



Gettysburg Foundation

Financial Statements and Supplementary Information

September 30, 2021 and 2020



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Independent Auditor's Report

To the Board of Directors
Gettysburg Foundation
Gettysburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Gettysburg Foundation, which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses - by natural classification, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Gettysburg Foundation as of September 30, 2021 and 2020, 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.

Other Matters - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022 on our consideration of Gettysburg Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gettysburg Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gettysburg Foundation's internal control over financial reporting and compliance.

RKL LLP

January 11, 2022
York, Pennsylvania

Gettysburg Foundation

Statement of Financial Position

	September 30,	
	2021	2020
Assets		
Assets		
Cash and cash equivalents	\$ 5,128,676	\$ 2,369,342
Investments	12,373,553	6,988,486
Investments held in trust	6,005,917	5,114,199
Accounts receivable	671,605	618,669
Inventory and other assets	39,814	935,470
Prepaid expenses	250,127	247,953
Promises to give, net	154,220	468,300
Collections	10,551,393	10,302,793
Property and equipment, net	68,062,551	70,517,801
Total Assets	\$ 103,237,856	\$ 97,563,013
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 506,352	\$ 275,080
Accounts payable to National Park Service	920,038	1,154,789
Accrued payroll and benefits	216,763	234,106
Deferred income	1,206,272	106,548
Notes payable	744,600	851,284
Museum land lease liability	25,863	30,170
Deferred service contract revenue	807,292	932,292
Bonds payable	7,840,000	8,765,000
Interest rate swap liability	824,949	1,209,560
Split-interest annuity liability	2,073	3,161
Total Liabilities	13,094,202	13,561,990
Net Assets		
Without donor restrictions	74,703,394	68,418,158
With donor restrictions	15,440,260	15,582,865
Total Net Assets	90,143,654	84,001,023
Total Liabilities and Net Assets	\$ 103,237,856	\$ 97,563,013

Gettysburg Foundation

Statement of Activities and Changes in Net Assets

	Year Ended September 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants	\$ 4,483,248	\$ -	\$ 4,483,248
Ticket income	3,172,076	-	3,172,076
Tour income	1,739,425	-	1,739,425
Contributions	954,177	541,307	1,495,484
Commission income	1,424,784	-	1,424,784
In-kind contributions	816,798	247,000	1,063,798
Membership dues income	1,045,844	-	1,045,844
Event income	175,236	-	175,236
Other income	110,966	-	110,966
Sales revenue	54,848	-	54,848
Interest income	1	-	1
Total Support and Revenue	13,977,403	788,307	14,765,710
Net Assets Released from Restrictions	1,032,658	(1,032,658)	-
Total Support and Revenue and Net Assets Released from Restrictions	15,010,061	(244,351)	14,765,710
Expenses			
Program services			
Museum and Visitor Center operations	7,163,403	-	7,163,403
National Park Service and interpretive and office facilities	967,961	-	967,961
Other programs	667,644	-	667,644
Total Program Services	8,799,008	-	8,799,008
Supporting services			
Management and general	958,762	-	958,762
Fundraising	1,070,942	-	1,070,942
Total Supporting Services	2,029,704	-	2,029,704
Total Expenses	10,828,712	-	10,828,712
Excess (Deficiency) of Support and Revenue over Expenses	4,181,349	(244,351)	3,936,998
Return on Investments, Net	971,676	101,099	1,072,775
Change in Value of Split-Interest Annuity Liability	-	647	647
Change in Fair Value of Interest Rate Swap	384,611	-	384,611
Gain on Sale of Property and Equipment	3,000	-	3,000
Forgiveness of Notes Payable	744,600	-	744,600
Changes in Net Assets	6,285,236	(142,605)	6,142,631
Net Assets at September 30, 2020	68,418,158	15,582,865	84,001,023
Net Assets at September 30, 2021	\$ 74,703,394	\$ 15,440,260	\$ 90,143,654

See accompanying notes.

Gettysburg Foundation
Statement of Activities and Changes in Net Assets (continued)

	Year Ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants	\$ -	\$ -	\$ -
Ticket income	1,880,232	-	1,880,232
Tour income	895,999	-	895,999
Contributions	1,742,382	857,082	2,599,464
Commission income	734,931	-	734,931
In-kind contributions	1,116,329	-	1,116,329
Membership dues income	881,140	-	881,140
Event income	233,544	-	233,544
Other income	2,498	-	2,498
Sales revenue	28,174	50	28,224
Interest income	11,459	-	11,459
Total Support and Revenue	7,526,688	857,132	8,383,820
Net Assets Released from Restrictions	586,698	(586,698)	-
Total Support and Revenue and Net Assets Released from Restrictions	8,113,386	270,434	8,383,820
Expenses			
Program services			
Museum and Visitor Center operations	6,345,673	-	6,345,673
National Park Service and interpretive and office facilities	1,089,912	-	1,089,912
Other programs	565,345	-	565,345
Total Program Services	8,000,930	-	8,000,930
Supporting services			
Management and general	1,127,472	-	1,127,472
Fundraising	1,296,135	-	1,296,135
Total Supporting Services	2,423,607	-	2,423,607
Total Expenses	10,424,537	-	10,424,537
Excess (Deficiency) of Support and Revenue over Expenses	(2,311,151)	270,434	(2,040,717)
Return on Investments, Net	592,485	54,685	647,170
Change in Value of Split-Interest Annuity Liability	-	616	616
Change in Fair Value of Interest Rate Swap	(67,851)	-	(67,851)
Loss on Sale of Property and Equipment	(106,397)	-	(106,397)
Forgiveness of Notes Payable	300,000	-	300,000
Changes in Net Assets	(1,592,914)	325,735	(1,267,179)
Net Assets at September 30, 2019	70,011,072	15,257,130	85,268,202
Net Assets at September 30, 2020	\$ 68,418,158	\$ 15,582,865	\$ 84,001,023

See accompanying notes.

Gettysburg Foundation

Statement of Functional Expenses - by Natural Classification

Year Ended September 30, 2021

	Program Services			Supporting Services		
	Museum and Visitor Center Operations	National Park Service and Interpretive and Office Facilities	Other Programs	Management and General	Fundraising	Total
Salaries and wages	\$ 1,061,153	\$ 108,455	\$ 188,809	\$ 658,965	\$ 495,799	\$ 2,513,181
Employee benefits and payroll tax	282,903	22,711	29,986	124,240	137,609	597,449
Professional fees	22,025	1,257	19,949	48,068	42,494	133,793
Advertising and promotion	155,229	-	26,512	-	804	182,545
Telecommunications and postage	67,633	10,323	23,493	6,284	84,522	192,255
Travel, meals, and entertainment	3,585	224	30,910	3,041	8,497	46,257
Printing	15,098	-	8,754	1,185	82,504	107,541
Supplies	150,887	22,709	36,549	11,303	18,104	239,552
Repairs and maintenance	208,412	40,964	22,158	3,151	7,396	282,081
Security	112,127	-	85	-	-	112,212
Museum exhibits and artifacts	58	63,213	11,412	-	-	74,683
Trash and janitorial	4,298	985	6,193	76	8,691	20,243
Information technology	140,406	16,215	17,429	14,159	36,441	224,650
Dues, subscriptions, and professional development	14,387	42	1,947	1,778	4,554	22,708
Rent expense	-	-	2,640	9,626	9,626	21,892
Real estate taxes	61,031	-	-	-	-	61,031
Utilities	200,848	46,038	10,479	3,541	9,786	270,692
Insurance	66,018	10,614	7,563	25,851	19,146	129,192
Bank and credit card processing fees	110,971	-	-	15	14,044	125,030
Amusement taxes	100,578	-	512	-	-	101,090
Cost of sales and bus rentals	769,059	-	60,415	2,576	410	832,460
Guide and speaker fees	598,504	-	27,853	95	980	627,432
Registration and filing fees	-	-	-	-	6,600	6,600
Membership expenses	-	-	575	-	67,853	68,428
Donations to Gettysburg National Military Park and National Park Service	-	30,000	-	-	-	30,000
Depreciation	2,541,268	594,211	127,485	44,808	13,671	3,321,443
Interest expense	476,925	-	353	-	1,411	478,689
Bad debt expense	-	-	5,583	-	-	5,583
	<u>\$ 7,163,403</u>	<u>\$ 967,961</u>	<u>\$ 667,644</u>	<u>\$ 958,762</u>	<u>\$ 1,070,942</u>	<u>\$ 10,828,712</u>

See accompanying notes.

Gettysburg Foundation
Statement of Functional Expenses - by Natural Classification (continued)
Year Ended September 30, 2020

	Program Services			Supporting Services		
	Museum and Visitor Center Operations	National Park Service and Interpretive and Office Facilities	Other Programs	Management and General	Fundraising	Total
Salaries and wages	\$ 1,154,462	\$ 163,637	\$ 158,809	\$ 716,441	\$ 624,931	\$ 2,818,280
Employee benefits and payroll tax	294,794	43,248	51,779	139,692	126,674	656,187
Professional fees	54,025	949	6,983	57,326	28,363	147,646
Advertising and promotion	125,815	-	-	-	39,982	165,797
Telecommunications and postage	27,253	4,664	24,411	51,173	76,985	184,486
Travel, meals, and entertainment	5,338	239	36,665	19,425	69,551	131,218
Printing	2,811	-	18,139	198	96,114	117,262
Supplies	130,099	37,210	30,407	13,755	56,721	268,192
Repairs and maintenance	162,709	62,381	5,976	3,229	3,326	237,621
Security	-	68,176	-	-	-	68,176
Museum exhibits and artifacts	208	50,750	5,899	-	-	56,857
Trash and janitorial	8,615	1,966	2,795	70	6,405	19,851
Information technology	125,178	5,848	10,146	34,464	28,693	204,329
Dues, subscriptions, and professional development	21,873	1,223	2,044	3,513	3,007	31,660
Rent expense	335	-	2,640	9,508	9,508	21,991
Real estate taxes	61,886	-	-	-	-	61,886
Utilities	200,285	45,909	6,446	3,531	8,886	265,057
Insurance	64,053	10,798	6,044	25,108	22,859	128,862
Bank and credit card processing fees	73,809	-	32	5,150	15,306	94,297
Amusement taxes	59,542	-	68	-	-	59,610
Cost of sales and bus rentals	373,477	-	41,087	-	2,225	416,789
Guide and speaker fees	391,731	-	27,390	180	2,553	421,854
Registration and filing fees	-	-	-	-	8,071	8,071
Membership expenses	-	-	1,962	-	46,331	48,293
Donations to Gettysburg National Military Park and National Park Service	-	-	-	-	-	-
Depreciation	2,535,612	592,914	129,962	44,709	17,334	3,320,531
Interest expense	471,763	-	2,039	-	8,154	481,956
Bad debt recovery	-	-	(6,378)	-	(5,844)	(12,222)
	<u>\$ 6,345,673</u>	<u>\$ 1,089,912</u>	<u>\$ 565,345</u>	<u>\$ 1,127,472</u>	<u>\$ 1,296,135</u>	<u>\$ 10,424,537</u>

See accompanying notes.

Gettysburg Foundation

Statement of Cash Flows

	Years Ended September 30,	
	2021	2020
Cash Flows from Operating Activities		
Changes in net assets	\$ 6,142,631	\$ (1,267,179)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	3,321,443	3,320,531
Change in unamortized discount - promises to give	(8,920)	(6,425)
Unrealized and realized gains on investments	(949,356)	(461,009)
In-kind contributions - donated securities	(500,531)	(2,162)
In-kind contributions - donated collections	(248,600)	(177,300)
In-kind contributions - property and equipment	(157,500)	-
Forgiveness of notes payable	(744,600)	(300,000)
Change in fair value of interest rate swap liability	(384,611)	67,851
Restricted contributions - property and equipment	(625,022)	(644,354)
Restricted contributions - endowment	(83,085)	(158,461)
(Gain) loss on disposal of property and equipment	(3,000)	106,397
Proceeds from sale of donated securities	500,531	16,709
(Increase) decrease in assets		
Accounts receivable	(52,936)	(344,676)
Inventory and other assets	895,656	(895,817)
Prepaid expenses	(2,174)	117,746
Promises to give	18,500	(83,975)
Increase (decrease) in liabilities		
Accounts payable	133,392	(64,161)
Accounts payable to National Park Service	(234,751)	(140,890)
Accrued payroll and benefits	(17,343)	(105,582)
Deferred income	1,099,724	(198,780)
Deferred service contract revenue	(125,000)	(125,000)
Split-interest annuity liability	(1,088)	(17,346)
Net Cash Provided by (Used in) Operating Activities	7,973,360	(1,363,883)
Cash Flows from Investing Activities		
Capital expenditures	(610,813)	(1,112,025)
Proceeds from disposal of property and equipment	3,000	21,800
Purchase of investments	(8,754,185)	(4,539,451)
Proceeds from sale of investments	3,426,756	4,045,808
Net Cash Used in Investing Activities	(5,935,242)	(1,583,868)

Gettysburg Foundation

Statement of Cash Flows (continued)

	Years Ended September 30,	
	2021	2020
Cash Flows from Financing Activities		
Principal repayments of notes payable	\$ (106,684)	\$ (49,795)
Proceeds from notes payable	744,600	744,600
Payments on museum land lease liability	(4,307)	(4,056)
Principal repayments of bonds payable	(925,000)	(730,000)
Restricted contributions - property and equipment	929,522	1,281,442
Restricted contributions - endowment	83,085	97,812
Net Cash Provided by Financing Activities	721,216	1,340,003
Net Increase (Decrease) in Cash and Cash Equivalents	2,759,334	(1,607,748)
Cash and Cash Equivalents at Beginning of Year	2,369,342	3,977,090
Cash and Cash Equivalents at End of Year	\$ 5,128,676	\$ 2,369,342
Supplementary Cash Flows Information		
Interest paid	\$ 456,860	\$ 467,094

Supplementary Schedule of Noncash Investing and Financing Activities

In 2021

Accounts payable includes \$127,603 of property and equipment.

In 2020

Accounts payable includes \$29,723 of property and equipment.

Investments of \$14,547 were received as payment on promises to give.

Note 1 - Nature of Operations

Gettysburg Foundation (a Pennsylvania nonprofit corporation) was established May 8, 1998 for the following purposes: preservation of the historic importance of Gettysburg National Military Park (GNMP); education of the public concerning historic events which took place in Gettysburg, Pennsylvania, and/or relate to the United States Civil War; ownership, operation, and leasing of real property, including a Museum and Visitor Center for GNMP; and such other business as may be conducted by a nonprofit corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

The General Agreement between the National Park Service (NPS) and Gettysburg Foundation, dated November 7, 2002, provides that Gettysburg Foundation will operate as a nonprofit organization for the benefit of the GNMP. According to the agreement, operational funding is intended to provide sufficient revenue to fully fund program costs, including debt service, and to allow for ongoing programmatic upgrades. Revenues in excess of operating expenses will be reinvested in the facilities and programs or donated to GNMP and to the NPS in the form of annual contributions based on the agreement.

The General Agreement contains certain conditions under which Gettysburg Foundation is to convey to the NPS fee simple, clear title to all real property, improvements and appurtenances on September 30, 2028, twenty years after the Museum and Visitor Center was constructed. An Amendment to the General Agreement was entered into on November 28, 2006, in order to remain in compliance with the Internal Revenue Service (IRS) regulations concerning the portion of the Museum and Visitor Center financed with tax exempt bonds (the Bond Financed Facility). After the tax exempt bonds are repaid on December 1, 2027, Gettysburg Foundation will apply to the IRS for a ruling regarding when the Bond Financed Facility can be conveyed to the NPS. If there is no response from the IRS, Gettysburg Foundation may obtain an opinion from qualified bond counsel regarding when the Bond Financed Facility can be conveyed to the NPS. Therefore, the date of the conveyance will be determined after the tax exempt bonds have been repaid in consultation with legal and tax counsel to remain in compliance with IRS regulations.

Gettysburg Foundation receives a substantial portion of its support and revenue from the Museum and Visitor Center revenues and contributions.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (continued)**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Gettysburg Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Gettysburg Foundation had no cash equivalents at September 30, 2021 and 2020.

Concentration of Cash

At times during the years ended September 30, 2021 and 2020, Gettysburg Foundation's cash balances may have exceeded the federally insured limit of \$250,000.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investments held in trust include assets designated for future capital improvements and investments and assets held by the bond trustee under a trust indenture. The terms of a letter of credit agreement supporting the bonds payable require funds to be deposited for long-term investments and for a repair and replacement reserve.

Accounts Receivable

Accounts receivable are stated at outstanding balances. Gettysburg Foundation considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Inventory

All inventories are stated at the lower of cost or fair market value.

Promises to Give

Promises to give are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a donor's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due. Promises to give that are expected to be received in more than one year are discounted to present value using a risk-adjusted rate of return.

Note 2 - Summary of Significant Accounting Policies (continued)**Collections**

Gettysburg Foundation's collections are made up of artifacts and art objects of historical significance, including personal property, natural history specimens, artifacts, works of art, archival documents, manuscript materials, photographic images, drawings, maps, and other similar items of material culture. The staff, committees, board of directors, and volunteers play an integral part in the acquisition, documentation, display, conservation, management, and utilization of items in the collections of Gettysburg Foundation. The authority and responsibilities of each are set forth in the collections policies of Gettysburg Foundation as adopted in 2021.

Accessions of collection items are capitalized at cost if the items were purchased, or at their appraised or fair value on the accession date (the date on which the item is accepted by Gettysburg Foundation), if the items were contributed.

Gains and losses from deaccessions of collection items are reflected in the statement of activities and changes in net assets as changes in net assets without donor restrictions. Proceeds from the sale of deaccessioned items shall only be used for acquisitions of other mission appropriate objects, or for the direct care and conservation of collections. As defined in Gettysburg Foundation's collections policies, direct care of collections is defined as investing in the objects in Gettysburg Foundation's collections by enhancing their life, usefulness, or quality to the extent allowed by the funding available, and thereby ensuring they will continue to benefit the public. Direct care includes, but is not limited to, maintenance and protection of the collection items in safe, secure, and appropriate storage; conservation of objects, including treatment, analysis, documentation, scientific imaging, framing, and housing; collection management, including registration, cataloging, inventory, handling, loaning, transportation of objects, and maintenance of archival and/or manuscript materials; and exhibiting and displaying the collection items. Expenditures for direct care of collection items may include costs for materials, systems, equipment, and salaries, as well as costs and fees for experts, independent contractors, and outside vendors engaged in projects directly related to the care of the collection items.

Property and Equipment

Property and equipment are carried at cost or at estimated market value (if contributed), less accumulated depreciation. Items purchased or contributed with a fair market value of \$5,000 or more, are capitalized. Except for land, real estate of a historical nature, and works of art including the Cyclorama painting restoration, which are not depreciated, depreciation is computed on a straight-line basis over the estimated average useful lives of the assets as follows: furniture and equipment, three to seven years; land improvements, fifteen years; building, ten to forty years; and exhibits, twenty years. Land, Cyclorama painting restoration, scenic easements, and historical buildings are not depreciated. Construction-in-progress is not depreciated until the assets are placed in service.

The cost and related accumulated depreciation of property and equipment sold, retired, or otherwise disposed of are removed from the appropriate accounts, and any resulting gains or losses are reflected in the statement of activities and changes in net assets as changes in net assets without donor restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)**Long-Lived Assets**

Long-lived assets, excluding collections of items of historical significance and historic sites, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. The management of Gettysburg Foundation concluded that no impairment adjustments were required for these other assets during the years ended September 30, 2021 and 2020.

Derivatives and Hedging Activity

Gettysburg Foundation is a party to an interest rate swap agreement to hedge the exposure to changing rates with respect to certain variable rate debt. In accordance, the accounting standard on Accounting for Derivative Instruments and Hedging Activities, all derivatives, whether designated in hedging relationships or not, are required to be recorded in the statement of financial position at fair value. Gettysburg Foundation's interest rate swap is valued at fair value as determined by a third party. Change in fair value of the swap is recorded in the statement of activities and changes in net assets as a component of changes in net assets without donor restrictions. The interest rate swap exposes Gettysburg Foundation to credit risk if and to the extent the swap has a positive fair value. A positive fair value indicates that the counterparty owes Gettysburg Foundation money while a negative fair value indicates that Gettysburg Foundation owes the counterparty. Gettysburg Foundation manages this risk by dealing with high-quality counterparties.

Split-Interest Annuity Liability

Charitable gift annuities are funds received by Gettysburg Foundation on the condition that Gettysburg Foundation is required to pay stipulated amounts to a beneficiary during their lifetime. Contribution revenues are recognized at the date the agreements are established and a liability is recorded for the present value of the estimated future payments to be made to the beneficiary. Gettysburg Foundation uses the applicable federal rate at the time of gift as the basis for determining the discount rate for recording annuity obligations at net present value. The discount rates used by Gettysburg Foundation range from 1.4% to 4.2%. Adjustments to annuities payable are recorded as change in value of split-interest annuity liability in the statement of activities and changes in net assets as a component of changes in net assets with donor restrictions.

Net Assets

Net assets of Gettysburg Foundation and changes therein are 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 Gettysburg Foundation and/or the passage of time or must be maintained permanently by Gettysburg Foundation.

Note 2 - Summary of Significant Accounting Policies (continued)**Revenue Recognition****Contributions**

Gettysburg Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, Gettysburg Foundation reports the support as without donor restrictions.

Ticket and Tour Income

Ticket and tour income includes revenue earned from the sale of tickets to exhibits at The Gettysburg Museum of the American Civil War which features 12 exhibit galleries, the film, *A New Birth of Freedom*, and access to the Cyclorama painting. Additionally, Gettysburg Foundation sells tickets for battlefield tours and visits to other historic sites. Revenue is recognized upon delivery of the event. Any amounts collected but unearned would be classified as deferred revenue and recognized as revenue in the applicable period.

Commission Income

Gettysburg Foundation has agreements with unrelated third parties to operate the food and beverage, and certain retail business at the Museum and Visitor Center. In connection with these agreements, Gettysburg Foundation is entitled to receive a certain percentage of gross receipts from all sales, as defined by the agreements. Commission income is recognized when earned. Payment generally takes place ten days after the payment is earned. Gettysburg Foundation records accounts receivable when it has the unconditional right to receive payment.

Membership Dues Income

Membership dues are recognized as revenue at the time of renewal on an annual basis. Gettysburg Foundation offers members exclusive discounts and complimentary admission to certain exhibits and historic sites; however, there are no significant performance obligations remaining at the time of renewal.

Event Income

Event income includes some events with both an exchange element in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received, and a contribution element for Gettysburg Foundation. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. Event fees collected by Gettysburg Foundation in advance are initially recorded as liabilities (deferred revenue) and recognized as event income after delivery of the event.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grants

Grant revenue that is deemed to be an exchange transaction is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Grant revenue that is deemed to be a contribution is classified as revenue with donor restrictions when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

Functional Expense Classifications - by Natural Classification

The cost of providing Gettysburg Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses require allocation on a reasonable basis that is consistently applied. Facility costs, including salaries and benefits, are generally allocated based on the square footage of the Museum and Visitor Center and by specific identification for other costs. Supporting services consist of management and general expenses and fundraising expenses. Program services are as follows:

Museum and Visitor Center Operations is comprised of expenses associated with operating the 139,000 square foot Museum and Visitor Center, including expenses for ticketing and reservations, visitor services, and operating costs for the museum, film, and Cyclorama painting. Also included in this category are expenses related to sales and ticketing for the Eisenhower National Historic Site, bus tour operations, and operating costs for the David Wills House, and the Gettysburg Lincoln Railroad Station. Attractions at the Museum and Visitor Center include:

The Gettysburg Museum of the American Civil War, which features 12 exhibit galleries featuring artifacts, interactive exhibits, and hands-on displays that engage visitors of all ages with content that places the Battle of Gettysburg into the larger context of American history, helping visitors understand its magnitude and relevance. Multiple film experiences throughout the museum tell the story of the causes of the Civil War.

The Film, *A New Birth of Freedom*, narrated by Morgan Freeman, introduces visitors to the Civil War and the Battle of Gettysburg, placing those monumental events into the larger context of American history to enable visitors to understand that what happened in the past is very relevant in the present day.

The Cyclorama painting is a massive, 360-degree "Battle of Gettysburg" painting-in-the-round that was first exhibited in 1884. Today, this painting has been restored and is exhibited the way the artist originally intended with the painting (measuring 377 feet around and 42 feet high), a canopy that removes the building's architectural features from sight, and a three-dimensional diorama which carries the painted scene into the foreground.

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Expense Classifications - by Natural Classification (continued)

NPS and interpretive and office facilities include all expenses associated with providing facilities for the interpretation, storage, research, and office space for the GNMP and the donations to GNMP and the NPS as required by the general agreement (see Note 1). Gettysburg Foundation also works closely with the GNMP and the NPS to preserve land, monuments, and artifacts and to rehabilitate the land, returning the ground as closely as possible to its 1863 appearance and includes costs associated with properties owned by the NPS as donations.

Other program expenses include expenses associated with the Ford Motor Company Education Center, *In the Footsteps of Leaders* leadership programs, Children of Gettysburg 1863 Museum, the George Spangler Farm education programs, and other educational and interpretive programs. Other program expenses also include expenses to rehabilitate and restore land not owned by GNMP but within the boundaries of the battlefield preservation area.

Management and general costs include the expenses associated with governance, executive management, finance, and human resources of Gettysburg Foundation.

Fundraising includes expenses associated with philanthropy, including membership and resource development.

Advertising and Promotion Costs

Gettysburg Foundation expenses advertising and promotion costs as incurred.

Change in Accounting Principles

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurements (Topic 820)*. The amendments in this ASU removes, modifies, and adds certain disclosure requirements of Accounting Standards Codification Topic 820. Gettysburg Foundation implemented this standard during the year ended September 30, 2021. Gettysburg Foundation has determined that the adoption of ASU 2018-13 did not have a material effect on the 2021 financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which modifies the definition of "collections" to allow proceeds from sales of collection items to be used to support the direct care of existing collections, in addition to the acquisition of other items for collections. The ASU also requires a collection-holding entity to disclose its policy for the use of proceeds from when collection items are deaccessioned. Gettysburg Foundation implemented this standard during the year ended September 30, 2021. Gettysburg Foundation has determined that the adoption of ASU 2019-03 did not have a material effect on the 2021 financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, and subsequently amended in ASU 2019-10. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases, based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The new standard will be effective for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

Gettysburg Foundation is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

Note 3 - Tax Exempt Status

Gettysburg Foundation is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from income taxes on related activities pursuant to 509(a) of the Code. In addition, Gettysburg Foundation was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes. Accordingly, no provision for federal or state income taxes has been recorded in the financial statements.

Accounting principles generally accepted in the United States of America prescribe a recognition threshold and measurement attribute for financial statement measurement of the tax position taken or expected to be taken in a tax return and provides guidance related to classification and disclosure matters. Adjustments, if any, for uncertain tax positions would be recorded as a liability. Gettysburg Foundation would also recognize accruals for interest and penalties related to uncertain tax positions in its interest expense. Management evaluated the tax positions taken and concluded Gettysburg Foundation has taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 3 - Tax Exempt Status (continued)

Gettysburg Foundation files federal and various state income tax returns. With few exceptions Gettysburg Foundation is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before September 30, 2018.

Note 4 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the date of the statement of financial position, comprise the following as of September 30:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 5,128,676	\$ 2,369,342
Investments	12,373,553	6,988,486
Investments held in trust	6,005,917	5,114,199
Accounts receivable	671,605	618,669
Promises to give collectible in one year	24,349	325,115
Total Financial Assets	24,204,100	15,415,811
Less Amounts that are Internally Designated or Externally Restricted		
Investments held in trust	(6,005,917)	(5,114,199)
Donor-imposed restrictions		
Investments subject to donor restrictions	(5,441,040)	(5,269,565)
Promises to give collectible in one year subject to donor restrictions	-	(301,500)
Board-designated investments for collections	(495,143)	-
Total Amounts Not Available to be Used within One Year	(11,942,100)	(10,685,264)
Financial Assets Available to be Used within One Year	\$ 12,262,000	\$ 4,730,547

As part of Gettysburg Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The endowment fund of Gettysburg Foundation is comprised of funds established by donors to be invested in perpetuity. The spending rate is the withdrawal rate from the endowment funds to fund specific expenditures consistent with specific endowment funds' objectives and is approved by the Board of Directors. The approved spending rate is up to 5% per annum, but a higher rate or special withdrawal can be authorized by the Board of Directors.

Gettysburg Foundation also has a line of credit available to meet short-term needs (refer to Note 12).

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 5 - Promises to Give

Promises to give consist of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Promises to give	\$ 171,375	\$ 498,375
Unamortized discount	(1,155)	(10,075)
Allowance for uncollectible promises to give	<u>(16,000)</u>	<u>(20,000)</u>
	<u>\$ 154,220</u>	<u>\$ 468,300</u>
Receivable in less than one year	\$ 24,349	\$ 325,115
Receivable in one to five years	81,006	94,637
Receivable in more than five years	<u>48,865</u>	<u>48,548</u>
	<u>\$ 154,220</u>	<u>\$ 468,300</u>

Due dates of promises to give, assuming no changes in current terms, consist of the following for the five years ending September 30 and thereafter:

2022	\$ 26,875
2023	25,000
2024	25,000
2025	22,000
2026	22,000
Thereafter	<u>50,500</u>
	<u>\$ 171,375</u>

Promises to give that were acquired during the years ended September 30, 2020 and prior, and are expected to be collected in more than one year, were discounted to present value using a risk-adjusted rate of return. Present value discount factors range from 1.35% to 3.13%. There were no new promises to give during the year ended September 30, 2021.

At September 30, 2021 and 2020, four and five donors made up approximately 100% and 99% of promises to give, respectively.

Note 6 - In-kind Contributions

Contributed assets, including contributed property and equipment, collections, and materials, are reported in the accompanying financial statements at their fair market value as of the date the assets were received.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 6 - In-kind Contributions (continued)

In-kind contributions meeting the requirements for recognition in the statement of activities consist of the following for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Donated securities	\$ 500,531	\$ 2,162
Donated collections and other assets	248,600	1,074,500
Donated property and equipment	157,500	-
Donated services	157,167	39,667
	<u>\$ 1,063,798</u>	<u>\$ 1,116,329</u>

Gettysburg Foundation also receives a substantial amount of services donated by individuals who assist with general activities, restorative work, and other services in support of Gettysburg Foundation and the NPS. No amounts have been reflected in the financial statements for these services for they do not meet the criteria for recognition under professional standards. For the years ended September 30, 2021 and 2020, Gettysburg Foundation had 112 and 108 volunteers, respectively, who donated approximately 6,500 and 4,800 hours of time, respectively, with an estimated value of \$184,654 and \$129,771, respectively.

Note 7 - Fair Value of Financial Instruments

Fair Value Measurements

The fair value hierarchy prioritizes the inputs to valuation methods 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 are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly for substantially the full-term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of 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.

Note 7 - Fair Value of Financial Instruments (continued)**Fair Value Measurements (continued)**

The following valuation techniques were used to measure fair value of assets and liabilities in the table on the following page on a recurring basis:

Cash and cash equivalents - The carrying amounts approximate fair value because of the short-term nature of those investments.

Mutual funds and U.S. Treasury bills and notes - Fair value of mutual funds and U.S. Treasury bills and notes was based on quoted market prices for the identical security.

Split-interest annuity - The split-interest annuity value represents principal and interest earned to date, which approximates fair market value.

Interest rate swap liability - Fair value of the interest rate swap liability is based on quoted market prices when available, or externally developed valuation models using forward looking assumptions of interest rates and the resulting effect on the underlying cash flows of the interest rate swap. Adjustments are not made for nonperformance risk on behalf of either party.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Gettysburg Foundation believes its 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.

For assets and liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy consist of the following as of September 30:

	2021			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 1,695,797	\$ 1,695,797	\$ -	\$ -
Mutual Funds				
Equity funds	7,571,143	7,571,143	-	-
Fixed income funds	1,979,573	1,979,573	-	-
U.S. Treasury Bills and Notes	7,107,536	7,107,536	-	-
Split-Interest Annuity	25,421	-	25,421	-
	<u>\$ 18,379,470</u>	<u>\$ 18,354,049</u>	<u>\$ 25,421</u>	<u>\$ -</u>
Interest Rate Swap Liability	<u>\$ 824,949</u>	<u>\$ -</u>	<u>\$ 824,949</u>	<u>\$ -</u>

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 7 - Fair Value of Financial Instruments (continued)**Fair Value Measurements (continued)**

	2020			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 1,016,605	\$ 1,016,605	\$ -	\$ -
Mutual Funds				
Equity funds	4,461,913	4,461,913	-	-
Fixed income funds	1,516,206	1,516,206	-	-
U.S. Treasury Bills and Notes	5,082,099	5,082,099	-	-
Split-Interest Annuity	25,862	-	25,862	-
	<u>\$ 12,102,685</u>	<u>\$ 12,076,823</u>	<u>\$ 25,862</u>	<u>\$ -</u>
Interest Rate Swap Liability	<u>\$ 1,209,560</u>	<u>\$ -</u>	<u>\$ 1,209,560</u>	<u>\$ -</u>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management has evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total assets. For the years ended September 30, 2021 and 2020, there were no transfers in or out of Level 3.

Note 8 - Split-Interest Annuity Liability

During the year ended September 30, 2002, Gettysburg Foundation executed a \$30,000 split-interest annuity in accordance with a contribution received from a donor. The contribution requires Gettysburg Foundation to pay \$100 per month to a third-party beneficiary. During the years ended September 30, 2021 and 2020, the annuity investments earned investment income of \$759 and \$773, respectively, and made required payments to the designated beneficiary in the amount of \$1,200 each year.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 8 - Split-Interest Annuity Liability (continued)

Investments associated with the split-interest agreements at September 30, 2021 and 2020 totaled \$25,421 and \$25,862, respectively, and are included as investments in the statement of financial position. The aggregate annuity liability is valued at fair market value based upon the present value of the annuity payments which, as of September 30, 2021 and 2020, amounted to \$2,073 and \$3,161, respectively.

Note 9 - Investments

Investments

Gettysburg Foundation has an investment account, which holds short-term investments such as treasury bills or treasury notes. Additionally, Gettysburg Foundation has investment accounts for the purpose of holding investments for its donor restricted endowment, which includes investments associated with certain self-managed split-interest annuities.

Investments Held in Trust

Gettysburg Foundation also has an investment account with Wilmington Trust Company as required under the letter of credit to provide for a bond endowment reserve, a repair and replacement reserve, and an exhibit reserve. An annual sinking fund is also required by the bond agreement.

Investments, including investments held in trust consist of the following as of September 30:

	2021		
	Cost	Fair Value	Unrealized Appreciation
Cash and Cash Equivalents	\$ 1,695,797	\$ 1,695,797	\$ -
Mutual Funds			
Equity funds	6,248,089	7,571,143	1,323,054
Fixed income funds	1,916,782	1,979,573	62,791
U.S. Treasury Bills and Notes	7,034,346	7,107,536	73,190
Split-Interest Annuity	25,421	25,421	-
	<u>\$ 16,920,435</u>	<u>\$ 18,379,470</u>	<u>\$ 1,459,035</u>

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 9 - Investments (continued)**Investments Held in Trust (continued)**

	2020		
	Cost	Fair Value	Unrealized Appreciation
Cash and Cash Equivalents	\$ 1,016,605	\$ 1,016,605	\$ -
Mutual Funds			
Equity funds	3,728,398	4,461,913	733,515
Fixed income funds	1,472,595	1,516,206	43,611
U.S. Treasury Bills and Notes	4,927,791	5,082,099	154,308
Split-Interest Annuity	25,862	25,862	-
	<u>\$ 11,171,251</u>	<u>\$ 12,102,685</u>	<u>\$ 931,434</u>

Return on investments, including investments held in trust consists of the following for the years ended September 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income, net	\$ 121,807	\$ 1,612	\$ 123,419
Unrealized gains	466,503	64,784	531,287
Realized gains	383,366	34,703	418,069
	<u>\$ 971,676</u>	<u>\$ 101,099</u>	<u>\$ 1,072,775</u>
	2020		
Interest and dividend income, net	\$ 179,826	\$ 6,335	\$ 186,161
Unrealized gains	427,934	22,277	450,211
Realized gains (losses)	(15,275)	26,073	10,798
	<u>\$ 592,485</u>	<u>\$ 54,685</u>	<u>\$ 647,170</u>

Note 10 - Endowment

Gettysburg Foundation's endowment consists of several funds established by donors to be invested in perpetuity. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

On March 3, 2011, Gettysburg Foundation adopted PA Act 141. The Board of Directors of Gettysburg Foundation has interpreted Pennsylvania state law under PA Act 141 as seeking to enhance total return on their donor restricted investment funds. Income is defined by Act 141 as a fixed percentage of the "value of the assets" held by Gettysburg Foundation of not less than 2% nor more than 7% based on the average fair market value of the assets over a three-year period.

The Board of Directors of Gettysburg Foundation has interpreted the relevant state law 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, Gettysburg Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulated and unspent earnings are considered donor-restricted until they are spent. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, Gettysburg Foundation considers the following factors in making a determination to accumulate or appropriate endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of 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 appreciation of investments
- 6) Other resources of Gettysburg Foundation
- 7) The investment policies of Gettysburg Foundation

The following schedule represents the endowment net asset composition by type of endowment fund as of September 30:

	<u>2021</u>	<u>2020</u>
Endowment funds with donor restrictions	<u>\$ 694,058</u>	<u>\$ 515,874</u>

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 10 - Endowment (continued)

Interpretation of Relevant Law (continued)

The following schedule represents the changes in endowment net assets with donor restrictions for the years ended September 30:

	2021	2020
Endowment Net Assets with Donor Restrictions at Beginning of Year	\$ 515,874	\$ 327,152
Investment return		
Net gain (realized and unrealized)	99,487	24,084
Interest and dividends, net	1,612	6,177
Contributions	83,085	158,461
Disbursements	(6,000)	-
Endowment Net Assets with Donor Restrictions at End of Year	\$ 694,058	\$ 515,874

Funds with Deficiencies

The relevant state law has no requirement to restore permanent fund deficiencies and accounting standards provide that the generally accepted rule of reporting such deficiencies as net assets without donor restrictions should be applied only in the absences of donor stipulations or laws to the contrary. Gettysburg Foundation has interpreted state law to allow spending of the original principal with no requirement to restore fund deficiencies to the original value. As such, Gettysburg Foundation has no underwater endowments as of September 30, 2021 and 2020. Any fund deficiencies are reported as reductions to net assets with donor restrictions.

Return Objectives and Risk Parameters

Gettysburg Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Gettysburg Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results to allow Gettysburg Foundation to fund the appropriate programs while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

Gettysburg Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Gettysburg Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 10 - Endowment (continued)

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The spending rate is the withdrawal rate from the endowment funds to fund specific expenditures consistent with specific endowment funds' objectives and is approved by the Board of Directors. Gettysburg Foundation's overall investment objective is to preserve capital, strive for consistent real returns, and preserve purchasing power by striving for long-term returns. This is accomplished through an investment policy that states that the spending rate, over the long term, should be less than the income generated from the endowment and should also provide for growth in the endowment to cover inflation. The approved spending rate is up to 5% per annum, but a higher rate or special withdrawal can be authorized by the Board of Directors.

Note 11 - Property and Equipment

Property and equipment consist of the following as of September 30:

	2021	2020
Building	\$ 48,015,142	\$ 47,846,471
Land and land improvements	19,610,181	19,556,022
Exhibits	18,465,035	18,018,469
Cyclorama painting restoration	10,908,281	10,908,281
Scenic easements	9,845,000	9,845,000
Furniture and equipment	3,914,766	3,729,469
	110,758,405	109,903,712
Accumulated depreciation	(42,695,854)	(39,385,911)
	<u>\$ 68,062,551</u>	<u>\$ 70,517,801</u>

Note 12 - Line of Credit

During the year ended September 30, 2020, Gettysburg Foundation entered into a revolving line of credit agreement with PNC Bank, which provides for borrowings up to \$2,500,000. Interest is charged at the bank's daily LIBOR rate plus 2.00%, which was 2.07% and 1.58% as of September 30, 2021 and 2020, respectively. The line of credit is reviewed annually and is due on demand. The line of credit is secured by a security interest in certain property of Gettysburg Foundation. There were no borrowings against the line of credit as of September 30, 2021 and 2020.

Gettysburg Foundation is required to remain in compliance with certain financial covenants under terms of the line of credit agreement, which among other things, requires Gettysburg Foundation to maintain a minimum debt service coverage ratio. For the year ended September 30, 2021, Gettysburg Foundation was in compliance with this covenant.

Note 13 - Notes Payable

On May 1, 2002, Gettysburg Foundation purchased a property located at 449 - 451 Baltimore Street, Gettysburg, Pennsylvania for the purpose of establishing the Rupp History Center and to provide for administrative office space. The property was secured by a mortgage in the amount of \$750,000 and a security interest in the assets of Gettysburg Foundation. On September 1, 2007, the mortgage terms were amended to provide for a fixed rate of 5.15% for the first five years following the date of amendment. Thereafter, the interest rate was indexed to 70.00% of the prime rate, which was 2.28% as of September 30, 2020. The amended mortgage terms required monthly principal and interest payments of \$4,458. The maturity date of November 2022 remained unchanged from the original note. At September 30, 2020, the outstanding balance on the note was \$106,684. During the year ended September 30, 2021, the balance on the note was paid in full. Interest expense under this note amounted to \$1,764 and \$3,793 for the years ended September 30, 2021 and 2020, respectively.

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis (refer to Note 23). Gettysburg Foundation applied for a loan under this Program and received from PNC Bank a loan in the amount of \$744,600 on April 16, 2020. The loan was forgivable if Gettysburg Foundation met certain criteria as established under the Program. The loan was unsecured and did not require personal guarantees.

Interest on the loan was a fixed rate of 1.00%. Based on the original terms of the loan agreement, the loan was to accrue interest for the first six months following the date of the loan and thereafter would convert to monthly payments of principal and interest beginning November 16, 2020. The Paycheck Protection Program Flexibility Act of 2020 extended the deferral period for borrower payments of principal, interest, and fees on the loan to the date that the Small Business Administration (SBA) remits the loan forgiveness amount, or if loan forgiveness was not requested, ten months after the end of the loan forgiveness covered period, which generally would begin on the date the loan proceeds were received. Monthly payments of principal and interest would thereafter be recalculated by the lender to fully amortize any outstanding amounts remaining after forgiveness over the remaining term of the loan. The loan had a maturity date of April 16, 2022. During the year ended September 30, 2021, Gettysburg Foundation received full forgiveness of the loan.

On January 6, 2021, the SBA and the Department of the Treasury released interim final rules related to the expansion and extension of the Program that was enacted on March 27, 2020 by the CARES Act. Gettysburg Foundation applied for and received a second loan under this program in the amount of \$744,600. Gettysburg Foundation will seek loan forgiveness in accordance with the Program. Gettysburg Foundation anticipates there may be further guidance issued by the SBA, the Department of the Treasury, the bank, and other regulators related to the Program which could impact the loan and loan forgiveness. No payments are due on this loan until ten months after the end of the covered period of up to twenty-four weeks after loan disbursement. At the end of the deferment period, Gettysburg Foundation will be required to make monthly principal and interest payments. Any portion of the loan amount not forgiven under the Program is expected to be due April 9, 2026. The loan bears interest at a fixed rate of 1.00%. The loan is unsecured and does not require personal guarantees.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 13 - Notes Payable (continued)

Aggregate maturities of notes payable, assuming no change in current terms, consist of the following for the remaining five years ending September 30:

2022	\$	47,696
2023		191,980
2024		193,909
2025		195,857
2026		115,158
		<u>744,600</u>
	\$	<u>744,600</u>

Note 14 - Bonds Payable and Related Accounts

Bonds Payable

On December 21, 2006, the Adams County Industrial Development Authority (ACIDA) issued two series of bonds as follows:

The ACIDA Variable-Rate Demand Revenue Bonds - Gettysburg Foundation Tax Exempt Series of 2006A were issued for \$15,000,000 at a variable rate of interest. The bonds, which have an outstanding balance of \$7,840,000 and \$8,765,000 as of September 30, 2021 and 2020, respectively, mature on December 1, 2027. The variable interest rate (reset weekly) at September 30, 2021 and 2020 was 0.12% and 0.13%, respectively. Total interest expense for this bond issue for the years ended September 30, 2021 and 2020 was \$173,050 and \$203,850, respectively. Principal payments made during the years ended September 30, 2021 and 2020 were \$925,000 and \$730,000, respectively. The bond is secured by all assets of Gettysburg Foundation.

The ACIDA Variable-Rate Demand Revenue Bonds - Gettysburg Foundation Taxable Series of 2006B were issued for \$5,000,000 at a variable rate of interest. These bonds were paid off on September 1, 2011.

Gettysburg Foundation is considered to be the borrower of these funds. In connection with the borrowing, a letter of credit was issued by Manufacturers and Traders Trust Company (the Trustee) to provide payment on and to secure the principal and interest on both series. The annual letter of credit fee at September 30, 2021 and 2020 was 1.125% of the outstanding bonds payable and annual interest payable at December 1st of each year. This is included in interest expense disclosed in the preceding paragraph. The bond proceeds were used for the construction, equipping, and furnishing of the museum and visitor center at 1195 Baltimore Pike, Gettysburg, Pennsylvania. The letter of credit was renewed on November 7, 2016 with an effective date of December 20, 2016 and was to expire in December 2021. On August 19, 2020, the existing agreement was amended to extend the expiration date of the letter of credit from December 20, 2021 to December 20, 2022.

Gettysburg Foundation is required to remain in compliance with financial covenants under terms of the letter of credit related to the bond issuance. For the year ended September 30, 2021, Gettysburg Foundation was in compliance with these covenants.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 14 - Bonds Payable and Related Accounts (continued)

Bonds Payable (continued)

Payments of interest are due monthly to the Trustee by Gettysburg Foundation. The following is a summary of Gettysburg Foundation's principal debt service commitments to the Trustee for the outstanding bonds as of September 30:

	<u>Series 2006A</u>
2022	\$ 970,000
2023	1,015,000
2024	1,065,000
2025	1,115,000
2026	1,170,000
2027 - 2028	<u>2,505,000</u>
	<u>\$ 7,840,000</u>

Bond Rebate Interest Payable

Gettysburg Foundation is required by U.S. Treasury regulations to report any arbitrage earned on investments pledged as collateral on the letter of credit. Under these regulations, the yield earned on pledged investments cannot be materially higher than the yield paid on the bond issue. Arbitrage represents the difference between the actual earnings on the pledged investments and what the investments could have earned had they been invested at the yield paid on the bond issue. If actual earnings exceed potential earnings, the bond issue is in positive arbitrage. If the actual earnings are less than the bond yield, the bond issue is in negative arbitrage. This arbitrage calculation is required to be performed every five years from the date of issue of Gettysburg Foundation's Tax Exempt Series of 2006A bonds.

Gettysburg Foundation has pledged the bond endowment investment reserve as collateral on the letter of credit. As such, the bond endowment investment reserve is deemed to be yield restricted and is subject to bond rebate interest every five years. Any interest on the bond endowment investment reserve in excess of the variable rate paid on the tax-exempt municipal bonds is subject to rebate, which is payable to the Internal Revenue Service. Gettysburg Foundation last recorded bond rebate interest in September 2016 and paid the amounts due in October 2016. The next calculation was required by September 30, 2021. During the year ended September 30, 2021, Gettysburg Foundation determined there is no bond rebate liability as of September 30, 2021 for the five year rebate period November 7, 2016 to September 30, 2021. The next calculation is required by September 30, 2026.

Derivative Instruments

During the year ended September 30, 2006, Gettysburg Foundation entered into a forward start interest rate swap to hedge the interest rate risk associated with a \$20,000,000 variable-rate, tax-free demand revenue bond issue. The bonds were issued during the year ended September 30, 2007 with Tax Exempt Series of 2006A bonds of \$15,000,000 and Taxable Series of 2006B bonds of \$5,000,000. The swap was effective on October 3, 2005 and terminates on October 1, 2027. It effectively provides for a fixed rate of interest of 3.84%. Gettysburg Foundation is paying interest related to the swap agreement. Total interest expense for this derivative instrument for the years ended September 30, 2021 and 2020 was \$302,182 and \$265,970, respectively.

Note 14 - Bonds Payable and Related Accounts (continued)**Derivative Instruments (continued)**

The swap was issued at market terms so that it had no fair value at its inception. At September 30, 2021 and 2020, the swap agreement had a carrying value of \$824,949 and \$1,209,560, respectively. This amount is reported as interest rate swap liability in the statement of financial position. The carrying amount of the swap has been adjusted to its fair value, which because of changes in the forecasted levels of LIBOR, a Level 2 fair value input, resulted in reporting a liability, obligation due under interest rate swaps, for the fair value of the future net disbursements under the swap. Changes in the fair value of the swap amounted to \$384,611 and (\$67,851) for the years ended September 30, 2021 and 2020, respectively, and are recorded in the statement of activities and changes in net assets as a component of the changes in net assets without donor restrictions. At September 30, 2021 and 2020, the notional value of the swap was \$7,840,000 and \$8,765,000, respectively.

Museum Land Lease Agreement

On October 5, 2006, Gettysburg Foundation entered into an agreement with the ACIDA. In exchange for the use of the ACIDA's sales-tax exempt status, Gettysburg Foundation transferred title to the visitor center land and agreed to pay the ACIDA an initial payment of \$10,000, as well as monthly payments of \$500 for the following 20 years. Gettysburg Foundation may cancel the agreement at any time, but would owe the ACIDA a termination fee equal to the present value of the remaining payments. The transaction does not qualify as a sale-leaseback under generally accepted accounting principles. During 2007, the agreement's present value of \$80,139 was capitalized as part of construction in progress. The remaining liability for the monthly payments is reflected in the statement of financial position as museum land lease liability at its present value.

ACIDA has title to the museum land and facility that constitutes ownership, not a security interest. However, Gettysburg Foundation is entitled to deduct all depreciation on and take any available tax credits with respect to the land and facility. Gettysburg Foundation will purchase the museum land and facility from ACIDA by paying the principal and interest on the Series 2006 Bonds when they become due and payable. The value of the land is included in net property and equipment in the statement of financial position.

Note 15 - Deferred Service Contract Revenue

Gettysburg Foundation entered into an agreement with an unrelated entity, which granted this entity the exclusive right to operate the food, beverage, and certain retail business at the Museum and Visitor Center. The agreement called for an initial deposit to Gettysburg Foundation of \$2,500,000. No additional monthly payments are required. The initial deposit is being recognized by Gettysburg Foundation on a straight-line basis over a period of twenty years.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 16 - Net Assets without Donor Restrictions

Gettysburg Foundation's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes as of September 30:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 74,208,251	\$ 68,418,158
Board designated		
Investments - collections	<u>495,143</u>	<u>-</u>
	<u>\$ 74,703,394</u>	<u>\$ 68,418,158</u>

Note 17 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of September 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose		
Battlefield rehabilitation	\$ 3,629,751	\$ 3,606,832
Gettysburg Railroad Station	380,295	245,040
Education programs	227,379	197,524
Endowment earnings accumulated	199,679	104,580
Spangler Farm and trail	171,519	179,582
Museum exhibits	134,245	96,894
Rupp House History Center	87,423	315,338
Other	62,819	60,250
Gettysburg Fund	30,203	29,530
Split-interest annuity	23,348	22,701
Subject to the passage of time		
Promises to give	154,220	468,300
Perpetual in nature		
Scenic easements	9,845,000	9,845,000
Endowment investments	<u>494,379</u>	<u>411,294</u>
	<u>\$ 15,440,260</u>	<u>\$ 15,582,865</u>

Gettysburg Foundation has a scenic easement on 61 acres of land that is adjacent to the Museum and Visitor Center. The purpose of the easement is to aid Gettysburg Foundation to preserve, and protect and maintain, in perpetuity the residential or agricultural use and size of the property. This was received as an in-kind contribution from a donor and is based on the appraised value of \$9,845,000 when it was transferred in 2009.

Note 18 - Government Assistance

The CARES Act established the Employee Retention Tax Credit (ERTC) which is a credit that provides tax relief for organizations that lost revenue as a result of the COVID-19 crisis. Additionally, The Economic Aid to Hard-Hit Small Business Nonprofits, and Venues Act established the Shuttered Venue Operators Grant (SVOG), which provides emergency assistance through the SBA for eligible venues affected by the COVID-19 crisis. Organizations receiving payments from the SVOG are required to agree to terms and conditions and will be required to comply with reporting requirements prescribed by the funding body related to specified uses of the funds and expenditure timelines. Any portion of the funds not expended in accordance with the applicable terms and conditions must be returned.

During the year ended September 30, 2021 Gettysburg Foundation recognized revenue related to ERTC and SVOG of \$1,129,634 and \$3,353,614, respectively, which is included in grants in the statement of activities and changes in net assets. No revenue related to these programs was recognized during the year ended September 30, 2020. Unexpended payment amounts related to SVOG reported as deferred income in the statement of financial position amounted to \$970,000 as of September 30, 2021.

Note 19 - Retirement Plan

Gettysburg Foundation sponsors a defined-contribution 403(b) retirement plan covering employees who meet certain age and length of service requirements. All employees with over 1,000 hours of service per year are eligible to participate in the plan. Gettysburg Foundation matches contributions for certain covered employees up to 6% of eligible compensation. Employee contributions are vested immediately, and employer contributions are vested 50% after one year of covered employment and 100% after two years. The total retirement expense for the years ended September 30, 2021 and 2020 amounted to \$109,368 and \$132,844, respectively.

Note 20 - Health Benefit Plan

On August 1, 2019, Gettysburg Foundation entered into an agreement for a self-funded health insurance plan for employee health benefits. Gettysburg Foundation covers health care claims up to a maximum of \$50,000 per individual on an annual basis. The aggregate maximum exposure is adjusted based on the number of plan participants. Gettysburg Foundation has purchased stop-loss coverage for claims exceeding Gettysburg Foundation's individual liability. As required by the plan, funds are deposited into a Health Benefit Trust which is held as a reserve to cover future claims. Gettysburg Foundation has funded and expensed the monthly amount based on the maximum deductible. For the years ended September 30, 2021 and 2020, the cost of the plan, including the administrative services and processing fees, amounted to \$452,844 and \$446,616, respectively.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2021 and 2020

Note 21 - Related Party Transactions

Certain members of the Board of Directors have various transactions with Gettysburg Foundation. Gettysburg Foundation had the following balances with these related parties as of September 30:

	<u>2021</u>	<u>2020</u>
Promises to give	\$ 76,748	\$ 102,040

Gettysburg Foundation had the following transactions with related parties during the years ended September 30:

	<u>2021</u>	<u>2020</u>
Donated securities	\$ 494,842	\$ -
Donated collections	248,600	174,500
Donated property and equipment	157,500	-
Donated services	157,167	39,667
Contributions	110,912	269,568

Note 22 - Commitments

Gettysburg Foundation leases real estate located in Gettysburg, Pennsylvania under month-to-month operating leases, at a storage unit behind 451 Baltimore Street.

In January 2016, Gettysburg Foundation entered into another lease agreement to lease a piece of real estate located on Emmitsburg Road in Gettysburg, Pennsylvania. The lease term is for a period of ten years commencing on January 1, 2016 and expiring on December 31, 2025. During the first year of the lease, Gettysburg Foundation will pay rent in monthly installments of \$1,500. The monthly payment will be adjusted annually based on the increase in the Consumer Price Index.

Future minimum lease payments, assuming no change in current terms, consist of the following for the remaining five years ending September 30:

2022	\$ 19,308
2023	19,308
2024	19,308
2025	19,308
2026	4,827
	<u>\$ 82,059</u>

Rent expense related to these leases for the years ended September 30, 2021 and 2020 amounted to \$21,891 and \$21,654, respectively.

Note 23 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which Gettysburg Foundation operates. It is unknown how long these conditions will last and what the complete financial effect will be to Gettysburg Foundation.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 24 - Reclassifications

Certain information in the 2020 financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2021 financial statements. There was no change to total changes in net assets or total net assets.

Note 25 - Subsequent Events

Gettysburg Foundation has evaluated subsequent events through January 11, 2022. This date is the date the financial statements were available to be issued. No material events subsequent to September 30, 2021 were noted.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors
Gettysburg Foundation
Gettysburg, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gettysburg Foundation, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses - by natural classification, and cash flows, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gettysburg Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gettysburg Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Gettysburg Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gettysburg Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RKL LLP

January 11, 2022
York, Pennsylvania

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Gettysburg Foundation
Gettysburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Gettysburg Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Gettysburg Foundation's major federal programs for the year ended September 30, 2021. Gettysburg Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gettysburg Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gettysburg Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Gettysburg Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Gettysburg Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Gettysburg Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gettysburg Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gettysburg Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Gettysburg Foundation as of and for the year ended September 30, 2021, and have issued our report thereon dated January 11, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RKL LLP

January 11, 2022
York, Pennsylvania

Gettysburg Foundation

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Year Ended September 30, 2021		
	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of the Treasury			
Passed through Adams County, Pennsylvania Coronavirus Relief Fund	C000073941	21.019	<u>\$ 19,113</u>
Total U.S. Department of the Treasury			<u>19,113</u>
U.S. Small Business Administration			
Shuttered Venue Operators Grant	SBAHQ21SV004274	59.075	<u>3,353,614</u>
Total U.S. Small Business Administration			<u>3,353,614</u>
			<u><u>\$ 3,372,727</u></u>

Gettysburg Foundation

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Gettysburg Foundation under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Gettysburg Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Gettysburg Foundation.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

Gettysburg Foundation has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Gettysburg Foundation**Schedule of Findings and Questioned Costs**

Year Ended September 30, 2021

Section I - Summary of Auditor's Results***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ yes ☒ no

Identification of major federal programs

CFDA Number(s)

59.075

Name of Federal Program or Cluster

Shuttered Venue Operators Grant

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no**Section II - Financial Statement Findings**

No findings are reported.

Section III - Federal Award Findings and Questioned Costs

No findings are reported.