

2016 Financial Report

Statement of Operating, Restricted, and Capital Activities

	<u>FY 2016</u>	<u>FY 2015</u>
Operating Activities-Income		
Admissions & Fees	83,642	76,966
Lighthouse Admissions & Fees	124,565	103,049
Sales	20,153	25,399
Special Events (Net of direct benefit to donors)	121,441	99,410
Grant and Restricted Funds Applied	82,510	223,486
Interest Income	966	245
Pledge Payments Received	22,500	33,091
Contributions (1)	211,402	318,563
Transfer from Comprehensive Capital Campaign	665,000	520,000
Total Operating Income	<u>1,332,179</u>	<u>1,400,209</u>
Operating Activities-Expenses		
Programs, Collections & Exhibits	556,281	744,060
Lighthouse Operations	38,404	37,624
Cost of Sales	9,585	12,830
General & Administrative	277,403	328,288
Membership & Fundraising	436,672	232,765
Total Operating Expenses before Depreciation	<u>1,318,345</u>	<u>1,355,567</u>
Change in Net Assets from Operating Activities	13,834	44,642
Depreciation	(54,807)	(47,784)
Restricted Revenue Activity		
Grants, Restricted Gifts & Future Pledges	34,098	243,852
Interest	3,938	926
Releases of Restricted Funds	(105,010)	(256,577)
Change in Net Assets from Restricted Activities	(66,974)	(11,799)
Comprehensive Capital Campaign Activities		
Contributions and Pledges (2)	3,392,681	2,445,854
Interest	4,605	2,344
Expenses Related to Fundraising and Site Improvement	(415,839)	(301,029)
Transfer for Operations	(665,000)	(520,000)
Addition to Endowment	(1,053,667)	(318,633)
Change in Net Assets from Campaign Activities	1,262,780	1,308,536
Endowment		
Addition to Endowment	1,053,667	318,633
Interest	6,058	331
Change in Net Assets for Endowment	1,059,725	318,964
Purchase of Collection Items	(2,832)	(1,823)
Change in Net Assets	<u>2,211,726</u>	<u>1,610,736</u>
Net Assets, Beginning of Year	7,987,033	6,376,297
Net Assets, End of Year	10,198,759	7,987,033

(1) Starting in 2016, membership dues are included as part of Annual Fund contributions. 2015 has been restated on a consistent basis.

(2) In addition to the contributions and pledges raised in the Capital Campaign as shown in the schedule, the Museum received intentions to give through Letters of Intent or pledges with certain conditions of \$249,093 in 2016 and \$743,000 in 2015.

2016 Treasurer's Report

In 2016 the Museum took a number of important financial steps to move its strategic transformation ahead. In addition, Museum operating activities and programming produced growth in revenues from operations, and operating expenses were well-managed with the main significant increase being in planned marketing related expenses. With the support of contributions from annual mailings and the portion of the comprehensive campaign planned for operations, the Museum achieved a surplus of \$13,834 for 2016.

The comprehensive campaign to support the Museum's strategic transformation moved forward in 2016. As described in prior years, the campaign is comprehensive because it is targeted to fund a range of needs - funds to purchase, develop and relocate to the Marine Hospital site; funds to support operations and transition costs during the years leading to relocation; and funds to build an endowment as a source of operational funding in future years. During 2016 the Museum raised over \$3.1 million in cash and pledges, bringing the campaign total to \$15.0 million by the end of the year (including letters of intent). In June of 2016 the campaign successfully moved from its quiet phase to a more public phase with significant advertising, event and public relations support.

With this fundraising success the Museum made the decision to move forward with more detailed architectural planning for the development of the Marine Hospital campus in Vineyard Haven. And as plans were completed, the Museum went through

a process to select a contractor for the project and retained this contractor in a preconstruction role. For 2016 \$665,061 of these expenditures were capitalized in anticipation of the start of construction in 2017 (primarily for the architects and engineers).

The Museum continued to build its endowment as an important strategic step for the future. By meeting the match requirement of the National Endowment for the Humanities grant, the Museum was able to add \$913,436 in cash to the endowment reaching \$1.2 million by yearend. At the end of 2016 the endowment was almost fully invested in a portfolio of mutual funds.

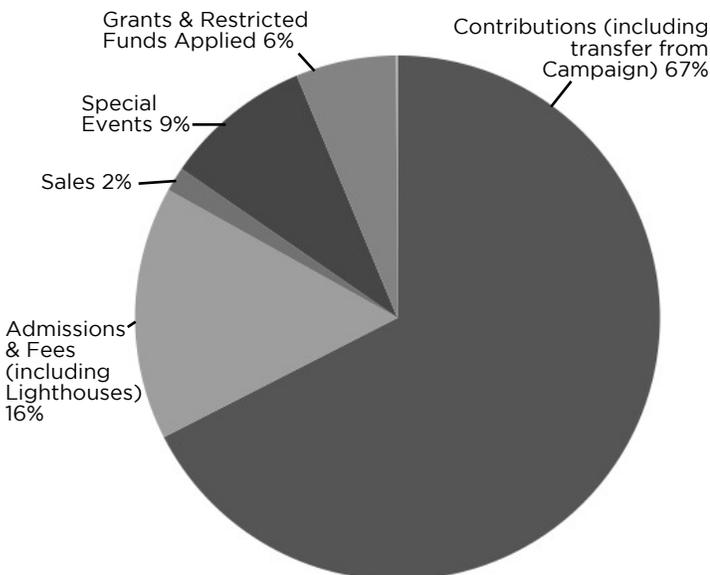
As stated before, the Museum is undertaking this strategy of transformation with key financial strengths. In addition to its invaluable collections, it has no debt and it owns two campuses - one in Edgartown and the other in Vineyard Haven - each with substantial real estate value.

The opportunity to develop the Museum into a true cultural center for the entire Island is both exciting and challenging. With all of us working together - members, board, patrons, volunteers, staff, as well as the Island community - we believe we are closer than ever to making it happen. Many thanks for your ongoing support.



Dale N. Garth, Treasurer

2016 Total Operating Income



2016 Total Operating Expenses (Before Depreciation)

