

MARYHILL MUSEUM OF ART  
FINANCIAL REPORT

For the Years Ended  
December 31, 2014 and 2013

MARYHILL MUSEUM OF ART  
BOARD OF TRUSTEES

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Laura Cheney, Vice President	Maureen Krebs
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ADMINISTRATION

Colleen Schafroth, Executive Director  
35 Maryhill Museum Drive  
Goldendale, WA 98620

MARYHILL MUSEUM OF ART

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# **Onstott, Broehl & Cyphers, P. C.**

**Certified Public Accountants**

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KENNETH L. ONSTOTT, c.p.a.  
JAMES T. BROEHL, c.p.a.  
RICK M. CYPHERS, c.p.a.

WILLIAM S. ROOPER, c.p.a. retired

**MEMBERS:**

American Institute of c.p.a.'s  
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**OFFICES:**

100 EAST FOURTH STREET  
THE DALLES, OREGON 97058  
Telephone: (541) 296-9131  
Fax: (541) 296-6151

1313 BELMONT STREET  
HOOD RIVER, OREGON 97031  
Telephone: (541) 386-6661  
Fax: (541) 308-0178

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Maryhill Museum of Art

We have audited the accompanying financial statements of Maryhill Museum of Art (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 Maryhill Museum of Art as of December 31, 2014 and 2013, 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.

*Onstott, Broehl & Cyphers, P.C*

The Dalles, Oregon  
June 27, 2015

## FINANCIAL STATEMENTS

**MARYHILL MUSEUM OF ART**  
**Statements of Financial Position**  
**December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 126,777	\$ 113,395
Inventory	18,096	22,851
Pledge & Other Receivables	37,850	310,234
Prepaid Insurance	<u>14,182</u>	<u>13,531</u>
Total Current Assets	<u>196,905</u>	<u>460,011</u>
Non-current Assets:		
Pledge & Other Receivables, less current portion	10,000	45,700
Investments	1,571,233	1,390,237
Collections (see note)		
Property & Equipment (net)	<u>11,787,540</u>	<u>12,033,288</u>
Total Non-current Assets	<u>13,368,773</u>	<u>13,469,225</u>
Total Assets	<u><u>\$ 13,565,678</u></u>	<u><u>\$ 13,929,236</u></u>
<b>LIABILITIES AND NET ASSETS:</b>		
Current Liabilities:		
Accounts Payable	\$ 133,603	\$ 54,077
Payroll Liabilities	20,268	16,232
Taxes Payable	1,657	1,746
Deposits	<u>12,300</u>	<u>400</u>
Total Current Liabilities	<u>167,828</u>	<u>72,455</u>
Total Liabilities	<u>167,828</u>	<u>72,455</u>
Net Assets:		
Unrestricted Net Assets:		
Undesignated	11,708,804	12,386,381
Board Designated	510,854	320,486
Temporarily Restricted	238,419	210,141
Permanently Restricted	<u>939,773</u>	<u>939,773</u>
Total Net Assets	<u>13,397,850</u>	<u>13,856,781</u>
Total Liabilities and Net Assets	<u><u>\$ 13,565,678</u></u>	<u><u>\$ 13,929,236</u></u>

The accompanying notes are an integral part of these financial statements.

MARYHILL MUSEUM OF ART  
Statement of Activities  
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE:</b>				
Admissions	\$ 237,307			\$ 237,307
Memberships	49,842			49,842
Merchandise & Food Sales	156,775			156,775
Contributions, Pledges & Bequests	117,656	\$ 48,998		166,654
Government Grants	4,100			4,100
Leases & Rents	339,845			339,845
Memorials/Planned Giving	6,050			6,050
Corporate Gifts/Sponsorships	30,211			30,211
Foundation Gifts/Grants	112,600			112,600
Investment Income	21,683			21,683
Net Gains & Losses on Investments	23,562			23,562
Special Event Revenue	39,666			39,666
Miscellaneous	11,867			11,867
<b>Total Revenue</b>	<b>1,151,164</b>	<b>48,998</b>	<b>-</b>	<b>1,200,162</b>
<b>Net Assets Released from Restriction</b>	<b>20,720</b>	<b>(20,720)</b>		<b>0</b>
	<b>1,171,884</b>	<b>28,278</b>	<b>-</b>	<b>1,200,162</b>
<b>EXPENSES:</b>				
<b>Management &amp; Administrative:</b>				
General & Administrative	118,011			118,011
Development	58,506			58,506
<b>Total Management &amp; General</b>	<b>176,517</b>			<b>176,517</b>
<b>Program Services:</b>				
Education	152,113			152,113
Events	57,258			57,258
Exhibits	214,796			214,796
Collections	100,211			100,211
Membership	28,442			28,442
Buildings	487,368			487,368
Gardens & Grounds	222,693			222,693
Visitor Services	190,319			190,319
<b>Total Program Services</b>	<b>1,453,200</b>			<b>1,453,200</b>
<b>Total Expenses</b>	<b>1,629,717</b>			<b>1,629,717</b>
<b>Change in Net Assets Before Changes Related to Collection Items not Capitalized</b>	<b>(457,833)</b>	<b>28,278</b>	<b>-</b>	<b>(429,555)</b>
<b>Collection Items Purchased</b>	<b>(29,376)</b>			<b>(29,376)</b>
<b>Change in Net Assets</b>	<b>(487,209)</b>	<b>28,278</b>	<b>-</b>	<b>(458,931)</b>
<b>Net Assets at Beginning of Year</b>	<b>12,706,867</b>	<b>210,141</b>	<b>939,773</b>	<b>13,856,781</b>
<b>Net Assets at End of Year</b>	<b>\$ 12,219,658</b>	<b>\$ 238,419</b>	<b>\$ 939,773</b>	<b>\$ 13,397,850</b>

The accompanying notes are an integral part of these financial statements.



**MARYHILL MUSEUM OF ART**  
**Statement of Activities**  
**For the Year Ended December 31, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE:</b>				
Admissions	\$ 261,315			\$ 261,315
Memberships	44,289			44,289
Merchandise & Food Sales	185,855			185,855
Contributions, Pledges & Bequests	86,465	\$ 55,825	\$ 10,000	152,290
Government Grants	27,506			27,506
Leases & Rents	337,748			337,748
Memorials/Planned Giving	4,650			4,650
Corporate Gifts/Sponsorships	34,900			34,900
Foundation Gifts/Grants	26,300			26,300
Investment Income	29,635			29,635
Net Gains & Losses on Investments	45,019			45,019
Change in Value of Split-Interest Agreement	(5,635)			(5,635)
Special Event Revenue	40,336			40,336
Miscellaneous	38,869			38,869
<b>Total Revenue</b>	<b>1,157,252</b>	<b>55,825</b>	<b>10,000</b>	<b>1,223,077</b>
<b>Net Assets Released from Restriction</b>	<b>137,128</b>	<b>(137,128)</b>		<b>0</b>
	<b>1,294,380</b>	<b>(81,303)</b>	<b>10,000</b>	<b>1,223,077</b>
<b>EXPENSES:</b>				
<b>Management &amp; Administrative:</b>				
General & Administrative	114,921			114,921
Development	81,442			81,442
<b>Total Management &amp; General</b>	<b>196,363</b>			<b>196,363</b>
<b>Program Services:</b>				
Education	145,499			145,499
Events	57,255			57,255
Exhibits	234,076			234,076
Collections	92,174			92,174
Membership	25,658			25,658
Buildings	481,156			481,156
Gardens & Grounds	237,055			237,055
Visitor Services	194,173			194,173
<b>Total Program Services</b>	<b>1,467,046</b>			<b>1,467,046</b>
<b>Total Expenses</b>	<b>1,663,409</b>			<b>1,663,409</b>
<b>Change in Net Assets Before Changes</b>				
Related to Collection Items not Capitalized	(369,029)	(81,303)	10,000	(440,332)
<b>Collection Items Purchased</b>	<b>(212)</b>			<b>(212)</b>
<b>Change in Net Assets</b>	<b>(369,241)</b>	<b>(81,303)</b>	<b>10,000</b>	<b>(440,544)</b>
<b>Net Assets at Beginning of Year</b>	<b>13,076,108</b>	<b>291,444</b>	<b>929,773</b>	<b>14,297,325</b>
<b>Net Assets at End of Year</b>	<b>\$ 12,706,867</b>	<b>\$ 210,141</b>	<b>\$ 939,773</b>	<b>\$ 13,856,781</b>

The accompanying notes are an integral part of these financial statements.

**MARYHILL MUSEUM OF ART**  
**Statement of Cash Flows**  
Fro the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (458,931)	\$ (440,544)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	427,047	426,967
Net (Gain) Loss on Investments	(24,797)	(45,019)
Decrease, (Increase) In:		
Inventory	4,755	9,543
Receivables	308,084	232,005
Prepaid Insurance	(651)	1,416
Increase, (Decrease) In:		
Accounts Payable	79,526	28,576
Payroll Liabilities	4,036	1,544
Taxes Payable	(89)	(81)
Deposits	11,900	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>350,880</u>	<u>214,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(316,644)	(253,736)
Sales of Investments	160,444	143,961
Purchases of Fixed Assets	<u>(181,299)</u>	<u>(47,895)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(337,499)</u>	<u>(157,670)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Contributions Restricted for Long-Term Purposes		
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>0</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,381	56,737
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>113,395</u>	<u>56,658</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 126,776</u>	<u>\$ 113,395</u>
<u>SUPPLEMENTAL DISCLOSURE:</u>		
CASH PAID FOR TAXES	<u>\$ 6,203</u>	<u>\$ 6,046</u>

The accompanying notes are an integral part of these financial statements.

**MARYHILL MUSEUM OF ART**  
Notes to Financial Statements  
December 31, 2014 and 2013

**A. THE MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Museum

Maryhill Museum of Art is a not-for-profit corporation, incorporated in the State of Washington in 1923. The Museum's mission is as follows: "From the unique Columbia River Gorge, Maryhill Museum of Art collects, presents and preserves art and historical and natural resources to enrich and educate residents and visitors of the Pacific Northwest." This is accomplished through growth and stewardship of the Museum's unique collections, cultural and natural resources, and presentation of quality exhibitions and educational programs. The Museum's support comes primarily from admissions, dues, merchandise and food sales, investment income, rentals and donor contributions.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded when earned and expenses are reported when incurred.

The Museum's activities and net assets are classified into one of three classes – unrestricted, temporarily restricted and permanently restricted as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed restrictions.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Museum and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Museum to use the income.

Cash Equivalents

The Museum considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Short-term investments and restricted cash and cash equivalents not available for current use, including money market funds and certificates of deposit, are not considered to be cash equivalents for purposes of the statement of cash flows.

Investments

Investments are stated at fair market value based on current quoted market prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Realized and unrealized gains and losses are recorded on the statement of activities as unrestricted.

**MARYHILL MUSEUM OF ART**  
Notes to Financial Statements  
December 31, 2014 and 2013

**A. THE MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
continued

Inventory

Inventory consists primarily of gifts, books and educational materials and other store supplies held for sale to the public and other institutions. Inventory is stated at the lower of cost or market. The Museum determines cost principally by specific identification.

Property and Equipment

Property and equipment are stated at cost. The Museum capitalizes the cost of property and equipment with an estimated useful life in excess of one year. Donated fixed assets are recorded at estimated fair market value on the date donated. Depreciation is recorded on fixed assets using the straight-line method over the estimated useful lives of the assets, from 5 to 48 years. When items are retired, sold or otherwise disposed of the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. The cost of maintenance and repairs is charged to expense when incurred.

Collections

In conformity with the practice followed by many museums, art objects purchased or donated are not included in the accompanying statement of financial position. Such collections are made up of artwork, artifacts and books all with historical significance and are held for educational, exhibit, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Purchases of collection items reduce the proper net asset category in the period when purchased. Proceeds from sales or insurance recoveries are recorded as increases in the proper net asset category when received.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Funds restricted by the donor for a particular purpose are recorded as temporarily or permanently restricted contributions, depending on the nature of restriction. When the Museum has complied with the specific restrictions, such funds are released from restriction and recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the donation.

Income Taxes

The Museum is a non-profit corporation and is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Museum's exempt income tax return (form 990) for the years 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

**MARYHILL MUSEUM OF ART**  
Notes to Financial Statements  
December 31, 2014 and 2013

**A. THE MUSEUM AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
continued

Functional Allocation of Expenses

The costs of providing the Museum's various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based on management's estimates of costs associated with the various activities.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Museum's programs, principally by assisting with membership development and by operating Museum programs. The value of such contributed time is not reflected in the financial statements since they do not meet the criteria for recognition.

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.

Advertising Costs

There are no significant advertising costs for the Museum, which expenses such costs as incurred.

**B. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Maryhill Museum of Art follows generally accepted accounting principles for fair value measurements. Under these standards, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

These standards establish a hierarchy for inputs used in measuring fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Museum. Unobservable inputs are inputs that reflect the Museum's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs.

**MARYHILL MUSEUM OF ART**  
Notes to Financial Statements  
December 31, 2014 and 2013

**B. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued**

Level 1 inputs are based on quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access. Level 2 inputs are based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 3 inputs are unobservable, based on one or more estimates using judgment or other valuation techniques where quoted market prices are not available.

The Museum's financial instruments include cash and cash equivalents and investments. The Museum estimates that the fair value of all financial instruments at December 31, 2014 and 2013 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Museum using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Museum could realize in a current market exchange.

Financial instruments which potentially subject the Museum to concentration of credit risk consist principally of cash equivalents and investments. Concentrations with respect to investments are limited due to their dispersion across various companies and investment types. As of December 31, 2014, the Museum was subject to credit risk of \$498,638 arising from cash investments in excess of SIPC insurance coverage. The estimated fair values of the Museum's financial instruments measured on a recurring basis at December 31, 2014 and 2013 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value Level 1</u>
<u>December 31, 2014</u>		
Financial Assets:		
Cash and Cash Equivalents	\$ 126,777	\$ 126,777
Investments	<u>\$ 1,571,233</u>	<u>\$ 1,571,233</u>
Total	<u><u>\$ 1,698,010</u></u>	<u><u>\$ 1,698,010</u></u>
<u>December 31, 2013</u>		
Financial Assets:		
Cash and Cash Equivalents	\$ 113,395	\$ 113,395
Investments	<u>1,390,237</u>	<u>1,390,237</u>
Total	<u><u>\$ 1,503,632</u></u>	<u><u>\$ 1,503,632</u></u>



**MARYHILL MUSEUM OF ART**  
Notes to Financial Statements  
December 31, 2014 and 2013

**C. INVESTMENTS**

Investments, exclusive of fixed assets, are recorded at fair market value. Market value information of investments at December 31, 2014 and 2013 is as follows:

	2014	2013
CD/Money Accounts	\$ 971,817	\$ 862,555
Equities	238,251	21,131
Corporate Bonds		283,046
Mutual Funds	361,165	223,505
	<u>361,165</u>	<u>223,505</u>
 Total	 <u>\$ 1,571,233</u>	 <u>\$ 1,390,237</u>

Included in the above investment amounts are cash and cash equivalents restricted for the acquisition of property and/or restricted by donors. Restricted cash and cash equivalents included in the above investment amounts for 2014 and 2013 are \$971,818 and \$862,555 respectively. The above investments also include net assets that are unrestricted but board designated for expansion purposes and other future expenses of \$510,854 and \$320,486 at December 31, 2014 and 2013, respectively.

The Museum's investment policy for endowment funds is a conservative investment strategy. Investments shall be diversified to minimize the risk of large losses. The Museum's investment managers shall invest so that they preserve capital, control risk, and adhere to the investment styles of each manager. The investment strategy emphasizes total return; that is the aggregate return from capital appreciation, dividend income, and interest income. The Museum's goal is to exceed a 10% rate of return. Thereafter, spending will be targeted at 5% of the average three year portfolio value.

During 2011 the Board adopted an Endowment and Reserve Policy outlining the goals and processes for funding, accounting for, and use of endowments and reserve funds. The donors of the permanently restricted endowment fund have stipulated the principal must be maintained intact in perpetuity. The Museum's interpretation of donor restricted endowment contributions is that these contributions are required to be preserved to fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. During the current year the contributions have been invested in certificates of deposits and mutual funds. Any earnings from the investments, including realized and unrealized gains or losses, are unrestricted and may be used for any purpose designated by management.

The composition of endowment net assets as of December 31, 2014 and 2013 are as follows:

**MARYHILL MUSEUM OF ART**  
Notes to Financial Statements  
December 31, 2014 and 2013

**C. INVESTMENTS, continued**

	<u>2014</u>	<u>2013</u>
Donor-restricted Endowment Funds:		
Permanently Restricted	<u>\$ 939,773</u>	<u>\$ 939,773</u>

Changes in endowment net assets as of December 31, 2014 and 2013 are as follows:

	<u>Permanently Restricted</u>	
	<u>2014</u>	<u>2013</u>
Endowment Net Assets - beginning of year	\$ 939,773	\$ 929,773
Contributions		10,000
Investment Income	-	-
Net Appreciation	-	-
Program Expenditures	-	-
Endowment Net Assets - end of year	<u>\$ 939,773</u>	<u>\$ 939,773</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Unrestricted:		
Investment income	\$ 21,683	\$ 29,635
Net gains (losses) on investments	<u>23,562</u>	<u>45,019</u>
Total Investment Return	<u>\$ 45,245</u>	<u>\$ 74,654</u>

**D. PLEDGE & OTHER RECEIVABLES**

The Museum has received various pledge amounts from various donors. These pledges are received for various Museum purposes including operating funds, building expansion, collection enhancement, long-term endowments, etc. Pledges are recognized as revenue in the period the pledge is received. These amounts are expected to be collected within one to five years. At this time no allowance for uncollectible amounts has been made. Management believes that any uncollectible amounts are immaterial to the financial statements. Also, pledges to be received after one year are not discounted because management believes this discount is immaterial to the financial statements. Pledge and other receivables at December 31, 2014 and 2013 are as follows:



**MARYHILL MUSEUM OF ART**  
Notes to Financial Statements  
December 31, 2014 and 2013

**D. PLEDGE & OTHER RECEIVABLES, continued**

	<u>2014</u>	<u>2013</u>
Unconditional Pledges	\$ 45,038	\$ 219,974
Trust bequest receivable		132,128
Other receivables	<u>2,812</u>	<u>3,832</u>
Total Pledge & Other Receivables	<u>\$ 47,850</u>	<u>\$ 355,934</u>
Amounts due in:		
Less than one year	\$ 37,850	\$ 310,234
One to five years	<u>10,000</u>	<u>45,700</u>
Total Pledge & Other Receivables	<u>\$ 47,850</u>	<u>\$ 355,934</u>

**E. PROPERTY, BUILDINGS AND EQUIPMENT**

Property, buildings, and equipment consisted of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Depreciable Assets:		
Buildings	\$ 12,717,722	\$ 12,717,722
Furniture, fixtures & equipment	593,771	594,429
Water system	880,331	880,331
Roads & fences	316,117	316,117
Rental buildings & roads	124,987	121,777
Stonehenge	<u>34,221</u>	<u>34,221</u>
Total Depreciable Assets	<u>14,667,149</u>	<u>14,664,597</u>
Less: Accumulated depreciation	<u>(3,309,605)</u>	<u>(2,883,216)</u>
Net Depreciable Assets	<u>11,357,544</u>	<u>11,781,381</u>
Non-Depreciable Assets:		
Land	181,406	181,406
Construction in progress	<u>248,590</u>	<u>70,501</u>
Total Non-Depreciable Assets	<u>429,996</u>	<u>251,907</u>
Total Net Property and Equipment	<u>\$ 11,787,540</u>	<u>\$ 12,033,288</u>

Depreciation expense at December 31, 2014 and 2013 was \$427,047 and \$426,967, respectively.

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**F. LEASES**

The Museum is the lessor of certain real estate used primarily for agricultural purposes under various leases that are accounted for as operating leases. The cost of the land leased is listed above in the notes to property, buildings and equipment. During the current year the Museum also received income from wind power development on their property. The Museum's policy is to record contingent rental income for the period it is earned. Total operating and contingent rental income for 2014 and 2013 aggregated \$339,845 and \$337,748, respectively. Future minimum operating and contingent rental income for the five succeeding fiscal years are as follows:

<u>Year Ending</u>	<u>Minimum Future Rentals</u>
12/31/2015	\$115,427
12/31/2016	115,427
12/31/2017	103,427
12/31/2018	99,427
12/31/2019	99,427
	<hr/>
Total	<u>\$533,135</u>

**G. TAX DEFERRED ANNUITY PROGRAM**

The Museum offers a tax deferred annuity program that is available to all salaried employees after a minimum employment period. Employees may contribute up to 20 percent of their qualified wages subject to a ceiling prescribed by law. The Museum contributes between 3 and 5 percent of the employees' gross annual salaries. During the years ended December 31, 2014 and 2013, the Museum contributed \$11,800 and \$11,613, respectively, to the program.

**H. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2014 and 2013 were available for the following purposes:

	<u>2014</u>	<u>2013</u>
Educational Programs, Exhibits, & Collections	\$ 197,919	\$ 210,141
Future Building & Grounds Repairs	40,500	
	<hr/>	<hr/>
Temporarily Restricted Net Assets	<u>\$ 238,419</u>	<u>\$ 210,141</u>

Temporarily restricted assets were released from restriction by incurring expenses satisfying the restricted purposes and from expiration of donor time restrictions. Purpose restrictions accomplished and donor expiration of time restrictions during the years ended December 31, 2014 and 2013 were:

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**H. TEMPORARILY RESTRICTED NET ASSETS, continued**

	2014	2013
Educational Programs, Exhibits, & Collections	\$ 10,609	\$ 8,101
Building Expansion	2,761	
Land Improvements & Renovation	7,350	
Beneficial interest in irrevocable trust		129,027
Temporarily Restricted Assets Released from Restriction	<u>\$ 20,720</u>	<u>\$ 137,128</u>

**I. SUBSEQUENT EVENTS**

For the financial statements, the Organization evaluated subsequent events through June 27, 2015, the date which the financial statements were issued.

**J. COMMITMENTS**

In 2011 the Organization entered into an agreement with the Washington Department of Commerce wherein it conveyed a deed of trust to Commerce as a condition of receiving certain grant funds. Under this agreement Commerce holds a deed of trust on Maryhill real property for a period of 10 years from the date of final payment of grant funds (June 20, 2013). Upon satisfaction of the ten-year term requirement and all other grant terms and conditions, Commerce will take appropriate action to reconvey the deed of trust.