	--	87,762
Equipment and supplies	52,954	--	1,773	--	54,727
Uniforms	4,363	--	--	--	4,363
Utilities	197,981	--	--	--	197,981
Security	12,819	--	--	--	12,819
Insurance	111,325	--	2,525	--	113,850
Building maintenance	102,200	--	--	--	102,200
Gardens and grounds maintenance	94,792	--	26,881	--	121,673
Other maintenance	7,915	--	--	--	7,915
Historic structures report	63,598	--	--	--	63,598
Conceptual land use and master plan	23,108	--	--	--	23,108
Collections, care and conservation	147,122	--	--	--	147,122
Loaned and changing exhibitions	139,022	--	--	--	139,022
Public events	39,027	--	--	--	39,027
Educational programs	12,739	--	1,812	--	14,551
Museum store and rental services	113,214	--	--	--	113,214
Depreciation	858,717	--	--	--	858,717
Other	21,364	--	--	--	21,364
Acquisitions	202,457	--	--	--	202,457
Interest expense	1	--	--	--	1
Investment fees	10,000	24,356	--	30,166	64,522
Total expenses	<u>\$ 5,497,338</u>	<u>\$ 24,356</u>	<u>\$ 38,873</u>	<u>\$ 30,166</u>	<u>\$ 5,590,733</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, 2017

(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
Change in net assets	\$ (1,399,487)	\$ 444,464	\$ 975,161	\$ 1,628,359	\$ 1,648,497
Other Changes in Net Assets					
Transfers for:					
Capital expenditures	415,070	--	(415,070)	--	--
General operations	148,644	(148,644)	--	--	--
Collections and exhibitions	584,845	--	--	(584,845)	--
Change in net assets	\$ (250,928)	\$ 295,820	\$ 560,091	\$ 1,043,514	\$ 1,648,497
Net Assets, beginning of year	\$ 19,748,851	\$ 2,174,469	\$ 1,409,440	\$ 7,356,308	\$ 30,689,068
Net Assets, end of year					
Unrestricted	\$ 19,451,373	\$ (321,874)	\$ 634,096	\$ (554,261)	\$ 19,209,334
Temporarily restricted	46,550	585,768	1,335,435	4,420,933	6,388,686
Permanently restricted	--	2,206,395	--	4,533,150	6,739,545
Total net assets, ending	\$ 19,497,923	\$ 2,470,289	\$ 1,969,531	\$ 8,399,822	\$ 32,337,565