

**THE BLOWING ROCK ART AND
HISTORY MUSEUM, INC.**

Financial Statements

For the years ended December 31, 2018 and 2017

COMBS, 
TENNANT & CARPENTER, P.C.
Certified Public Accountants

**THE BLOWING ROCK ART AND
HISTORY MUSEUM, INC.**

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December 31, 2018

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Vice President -George Ball

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THE BLOWING ROCK ART AND HISTORY MUSEUM, INC.
Blowing Rock, North Carolina

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Blowing Rock Art and History Museum, Inc.
Blowing Rock, North Carolina

We have audited the accompanying financial statements of The Blowing Rock Art and History Museum, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 of 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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 financial statement 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 opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of The Blowing Rock Art and History Museum, Inc. as of December 31, 2018 and 2017, 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.

COMBS, TENNANT & CARPENTER, P.C.

COMBS, TENNANT & CARPENTER, P.C.
Certified Public Accountants
Boone, North Carolina

February 18, 2019

Financial Statements

THE BLOWING ROCK ART AND HISTORY MUSEUM, INC.

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 187,003	\$ 134,296
Accounts receivable, net	12,203	9,538
Pledges receivable, net	20,000	2,215
Investments	968,114	782,543
Museum collection	1,225,542	1,169,875
Fixed assets, net	5,697,039	5,888,487
Total assets	<u>\$ 8,109,901</u>	<u>\$ 7,986,954</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 17,785	\$ 14,789
Accrued liabilities	1,756	579
Deferred revenue	30,500	25,470
Total liabilities	<u>50,041</u>	<u>40,838</u>
Net assets:		
Without donor restrictions	6,177,555	6,434,273
With donor restrictions	1,882,305	1,511,843
Total net assets	<u>8,059,860</u>	<u>7,946,116</u>
Total liabilities and net assets	<u>\$ 8,109,901</u>	<u>\$ 7,986,954</u>

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

THE BLOWING ROCK ART AND HISTORY MUSEUM, INC.

Statements of Activities

For the Years Ended December 31, 2018 and 2017

Changes in net assets without donor restrictions:	<u>2018</u>	<u>2017</u>
Revenues and gains:		
Contributions	\$ 113,098	\$ 63,869
Memberships	322,220	309,186
Admissions and programs	31,975	47,125
Event revenues	102,868	69,915
Facility rents	3,950	12,768
Exhibit underwriting	55,205	26,050
In-kind contributions	100	100
Grants	-	-
Interest and dividends	37,455	10,626
Realized and unrealized gains (losses) on investments	(89,727)	89,094
Sales	22,609	11,338
	<hr/>	<hr/>
Total revenues and gains without donor restrictions	599,753	640,071
Net assets (added to) released from restrictions	14,326	38,374
	<hr/>	<hr/>
Total revenues, gains, and other support without donor restrictions	614,079	678,445
Expenses:		
Program services	515,664	500,189
General and administrative	261,395	254,582
Fund raising	93,738	74,465
	<hr/>	<hr/>
Total expenses	870,797	829,236
	<hr/>	<hr/>
Increase (decrease) in net assets without donor restrictions	(256,718)	(150,791)
	<hr/>	<hr/>
Changes in net assets with donor restrictions:		
Contributions	329,121	53,034
Collection contributions	55,667	72,950
Collection valuation adjustment	-	-
Net assets added to (released from) restrictions	(14,326)	(38,374)
	<hr/>	<hr/>
Increase (decrease) in net assets with donor restrictions	370,462	87,610
	<hr/>	<hr/>
Increase (decrease) in net assets	113,744	(63,181)
	<hr/>	<hr/>
Net assets at beginning of year	7,946,116	8,009,297
	<hr/>	<hr/>
Net assets at end of year	\$ 8,059,860	\$ 7,946,116
	<hr/>	<hr/>

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

THE BLOWING ROCK ART AND HISTORY MUSEUM, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Supporting Services			Totals December 31, 2018
	Program Services	General and Administrative	Fund Raising	
Salaries and wages	\$ 167,577	\$ 132,992	\$ 66,042	\$ 366,611
Taxes and licenses	801	400	801	2,002
Meals and entertainment	-	-	-	-
Utilities	33,794	16,898	5,633	56,325
Repairs and maintenance	-	53,705	-	53,705
Advertising	12,924	4,308	4,308	21,540
Office equipment	-	1,296	-	1,296
Insurance	-	19,858	-	19,858
Dues and subscriptions	493	985	492	1,970
Professional fees	-	15,605	-	15,605
Postage	137	411	137	685
Printing	-	26	-	26
Membership	10	-	8,541	8,551
Events	47,803	1,273	1,350	50,426
Meetings and travel	-	174	-	174
Bank charges	44	22	2,064	2,130
Merchant fees	1,763	882	1,763	4,408
Bad debt	-	-	-	-
Gift shop	-	10,606	-	10,606
Exhibits	42,499	-	-	42,499
Programming	15,980	-	-	15,980
Inventory valuation adjustment	-	-	-	-
Miscellaneous	391	1,954	2,607	4,952
Depreciation	191,448	-	-	191,448
Total expenses	\$ 515,664	\$ 261,395	\$ 93,738	\$ 870,797

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

THE BLOWING ROCK ART AND HISTORY MUSEUM, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Supporting Services			Totals December 31, 2017
	Program Services	General and Administrative	Fund Raising	
Salaries and wages	\$ 170,246	\$ 138,517	\$ 58,305	\$ 367,068
Taxes and licenses	-	1,820	202	2,022
Meals and entertainment	-	-	-	-
Utilities	35,611	17,805	5,935	59,351
Repairs and maintenance	-	35,350	-	35,350
Advertising	11,650	1,664	3,329	16,643
Office equipment	-	684	-	684
Insurance	-	20,128	-	20,128
Dues and subscriptions	144	2,337	-	2,481
Professional fees	-	13,644	-	13,644
Postage	672	897	672	2,241
Printing	-	-	-	-
Membership	20	-	5,218	5,238
Events	14,337	374	747	15,458
Meetings and travel	-	250	-	250
Bank charges	-	2,413	-	2,413
Merchant fees	-	3,664	-	3,664
Bad debt	-	-	-	-
Gift shop	-	11,916	-	11,916
Exhibits	26,398	-	-	26,398
Programming	18,945	-	-	18,945
Inventory valuation adjustment	-	-	-	-
Miscellaneous	10,175	3,119	57	13,351
Depreciation	211,991	-	-	211,991
Total expenses	\$ 500,189	\$ 254,582	\$ 74,465	\$ 829,236

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

THE BLOWING ROCK ART AND HISTORY MUSEUM, INC.

Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from revenues and gains	\$ 634,970	\$ 739,307
Cash paid to employees and suppliers	<u>(344,420)</u>	<u>(724,120)</u>
Net cash provided (used) by operating activities	<u>290,550</u>	<u>15,187</u>
Cash flows from investing activities:		
(Purchases) sales of investments	(237,843)	(234,386)
(Purchases) sales of property and equipment	<u>-</u>	<u>(8,642)</u>
Net cash provided (used) by investing activities	<u>(237,843)</u>	<u>(243,028)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	-	-
Payments on long-term debt	<u>-</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash	52,707	(227,841)
Beginning cash	<u>134,296</u>	<u>362,137</u>
Ending cash	<u><u>\$ 187,003</u></u>	<u><u>\$ 134,296</u></u>
Reconciliation of change in net assets to net cash used by operating activities:		
Change in net assets	<u>\$ 113,744</u>	<u>\$ (63,181)</u>
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	191,448	211,991
Interest and dividend income	(37,455)	(10,626)
Unrealized (gains) and losses	89,727	(89,094)
(Increase) decrease in accounts receivable	(2,665)	(5,573)
(Increase) decrease in pledges receivable	(17,785)	4,138
(Increase) decrease in museum collection	(55,667)	(72,950)
Increase (decrease) in accounts payable	2,996	14,789
Increase (decrease) in deferred revenue	5,030	25,470
Increase (decrease) in accrued liabilities	<u>1,177</u>	<u>223</u>
Total adjustments	<u>176,806</u>	<u>78,368</u>
Cash flows provided (used) by operating activities	<u><u>\$ 290,550</u></u>	<u><u>\$ 15,187</u></u>

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

THE BLOWING ROCK ART AND HISTORY MUSEUM, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – Summary of Significant Accounting Policies:

ORGANIZATION – The Blowing Rock Art and History Museum, Inc., located in Blowing Rock, North Carolina, is organized and operated exclusively for charitable purposes in accordance with Section 501(c)(3) of the Internal Revenue Code. The mission of Organization is to promote the visual arts, history, and heritage of the mountains through educational programs, exhibitions, and significant permanent collections. Funding for the Organization is derived primarily from donor contributions and membership dues.

BASIS OF ACCOUNTING - The financial statements of The Blowing Rock Art and History Museum, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION – Net assets of the organization and changes therein may be classified and reported as follows:

Net Assets without Donor Restrictions---Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions---Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

CASH AND EQUIVALENTS - Cash and equivalents include cash on hand and term certificates of deposit at financial institutions with an initial maturity of three months or less.

INVESTMENTS – Investments in equity securities with readily determinable market values and all investments in debt securities are measured at fair value in the statement of financial position. The Organization’s investments include various types of investment securities which are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the financial statements. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the increase in unrestricted net assets in the accompanying statement of activities unless the income or loss is restricted by donor or law.

DONATED ASSETS – Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

losses on investments, interest and dividends) is included in the increase in unrestricted net assets in the accompanying statement of activities unless the income or loss is restricted by donor or law.

DONATED ASSETS – Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

DONATED PROPERTY AND EQUIPMENT – Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies restricted net assets to unrestricted net assets at that time.

DONATED SERVICES – Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the fiscal years ended December 31, 2018 and 2017, professional services of \$100 and \$100 respectively were donated and recognized. A substantial number of volunteers also donated a significant amount of time to the Organization's operations and program services throughout the years that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

FUNCTIONAL EXPENSES – The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPORT AND REVENUES - Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or designated by the Board of Trustees.

ACCOUNTS RECEIVABLE - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. For the fiscal years ended December 31, 2018 and 2017 management feels that uncollectable accounts are immaterial and as such, no allowance has been recorded.

MUSEUM COLLECTION – The Organization maintains a collection of visual art and items of cultural significance. Items are capitalized and carried at cost if purchased, or at fair value as determined by independent appraisal on the date of gift if donated. Items without an independent appraisal are catalogued and maintained by the Organization’s staff, but are not accessed into the collection.

PROPERTY AND EQUIPMENT - Property and equipment with estimated useful lives greater than one year and cost of more than \$5,000 are capitalized and carried at cost if purchased, or fair value at the date of gift if donated. Depreciation is charged over the estimated life of each asset on the straight-line method. Asset lives range from seven to forty years for buildings and improvements, and three to seven years for computers, office equipment, and furniture and fixtures.

INCOME TAXES – The Blowing Rock Art and History Museum, Inc. is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. The Organization’s Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

ACCOUNTING ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles 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.

PLEDGES – Unconditional pledges to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. Allowances for uncollectible accounts are established annually based on historical collection experience of the Organization. An allowance for uncollectible pledges was not deemed necessary for fiscal years ended December 31, 2018 and 2017.

NOTE 2 – Pledges receivable:

Pledges at December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Unconditional pledges	\$ 20,000	\$ 2,215
Less allowance for uncollectible pledges	-	-
Total pledges, net	<u>\$ 20,000</u>	<u>\$ 2,215</u>

NOTE 3 – Fair Value Measurements:

The carrying value of the Organization's receivables and accounts payable approximate the fair value of these financial instruments at December 31, 2018 and 2017 due to the short maturities of these instruments.

Fair value measurement rules define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and require the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. In that regard, accounting rules establish a fair value hierarchy for valuation inputs that give the highest priority to 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 are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Inputs to valuation methodology include significant other observable inputs, other than Level 1 inputs, such as quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset 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.

A description of the valuation methodologies used for significant assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, are set forth below:

Investments and Collections: Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Level 1 securities include short-term investment funds, money market funds, exchange traded equities, and fixed income mutual funds. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices or securities with similar characteristics, or discount cash flow.

Level 2 securities include alternative investments which are redeemable at net asset value per share within a reasonable time period.

Level 3 securities include funds which are valued at net asset value per share, which are not redeemable in the near term, and works of art accessed into the collection with independent certified appraisals.

The following table summarizes significant assets measured at fair value on a recurring basis as of December 31, 2018, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Fair Value Measurements at December 31, 2018 Using:					
	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities/Mutual funds	\$ 968,114	\$ 968,114	\$ -	\$ -	
Museum Collection	1,225,542	-	-	1,225,542	
	<u>\$ 2,193,656</u>	<u>\$ 968,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,225,542</u>

The following table summarizes significant assets measured at fair value on a recurring basis as of December 31, 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Fair Value Measurements at December 31, 2017 Using:					
	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities/Mutual funds	\$ 782,543	\$ 782,543	\$ -	\$ -	
Museum Collection	1,169,875	-	-	1,169,875	
	<u>\$ 1,952,418</u>	<u>\$ 782,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,169,875</u>

NOTE 4 – Investment Income:

Long-term investments are stated at fair value and consist of money market funds, governmental and corporate bonds, mutual funds and common stocks, and other investments. Investment income (loss) is composed of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 37,455	\$ 10,626
Realized and unrealized gains (losses)	<u>(89,727)</u>	<u>89,094</u>
Total investment return	<u>\$ (52,272)</u>	<u>\$ 99,720</u>

NOTE 5 – Interpretation of relevant law:

The Organization’s endowment consists of various individual funds established for a variety of purposes. Its endowment includes funds designated by the Board to function as endowments as well as funds received with donor-imposed restrictions. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets and maintained as such for appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA and donors' restrictions on use. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the organization.
7. The investment policies of the organization.

Endowment net asset composition by type of funds at December 31, 2018:

	Unrestricted	Restricted	Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 16,000	\$ 562,396	\$ 578,396
Board-designated endowment funds	216,841	-	-	216,841
Total Funds	<u>\$ 216,841</u>	<u>\$ 16,000</u>	<u>\$ 562,396</u>	<u>\$ 795,237</u>

Endowment net asset composition by type of funds at December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 303,701	\$ 303,701
Board-designated endowment funds	259,583	-	-	259,583
Total Funds	<u>\$ 259,583</u>	<u>\$ -</u>	<u>\$ 303,701</u>	<u>\$ 563,284</u>

NOTE 6 – Net Assets with Donor Restrictions:

Net assets with temporary restrictions are available for the following purposes or periods at December 31:

	<u>2018</u>	<u>2017</u>
Acquisitions	\$ 2,782	\$ 4,027
Alexanders art lecture fund	1,238	2,360
Cultural fund	613	713
Flower fund	19,105	19,105
Exhibits fund	21,480	3,096
Executive director discretionary fund	1,571	203
Building fund	1,625	-
Education fund	2,729	-
Miscellaneous restricted funds	33,800	6,249
Programming fund	2,361	300
Capital campaign	-	2,214
Curator's discretionary fund	2,560	-
Donations for admissions	2,553	-
Professional development	1,950	-
Museum collection	1,225,542	1,169,875
	<u>\$ 1,319,909</u>	<u>\$ 1,208,142</u>

Net assets with permanent restrictions consist of fund assets to be held indefinitely. The income generated from the assets can be used to support various Organization general activities at the discretion of the Board of Trustees. The Organization received donor-stipulated permanently restricted funds of \$258,695 and \$27,721 for the years ended 2018 and 2017, respectively. Assets carrying permanent restrictions were \$562,396 at December 31, 2018 and \$303,701 at December 31, 2017.

NOTE 7 – Fixed Assets:

A detail of the fixed assets at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Building	\$ 6,874,578	\$ 6,874,578
Chestnut Street Paving	20,792	20,792
Computer and Office Equipment	95,927	95,927
Furniture & Fixtures	282,094	282,094
	7,273,391	7,273,391
Less accumulated depreciation	<u>1,576,352</u>	<u>1,384,904</u>
Total fixed assets, net	<u>\$ 5,697,039</u>	<u>\$ 5,888,487</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$191,448 and \$211,991, respectively. The Organization entered into a 50 year lease agreement with the Town of Blowing Rock on August 12, 2003 for use of the land on which the museum is located. Accordingly, the Organization does not recognize the land as an asset.

NOTE 8 – Risk Management:

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization carries commercial coverage for risk of loss. Claims did not exceed coverage in the past fiscal year. At December 31, 2018, The Organization’s deposit accounts had a carrying amount of \$187,003 and a bank balance of \$182,694. All of the bank balance was insured by the Federal Deposit Insurance Corporation. At December 31, 2017, The Organization’s deposit accounts had a carrying amount of \$134,296 and a bank balance of \$133,322.

NOTE 9- Liquidity and Availability of Financial Assets:

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2018</u>	<u>2017</u>
Financial assets at year-end	\$ 1,187,320	\$ 928,592
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to maintain as an endowment	<u>562,396</u>	<u>303,701</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 624,924</u>	<u>\$ 624,891</u>

NOTE 10 – Subsequent Events:

Management has evaluated subsequent events through February 18, 2019 – the date the financial statements were available to be issued.