

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

REVIEWED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

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Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

4437 Brookfield Corporate Dr., Suite 205-D
Chantilly, VA 20151

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Shenandoah Valley Discovery Museum, Inc.
Winchester, Virginia

We have reviewed the accompanying financial statements of Shenandoah Valley Discovery Museum, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles general accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Shenandoah Valley Discovery Museum, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the Unites States of America.



Certified Public Accountants
Chantilly, Virginia

November 21, 2022

Metro: (703) 631-8940

FAX: (703) 631-8939

Toll Free 1-877-631-8940

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

Current Assets	
Cash and cash equivalents	\$ 419,888
Contributions receivable, current	7,134
Inventory	4,276
Prepaid expenses	9,570
Total Current Assets	<u>440,868</u>
Contributions receivable, net of current portion	<u>35,112</u>
Property and Equipment	
Property and Equipment	5,237,892
Less: Accumulated depreciation and amortization	(1,625,213)
Total Property and Equipment	<u>3,612,679</u>
Other Assets	
Investments	750,075
Cash value of life insurance	41,107
Capital Reserve Fund (Note 2)	40,022
Total Other Assets	<u>831,204</u>
Total Assets	<u><u>\$ 4,919,863</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	\$ 15,642
Deferred member dues	24,914
Deferred revenue	28,852
Total Liabilities	<u>69,408</u>
Net Assets	
Without donor restrictions	4,197,806
With donor restrictions in perpetuity	652,649
Total Net Assets	<u>4,850,455</u>
Total Liabilities and Net Assets	<u><u>\$ 4,919,863</u></u>

See the accompanying notes and independent accountant's review report.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - in Perpetuity</u>	<u>Total</u>
Revenues and Support			
Contributions and donations	\$ 285,147	\$ 600	\$ 285,747
Admission fees	250,690	-	250,690
Investment income	75,348	1,512	76,860
Annual event - net of expenses of \$7,042	54,653	-	54,653
Membership dues	50,307	-	50,307
Museum shop sales	19,125	-	19,125
Miscellaneous income	1,357	-	1,357
Total Revenues and Support	<u>736,627</u>	<u>2,112</u>	<u>738,739</u>
Expenses			
Program services	503,991	-	503,991
Management and general	99,472	-	99,472
Fundraising	53,423	-	53,423
Total Expenses	<u>656,886</u>	<u>-</u>	<u>656,886</u>
Change in Net Assets Before Other Income	79,741	2,112	81,853
Other Income			
CARES Act grant - Note 6	<u>102,915</u>	<u>-</u>	<u>102,915</u>
Change in Net Assets	182,656	2,112	184,768
Net Assets at Beginning of Year	<u>4,015,150</u>	<u>650,537</u>	<u>4,665,687</u>
Net Assets at End of Year	<u><u>\$4,197,806</u></u>	<u><u>\$ 652,649</u></u>	<u><u>\$4,850,455</u></u>

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Supporting Services				Total
	Program Services	Management and General	Fund- raising	Total Supporting Services	
Expenses					
Payroll	\$ 194,077	\$ 64,860	\$ 35,555	\$ 100,415	\$ 294,492
Depreciation	142,213	4,491	2,994	7,485	149,698
Summer camp and programs	27,842	-	-	-	27,842
Computer	16,655	5,552	5,552	11,104	27,759
Payroll taxes	15,497	5,179	2,839	8,018	23,515
Utilities	18,296	973	195	1,168	19,464
Maintenance	16,398	872	174	1,046	17,444
Insurance	13,134	1,545	773	2,318	15,452
Benefits	10,726	1,914	1,049	2,963	13,689
Bank fees	8,382	-	931	931	9,313
Supplies and store expenses	8,002	445	445	890	8,892
Cost of goods sold	6,880	-	-	-	6,880
Professional fees	14	6,486	-	6,486	6,500
Miscellaneous	1,315	5,024	43	5,067	6,382
Advertising	4,808	283	566	849	5,657
Exhibits	5,268	-	-	-	5,268
Printing and copying	4,105	483	241	724	4,829
Telephone	3,565	357	40	397	3,962
Dues, licenses and permits	3,033	487	225	712	3,745
Training, meeting and travel	3,331	-	-	-	3,331
Postage	-	496	738	1,234	1,234
Fundraising	-	-	696	696	696
Visiting artist	450	-	-	-	450
Books and subscriptions	-	25	367	392	392
Total Expenses	\$ 503,991	\$ 99,472	\$ 53,423	\$ 152,895	\$ 656,886

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

Cash flows from operating activities	
Change in net assets	\$ 184,768
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	149,698
Gain on investments	(59,151)
Changes in operating assets and liabilities:	
Decrease in contributions receivable	6,076
Decrease in inventory	1,141
Increase in capital reserve fund	(4,651)
Decrease in accounts payable and accrued expenses	(5,456)
Decrease in deferred member dues	(4,291)
Increase in deferred revenue	25,852
	<u>293,986</u>
Net cash provided by operating activities	<u>293,986</u>
Cash flows from investing activities	
Proceeds from sale of investments	866,411
Purchases of investments	<u>(883,479)</u>
Net cash used in investing activities	<u>(17,068)</u>
Change in cash and cash equivalents	276,918
Cash and cash equivalents, beginning of year	<u>142,970</u>
Cash and cash equivalents, end of year	<u><u>\$ 419,888</u></u>

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountant's Review Report)

NOTE 1 – Organization and Summary of Significant Accounting Policies

The Shenandoah Valley Discovery Museum, Inc. (the Museum) was incorporated in 1993 as a non-stock, non-profit organization under the laws of the Commonwealth of Virginia. The mission of the Museum is to spark curiosity and inspire learning through exploration and creative play. The Museum operates as a charitable and educational organization and has approximately 600 members. The Museum's primary sources of funds are from contributions, donated services, admissions, educational program fees and store sales.

A summary of the Museum's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

- (a) **Basis of Accounting** – The Museum prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.
- (b) **Basis of Presentation** – To ensure observance of limitations and restrictions placed on the use of resources available to the Museum, resources for various purposes are classified for accounting purposes into classes established according to their nature and purpose. Under these principles, the Museum's net assets are classified as without donor restrictions and with donor restrictions.

Without Donor Restrictions – represents resources, which have met applicable award restrictions, and/or resources generated by sources other than from the award.

With Donor Restrictions – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor. As of December 31, 2021, the Museum had net assets with donor restrictions in perpetuity of \$652,649.

- (c) **Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Museum considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.
- (d) **Cash Value of Life Insurance** – The Museum owns and is the beneficiary of a donor's life insurance policy. The policy is held at the policy's cash surrender value. The Museum will receive the policy proceeds upon the death of the insured donor. The cash surrender value on this policy as of December 31, 2021, was \$41,107.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountant's Review Report)

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

- (e) **Investments** – Investments in securities are reported at fair value based on readily determinable market values in the Statement of Financial Position. Fair value is 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. Donated investments are recorded at fair value on the date of donation. Investment income or loss (including gains and losses on investments, interest and dividends) is included in net assets without donor restrictions in the Statement of Activities unless the income or loss is restricted by donor or law.

- (f) **Support and Revenues** – Support and revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Contributions, including unconditional promises, are reported as with donor restrictions support if they are received with donor restrictions that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction support. Amounts due to be received or paid in more than one year are discounted to their net present value. Changes in discounts are recognized as contribution revenue or expense over the period of the pledge.

Earned Revenue other than memberships include admissions, sale of merchandise, educational programs, parties, and special events. The sale of goods or access to the Museum facilities results in the satisfaction of the Museum's performance obligation. Accordingly, the Museum recognizes revenue at the point of sale.

Since the Museum generates its revenue from individuals out of their discretionary income, its revenue sources are directly linked to the local and regional economy. These factors could impact the amount, timing, and uncertainty of revenue and cash flows.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant’s Review Report)

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

(g) Contributions Receivable – Contributions receivable consist of donor pledges. Contributions receivable that are expected to be received in more than one year are recorded at the present value of the estimated future cash flows, discounted at the risk-free rate. The pledge expected to be received in more than one year is equal to the cash surrender value (CSV) of the donor’s annuity contract. Because the future earnings on the CSV are expected to exceed the amount discounted, the pledge is recorded at its current CSV. Management periodically reviews the status of the contributions receivable balances for collectability. Each receivable balance is assessed based on management’s knowledge of and relationship with the customer and the age of the receivable balance, and accounts are charged to expense in the year they become uncollectible. All pledges are deemed collectible and therefore an allowance for doubtful pledges is not considered necessary. For the year end December 31, 2021 bad debt expense was \$-0-.

Contributions receivable are expected to be collected in the following periods:

Less than one year	\$ 7,134
One year to five years	35,112
Less allowance for uncollectible pledges	-
Less present value discount	-
	<u>\$ 42,246</u>

(h) Property and Equipment – The Museum capitalizes property and equipment acquisitions at cost or estimated fair value at time of donation, for any item in excess of \$1,000 and depreciates these items using the straight-line method over their estimated useful lives. The estimated useful lives are:

Museum Exhibits and Displays	7 years
Furniture and Equipment	3 to 10 years
Building and Improvements	39 years
Vehicles	5 years

Property and equipment are reported net of accumulated depreciation. Expenditures for repairs and maintenance that do not extend the useful life of an asset and small items and supplies are expensed as incurred. Depreciation expense for the year ended December 31, 2021, was \$149,698.

(i) Inventory – Inventory consists primarily of educational and promotional items and toys held for sale that are valued at the lower of cost or market on an average cost basis, with shipping and handling cost included in the cost of goods sold for inventoried items sold. Management determined that a reserve for obsolete inventory was unnecessary as of December 31, 2021.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountant's Review Report)

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

- (j) **Deferred Revenue** – Deferred revenue consists principally of membership dues and prepaid admission receipts received in advance of the applicable term.
- (k) **Functional Allocation of Expenses** - The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities benefited. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure.
- (l) **Membership Dues** – Membership dues consist of access to the Museum for the period of time specified in the membership agreement. Depending upon the level of membership purchased, dues can also include guest passes, and access to other similar museums and programs. The Museum considers the performance obligations created by memberships to be satisfied in similar pattern. Accordingly, all membership revenue is recognized over the length of the membership agreement.
- (m) **Recently Issued Accounting Standard** – In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Museum is currently evaluating the impact of their pending adoption of the new standard on its financial statements.
- (n) **Uncertain Tax Positions** – As of December 31, 2021, the Museum has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2018 through 2020.
- (o) **Income Tax Matters** – The Museum is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code on all income other than unrelated business income. The Museum has been classified as an organization that is not a private foundation.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountant's Review Report)

NOTE 1 – Organization and Summary of Significant Accounting Policies (Concluded)

- (p) **Taxes Assessed by Governmental Authorities** – Taxes collected on behalf of governmental authorities on revenue producing transactions, such as sales taxes, are recorded as liabilities on the statement of financial position. These amounts are not included in sales and cost of goods sold on the statement of activities.
- (q) **Concentration of Credit and Market Risk** – The Museum occasionally maintains deposits in excess of federally insured limits. These items are identified as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Museum has not experienced any losses in such accounts. The Museum's investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified amongst issuers.
- (r) **Advertising Costs** – Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2021 were \$5,657.

NOTE 2 – Investments and Fair Value

Generally accepted accounting principles established a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories based on the inputs used in valuation:

Level 1. Quoted prices in active markets for identical assets or liabilities. The Museum considers all of its investments to be Level 1 aside from the Community Foundation of the Northern Shenandoah Valley (the "Foundation") non-endowed agency fund.

Level 2. Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data. In fiscal year 2017 the Museum's Board of Directors set aside \$10,000 to create a capital reserve fund and was invested with the Foundation. As of December 31, 2021, the investment is valued at \$40,022 and is classified as Level 2 in the fair value hierarchy.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountant's Review Report)

NOTE 2 – Investments and Fair Value (continued)

Investments consist of the following as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$459,432	\$ -	\$ -	\$459,432
Corporate bonds	257,340	-	-	257,340
Cash and cash equivalents	<u>33,303</u>	<u>-</u>	<u>-</u>	<u>33,303</u>
Total	<u>\$750,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$750,075</u>

Investment income for year ended December 31, 2021 was as follows:

Gain on investments	\$59,151
Interest and dividends	22,601
Investment fees	<u>(4,892)</u>
	<u>\$76,860</u>

NOTE 3 – Employee Benefits

Retirement benefits are provided for eligible employees through a Simplified Employee Pension (SEP) Plan. Contributions amounted to \$5,000 for the year ended December 31, 2021.

NOTE 4 – Endowment Funds

The Museum's endowment consists of one (1) donor-restricted fund established to further the advancement of the Museum. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors (Board) of the Museum have interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") (Code of Virginia Chapter 64.2-1100) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowments funds absent explicit donor stipulations to the contrary. As a result, the Museum retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various 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 investments, (6) other resources of the Museum, and (7) the Museum's investment policies

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

**NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant’s Review Report)**

NOTE 4 – Endowment Funds (Continued)

Endowment assets as of December 31, 2021 are summarized as follows:

Investments	\$750,075
Cash surrender value of life insurance	41,107
Contributions receivable, net	35,112
Cash not yet transferred to endowment	<u>42,579</u>
	<u>\$868,873</u>

Endowment net asset classification by type of fund as of December 31, 2021 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$652,649	\$652,649
Board-designated endowment funds	<u>216,224</u>	<u>-</u>	<u>216,224</u>
Total	<u>\$216,224</u>	<u>\$652,649</u>	<u>\$868,873</u>

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$140,005	\$650,537	\$790,542
Investment Return:			
Gain on investments	59,151	-	59,151
Interest and dividends	15,868	1,512	17,380
Investment fees	(4,334)	-	(4,334)
Contributions	30,534	600	31,134
Board approved distribution	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
Endowment net assets, end of year	<u>\$216,224</u>	<u>\$652,649</u>	<u>\$868,873</u>

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

**NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant’s Review Report)**

NOTE 4 – Endowment Funds (Continued)

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor of UPMIFA requires the Museum to retain as a fund of perpetual duration (“underwater funds”). As of the year ended December 31, 2021, no funds were underwater.

While safety of principal is a key objective of the endowment, the endowment investments should be positioned to maximize long-term growth of income and principal of endowment funds consistent with prudent levels of risk. As such, short term trading strategies or high current income are not critical parts of the long-term plan. However, given the uncertainty associated with the financial markets, short-term goals have been established to evaluate investment performance. The Museum’s investment portfolio represents a well-diversified portfolio consisting of high-quality corporate bonds and exchange traded funds. As such, from time to time, a portion of the assets may be allocated specifically to short-term investments and segregated from the overall assets of the endowment. Investment returns are expected to preserve and enhance the real value of the endowment to provide adequate funds to sufficiently support designated Museum activities.

The Museum’s spending policy for endowment assets is set annually by the Board of Directors and shall not exceed a rate of 5% of the beginning principal of the fund.

NOTE 5 – Property and Equipment

Property and equipment as of December 31, 2021 consist of the following:

Building and improvements	\$4,176,793
Museum exhibits and displays	751,161
Land	231,731
Furniture and equipment	58,207
Vehicles	<u>20,000</u>
	<u>\$5,237,892</u>

NOTE 6 – CARES Act Paycheck Protection Program Loan Forgiveness

In February 2021, the Museum received a CARES Act Paycheck Protection Program (PPP) Loan of \$102,915. Based on certain performance requirements under the PPP issued as part of the CARES Act, the Museum received forgiveness for the loan in July 2021. Accordingly, \$102,915 has been recorded as revenue as of December 31, 2021.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

**NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant’s Review Report)**

NOTE 7 – Availability and Liquidity of Resources

The following table reflects the Museum’s financial assets as of December 31, 2021, reduced for amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, or because the governing board has set aside the funds for a specific purpose. These board designations could be drawn upon if the board approves that action. The Museum considers general expenditures to be all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities.

The Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Museum has a \$100,000 line of credit available if short-term working capital is needed.

Financial assets:	
Cash and cash equivalents	\$ 419,888
Contributions receivable, net	42,246
Cash value of life insurance	41,107
Investments	<u>750,075</u>
Total financial assets	<u>1,253,316</u>
Less those unavailable for general expenditure within one year:	
Contributions expected to be received after one year	(35,112)
Donor-restricted Endowment funds	(652,649)
Board designated Endowment funds	<u>(216,224)</u>
Total unavailable assets	<u>(1,003,985)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 349,331</u>

NOTE 8 – Line of Credit

The Museum has an unsecured line of credit with the Bank of Clarke County in the amount of \$100,000, which bears interest at the Wall Street Journal prime interest rate with a floor of 3.25% and a ceiling of 24%. The line matures on December 23, 2022. The outstanding balance as of December 31, 2021 was \$-0-.

SHENANDOAH VALLEY DISCOVERY MUSEUM, INC.

**NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant’s Review Report)**

NOTE 9 – Net Assets with Donor Restrictions-in Perpetuity

Net assets with donor restrictions-in perpetuity represent donor-restricted donations. The restrictions are for the donated assets to remain in perpetuity, and the Museum does not have the right to invade the original principal.

Net assets with donor restrictions-in perpetuity consist of the following at December 31, 2021:

Endowment	<u>\$652,649</u>
Total	<u>\$652,649</u>

NOTE 10 – Designation of Net Assets with Donor Restrictions

As further described in Note 2, the Board of Directors has designated certain funds to be set aside for investment purposes as a Capital Reserve Fund. These internally designated funds are held with the Community Foundation of the Northern Shenandoah Valley and totaled \$40,022 as of December 31, 2021.

The Board of Directors has designated the earnings of the endowment funds to be set aside to further the advancement of the Museum. These internally designated funds totaled \$216,224 as of December 31, 2021.

The Board of Directors has designated the \$100,000 of unrestricted funds received in 2021 from the Rebuild VA program to be set aside for specific purposes. Of these designated funds, \$15,000 will be used for a new exhibit in 2022, \$60,000 will be added to our Capital Reserve Fund, and the remainder will support our 2022 operating budget. These internally designated funds totaled \$100,000 as of December 31, 2021.

NOTE 11 – Evaluation of Subsequent Events

The Museum has evaluated subsequent events through November 21, 2022, the date which the financial statements were available to be issued.