

**Gettysburg Foundation**  
**Financial Statements**  
**September 30, 2020 and 2019**



# Gettysburg Foundation

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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, 2020 and 2019, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2020 and 2019, 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.

RKL LLP

January 22, 2021  
York, Pennsylvania

# Gettysburg Foundation

## Statement of Financial Position

	September 30,	
	2020	2019
<b>Assets</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 2,369,342	\$ 3,977,090
Investments	5,269,565	4,773,598
Investments held in trust	6,833,120	6,374,435
Accounts receivable	618,669	273,993
Inventory	38,270	39,653
Prepaid expenses	247,953	365,699
Promises to give, net	468,300	1,150,725
Collections	11,199,993	10,125,493
Property and equipment, net	70,517,801	73,360,484
<b>Total Assets</b>	<b>\$ 97,563,013</b>	<b>\$ 100,441,170</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 275,080	\$ 845,221
Accounts payable to National Park Service	1,154,789	1,295,679
Accrued payroll and benefits	234,106	339,688
Deferred income	106,548	305,328
Notes payable	851,284	456,479
Museum land lease liability	30,170	34,226
Deferred service contract revenue	932,292	1,057,292
Bonds payable	8,765,000	9,495,000
Interest rate swap liability	1,209,560	1,141,709
Split-interest annuity liability	3,161	202,346
<b>Total Liabilities</b>	<b>13,561,990</b>	<b>15,172,968</b>
<b>Net Assets</b>		
Without donor restrictions	68,418,158	70,011,072
With donor restrictions	15,582,865	15,257,130
<b>Total Net Assets</b>	<b>84,001,023</b>	<b>85,268,202</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 97,563,013</b>	<b>\$ 100,441,170</b>

# Gettysburg Foundation

## Statement of Activities and Changes in Net Assets

	Year Ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 1,742,382	\$ 857,082	\$ 2,599,464
Ticket income	1,880,232	-	1,880,232
In-kind contributions	1,416,329	-	1,416,329
Tour income	895,999	-	895,999
Membership dues income	881,140	-	881,140
Commission income	734,931	-	734,931
Event income	233,544	-	233,544
Sales revenue	28,174	50	28,224
Interest income	11,459	-	11,459
Other income	2,498	-	2,498
<b>Total Support and Revenue</b>	<b>7,826,688</b>	<b>857,132</b>	<b>8,683,820</b>
<b>Net Assets Released from Restrictions</b>	<b>586,698</b>	<b>(586,698)</b>	<b>-</b>
<b>Total Support and Revenue and Net Assets Released</b>	<b>8,413,386</b>	<b>270,434</b>	<b>8,683,820</b>
<b>Expenses</b>			
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
<b>Total Program Services</b>	<b>8,000,930</b>	<b>-</b>	<b>8,000,930</b>
Supporting services			
Management and general	1,127,472	-	1,127,472
Fundraising	1,296,135	-	1,296,135
<b>Total Supporting Services</b>	<b>2,423,607</b>	<b>-</b>	<b>2,423,607</b>
<b>Total Expenses</b>	<b>10,424,537</b>	<b>-</b>	<b>10,424,537</b>
<b>Excess (Deficiency) of Support and Revenue over Expenses</b>	<b>(2,011,151)</b>	<b>270,434</b>	<b>(1,740,717)</b>
<b>Return on Investments, Net</b>	<b>592,485</b>	<b>54,685</b>	<b>647,170</b>
<b>Change in Value of Split-Interest Annuity Liability</b>	<b>-</b>	<b>616</b>	<b>616</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>(67,851)</b>	<b>-</b>	<b>(67,851)</b>
<b>Loss on Disposal of Property and Equipment</b>	<b>(106,397)</b>	<b>-</b>	<b>(106,397)</b>
<b>Changes in Net Assets</b>	<b>(1,592,914)</b>	<b>325,735</b>	<b>(1,267,179)</b>
<b>Net Assets at September 30, 2019</b>	<b>70,011,072</b>	<b>15,257,130</b>	<b>85,268,202</b>
<b>Net Assets at September 30, 2020</b>	<b>\$ 68,418,158</b>	<b>\$ 15,582,865</b>	<b>\$ 84,001,023</b>

See accompanying notes.

**Gettysburg Foundation**

## Statement of Activities and Changes in Net Assets (continued)

	Year Ended September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 978,701	\$ 1,636,120	\$ 2,614,821
Ticket income	5,362,414	-	5,362,414
In-kind contributions	69,430	-	69,430
Tour income	2,948,593	-	2,948,593
Membership dues income	902,364	-	902,364
Commission income	2,232,035	-	2,232,035
Event income	570,473	-	570,473
Sales revenue	92,683	254	92,937
Interest income	11,720	-	11,720
Other income	20,498	-	20,498
<b>Total Support and Revenue</b>	<b>13,188,911</b>	<b>1,636,374</b>	<b>14,825,285</b>
<b>Net Assets Released from Restrictions</b>	<b>1,235,400</b>	<b>(1,235,400)</b>	<b>-</b>
<b>Total Support and Revenue and Net Assets Released</b>	<b>14,424,311</b>	<b>400,974</b>	<b>14,825,285</b>
<b>Expenses</b>			
Program services			
Museum and Visitor Center operations	9,717,555	-	9,717,555
National Park Service and interpretive and office facilities	1,557,434	-	1,557,434
Other programs	1,019,568	-	1,019,568
<b>Total Program Services</b>	<b>12,294,557</b>	<b>-</b>	<b>12,294,557</b>
Supporting services			
Management and general	950,700	-	950,700
Fundraising	1,592,425	-	1,592,425
<b>Total Supporting Services</b>	<b>2,543,125</b>	<b>-</b>	<b>2,543,125</b>
<b>Total Expenses</b>	<b>14,837,682</b>	<b>-</b>	<b>14,837,682</b>
<b>Excess (Deficiency) of Support and Revenue over Expenses</b>	<b>(413,371)</b>	<b>400,974</b>	<b>(12,397)</b>
<b>Return on Investments, Net</b>	<b>357,962</b>	<b>7,780</b>	<b>365,742</b>
<b>Change in Value of Split-Interest Annuity Liability</b>	<b>-</b>	<b>(9,837)</b>	<b>(9,837)</b>
<b>Change in Fair Value of Interest Rate Swap</b>	<b>(336,202)</b>	<b>-</b>	<b>(336,202)</b>
<b>Loss on Disposal of Property and Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in Net Assets</b>	<b>(391,611)</b>	<b>398,917</b>	<b>7,306</b>
<b>Net Assets at September 30, 2018</b>	<b>70,402,683</b>	<b>14,858,213</b>	<b>85,260,896</b>
<b>Net Assets at September 30, 2019</b>	<b>\$ 70,011,072</b>	<b>\$ 15,257,130</b>	<b>\$ 85,268,202</b>

See accompanying notes.

# Gettysburg Foundation

## Statement of Functional Expenses - by Natural Classification

Year Ended September 30, 2020

	Program Services			Supporting Services		Total
	Museum and Visitor Center Operations	National Park Service and Interpretive and Office Facilities	Other Programs	Management and General	Fundraising	
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 National Park Service for David Wills House	-	-	-	-	-	-
Donations to Gettysburg National Military Park and National Park Service	-	-	-	-	-	-
Donation of artifacts, property and preservation project funding to 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 Functional Expenses - by Natural Classification (continued)

Year Ended September 30, 2019

	Program Services			Supporting Services		Total
	Museum and Visitor Center Operations	National Park Service and Interpretive and Office Facilities	Other Programs	Management and General	Fundraising	
Salaries and wages	\$ 1,845,814	\$ 233,586	\$ 262,838	\$ 499,871	\$ 764,296	\$ 3,606,405
Employee benefits and payroll tax	434,740	43,611	64,894	209,992	137,356	890,593
Professional fees	99,037	2,128	92,407	47,507	48,795	289,874
Advertising and promotion	99,190	-	-	-	19,297	118,487
Telecommunications and postage	19,204	2,883	13,903	4,327	91,150	131,467
Travel, meals, and entertainment	21,878	694	113,034	30,869	44,613	211,088
Printing	22,319	13	34,070	1	143,295	199,698
Supplies	161,485	35,281	52,616	21,366	50,997	321,745
Repairs and maintenance	227,231	87,064	27,382	6,705	7,237	355,619
Security	-	147,362	-	-	-	147,362
Museum exhibits and artifacts	8,269	76,529	-	-	-	84,798
Trash and janitorial	22,074	36,091	1,651	139	4,253	64,208
Information technology	406,490	39,440	21,532	50,132	52,790	570,384
Dues, subscriptions, and professional development	23,886	434	2,685	6,338	8,351	41,694
Rent expense	1,524	-	2,640	9,359	9,359	22,882
Real estate taxes	60,626	-	2,756	-	-	63,382
Utilities	248,934	57,061	8,342	4,389	10,644	329,370
Insurance	68,711	10,345	7,686	14,549	21,832	123,123
Bank and credit card processing fees	158,019	-	-	-	16,184	174,203
Amusement taxes	164,676	-	150	-	-	164,826
Cost of sales and bus rentals	1,149,213	-	132,165	-	5,053	1,286,431
Guide and speaker fees	1,459,053	-	39,284	515	6,798	1,505,650
Registration and filing fees	-	-	-	-	7,525	7,525
Membership expenses	-	-	5,653	-	70,141	75,794
Donations to National Park Service for David Wills House	-	8,520	-	-	-	8,520
Donations to Gettysburg National Military Park and National Park Service	-	172,364	-	600	-	172,964
Donation of artifacts, property and preservation project funding to National Park Service	-	19,786	-	-	-	19,786
Depreciation	2,497,780	584,242	129,533	44,041	17,286	3,272,882
Interest expense	517,402	-	4,347	-	17,388	539,137
Bad debt expense	-	-	-	-	37,785	37,785
	<u>\$ 9,717,555</u>	<u>\$ 1,557,434</u>	<u>\$ 1,019,568</u>	<u>\$ 950,700</u>	<u>\$ 1,592,425</u>	<u>\$ 14,837,682</u>

See accompanying notes.

# Gettysburg Foundation

## Statement of Cash Flows

	Years Ended September 30,	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (1,267,179)	\$ 7,306
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	3,320,531	3,272,882
Change in unamortized discount - promises to give	(6,425)	(55,100)
Unrealized and realized gains on investments	(461,009)	(197,234)
In-kind contributions - donated securities	(2,162)	(14,510)
In-kind contributions - donated collections	(1,074,500)	-
In-kind contributions - forgiveness of notes payable	(300,000)	-
Change in fair value of interest rate swap liability	67,851	336,202
Restricted contributions - property and equipment	(644,354)	(1,223,060)
Restricted contributions - endowment	(158,461)	(35,484)
Loss on disposal of property and equipment	106,397	-
Proceeds from sale of donated securities	16,709	29,709
(Increase) decrease in assets		
Accounts receivable	(344,676)	54,481
Inventory	1,383	(104)
Prepaid expenses	117,746	72,472
Promises to give	(83,975)	51,310
Increase (decrease) in liabilities		
Accounts payable	(64,161)	4,184
Accounts payable to National Park Service	(140,890)	(527,611)
Accrued payroll and benefits	(105,582)	68,588
Deferred income	(198,780)	60,896
Deferred service contract revenue	(125,000)	(125,000)
Split-interest annuity liability	(17,346)	(12,276)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(1,363,883)</b>	<b>1,767,651</b>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(1,112,025)	(1,503,518)
Proceeds from disposal of property and equipment	21,800	-
Purchase of investments	(4,539,451)	(3,390,689)
Proceeds from sale of investments	4,045,808	2,495,254
<b>Net Cash Used in Investing Activities</b>	<b>(1,583,868)</b>	<b>(2,398,953)</b>

## Gettysburg Foundation

### Statement of Cash Flows (continued)

	Years Ended September 30,	
	2020	2019
<b>Cash Flows from Financing Activities</b>		
Principal repayments of notes payable	\$ (49,795)	\$ (46,558)
Proceeds from notes payable	744,600	-
Payments on museum land lease liability	(4,056)	(3,822)
Principal repayments of bonds payable	(730,000)	(695,000)
Restricted contributions - property and equipment	1,281,442	1,725,876
Restricted contributions - endowment	97,812	40,484
	<u>1,340,003</u>	<u>1,020,980</u>
<b>Net Cash Provided by Financing Activities</b>		
	<u>1,340,003</u>	<u>1,020,980</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,607,748)	389,678
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>3,977,090</u>	<u>3,587,412</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 2,369,342</u>	<u>\$ 3,977,090</u>
<b>Supplementary Cash Flows Information</b>		
Interest paid	<u>\$ 467,094</u>	<u>\$ 524,247</u>

### Supplementary Schedule of Noncash Investing and Financing Activities

#### In 2020

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

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

#### In 2019

Accounts payable includes \$535,703 of property and equipment.

Investments of \$15,199 were received as payment on promises to give.

## **Gettysburg Foundation**

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Notes to Financial Statements

September 30, 2020 and 2019

### **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**

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Notes to Financial Statements  
September 30, 2020 and 2019

### **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, 2020 and 2019.

#### **Concentration of Cash**

At times during the years ended September 30, 2020 and 2019, 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.

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

**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.

**Collections**

Gettysburg Foundation's collections are made up of artifacts and art objects of historical significance. Accessions of these 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 these items are reflected on the statement of activities and changes in net assets as changes in net assets without donor restrictions.

**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 on 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, 2020 and 2019.

**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 on 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)**

**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.

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.

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

**Functional Expense Classifications - by Natural Classification (continued)**

Other program expenses include expenses associated with the Ford Motor Company Education Center, *In the Footsteps of Leaders* leadership programs, Rupp House History Center, 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 May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018. Gettysburg Foundation implemented this standard during the year ended September 30, 2020. The Gettysburg Foundation has determined that the adoption of ASU 2014-09 did not result in an adjustment to net assets as of September 30, 2019 and did not have a material effect on the 2020 financial statements.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance. For contributions received, this guidance is effective for annual periods beginning after December 15, 2018, or annual periods beginning after June 15, 2018 for public business entities. For contributions made, this guidance is effective for the annual period beginning after December 15, 2019, or annual periods beginning after December 15, 2018 for public business entities. During the year ended September 30, 2020, Gettysburg Foundation implemented the provisions of ASU 2018-08 applicable to both contributions received and contributions made under a modified perspective basis. Accordingly, there is no effect on net assets in connection with the Gettysburg Foundation's implementation of this standard.

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

**Recent Accounting Pronouncements**

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The guidance is effective for fiscal years beginning after December 15, 2021.

In March 2019, 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. The new standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020.

In September 2020, 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, 2020 and 2019

### 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, 2017.

### 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>2020</u>	<u>2019</u>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 2,369,342	\$ 3,977,090
Investments	5,269,565	4,773,598
Investments held in trust	6,833,120	6,374,435
Accounts receivable	618,669	273,993
Promises to give collectible in one year	325,115	767,551
	<u>15,415,811</u>	<u>16,166,667</u>
<b>Total Financial Assets</b>		
	<u>15,415,811</u>	<u>16,166,667</u>
<b>Less Amounts that are Internally Designated or Externally Restricted</b>		
Investments held in trust	(6,833,120)	(6,374,435)
Donor-imposed restrictions		
Investments subject to donor restrictions	(5,269,565)	(4,261,405)
Promises to give collectible in one year subject to donor restrictions	(301,500)	(759,778)
	<u>(12,404,185)</u>	<u>(11,395,618)</u>
<b>Total Amounts Not Available to be Used within One Year</b>		
	<u>(12,404,185)</u>	<u>(11,395,618)</u>
<b>Financial Assets Available to be Used within One Year</b>		
	<u>\$ 3,011,626</u>	<u>\$ 4,771,049</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.

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, 2020 and 2019

### Note 5 - Promises to Give

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

	<u>2020</u>	<u>2019</u>
Promises to give	\$ 498,375	\$ 1,247,225
Unamortized discount	(10,075)	(16,500)
Allowance for uncollectible promises to give	<u>(20,000)</u>	<u>(80,000)</u>
	<u>\$ 468,300</u>	<u>\$ 1,150,725</u>
Receivable in less than one year	\$ 325,115	\$ 767,551
Receivable in one to five years	94,637	366,707
Receivable in more than five years	<u>48,548</u>	<u>16,467</u>
	<u>\$ 468,300</u>	<u>\$ 1,150,725</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:

2021	\$ 339,000
2022	27,875
2023	26,000
2024	28,000
2025	22,000
Thereafter	<u>55,500</u>
	<u>\$ 498,375</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%.

At September 30, 2020 and 2019, five donors made up approximately 99% and 97% 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, 2020 and 2019

#### 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>2020</u>	<u>2019</u>
Donated collections	\$ 1,074,500	\$ -
Forgiveness of notes payable	300,000	-
Donated services	39,667	52,500
Donated securities	2,162	14,510
Donated materials	-	2,420
	<u>\$ 1,416,329</u>	<u>\$ 69,430</u>

Gettysburg Foundation 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, 2020 and 2019, Gettysburg Foundation had 108 and 579 volunteers, respectively, who donated approximately 4,800 and 8,000 hours of time, respectively, with an estimated value of \$129,771 and \$203,491, 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.

## Gettysburg Foundation

Notes to Financial Statements  
September 30, 2020 and 2019

### 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:

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

## Gettysburg Foundation

Notes to Financial Statements  
September 30, 2020 and 2019

### Note 7 - Fair Value of Financial Instruments (continued)

#### Fair Value Measurements (continued)

	2019			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 447,475	\$ 447,475	\$ -	\$ -
<b>Mutual Funds</b>				
Equity funds	4,008,995	4,008,995	-	-
Fixed income funds	1,474,529	1,474,529	-	-
U.S. Treasury Bills and Notes	5,190,745	5,190,745	-	-
Split-Interest Annuity	26,289	-	26,289	-
	<u>\$ 11,148,033</u>	<u>\$ 11,121,744</u>	<u>\$ 26,289</u>	<u>\$ -</u>
Interest Rate Swap Liability	<u>\$ 1,141,709</u>	<u>\$ -</u>	<u>\$ 1,141,709</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, 2020 and 2019, 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, 2020 and 2019, the annuity investments earned investment income of \$773 and \$784, 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, 2020 and 2019

#### Note 8 - Split-Interest Annuity Liability (continued)

During the year ended September 30, 2013, Gettysburg Foundation executed a \$372,257 charitable gift annuity with a donor in which Gettysburg Foundation served as trustee. Gettysburg Foundation made required payments to the designated beneficiary for the years ended September 30, 2020 and 2019 of \$16,193 and \$21,591, respectively. The investments associated with this annuity experienced net investment income of \$36,637 and \$3,967 during the years ended September 30, 2020 and 2019, respectively. During the year ended September 30, 2020, the designated beneficiary passed away at which time Gettysburg Foundation recognized contribution income in the amount of \$181,839, which was equal to the remaining annuity liability at the time of the designated beneficiary's passing.

Investments associated with the split-interest agreements at September 30, 2020 and 2019 total \$25,862 and \$380,424, respectively, and are included as investments on 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, 2020 and 2019, amounted to \$3,161 and \$202,346, 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:

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

**Gettysburg Foundation**

Notes to Financial Statements  
September 30, 2020 and 2019

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

	<b>2019</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Appreciation</b>
<b>Cash and Cash Equivalents</b>	\$ 447,475	\$ 447,475	\$ -
<b>Mutual Funds</b>			
Equity funds	3,673,770	4,008,995	335,225
Fixed income funds	1,431,438	1,474,529	43,091
<b>U.S. Treasury Bills and Notes</b>	5,088,684	5,190,745	102,061
<b>Split-Interest Annuity</b>	26,289	26,289	-
	<u>\$ 10,667,656</u>	<u>\$ 11,148,033</u>	<u>\$ 480,377</u>

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

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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>
	<b>2019</b>		
Interest and dividend income, net	\$ 163,908	\$ 4,600	\$ 168,508
Unrealized gains (losses)	148,122	(1,012)	147,110
Realized gains	45,932	4,192	50,124
	<u>\$ 357,962</u>	<u>\$ 7,780</u>	<u>\$ 365,742</u>

## Gettysburg Foundation

### Notes to Financial Statements

September 30, 2020 and 2019

#### 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>2020</u>	<u>2019</u>
Endowment funds with donor restrictions	<u>\$ 515,874</u>	<u>\$ 327,152</u>

## Gettysburg Foundation

Notes to Financial Statements  
September 30, 2020 and 2019

### 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:

	<u>2020</u>	<u>2019</u>
<b>Endowment Net Assets with Donor Restrictions at Beginning of Year</b>	<b>\$ 327,152</b>	<b>\$ 289,872</b>
Investment return		
Net gain (realized and unrealized)	<b>24,084</b>	2,359
Interest and dividends, net	<b>6,177</b>	2,667
Contributions	<b>158,461</b>	35,584
Change in value of split interest annuity liability	<u>-</u>	<u>(3,330)</u>
<b>Endowment Net Assets with Donor Restrictions at End of Year</b>	<b><u>\$ 515,874</u></b>	<b><u>\$ 327,152</u></b>

#### 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, 2020 and 2019. 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, 2020 and 2019

### 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. For the years ended September 30, 2020 and 2019, Gettysburg Foundation did not choose to withdraw an amount from the endowment.

### Note 11 - Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Building	\$ 47,846,471	\$ 47,651,781
Land and land improvements	19,556,022	19,467,525
Exhibits	18,018,469	17,935,547
Cyclorama painting restoration	10,908,281	10,908,281
Scenic easements	9,845,000	9,845,000
Furniture and equipment	3,729,469	3,669,839
	<b>109,903,712</b>	109,477,973
Accumulated depreciation	<u>(39,385,911)</u>	<u>(36,117,489)</u>
	<b><u>\$ 70,517,801</u></b>	<b><u>\$ 73,360,484</u></b>

### 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 1.50%, which was 1.58% as of September 30, 2020. There were no borrowings against the line of credit as of September 30, 2020. 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.

## **Gettysburg Foundation**

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### Notes to Financial Statements

September 30, 2020 and 2019

#### **Note 12 - Line of Credit (continued)**

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, 2020, Gettysburg Foundation was not in compliance with this covenant; however, PNC Bank has agreed to waive this covenant for the year ended September 30, 2020.

#### **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 is 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 is indexed to 70.00% of the prime rate, which was 2.28% and 3.50% as of September 30, 2020 and 2019, respectively. The amended mortgage terms require monthly principal and interest payments of \$4,458. The maturity date of November 2022 remains unchanged from the original note. At September 30, 2020 and 2019, the outstanding balance on the note was \$106,684 and \$156,479, respectively. Interest expense under this note amounted to \$3,793 and \$6,959 for the years ended September 30, 2020 and 2019, respectively.

On September 24, 2004, Gettysburg Foundation obtained a \$100,000 note from an individual secured by a lien on the real estate located at 449 - 451 Baltimore Street, Gettysburg, Pennsylvania. Interest was at a fixed rate of interest of 5.00% to be paid annually. On July 23, 2009, this note was refinanced and was to mature on July 23, 2039, at which time all remaining principal and interest was due. During the year ended September 30, 2020, the balance on the note was forgiven by the individual. At September 30, 2019, the outstanding balance on the note was \$100,000. There was no interest expense incurred related to this note during the year ended September 30, 2020. Interest expense under this note amounted to \$5,000 for the year ended September 30, 2019.

On November 15, 2004, Gettysburg Foundation obtained a note payable in the amount of \$200,000 from an individual. Interest was at a fixed rate of 4.80% per annum, payable monthly, with the right to pay any or all principal at any time. On July 23, 2009, this note was refinanced and was to mature on July 23, 2039, at which time all remaining principal and interest was due. The note was secured by a second lien on the real estate at 449 - 451 Baltimore Street, Gettysburg, Pennsylvania. During the year ended September 30, 2020, the balance on the note was forgiven by the individual. At September 30, 2019, the outstanding balance on the note was \$200,000. Interest expense under this note amounted to \$6,400 and \$9,600 for the years ended September 30, 2020 and 2019, respectively.

## Gettysburg Foundation

### Notes to Financial Statements

September 30, 2020 and 2019

#### Note 13 - Notes Payable (continued)

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 21). 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 is forgivable if Gettysburg Foundation meets certain criteria as established under the Program. Gettysburg Foundation anticipates there may be further guidance issued by the Small Business Administration (SBA), the U.S. Department of Treasury, the bank, and other regulators related to the Program which could impact the loan and loan forgiveness. Gettysburg Foundation will seek loan forgiveness in fiscal year 2021. The loan is unsecured and does not require personal guarantees.

The loan bears interest at 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. Monthly principal and interest payments were to be due beginning November 16, 2020; however, 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 SBA remits the loan forgiveness amount, or if loan forgiveness is not requested, ten months after the end of the loan forgiveness covered period, which generally begins on the date the loan proceeds were received. Gettysburg Foundation has elected to use a 24-week loan forgiveness covered period. If any portion of the loan is forgiven in connection with the CARES Act and the terms of the Program, the monthly payments of principal and interest shall thereafter be recalculated by the lender to fully amortize any outstanding amounts remaining after forgiveness over the remaining term of the loan. The loan matures on April 16, 2022, at which time all remaining principal and interest is due. Gettysburg Foundation submitted their application for loan forgiveness on October 15, 2020.

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

2021	\$	50,699
2022		792,737
2023		7,848
		<hr/>
	\$	851,284
		<hr/>

## Gettysburg Foundation

Notes to Financial Statements  
September 30, 2020 and 2019

### 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 \$8,765,000 and \$9,495,000 as of September 30, 2020 and 2019, respectively, mature on December 1, 2027. The variable interest rate (reset weekly) at September 30, 2020 and 2019 was 0.13% and 1.63%, respectively. Total interest expense for this bond issue for the years ended September 30, 2020 and 2019 was \$203,850 and \$296,035, respectively. Principal payments made during the years ended September 30, 2020 and 2019 were \$730,000 and \$695,000, 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, 2020 and 2019 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. On August 19, 2020, the bank waived the financial covenant requirements for the year ended September 30, 2020.

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>
2021	\$ 970,000
2022	1,015,000
2023	1,065,000
2024	1,115,000
2025	1,170,000
2026 - 2028	<u>3,430,000</u>
	<u>\$ 8,765,000</u>



## Gettysburg Foundation

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Notes to Financial Statements  
September 30, 2020 and 2019

### Note 14 - Bonds Payable and Related Accounts (continued)

#### 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 last recorded bond rebate interest in September 2016 and paid the amounts due in October 2016. The next calculation is required by September 30, 2021. Gettysburg Foundation's investments that have been pledged as collateral on the letter of credit have been invested in yield restricted accounts. It is not anticipated that a positive arbitrage will exist, thus no liability has been recorded as of September 30, 2020 or 2019.

#### 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, 2020 and 2019 was \$265,970 and \$219,189, respectively.

The swap was issued at market terms so that it had no fair value at its inception. At September 30, 2020 and 2019, the swap agreement had a carrying value of \$1,209,560 and \$1,141,709, respectively. This amount is reported as interest rate swap liability on 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 (\$67,851) and (\$336,202) for the years ended September 30, 2020 and 2019, 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, 2020 and 2019, the notional value of the swap was \$8,765,000 and \$9,495,000, respectively.

## Gettysburg Foundation

Notes to Financial Statements

September 30, 2020 and 2019

### Note 14 - Bonds Payable and Related Accounts (continued)

#### 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.

### Note 16 - Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose		
Battlefield rehabilitation	\$ 3,606,832	\$ 2,979,781
Rupp House History Center	315,338	9,516
Gettysburg Railroad Station	245,040	137,365
Education programs	197,524	183,177
Spangler Farm and trail	179,582	98,200
Endowment earnings accumulated	104,580	74,319
Museum exhibits	96,894	116,744
Other	60,250	159,500
Gettysburg Fund	29,530	123,890
Split-interest annuity	22,701	126,080

## Gettysburg Foundation

Notes to Financial Statements

September 30, 2020 and 2019

### Note 16 - Net Assets with Donor Restrictions (continued)

	<u>2020</u>	<u>2019</u>
Subject to the passage of time		
Promises to give	\$ 468,300	\$ 1,150,725
Perpetual in nature		
Scenic easements	9,845,000	9,845,000
Endowment investments	411,294	318,880
Present value of split-interest annuity liability	-	(66,047)
	<u>\$ 15,582,865</u>	<u>\$ 15,257,130</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 17 - 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, 2020 and 2019 amounted to \$132,844 and \$154,585, respectively.

### Note 18 - 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, 2020 and 2019, the cost of the plan, including the administrative services and processing fees, amounted to \$502,650 and \$83,924, respectively.

## Gettysburg Foundation

### Notes to Financial Statements

September 30, 2020 and 2019

#### Note 19 - 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>2020</u>	<u>2019</u>
Promises to give	\$ 102,040	\$ 131,286

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

	<u>2020</u>	<u>2019</u>
Contributions	\$ 269,568	\$ 122,902
Donated collections	174,500	-
Donated services	39,667	54,725

#### Note 20 - 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 third 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 five years ending September 30 and thereafter:

2021	\$ 19,080
2022	19,080
2023	19,080
2024	19,080
2025	19,080
Thereafter	<u>4,770</u>
	<u>\$ 100,170</u>

Rent expense related to these leases for the years ended September 30, 2020 and 2019 amounted to \$21,654 and \$22,882, respectively.

## **Gettysburg Foundation**

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Notes to Financial Statements

September 30, 2020 and 2019

### **Note 21 - 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 22 - Subsequent Events**

Gettysburg Foundation has evaluated subsequent events through January 22, 2021. This date is the date the financial statements were available to be issued. No material events subsequent to September 30, 2020 were noted.