

MARYHILL MUSEUM OF ART  
FINANCIAL REPORT

For the Years Ended  
December 31, 2016 and 2015

MARYHILL MUSEUM OF ART

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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.  
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RICK M. CYPHERS, c.p.a.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Maryhill Museum of Art

We have audited the accompanying financial statements of Maryhill Museum of Art (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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, 2016 and 2015, 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  
May 20, 2017

## FINANCIAL STATEMENTS

**MARYHILL MUSEUM OF ART**  
**Statements of Financial Position**  
December 31, 2016 and 2015

	2016	2015
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 62,970	\$ 162,246
Inventory	19,922	19,507
Pledge & Other Receivables	19,500	14,000
Prepaid Insurance	4,123	4,747
Total Current Assets	106,515	200,500
Non-current Assets:		
Pledge & Other Receivables, less current portion	39,990	34,400
Investments	1,438,703	1,385,608
Collections (see note)	-	-
Property & Equipment (net)	12,399,405	11,515,378
Total Non-current Assets	13,878,098	12,935,386
Total Assets	\$ 13,984,613	\$ 13,135,886
<b>LIABILITIES AND NET ASSETS:</b>		
Current Liabilities:		
Accounts Payable	\$ 127,652	\$ 81,748
Payroll Liabilities	16,734	15,791
Taxes Payable	1,626	1,941
Notes Payable - Equipment	2,132	-
Deposits	400	400
Total Current Liabilities	148,544	99,880
Total Liabilities	148,544	99,880
Net Assets:		
Unrestricted Net Assets:		
Undesignated	12,263,102	11,474,348
Board Designated	286,681	251,071
Temporarily Restricted	162,179	290,814
Permanently Restricted	1,124,107	1,019,773
Total Net Assets	13,836,069	13,036,006
Total Liabilities and Net Assets	\$ 13,984,613	\$ 13,135,886

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

**MARYHILL MUSEUM OF ART**  
Statement of Activities  
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, LOSSES, &amp; RECLASSIFICATIONS:</b>				
Admissions	\$ 273,372			\$ 273,372
Memberships	38,600			38,600
Merchandise & Food Sales	196,031			196,031
Contributions, Pledges & Bequests	92,032	\$ 93,174	\$ 12,334	197,540
Government Grants	10,000	970,000		980,000
Leases & Rents	324,690			324,690
Memorials/Planned Giving	2,787			2,787
Corporate Gifts/Sponsorships	16,550	22,500		39,050
Foundation Gifts/Grants	21,785	133,500	92,000	247,285
Investment Income	9,984			9,984
Net Gain on Disposal of Property & Equipment	430			430
Net Gains & Losses on Investments	36,124			36,124
Special Event Revenue	47,681			47,681
Miscellaneous	19,178			19,178
	1,089,244	1,219,174	104,334	2,412,752
Total Revenue, Gains, & Losses				
Net Assets Released from Restriction	1,347,809	(1,347,809)		-
Total Revenues, Gains, Losses, & Reclassifications	2,437,053	(128,635)	104,334	2,412,752
<b>EXPENSES:</b>				
Management & Administrative:				
General & Administrative	118,325			118,325
Development	50,813			50,813
	169,138			169,138
Total Management & General				
Program Services:				
Education	155,003			155,003
Events	38,945			38,945
Exhibits	216,730			216,730
Collections	79,773			79,773
Membership	31,690			31,690
Buildings	493,039			493,039
Gardens & Grounds	226,714			226,714
Visitor Services	212,959			212,959
	1,454,853			1,454,853
Total Program Services				
Total Expenses	1,623,991			1,623,991
Change in Net Assets Before Changes Related to Collection Items not Capitalized	813,062	(128,635)	104,334	788,761
Proceeds from Sale of Collection Items	34,356			34,356
Collection Items Purchased	(23,054)			(23,054)
Change in Net Assets	824,364	(128,635)	104,334	800,063
Net Assets at Beginning of Year	11,725,419	290,814	1,019,773	13,036,006
Net Assets at End of Year	\$ 12,549,783	\$ 162,179	\$ 1,124,107	\$ 13,836,069

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



**MARYHILL MUSEUM OF ART**  
Statement of Activities  
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, LOSSES, &amp; RECLASSIFICATIONS:</b>				
Admissions	\$ 260,869			\$ 260,869
Memberships	44,342			44,342
Merchandise & Food Sales	183,027			183,027
Contributions, Pledges & Bequests	61,086	\$ 106,535		167,621
Government Grants	27,784			27,784
Leases & Rents	318,498	4,000		322,498
Memorials/Planned Giving	1,390			1,390
Corporate Gifts/Sponsorships	25,518	3,938		29,456
Foundation Gifts/Grants	20,767	20,000	\$ 80,000	120,767
Investment Income	16,392			16,392
Net Gains & Losses on Investments	13,372			13,372
Special Event Revenue	64,363			64,363
Miscellaneous	64,373			64,373
<b>Total Revenue, Gains, &amp; Losses</b>	<b>1,101,781</b>	<b>134,473</b>	<b>80,000</b>	<b>1,316,254</b>
Net Assets Released from Restriction	82,078	(82,078)		-
<b>Total Revenues, Gains, Losses, &amp; Reclassifications</b>	<b>1,183,859</b>	<b>52,395</b>	<b>80,000</b>	<b>1,316,254</b>
<b>EXPENSES:</b>				
<b>Management &amp; Administrative:</b>				
General & Administrative	114,107			114,107
Development	47,796			47,796
<b>Total Management &amp; General</b>	<b>161,903</b>			<b>161,903</b>
<b>Program Services:</b>				
Education	157,677			157,677
Events	74,917			74,917
Exhibits	227,189			227,189
Collections	90,179			90,179
Membership	24,794			24,794
Buildings	486,759			486,759
Gardens & Grounds	246,756			246,756
Visitor Services	204,626			204,626
<b>Total Program Services</b>	<b>1,512,897</b>			<b>1,512,897</b>
<b>Total Expenses</b>	<b>1,674,800</b>			<b>1,674,800</b>
Change in Net Assets Before Changes Related to Collection Items not Capitalized	(490,941)	52,395	80,000	(358,546)
Collection Items Purchased	(3,298)			(3,298)
<b>Change in Net Assets</b>	<b>(494,239)</b>	<b>52,395</b>	<b>80,000</b>	<b>(361,844)</b>
Net Assets at Beginning of Year	12,219,658	238,419	939,773	13,397,850
<b>Net Assets at End of Year</b>	<b>\$ 11,725,419</b>	<b>\$ 290,814</b>	<b>\$ 1,019,773</b>	<b>\$ 13,036,006</b>

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

**MARYHILL MUSEUM OF ART**  
Statement of Cash Flows  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 800,063	\$ (361,844)
Adjustments to reconcile Change in Net Assets to Net Cash provided (used) by Operating Activities:		
Depreciation	436,694	430,003
Net (Gain) Loss Disposal of Property & Equipment	(430)	-
Donated Stock	(21,558)	(5,980)
Contributions restricted for long-term purposes	(104,334)	(80,000)
Net (Gain) Loss on Investments	(36,124)	(13,372)
Collection Items Purchased	23,054	3,298
Sale of Collection Items	(34,356)	-
Decrease, (Increase) in:		
Inventory	(415)	(1,411)
Receivables	(11,090)	(550)
Prepaid Insurance	624	9,435
Increase, (Decrease) in:		
Accounts Payable	(15,080)	(78,408)
Payroll Liabilities	943	(4,477)
Taxes Payable	(315)	284
Deposits	-	(11,900)
	<u>1,037,676</u>	<u>(114,922)</u>
Net Cash Provided (Used) by Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(290,153)	(416,255)
Sales of Investments	338,364	607,353
Acquisition of Restricted Assets	(931,172)	(298,009)
Proceeds from Restricted Assets	887,547	311,889
Purchase of Collection Items	(23,054)	(3,298)
Proceeds from Sale of Collection items	34,356	-
Proceeds from Sale of Property & Equipment	2,000	-
Purchases of Property & Equipment	(1,252,645)	(131,289)
	<u>(1,234,757)</u>	<u>70,391</u>
Net Cash Provided (Used) by Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Notes Payable	(6,529)	-
Contributions Restricted for Long-Term Purposes	104,334	80,000
	<u>97,805</u>	<u>80,000</u>
Net Cash Provided (Used) by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(99,276)	35,469
Cash and Cash Equivalents at Beginning of Year	<u>162,246</u>	<u>126,777</u>
Cash and Cash Equivalents at End of Year	<u>\$ 62,970</u>	<u>\$ 162,246</u>

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

## MARYHILL MUSEUM OF ART

Notes to Financial Statements

December 31, 2016 & 2015

### 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. Future support is expected to be provided so that the Museum can continue to provide its current programs and activities.

#### 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.

#### Basis of Presentation

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 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. These investments are exposed to market risk which is dependent on the future changes in the market prices of these investments held.

## MARYHILL MUSEUM OF ART

### Notes to Financial Statements

December 31, 2016 & 2015

#### 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.

## MARYHILL MUSEUM OF ART

### Notes to Financial Statements

December 31, 2016 & 2015

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

##### 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 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

##### 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, collections, programs and exhibitions, membership, and marketing. 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts and disclosures during the reporting period. Accordingly, actual results could differ from those estimates.

##### Advertising Costs

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

**MARYHILL MUSEUM OF ART**

Notes to Financial Statements

December 31, 2016 & 2015

**B. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents and pledges and other receivables approximate fair value because of the short maturity of these financial instruments. The carrying amounts of investments are at fair value. Fair value for investments are determined by reference to quoted market prices within active markets for similar investments and using other relevant information if determined necessary. Financial Instruments which potentially subject the Museum to concentration of credit risk consist of cash equivalents and investments. Concentrations with respect to investments are subject to market risk which is dependent on the future changes in market prices of the various investments held. The Museum's financial instruments at December 31, 2016 and 2015 are as follows:

<u>December 31, 2016</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 62,970	\$ 62,970
Pledge and other receivables	59,490	59,490
Investments	1,438,703	1,438,703
<u>December 31, 2015</u>		
Financial Assets:		
Cash and cash equivalents	162,246	162,246
Pledge and other receivables	48,400	48,400
Investments	\$ 1,385,608	\$ 1,385,608

# MARYHILL MUSEUM OF ART

## Notes to Financial Statements

December 31, 2016 & 2015

### C. INVESTMENTS

Investments are recorded at fair market value. The Museum follows generally accepted accounting principles for fair value measurements. These standards establish a hierarchy for inputs used in measuring fair value. The hierarchy is broken down into three levels. 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. There were no changes in valuation techniques in this reporting period. Fair value measurements for investments reported on a recurring basis at December 31, 2016 and 2015 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	2016	2015
Investments:		
CD/Money Accounts	\$ 790,864	\$ 740,925
Equities	489,605	289,601
Mutual Funds	158,234	355,082
Total Investments	<u>\$ 1,438,703</u>	<u>\$ 1,385,608</u>

Included in the above investment amounts are cash and cash equivalents restricted by donors for the endowment and future project and program expenses. Restricted cash and cash equivalents included in the above investment amounts for 2016 and 2015 are \$790,864 and \$740,925 respectively. The above investments also include net assets that are unrestricted but board designated for future expenses of \$286,681 and \$251,071 at December 31, 2016 and 2015, 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 6% rate of return. Thereafter, spending will be targeted at 5% of the average three year portfolio value.

**MARYHILL MUSEUM OF ART**

Notes to Financial Statements

December 31, 2016 & 2015

C. INVESTMENTS, continued

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, 2016 and 2015 are as follows:

	2016	2015
Donor-restricted Endowment Funds:		
Permanently Restricted	\$ 1,124,107	\$ 1,019,773

Changes in endowment net assets as of December 31, 2016 and 2015 are as follows:

	Permanently Restricted	
	2016	2015
Endowment Net Assets - beginning of year	\$ 1,019,773	\$ 939,773
Contributions	104,334	80,000
Investment Income	-	-
Net Appreciation	-	-
Program Expenditures	-	-
Endowment Net Assets - end of year	\$ 1,124,107	\$ 1,019,773

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2016 and 2015:

	2016	2015
Unrestricted:		
Investment income	\$ 9,984	\$ 16,392
Net gains (loss) on investments	36,124	13,372
Total Investment Return	\$ 46,108	\$ 29,764



**MARYHILL MUSEUM OF ART**

Notes to Financial Statements

December 31, 2016 & 2015

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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Pledges receivable	\$ 59,490	\$ 48,400
Other receivables	<u>-</u>	<u>-</u>
Total Pledge & Other Receivable	<u>\$ 59,490</u>	<u>\$ 48,400</u>
Amounts due in:		
Less than one year	\$ 19,500	\$ 14,000
One to five years	<u>39,990</u>	<u>34,400</u>
Total Pledge & Other Receivable	<u>\$ 59,490</u>	<u>\$ 48,400</u>

**MARYHILL MUSEUM OF ART**

Notes to Financial Statements

December 31, 2016 & 2015

E. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Depreciable Assets:		
Buildings	\$ 14,020,343	\$ 12,717,722
Furniture, fixtures, & equipment	669,998	666,135
Water System	1,074,022	1,064,948
Roads & fences	450,106	332,066
Rental buildings & roads	120,539	125,737
Stonehenge	34,221	34,221
	<u>16,369,229</u>	<u>14,940,829</u>
Less: Accumulated depreciation	<u>(4,151,230)</u>	<u>(3,735,618)</u>
Net Depreciable Assets	<u>12,217,999</u>	<u>11,205,211</u>
Non-Depreciable Assets:		
Land	181,406	181,406
Construction in progress	<u>-</u>	<u>128,760</u>
Total Non-Depreciable Assets	<u>181,406</u>	<u>283,614</u>
Total Net Property and Equipment	<u>\$ 12,399,405</u>	<u>\$ 11,515,378</u>

Depreciation expense at December 31, 2016 and 2015 was \$436,694 and \$430,003, respectively.

## MARYHILL MUSEUM OF ART

### Notes to Financial Statements

December 31, 2016 & 2015

#### 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 2016 and 2015 aggregated \$324,690 and \$322,498, 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>
12/31/2017	\$ 110,927
12/31/2018	110,927
12/31/2019	110,927
12/31/2020	110,927
12/31/2021	<u>106,927</u>
Total	<u>\$ 550,635</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, 2016 and 2015, the Museum contributed \$11,742 and \$12,151, respectively, to the program.

#### H. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Educational Programs, Exhibits, & Collections	\$ 158,179	\$ 212,337
Future Building & Grounds Repairs	<u>4,000</u>	<u>78,477</u>
Temporarily Restricted Net Assets	<u>\$ 162,179</u>	<u>\$ 290,814</u>

## MARYHILL MUSEUM OF ART

Notes to Financial Statements

December 31, 2016 & 2015

### H. TEMPORARILY RESTRICTED NET ASSETS, continued

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, 2016 and 2015 were:

	<u>2016</u>	<u>2015</u>
Educational Programs, Exhibits, & Collections	\$ 82,158	\$ 59,379
Building/Land Improvement & Renovations	<u>1,265,651</u>	<u>22,699</u>
Temporarily Restricted Assets Released from Restriction	<u>\$ 1,347,809</u>	<u>\$ 82,078</u>

### I. COMMITMENTS

In 2011 and in 2015 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 and December 22, 2016). 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.

### J. SUPPLEMENTAL CASH FLOWS INFORMATION

The Museum had noncash investing and financing transactions of donated stock received of \$21,558. Also building improvement costs pertaining to their stucco project totaling \$60,984 were incurred but unpaid at December 31, 2016, and thus were excluded from the statement of cash flows for the year then ended. These costs are reflected in accounts payable at December 31, 2016. The Museum also purchased a new copy machine by assuming a note payable for \$8,661 which was the cost of this equipment.

### K. EVALUATION OF SUBSEQUENT EVENTS

The Museum has evaluated subsequent events through May 20, 2017, which is the date the financial statements were available to be issued.