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Maryhill Museum of Art

Financial Statements

Independent Auditor's Report

December 31, 2019



Maryhill Museum of Art

Board of Trustees and Administration Staff

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Karel Moersfelder, Vice President	Dean Schlenker
Byron Henry, Secretary	Scott Sonniksen
Bob Moco, Treasurer	Michael Oros
Ian Grabenhorst, Immediate Past President	Dean Ozuna
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Nancy Leahy	Laura Muehleck
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Administration

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

Maryhill Museum of Art

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MATHEW D. PETERSEN

ANGELA M. PRATT

RYAN D. SMITH



INDEPENDENT AUDITOR'S REPORT

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Board of Trustees
Maryhill Museum of Art
Goldendale, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Maryhill Museum of Art (the Museum) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Petersen CPAs + Advisors, PLLC

June 20, 2020

Maryhill Museum of Art
Statement of Financial Position
December 31, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 134,489
Inventory	41,787
Pledges receivable, current portion	3,000
Other receivables	1,400
Total current assets	180,676

Property and Equipment (net)

11,781,723

Other Assets

Pledges receivable, less current portion	6,000
Investments	1,618,709
Total other assets	1,624,709

Total Assets

\$ 13,587,108

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 30,023
Payroll liabilities	17,395
Taxes payable	2,337
Current portion of note payable	6,908
Deposits	-
Total current liabilities	56,663

Long-Term Liability

Note payable-equipment, net of current maturities	16,119
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Net Assets

Net assets without donor restrictions	12,066,259
Net assets with donor restrictions	1,448,067
Total net assets	13,514,326

Total liabilities and net assets

\$ 13,587,108

Maryhill Museum of Art
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Admissions	\$ 275,756	\$ -	\$ 275,756
Memberships	42,095	-	42,095
Merchandise and food sales	179,429	-	179,429
Contributions, pledges, and bequests	115,077	124,070	239,147
Government grants	8,237	-	8,237
Leases and rents	309,279	-	309,279
Memorials/planned giving	5,550	-	5,550
Corporate gift/sponsorships	9,400	-	9,400
Foundation gifts/grants	148,469	-	148,469
Investment income	22,058	-	22,058
Realized/unrealized gain on investments	167,956	-	167,956
Special events revenue	45,970	-	45,970
Miscellaneous	34,218	-	34,218
Total revenue and support	1,363,494	124,070	1,487,564
Net assets released in satisfaction of restrictions	89,005	(89,005)	-
Total revenue and support	1,452,499	35,065	1,487,564
Expenses			
Program services	1,272,455	-	1,272,455
Support services	282,878	-	282,878
Total expenses	1,555,333	-	1,555,333
Change in Net Assets, Before Changes			
Related to Collection Items	(102,834)	35,065	(67,769)
Collection items purchased	(4,842)	-	(4,842)
Changes in Net Assets	(107,676)	35,065	(72,611)
Net Assets, Beginning of Year	12,173,935	1,413,002	13,586,937
Net Assets, End of Year	\$ 12,066,259	\$ 1,448,067	\$ 13,514,326

See accompanying notes to financial statements.

Maryhill Museum of Art
Statement of Functional Expenses
Year Ended December 31, 2019

	<u>Program Services</u>			
	<u>Education</u>	<u>Exhibits</u>	<u>Collections</u>	<u>Membership</u>
Salaries and benefits	\$ 71,733	\$ 116,602	\$ 55,576	\$ 16,504
Depreciation	-	-	-	-
Contracted services	17,339	39,282	6,238	416
Food, beverages, merchandise	4,631	746	64	376
Utilities	-	-	-	-
Supplies	15,081	9,012	1,864	699
Payroll taxes	6,301	10,242	4,882	1,450
Travel, meetings, training	1,834	1,800	5,725	-
Repairs and maintenance	595	54	20	80
Insurance	-	2,279	4,830	-
Printing and copying	3,415	1,728	-	2,852
Postage and shipping	335	868	117	1,079
Bank fees	193	-	-	214
Advertising	787	-	-	-
Business taxes	-	-	-	-
Miscellaneous	-	-	-	-
Memberships, dues, subscriptions	60	-	171	-
Licenses, permits, fees	60	-	-	-
Equipment rental	-	-	-	-
Security	-	1,565	1,565	-
	<u>\$ 122,364</u>	<u>\$ 184,178</u>	<u>\$ 81,052</u>	<u>\$ 23,670</u>

Program Services			Support Services		
Buildings and Grounds	Visitor Services	Subtotal	General and Administrative	Fundraising and Development	Total
\$ 108,686	\$ 87,214	\$ 456,315	\$ 35,018	\$ 66,072	\$ 557,405
374,106	-	374,106	-	-	374,106
61,660	5,642	130,577	24,565	53,306	208,448
321	82,661	88,799	937	1,424	91,160
50,651	-	50,651	9,200	-	59,851
15,026	4,908	46,590	6,767	6,579	59,936
9,547	7,661	40,083	3,076	5,805	48,964
5,231	1,206	15,796	-	289	16,085
15,842	1,123	17,714	800	106	18,620
18,805	-	25,914	7,408	-	33,322
-	-	7,995	-	13,805	21,800
-	1,379	3,778	464	1,493	5,735
-	-	407	14,903	2,229	17,539
-	-	787	-	13,835	14,622
8,203	-	8,203	1,008	-	9,211
-	31	31	-	1,750	1,781
-	-	231	2,910	550	3,691
723	565	1,348	3,813	60	5,221
-	-	-	2,055	2,651	4,706
-	-	3,130	-	-	3,130
<u>\$ 668,801</u>	<u>\$ 192,390</u>	<u>\$ 1,272,455</u>	<u>\$ 112,924</u>	<u>\$ 169,954</u>	<u>\$ 1,555,333</u>

Maryhill Museum of Art
Statement of Cash Flows
Year Ended December 31, 2019

Reconciliation of Changes in Net Assets to Net Cash

Provided by Operating Activities

Changes in net assets	\$ (72,611)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	374,106
Contributions restricted for long-term purposes	56,000
Unrealized gain on investments	(164,825)
(Increase) decrease in assets:	
Inventory	6,562
Receivables	1,411
Increase (decrease) in liabilities:	
Accounts payable	(2,802)
Payroll liabilities	1,696
Taxes payable	604
Deposits	(400)
Total adjustments	272,352
Net cash provided by operating activities	199,741

Cash flows from Investing Activities

Purchase of investments	(4,952,751)
Sale of investments	4,871,938
Purchase of property and equipment	(36,000)
Net cash used by investing activities	(116,813)

Cash flows from Financing Activities

Cash received from long-term borrowing	-
Principal payments on note payable	(6,908)
Contributions restricted for long-term purposes	(56,000)
Net cash used by financing activities	(62,908)

Net Increase in Cash and Cash Equivalents

20,020

Cash and Cash Equivalents, Beginning of Year

114,469

Cash and Cash Equivalents, End of Year

\$ 134,489

See accompanying notes to financial statements.

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 1 – Organization and Summary of Significant Accounting Policies:

Museum:

Maryhill Museum of Art (the Museum) 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.

Summary of Significant Accounting Policies:

Basis of Presentation – The Museum prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenditures are recognized when incurred.

Cash and 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 purpose of the statement of cash flows.

Investments – The Museum has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 958. Under ASC 958, investments in marketable securities with readily determinable values, and all instruments in debt securities are reported at their fair values in the Statement of Activities and Changes in Net Assets.

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 net realizable value. The Museum determines cost principally by specific identification.

Collections – Collections consist of artwork, artifacts, and books all with historical significance, and are held for educational, exhibit, research, and curatorial purposes. In conformity with industry practice, the Museum does not capitalize its collections in the accompanying statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired and as net assets with donor restrictions if the assets used to purchase the items are restricted by the donors. Proceeds from de-accessions or insurance recoveries are reflected as increases in the appropriate net asset category.

The Museum employs a full-time employee to manage stewardship of the artifacts and collection, under the direction of the Executive Director and Board of Trustees. Each piece is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued):

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.

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 reported as net assets with donor restrictions that increases that net asset class. 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.

Admissions – Revenues from admissions are recorded at the point of sale.

Memberships – Revenues from memberships are recognized at the point of sale.

Auxiliary activities – Revenues from auxiliary activities primarily include sales from the Museum’s store and café and are recognized on receipt.

Classification of Net Assets – The Museum reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to or no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Classification of Revenues – Individual and corporate contributions (gifts, pledges, and bequests) are generally available for use in the Museum’s primary activity without restrictions unless contributions are made with donor-imposed stipulations.

Periodically, the Museum hosts fund raising benefit events. There are generally no restrictions from this support and the funds are used for the Museum’s primary activity and general operations.

Fees charged for admissions, memberships, retail sales, and cafe sales, and leases of certain land for agricultural purposes are generally not restricted and the funds are used for the Museum’s primary activity and general operations.

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 1 – Organization and Summary of Significant Accounting Policies (continued):

Federal Income Tax – The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Museum follows FASB ASC Section 740, which clarifies the uncertainty in income taxes. Management has evaluated the Museum’s tax positions and has concluded that the Museum has taken no uncertain tax positions that require adjustments to the financial statements, or that call into question the Museum’s tax status.

Functional Expense Allocation – The costs of providing the Museum’s various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. 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, exhibitions, membership, and marketing. The value of such contributed time is not reflected in the financial statements since it does not meet the criteria for recognition.

Advertising Costs – The Museum charges advertising costs to expenses as incurred. Advertising expense for the year ended December 31, 2019 was \$14,622.

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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Subsequent Events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Museum recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Museum’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements were available to be issued.

The Museum has evaluated subsequent events through June 20, 2020, which is the date the financial statements were available to be issued. *(Also see Note 13)*

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 2 – Investments and Fair Value Measurements:

The Museum’s investments consisted of the following at December 31, 2019:

Description	Cost	Accumulated Unrealized Gain (Loss)	Fair Value	Fair Value % of Total Assets
Money Accounts/CD's	\$ 592,831	\$ 3,651	\$ 596,482	4.4%
Equities	473,352	157,756	631,108	4.6%
Government Securities	335,688	248	335,936	2.5%
Mutual Funds	47,808	7,375	55,183	0.4%
Total	<u>\$ 1,449,679</u>	<u>\$ 169,030</u>	<u>\$ 1,618,709</u>	<u>11.9%</u>

FASB ASC Section 820 establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Section 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Museum has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset’s 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.

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 2 – Investments and Fair Value Measurements (continued):

Following is a description of the valuation methodologies used for assets stated at fair value. There were no changes to the methodologies used during the year ended December 31, 2019.

Level 1 – Certificates of deposit, money market funds, mutual funds, government securities, and equities are valued at the closing price reported in the active market in which the individual securities are traded. The fair value of the mutual funds is based on quoted net asset values of the shares held by the Museum at year end.

Level 2 – The Museum had no investments that are classified as Level 2 at December 31, 2019.

Level 3 – The Museum had no investments that are classified as Level 3 at December 31, 2019.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the Museum’s 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.

Fair value measurements for investments reporting on a recurring basis at December 31, 2019 were as follows:

	Level 1	Level 2	Level 3	Total
Money Accounts/CD's	\$ 596,482	\$ -	\$ -	\$ 596,482
Equities	631,108	-	-	631,108
Government Securities	335,936	-	-	335,936
Mutual Funds	55,183	-	-	55,183
Total	<u>\$ 1,618,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,618,709</u>

Note 3 – Endowment Funds:

The endowment consists of funds established to support specific purposes. The Museum classifies and reports net assets associated with endowment funds based on the existence or absence of donor-imposed restrictions. The donors of the permanently restricted endowment fund have stipulated the principal must be maintained intact in perpetuity.

The Board of Trustees originally adopted, in 2005, an Endowment and Reserve Policy (the Policy) outlining the goals and processes for funding, accounting for, and use of endowments and reserve funds. The Policy has been continuously updated, with the most recent revision in 2015.

The Board of Trustees of the Museum has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 3 – Endowment Funds (continued):

Any earnings from the investments, including realized and unrealized gains or losses, are unrestricted and may be used for any purpose designated by management.

In accordance with PMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investment, (6) other resources of the Museum, and (7) the Museum’s investment policies.

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.

The composition of endowment net assets as of December 31, 2019 is as follows:

Donor-restricted endowment funds:	
Permanently restricted	<u>\$ 1,269,107</u>

Changes in endowment net assets as of December 31, 2019 are as follows:

Endowment Net Assets - beginning of year	\$ 1,213,107
Contributions	56,000
Investment income	-
Net appreciation	-
Program expenditures	-
Endowment Net Assets - end of year	<u>\$ 1,269,107</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2019:

Without donor restrictions:	
Investment income	\$ 22,058
Net loss on investments	<u>167,956</u>
Total investment return	<u>\$ 190,014</u>

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 4 – Pledges Receivable:

The Museum receives various pledges from 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 as the pledges are unconditional. These amounts are expected to be collected within one to five years. At this time no allowance for uncollectible amounts has been made, as management believes that any uncollectible amounts are not material to the financial statements. Also, pledges to be received after one year are not discounted because management believes this discount is not material to the financial statements. Pledges receivable at December 31, 2019 are as follows:

Pledges receivable		\$	9,000
			9,000
			9,000
Amount due in:			
Less than one year		\$	3,000
One to five years			6,000
			6,000
Total pledges receivable		\$	9,000
			9,000

Note 5 –Property and Equipment:

Property and equipment consisted of the following at December 31, 2019:

Depreciable assets:			
Buildings		\$	14,021,074
Furniture, fixtures, & equipment			691,042
Water system			1,074,022
Roads and fences			486,746
Rental buildings and roads			126,538
Stonehenge			34,221
Total depreciable assets			16,433,643
Less: accumulated depreciation			4,833,326
			11,600,317
Land			181,406
			181,406
Total net property and equipment		\$	11,781,723
			11,781,723

Depreciation expense for the year ended December 31, 2019 was \$374,106.

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 6 – 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. The Museum also receives income from wind power development of their property. The Museum’s policy is to record contingent rental income during the period it is earned. Total operating and contingent rental income for 2019 aggregated \$309,279. Future minimum operating and contingent rental income for succeeding fiscal years are as follows:

<u>December 31,</u>	<u>Amount</u>
2020	\$ 115,427
2021	111,427
2022	99,427
2023	90,750
	<u>417,031</u>
	<u>\$ 417,031</u>

Note 7 – 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 ceiling prescribed by law. The Museum contributes between 3 and 5 percent of the employees’ gross annual salaries. During the year ended December 31, 2019, the Museum contributed \$13,073 to the program.

Note 8 – Note Payable:

Note payable consisted of the following:

Note payable to Kubota, non-interest bearing, with monthly principal payments of \$575, maturing April, 2023	\$ 23,027
	23,027
Less current maturities	(6,908)
	<u>\$ 16,119</u>

Future maturities of long-term debt are as follows:

<u>Years Ending</u> <u>December 31,</u>		
2020	\$	6,908
2021		6,908
2022		6,908
2023		2,303
	<u>\$</u>	<u>23,027</u>

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 9 – Net Assets Without Donor Restrictions:

From net assets without donor restrictions of \$12,066,259, the Board of Trustees has designated a quasi-endowment of \$151,454 as of December 31, 2018.

Board-designated quasi-endowment	\$ 282,561
Undesignated	<u>11,783,698</u>
Total net assets without donor restriction	<u>\$ 12,066,259</u>

Note 10 – Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019:

Subject to expenditure for specified purpose:	
Educational programs, exhibits, and collections	\$ 178,960
Future buildings and grounds repairs	<u>-</u>
Subtotal	178,960
Investment in perpetuity	<u>1,269,107</u>
Total net assets with donor restrictions	<u>\$ 1,448,067</u>

Note 11 – Commitments:

In 2011 the Museum 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 Museum of Art real property for a period of 10 years from the date of the 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.

Maryhill Museum of Art
Notes to Financial Statements
December 31, 2019

Note 12 - Liquidity:

The following table reflects the Museum's financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board-designated assets. The designations could be drawn upon if the Board approves that action.

Financial assets:	
Cash and cash equivalents	\$ 134,489
Inventory	41,787
Pledges receivable due within one year	3,000
Other receivables	<u>1,400</u>
Financial assets at year end	<u>180,676</u>
Financial assets available to meet cash needs for general expenditures within one year	
	<u>\$ 180,676</u>

As part of liquidity management, the Museum has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses, which would be approximately \$265,000 as of December 31, 2018. The Museum's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The balance of the board-designated quasi-endowment fund is intended by the Board of Trustees to be used for future operational needs. However, the Board of Trustees may release a portion of the fund if there is a liquidity need.

Note 13 – Subsequent Event:

Beginning around March, 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of this pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty. However, subsequent to December 31, 2019, the investment and credit markets have experienced significant volatility. As a result, a substantial portion of the Museum's investments may have experienced significant declines.