



Gettysburg Foundation

Financial Statements

September 30, 2023 and 2022



Gettysburg Foundation

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Independent Auditor's Report

To the Board of Directors
Gettysburg Foundation
Gettysburg, Pennsylvania

Opinion

We have audited the financial statements of Gettysburg Foundation, which comprise the statement of financial position as of September 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Gettysburg Foundation as of September 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gettysburg Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gettysburg Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gettysburg Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gettysburg Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RKL LLP

March 22, 2024
York, Pennsylvania

Gettysburg Foundation

Statement of Financial Position

| | September 30, | |
|---|----------------------|----------------------|
| | 2023 | 2022 |
| Assets | | |
| Assets | | |
| Cash and cash equivalents | \$ 5,570,455 | \$ 4,826,354 |
| Investments | 10,596,693 | 9,341,745 |
| Investments held in trust | 6,317,778 | 5,467,530 |
| Accounts receivable | 539,484 | 532,763 |
| Inventory and other assets | 17,651 | 24,549 |
| Prepaid expenses | 314,195 | 226,923 |
| Promises to give, net | 98,697 | 112,749 |
| Collections | 10,553,893 | 10,551,393 |
| Property and equipment, net | 63,456,772 | 65,686,262 |
| Right-of-use asset, operating lease | 65,804 | - |
| Total Assets | \$ 97,531,422 | \$ 96,770,268 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 625,778 | \$ 388,780 |
| Accounts payable to National Park Service | 873,984 | 962,970 |
| Accrued payroll and benefits | 226,137 | 194,201 |
| Deferred income | 268,648 | 274,067 |
| Museum land lease liability | 16,436 | 21,290 |
| Deferred service contract revenue | 557,292 | 682,292 |
| Bonds payable | 5,855,000 | 6,870,000 |
| Interest rate swap liability | 58,487 | 151,472 |
| Split-interest annuity liability | - | 939 |
| Obligation under operating lease | 66,081 | - |
| Total Liabilities | 8,547,843 | 9,546,011 |
| Net Assets | | |
| Without donor restrictions | 77,100,090 | 75,500,415 |
| With donor restrictions | 11,883,489 | 11,723,842 |
| Total Net Assets | 88,983,579 | 87,224,257 |
| Total Liabilities and Net Assets | \$ 97,531,422 | \$ 96,770,268 |

Gettysburg Foundation

Statement of Activities and Changes in Net Assets

| | Year Ended September 30, 2023 | | |
|--|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | |
| Ticket income | \$ 5,578,873 | \$ - | \$ 5,578,873 |
| Tour income | 2,333,913 | - | 2,333,913 |
| Commission income | 2,083,702 | - | 2,083,702 |
| Contributions | 1,435,781 | 306,220 | 1,742,001 |
| Membership dues income | 1,278,302 | - | 1,278,302 |
| Event income | 799,220 | - | 799,220 |
| Interest income | 142,507 | - | 142,507 |
| Sales revenue | 85,517 | - | 85,517 |
| In-kind contributions | 84,722 | - | 84,722 |
| Other income | 35,944 | - | 35,944 |
| Grants | - | - | - |
| Total Support and Revenue | 13,858,481 | 306,220 | 14,164,701 |
| Net Assets Released from Restrictions | 256,485 | (256,485) | - |
| Total Support and Revenue and Net Assets Released from Restrictions | 14,114,966 | 49,735 | 14,164,701 |
| Expenses | | | |
| Program services | | | |
| Museum and Visitor Center operations | 8,255,581 | - | 8,255,581 |
| National Park Service and interpretive and office facilities | 1,694,002 | - | 1,694,002 |
| Other programs | 1,667,507 | - | 1,667,507 |
| Total Program Services | 11,617,090 | - | 11,617,090 |
| Supporting services | | | |
| Management and general | 1,168,010 | - | 1,168,010 |
| Fundraising | 1,459,840 | - | 1,459,840 |
| Total Supporting Services | 2,627,850 | - | 2,627,850 |
| Total Expenses | 14,244,940 | - | 14,244,940 |
| Excess (Deficiency) of Support and Revenue over Expenses | (129,974) | 49,735 | (80,239) |
| Return on Investments, Net | 1,636,664 | 109,443 | 1,746,107 |
| Change in Value of Split-Interest Annuity Liability | - | 469 | 469 |
| Change in Fair Value of Interest Rate Swap | 92,985 | - | 92,985 |
| Forgiveness of Notes Payable | - | - | - |
| Changes in Net Assets | 1,599,675 | 159,647 | 1,759,322 |
| Net Assets at September 30, 2022 | 75,500,415 | 11,723,842 | 87,224,257 |
| Net Assets at September 30, 2023 | \$ 77,100,090 | \$ 11,883,489 | \$ 88,983,579 |

See accompanying notes.

Gettysburg Foundation

Statement of Activities and Changes in Net Assets (continued)

| | Year Ended September 30, 2022 | | |
|--|-------------------------------|----------------------------|--------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | |
| Ticket income | \$ 5,206,569 | \$ - | \$ 5,206,569 |
| Tour income | 2,348,907 | - | 2,348,907 |
| Commission income | 2,029,130 | - | 2,029,130 |
| Contributions | 1,857,637 | 317,569 | 2,175,206 |
| Membership dues income | 1,263,069 | - | 1,263,069 |
| Event income | 544,835 | - | 544,835 |
| Interest income | 910 | - | 910 |
| Sales revenue | 78,600 | - | 78,600 |
| In-kind contributions | 35,747 | - | 35,747 |
| Other income | 23,851 | - | 23,851 |
| Grants | 970,000 | - | 970,000 |
| Total Support and Revenue | 14,359,255 | 317,569 | 14,676,824 |
| Net Assets Released from Restrictions | 3,875,536 | (3,875,536) | - |
| Total Support and Revenue and Net Assets Released from Restrictions | 18,234,791 | (3,557,967) | 14,676,824 |
| Expenses | | | |
| Program services | | | |
| Museum and Visitor Center operations | 8,376,187 | - | 8,376,187 |
| National Park Service and interpretive and office facilities | 4,599,822 | - | 4,599,822 |
| Other programs | 1,478,972 | - | 1,478,972 |
| Total Program Services | 14,454,981 | - | 14,454,981 |
| Supporting services | | | |
| Management and general | 956,242 | - | 956,242 |
| Fundraising | 1,208,584 | - | 1,208,584 |
| Total Supporting Services | 2,164,826 | - | 2,164,826 |
| Total Expenses | 16,619,807 | - | 16,619,807 |
| Excess (Deficiency) of Support and Revenue over Expenses | 1,614,984 | (3,557,967) | (1,942,983) |
| Return on Investments, Net | (2,236,040) | (159,136) | (2,395,176) |
| Change in Value of Split-Interest Annuity Liability | - | 685 | 685 |
| Change in Fair Value of Interest Rate Swap | 673,477 | - | 673,477 |
| Forgiveness of Notes Payable | 744,600 | - | 744,600 |
| Changes in Net Assets | 797,021 | (3,716,418) | (2,919,397) |
| Net Assets at September 30, 2021 | 74,703,394 | 15,440,260 | 90,143,654 |
| Net Assets at September 30, 2022 | \$ 75,500,415 | 11,723,842 | 87,224,257 |

See accompanying notes.

Gettysburg Foundation

Statement of Functional Expenses - by Natural Classification

| | Year Ended September 30, 2023 | | | | | |
|---|--|--|---------------------|---------------------------|---------------------|----------------------|
| | 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 | \$ 1,669,227 | \$ 165,868 | \$ 525,201 | \$ 548,623 | \$ 525,816 | \$ 3,434,735 |
| Employee benefits and payroll tax | 420,870 | 37,747 | 86,314 | 182,998 | 118,615 | 846,544 |
| Professional fees | 27,564 | 42,822 | 10,009 | 175,745 | 48,613 | 304,753 |
| Advertising and promotion | 134,708 | - | 27,756 | - | 65,496 | 227,960 |
| Telecommunications and postage | 18,163 | - | 47,619 | 48,323 | 114,327 | 228,432 |
| Travel, meals, and entertainment | 25,594 | - | 185,959 | 25,178 | 115,271 | 352,002 |
| Printing | 13,134 | 572 | 34,898 | 1,364 | 185,054 | 235,022 |
| Supplies | 198,439 | 40,615 | 48,202 | 19,244 | 36,425 | 342,925 |
| Repairs and maintenance | 232,420 | 53,193 | 2,630 | 4,092 | 292 | 292,627 |
| Security | 157,693 | 36,072 | 1,784 | 2,955 | 198 | 198,702 |
| Museum exhibits and artifacts | 1,351 | - | 1,700 | - | - | 3,051 |
| Trash and janitorial | 8,626 | 1,977 | 24,419 | 152 | 9,075 | 44,249 |
| Information technology | 120,800 | 20,531 | 16,859 | 89,491 | 47,683 | 295,364 |
| Dues, subscriptions, and professional development | 14,892 | - | 5,028 | 4,633 | 2,554 | 27,107 |
| Rent expense | - | - | 2,820 | - | 21,502 | 24,322 |
| Real estate taxes | 61,055 | - | - | - | - | 61,055 |
| Utilities | 275,299 | 63,104 | 23,811 | 4,854 | 11,531 | 378,599 |
| Insurance | 92,004 | 13,452 | 27,972 | 21,543 | 20,670 | 175,641 |
| Bank and credit card processing fees | 178,060 | - | 1,425 | 50 | 34,489 | 214,024 |
| Amusement taxes | 165,410 | - | 3,826 | - | - | 169,236 |
| Cost of sales and bus rentals | 1,046,771 | - | 258,336 | 420 | 3,601 | 1,309,128 |
| Guide and speaker fees | 913,427 | - | 57,197 | 345 | 1,828 | 972,797 |
| Registration and filing fees | - | - | 2,348 | - | 12,817 | 15,165 |
| Membership expenses | - | - | - | - | 64,354 | 64,354 |
| Donations to Gettysburg National Military Park and National Park Service | - | 714,948 | 2,369 | 200 | - | 717,517 |
| Depreciation | 2,143,782 | 503,101 | 267,875 | 37,800 | 19,629 | 2,972,187 |
| Bad debt expense | - | - | 1,150 | - | - | 1,150 |
| Interest expense | 336,292 | - | - | - | - | 336,292 |
| | \$ 8,255,581 | \$ 1,694,002 | \$ 1,667,507 | \$ 1,168,010 | \$ 1,459,840 | \$ 14,244,940 |

See accompanying notes.

Gettysburg Foundation

Statement of Functional Expenses - by Natural Classification (continued)

| | Year Ended September 30, 2022 | | | | | |
|---|--|--|---------------------|---------------------------|---------------------|----------------------|
| | 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 | \$ 1,552,273 | \$ 140,284 | \$ 462,419 | \$ 533,837 | \$ 546,685 | \$ 3,235,498 |
| Employee benefits and payroll tax | 422,341 | 32,040 | 86,396 | 144,952 | 128,602 | 814,331 |
| Professional fees | 15,999 | - | 13,570 | 75,782 | 20,617 | 125,968 |
| Advertising and promotion | 115,340 | - | 17,089 | - | 5,466 | 137,895 |
| Telecommunications and postage | 18,667 | - | 47,912 | 48,077 | 107,935 | 222,591 |
| Travel, meals, and entertainment | 11,595 | - | 121,517 | 19,691 | 27,369 | 180,172 |
| Printing | 10,153 | - | 33,093 | 515 | 137,822 | 181,583 |
| Supplies | 204,064 | 33,036 | 33,481 | 17,317 | 18,305 | 306,203 |
| Repairs and maintenance | 157,546 | 36,520 | 39,602 | 6,290 | 8,004 | 247,962 |
| Security | 135,984 | 31,170 | 2,683 | 2,578 | 564 | 172,979 |
| Museum exhibits and artifacts | - | 103,707 | - | - | - | 103,707 |
| Trash and janitorial | 8,258 | 1,893 | 16,517 | 146 | 8,787 | 35,601 |
| Information technology | 137,752 | 20,644 | 23,061 | 25,159 | 36,304 | 242,920 |
| Dues, subscriptions, and professional development | 12,882 | - | 3,567 | 3,096 | 1,362 | 20,907 |
| Rent expense | - | - | 2,640 | 9,987 | 10,152 | 22,779 |
| Real estate taxes | 61,055 | - | - | - | - | 61,055 |
| Utilities | 312,956 | 71,735 | 24,031 | 5,518 | 13,902 | 428,142 |
| Insurance | 77,202 | 11,018 | 20,625 | 17,396 | 17,573 | 143,814 |
| Bank and credit card processing fees | 124,289 | - | 45,880 | 243 | 18,280 | 188,692 |
| Amusement taxes | 160,995 | - | 2,874 | - | - | 163,869 |
| Cost of sales and bus rentals | 1,063,138 | - | 198,290 | 1,604 | 1,576 | 1,264,608 |
| Guide and speaker fees | 878,775 | - | 60,851 | 158 | 2,291 | 942,075 |
| Registration and filing fees | - | - | - | - | 7,329 | 7,329 |
| Membership expenses | - | - | - | - | 70,341 | 70,341 |
| Donations to Gettysburg National Military Park and National Park Service | - | 3,535,420 | - | - | - | 3,535,420 |
| Depreciation | 2,489,543 | 582,355 | 222,874 | 43,896 | 19,318 | 3,357,986 |
| Bad debt expense | - | - | - | - | - | - |
| Interest expense | 405,380 | - | - | - | - | 405,380 |
| | <u>\$ 8,376,187</u> | <u>\$ 4,599,822</u> | <u>\$ 1,478,972</u> | <u>\$ 956,242</u> | <u>\$ 1,208,584</u> | <u>\$ 16,619,807</u> |

See accompanying notes.

Gettysburg Foundation

Statement of Cash Flows

| | Years Ended September 30, | |
|---|---------------------------|------------------|
| | 2023 | 2022 |
| Cash Flows from Operating Activities | | |
| Changes in net assets | \$ 1,759,322 | \$ (2,919,397) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | | |
| Depreciation | 2,972,187 | 3,357,986 |
| Change in unamortized discount - promises to give | (723) | 4,596 |
| Unrealized and realized (gains) losses on investments | (1,458,010) | 2,613,924 |
| In-kind contributions - donated securities | (6,057) | (35,519) |
| In-kind contributions - donated collections | (2,500) | - |
| In-kind contributions - property and equipment | (75,500) | - |
| Forgiveness of notes payable | - | (744,600) |
| Change in fair value of interest rate swap liability | (92,985) | (673,477) |
| Restricted contributions - property and equipment | (92,700) | (310,122) |
| Restricted contributions - endowment | (1,935) | (1,260) |
| Proceeds from sale of donated securities | 6,057 | 35,519 |
| Amortization of right-of-use asset, operating lease included in rent expense | 18,578 | - |
| (Increase) decrease in assets | | |
| Accounts receivable | (6,721) | 138,842 |
| Inventory and other assets | 6,898 | 15,265 |
| Prepaid expenses | (87,272) | 23,204 |
| Promises to give | 14,775 | 36,875 |
| Increase (decrease) in liabilities | | |
| Accounts payable | 94,410 | 10,031 |
| Accounts payable to National Park Service | (88,986) | 42,932 |
| Accrued payroll and benefits | 31,936 | (22,562) |
| Deferred income | (5,419) | (932,205) |
| Deferred service contract revenue | (125,000) | (125,000) |
| Split-interest annuity liability | (939) | (1,134) |
| Obligations under operating lease | (18,301) | - |
| Net Cash Provided by Operating Activities | 2,841,115 | 513,898 |
| Cash Flows from Investing Activities | | |
| Capital expenditures | (524,609) | (1,109,300) |
| Purchase of investments | (7,402,747) | (4,492,818) |
| Proceeds from sale of investments | 6,755,561 | 5,449,089 |
| Net Cash Used in Investing Activities | (1,171,795) | (153,029) |

Gettysburg Foundation

Statement of Cash Flows (continued)

| | Years Ended September 30, | |
|---|---------------------------|---------------------|
| | 2023 | 2022 |
| Cash Flows from Financing Activities | | |
| Payments on museum land lease liability | \$ (4,854) | \$ (4,573) |
| Principal repayments of bonds payable | (1,015,000) | (970,000) |
| Restricted contributions - property and equipment | 92,700 | 310,122 |
| Restricted contributions - endowment | 1,935 | 1,260 |
| | <u>(925,219)</u> | <u>(663,191)</u> |
| Net Cash Used in Financing Activities | | |
| | <u>(925,219)</u> | <u>(663,191)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 744,101 | (302,322) |
| Cash and Cash Equivalents at Beginning of Year | <u>4,826,354</u> | <u>5,128,676</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 5,570,455</u> | <u>\$ 4,826,354</u> |
| Supplementary Cash Flows Information | | |
| Interest paid | <u>\$ 324,332</u> | <u>\$ 378,779</u> |

Supplementary Schedule of Noncash Investing and Financing Activities

In 2023

In conjunction with the adoption of Accounting Standards Codification Topic 842, *Leases*, right-of-use asset, operating lease and a corresponding operating lease liability of \$84,382 was recorded for a facility lease.

Accounts payable includes \$142,588 of property and equipment.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2023 and 2022

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.

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

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, 2023 and 2022.

Concentration of Cash

At times during the years ended September 30, 2023 and 2022, 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 net realizable 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.

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, 2023 and 2022.

Right-of-Use Assets and Liabilities

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. Gettysburg Foundation adopted Topic 842 on October 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, Gettysburg Foundation has applied Topic 842 to reporting periods beginning on October 1, 2022, while prior periods continue to be reported and disclosed in accordance with Gettysburg Foundation's historical accounting treatment under ASC Topic 840, *Leases*.

Gettysburg Foundation elected the "Package of Practical Expedients" under the transition guidance within Topic 842, in which Gettysburg Foundation does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. Gettysburg Foundation has not elected to adopt the "hindsight" practical expedient and, therefore, will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on October 1, 2022.

Gettysburg Foundation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) Gettysburg Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Gettysburg Foundation also considers whether its service arrangements include the right to control the use of an asset.

Note 2 - Summary of Significant Accounting Policies (continued)**Right-of-Use Assets and Liabilities (continued)**

Gettysburg Foundation made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or October 1, 2022 for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, Gettysburg Foundation made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Adoption of Topic 842 resulted in the recording of an additional ROU asset and lease liability related to Gettysburg Foundation's operating leases of \$84,382 at October 1, 2022. The adoption of the new lease standard did not have a material impact to the statement of financial position, did not materially impact changes in Gettysburg Foundation's net assets or cash flows, and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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. 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.

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, including the Ticket to the Past virtual reality program at the Gettysburg Lincoln Railroad Station and Children of Gettysburg 1863 Museum at the Rupp House. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

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.

Donated or Contributed Investments, Services, or Materials

Donated or contributed investments, services, or materials meeting the criteria for recognition, are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at the fair value when received.

Note 2 - Summary of Significant Accounting Policies (continued)

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 and bus tour operations. 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.

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, leadership programs, Children of Gettysburg 1863 Museum, the George Spangler Farm education programs, the Ticket to the Past virtual reality program at the Gettysburg Lincoln Railroad Station, 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.

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Expense Classifications - by Natural Classification (continued)

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.

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.

U.S. GAAP prescribes 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 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, 2020.

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:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Financial Assets | | |
| Cash and cash equivalents | \$ 5,570,455 | \$ 4,826,354 |
| Investments | 10,596,693 | 9,341,745 |
| Investments held in trust | 6,317,778 | 5,467,530 |
| Accounts receivable | 539,484 | 532,763 |
| Promises to give collectible in one year | 23,279 | 21,893 |
| | <u>23,047,689</u> | <u>20,190,285</u> |
| Total Financial Assets | 23,047,689 | 20,190,285 |

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 4 - Liquidity and Availability (continued)

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Less Amounts that are Internally Designated or Externally Restricted | | |
| Investments held in trust | \$ (6,317,778) | \$ (5,467,530) |
| Investments subject to donor restrictions | (1,939,792) | (1,766,093) |
| Board-designated investments held for collections | (384,314) | (396,292) |
| Board-designated investments held for quasi-endowment | <u>(103,679)</u> | <u>-</u> |
| Total Amounts Not Available to be Used within One Year | <u>(8,745,563)</u> | <u>(7,629,915)</u> |
| Financial Assets Available to be Used within One Year | <u>\$ 14,302,126</u> | <u>\$ 12,560,370</u> |

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.

Endowment funds consist of donor-restricted endowments and board-designated endowments. Gettysburg Foundation's endowment funds are subject to a spending policy as described in Note 10. Donor-restricted endowment funds are not available for general expenditures. The board-designated endowment is also subject to an annual spending rate as discussed in Note 10. Although Gettysburg Foundation does not intend to spend from this board-designated endowment beyond the amounts appropriated per the annual spending policy, these amounts could be made available if necessary, with the approval of the Board of Directors.

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

Note 5 - Promises to Give

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

| | <u>2023</u> | <u>2022</u> |
|--|------------------|-------------------|
| Promises to give | \$ 119,500 | \$ 134,500 |
| Unamortized discount | (5,028) | (5,751) |
| Allowance for uncollectible promises to give | <u>(15,775)</u> | <u>(16,000)</u> |
| | <u>\$ 98,697</u> | <u>\$ 112,749</u> |
| Receivable in less than one year | \$ 23,279 | \$ 21,893 |
| Receivable in one to five years | 75,418 | 71,469 |
| Receivable in more than five years | <u>-</u> | <u>19,387</u> |
| | <u>\$ 98,697</u> | <u>\$ 112,749</u> |

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 5 - Promises to Give (continued)

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

| | | |
|------|----|----------------|
| 2024 | \$ | 27,000 |
| 2025 | | 22,000 |
| 2026 | | 22,000 |
| 2027 | | 22,000 |
| 2028 | | 26,500 |
| | | <u>26,500</u> |
| | \$ | <u>119,500</u> |

Promises to give that were acquired during the years ended September 30, 2021 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 2.22%. There were no new promises to give during the years ended September 30, 2023 and 2022.

At September 30, 2023 and 2022, three donors made up 100% of promises to give.

Note 6 - In-kind Contributions

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

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|------------------|------------------|
| Donated property and equipment | \$ 75,500 | \$ - |
| Donated securities | 6,057 | 35,519 |
| Donated collections | 2,500 | - |
| Donated services | 665 | 228 |
| | <u>\$ 84,722</u> | <u>\$ 35,747</u> |

Donated property and equipment recognized during the year ended September 30, 2023 are comprised of donations of works of art to be used for various programs and supporting services. There are no associated donor restrictions related to the donations. In valuing the donated property and equipment, Gettysburg Foundation estimated the fair value based on appraisals performed by an unrelated third party.

Donated securities are valued at market value on the date contributed. There are no associated donor restrictions related to the donations. Fair value was based on quoted market prices for the identical securities. It is Gettysburg Foundation's policy to sell donated securities immediately upon receipt.

Donated collections recognized during the year ended September 30, 2023 are comprised of donations of artifacts and art objects of historical significance to be used for various program services. There are no associated donor restrictions related to the donations. In valuing the donated collections, Gettysburg Foundation estimated the fair value based on appraisals performed by an unrelated third party.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2023 and 2022

Note 6 - In-kind Contributions (continued)

Donated services recognized are comprised of miscellaneous services provided by a third party related to program and supporting services. There are no associated donor restrictions related to the donations. Donated services are reported at the estimated fair value in the financial statements based on current rates for similar services.

Additionally, 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, 2023 and 2022, Gettysburg Foundation had 114 and 105 volunteers, respectively, who donated approximately 10,600 and 8,300 hours of time, respectively, with an estimated value of \$338,000 and \$250,000, 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.

The following valuation techniques were used to measure fair value of assets and liabilities in the tables 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.

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 7 - Fair Value of Financial Instruments (continued)

Fair Value Measurements (continued)

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:

| | 2023 | | | |
|--------------------------------------|----------------------|----------------------|------------------|-------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Cash and Cash Equivalents | \$ 1,149,354 | \$ 1,149,354 | \$ - | \$ - |
| Mutual Funds | | | | |
| Equity funds | 10,101,500 | 10,101,500 | - | - |
| Fixed income funds | 2,891,468 | 2,891,468 | - | - |
| U.S. Treasury Bills and Notes | 2,747,648 | 2,747,648 | - | - |
| Split-Interest Annuity | 24,501 | - | 24,501 | - |
| | <u>\$ 16,914,471</u> | <u>\$ 16,889,970</u> | <u>\$ 24,501</u> | <u>\$ -</u> |
| Interest Rate Swap Liability | <u>\$ 58,487</u> | <u>\$ -</u> | <u>\$ 58,487</u> | <u>\$ -</u> |

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 7 - Fair Value of Financial Instruments (continued)

Fair Value Measurements (continued)

| | 2022 | | | |
|--|----------------------|----------------------|-------------------|-------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Cash and Cash Equivalents | \$ 2,767,067 | \$ 2,767,067 | \$ - | \$ - |
| Mutual Funds | | | | |
| Equity funds | 6,937,083 | 6,937,083 | - | - |
| Fixed income funds | 1,793,403 | 1,793,403 | - | - |
| U.S. Treasury Bills and Notes | 3,286,751 | 3,286,751 | - | - |
| Split-Interest Annuity | 24,971 | - | 24,971 | - |
| | <u>\$ 14,809,275</u> | <u>\$ 14,784,304</u> | <u>\$ 24,971</u> | <u>\$ -</u> |
| Interest Rate Swap Liability | <u>\$ 151,472</u> | <u>\$ -</u> | <u>\$ 151,472</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.

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, 2023 and 2022, 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, 2023 and 2022, the annuity investments earned investment income of \$730 and \$751, respectively, and made required payments to the designated beneficiary in the amount of \$1,200 each year.

Investments associated with the split-interest agreements at September 30, 2023 and 2022 totaled \$24,501 and \$24,971, 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, 2023 and 2022, amounted to \$-0- and \$939, respectively. The discount rate used by Gettysburg Foundation to record the annuity obligation at net present value is 4.20%.

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 9 - Investments (continued)

Investments Held in Trust (continued)

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

| | 2023 | | |
|-----------------------------------|-------------------------------|----------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Interest and dividend income, net | \$ 273,944 | \$ 14,153 | \$ 288,097 |
| Unrealized gains | 1,267,905 | 83,921 | 1,351,826 |
| Realized gains | 94,815 | 11,369 | 106,184 |
| | <u>\$ 1,636,664</u> | <u>\$ 109,443</u> | <u>\$ 1,746,107</u> |
| | 2022 | | |
| Interest and dividend income, net | \$ 209,821 | \$ 8,927 | \$ 218,748 |
| Unrealized losses | (2,761,899) | (192,125) | (2,954,024) |
| Realized gains | 316,038 | 24,062 | 340,100 |
| | <u>\$ (2,236,040)</u> | <u>\$ (159,136)</u> | <u>\$ (2,395,176)</u> |

Note 10 - Endowment

Gettysburg Foundation's endowments consist of several funds established for a variety of purposes. Its endowments include donor-restricted endowment funds and funds designated by the board of directors to function as an endowment. As required by U.S. GAAP, 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.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2023 and 2022

Note 10 - Endowment (continued)

Interpretation of Relevant Law (continued)

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>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Endowment funds without donor restrictions | \$ 103,679 | \$ - |
| Endowment funds with donor restrictions | <u>869,560</u> | <u>758,182</u> |
| | <u>\$ 973,239</u> | <u>\$ 758,182</u> |

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 10 - Endowment (continued)

Interpretation of Relevant Law (continued)

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

| | 2023 | | |
|--|----------------------------|-------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment Net Assets at Beginning of Year | \$ - | \$ 758,182 | \$ 758,182 |
| Investment Return | | | |
| Interest and dividends, net | 366 | 14,153 | 14,519 |
| Net gain (realized and unrealized) | 146 | 95,290 | 95,436 |
| Contributions | <u>103,167</u> | <u>1,935</u> | <u>105,102</u> |
| Endowment Net Assets at End of Year | <u>\$ 103,679</u> | <u>\$ 869,560</u> | <u>\$ 973,239</u> |
| | 2022 | | |
| Endowment Net Assets at Beginning of Year | \$ - | \$ 694,058 | \$ 694,058 |
| Investment Return | | | |
| Interest and dividends, net | - | 8,927 | 8,927 |
| Net loss (realized and unrealized) | - | (168,063) | (168,063) |
| Contributions | - | 1,260 | 1,260 |
| Transfer from Donor Restricted Cash | <u>-</u> | <u>222,000</u> | <u>222,000</u> |
| Endowment Net Assets at End of Year | <u>\$ -</u> | <u>\$ 758,182</u> | <u>\$ 758,182</u> |

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 absence 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, 2023 and 2022. Any fund deficiencies are reported as reductions to net assets with donor restrictions.

Gettysburg Foundation

Notes to Financial Statements

September 30, 2023 and 2022

Note 10 - Endowment (continued)

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.

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:

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|----------------------|----------------------|
| Building and building improvements | \$ 48,704,899 | \$ 48,574,331 |
| Land and land improvements | 19,777,722 | 19,672,173 |
| Exhibits | 18,605,940 | 18,605,940 |
| Cyclorama painting restoration | 10,908,281 | 10,908,281 |
| Scenic easements | 9,845,000 | 9,845,000 |
| Furniture and equipment | 4,640,957 | 4,134,377 |
| | <u>112,482,799</u> | <u>111,740,102</u> |
| Accumulated depreciation | <u>(49,026,027)</u> | <u>(46,053,840)</u> |
| | <u>\$ 63,456,772</u> | <u>\$ 65,686,262</u> |

Gettysburg Foundation

Notes to Financial Statements

September 30, 2023 and 2022

Note 12 - Line of Credit

Gettysburg Foundation has a revolving line of credit agreement with PNC Bank, which provides for borrowings up to \$2,500,000. Interest is charged at the daily Bloomberg Short Term Bank Yield Index rate plus 2.00%, which was 7.43% and 5.10% as of September 30, 2023 and 2022, respectively. During the year ended September 30, 2023, the line of credit's expiration date was extended to June 30, 2025. All outstanding borrowings are due and payable on the expiration date. 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, 2023 and 2022.

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, 2023, Gettysburg Foundation was in compliance with this covenant.

Note 13 - Notes Payable

On January 6, 2021, the Small Business Administration (SBA) and the Department of the Treasury released interim final rules related to the expansion and extension of the Paycheck Protection Program that was enacted on March 27, 2020 by the Coronavirus Aid, Relief, and Economic Security Act. Gettysburg Foundation applied for and received a second loan under this program in the amount of \$744,600 on April 7, 2021. The loan was forgivable if Gettysburg Foundation met certain criteria as established under the Program. Interest on the loan was at a fixed rate of 1.00%. The loan was unsecured and did not require personal guarantees. On February 16, 2022, Gettysburg Foundation was notified by their bank that the loan had been forgiven in full by the SBA.

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 \$5,855,000 and \$6,870,000 as of September 30, 2023 and 2022, respectively, mature on December 1, 2027. The variable interest rate (reset weekly) at September 30, 2023 and 2022 was 4.47% and 2.03%, respectively. Total interest expense for this bond issue for the years ended September 30, 2023 and 2022 was \$286,396 and \$174,263, respectively. Principal payments made during the years ended September 30, 2023 and 2022 were \$1,015,000 and \$970,000, 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

Notes to Financial Statements
September 30, 2023 and 2022

Note 14 - Bonds Payable and Related Accounts (continued)

Bonds Payable (continued)

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, 2023 and 2022 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. On July 12, 2022, the existing agreement was amended to extend the expiration date of the letter of credit from December 20, 2022 to December 20, 2025.

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, 2023, Gettysburg Foundation was in compliance with these covenants.

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> |
|------|---------------------|
| 2024 | \$ 1,065,000 |
| 2025 | 1,115,000 |
| 2026 | 1,170,000 |
| 2027 | 1,225,000 |
| 2028 | <u>1,280,000</u> |
| | <u>\$ 5,855,000</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

Notes to Financial Statements
September 30, 2023 and 2022

Note 14 - Bonds Payable and Related Accounts (continued)

Bond Rebate Interest Payable (continued)

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's last recorded bond rebate interest was in September 2016 and the amounts due were paid in October 2016. The next calculation was required by September 30, 2021. During the year ended September 30, 2021, Gettysburg Foundation determined there was 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, 2023 and 2022 was \$49,896 and \$231,117, respectively.

The swap was issued at market terms so that it had no fair value at its inception. At September 30, 2023 and 2022, the swap agreement had a carrying value of \$58,487 and \$151,472, 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 applicable interest rates, 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 \$92,985 and \$673,477 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022, the notional value of the swap was \$5,855,000 and \$6,870,000, 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.

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 14 - Bonds Payable and Related Accounts (continued)

Museum Land Lease Agreement (continued)

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.

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>2023</u> | <u>2022</u> |
|--------------------------------------|-----------------------------|----------------------|
| Undesignated | \$ 76,612,097 | \$ 75,104,123 |
| Board designated | | |
| Investments held for collections | 384,314 | 396,292 |
| Investments held for quasi-endowment | 103,679 | - |
| | <u>\$ 77,100,090</u> | <u>\$ 75,500,415</u> |

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

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>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Subject to expenditure for specific purpose | | |
| Battlefield rehabilitation | \$ 405,592 | \$ 356,609 |
| Other | 216,574 | 125,515 |
| Spangler Farm and trail | 197,233 | 189,594 |
| Endowment earnings accumulated | 149,986 | 40,543 |
| Education programs | 81,377 | 162,516 |
| Museum exhibits | 48,469 | 51,534 |
| Land acquisition | 48,113 | 48,113 |
| Gettysburg Fund | 24,842 | 25,282 |
| Split-interest annuity | 24,501 | 24,032 |
| Rupp House History Center | 23,531 | 24,716 |
| Subject to the passage of time | | |
| Promises to give | 98,697 | 112,749 |
| Perpetual in nature | | |
| Scenic easements | 9,845,000 | 9,845,000 |
| Endowment investments | 719,574 | 717,639 |
| | <u>\$ 11,883,489</u> | <u>\$ 11,723,842</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 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 are 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, 2022, Gettysburg Foundation recognized revenue related to SVOG of \$970,000. No revenue related to SVOG was recognized during the year ended September 30, 2023. Revenue related to SVOG is included in grants in the statement of activities and changes in net assets.

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

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, 2023 and 2022 amounted to \$147,508 and \$146,172, 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 \$55,000 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, 2023 and 2022, the cost of the plan, including the administrative services and processing fees, amounted to \$267,467 and \$342,941, respectively.

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>2023</u> | <u>2022</u> |
|------------------|-------------|-------------|
| Promises to give | \$ 46,389 | \$ 52,268 |

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

| | <u>2023</u> | <u>2022</u> |
|--------------------|-------------|-------------|
| Contributions | \$ 36,634 | \$ 343,005 |
| Donated securities | - | 5,247 |
| Donated services | - | 228 |

Gettysburg Foundation

Notes to Financial Statements
September 30, 2023 and 2022

Note 22 - Operating Lease

In January 2016, Gettysburg Foundation entered into an operating 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, 2026. The lease does not include a renewal option. During the first year of the lease, Gettysburg Foundation paid rent in monthly installments of \$1,500. The monthly payment is adjusted annually based on the increase in the Consumer Price Index. The lease does not contain any material restrictive covenants or residual value guarantees. Fixed payments related to this lease amounted to \$21,225 for the year ended September 30, 2023. Gettysburg Foundation uses the applicable risk free rate as the discount rate for its real estate leases. The discount rate used is 4.01% and as of September 30, 2023 the remaining lease term is 3.33 years.

Gettysburg Foundation also leases real estate located in Gettysburg, Pennsylvania under month-to-month operating leases, at a storage unit behind 451 Baltimore Street that is considered short-term in nature.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of total lease cost are as follows for the year ended September 30, 2023:

| | | |
|-------------------------|-----------|----------------------|
| Operating lease cost | \$ | 21,225 |
| Short-term lease cost | | <u>2,820</u> |
| Total Lease Cost | \$ | <u>24,045</u> |

Total rent expense related to operating leases amounted to \$24,322 and \$22,779 for the years ended September 30, 2023 and 2022.

Future undiscounted cash flows for each of the remaining four years of the lease term and a reconciliation to the operating lease liability recognized on the statement of financial position are as follows as of September 30:

| | | |
|---|-----------|----------------------|
| 2024 | \$ | 21,648 |
| 2025 | | 21,648 |
| 2026 | | 21,648 |
| 2027 | | <u>5,412</u> |
| Total Operating Lease Payment | | 70,356 |
| Imputed interest | | <u>(4,275)</u> |
| Total Present Value of Operating Lease Liability | \$ | <u>66,081</u> |
| Current maturities of operating lease liability | \$ | 19,425 |
| Long-term maturities of operating lease liability | | <u>46,656</u> |
| | \$ | <u>66,081</u> |

Gettysburg Foundation

Notes to Financial Statements

September 30, 2023 and 2022

Note 23 - Contingency

Gettysburg Foundation is involved in a legal proceeding arising from activities in the ordinary course of business. Although it is not possible to presently determine the final outcome of this matter, management believes the aggregate liability, if any, will not have a material adverse effect on Gettysburg Foundation's financial statements.

Note 24 - Subsequent Events

Gettysburg Foundation has evaluated subsequent events through March 22, 2024. This date is the date the financial statements were available to be issued. No material events subsequent to September 30, 2023 were noted.