

GETTYSBURG FOUNDATION

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Gettysburg Foundation

We have audited the accompanying financial statements of the Gettysburg Foundation (the Foundation) (a non-profit organization) which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses 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 consolidated 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 the Gettysburg Foundation as of September 30, 2013 and 2012, 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.

Stambaugh Ness, PC

York, Pennsylvania
December 10, 2013

GETTYSBURG FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2013	2012
ASSETS		
Cash	\$ 4,147,424	\$ 2,687,287
Investments	1,997,008	3,022,527
Investments held in trust	3,951,229	2,920,720
Other accounts receivable	339,887	287,785
Inventory	115,920	79,145
Prepaid expenses	102,641	51,682
Promises to give, net	1,642,641	1,296,612
Endowment investments	471,005	28,954
Collections	830,493	230,493
Loan costs, net of amortization of \$108,414 and \$92,963, respectively	223,992	239,443
Property and equipment, net	83,552,728	86,007,567
 Total assets	 \$ 97,374,968	 \$ 96,852,215
 LIABILITIES		
Accounts payable	\$ 391,786	\$ 462,456
Accounts payable to National Park Service	1,200,293	711,954
Accrued payroll and benefits	237,366	298,555
Deferred ticket income	162,994	106,288
Notes payable	870,876	762,075
Museum land lease liability	54,070	39,819
Deferred service contract revenues	1,807,292	1,932,292
Bonds payable	13,145,000	13,645,000
Obligation due under interest rate swap agreement	2,253,024	3,601,234
Present value of split-interest annuity liability	281,545	10,402
 Total liabilities	 20,404,246	 21,570,075
 NET ASSETS		
Unrestricted	63,510,533	61,726,671
Temporarily restricted	3,510,138	3,710,469
Permanently restricted	9,950,051	9,845,000
 Total net assets	 76,970,722	 75,282,140
 Total liabilities and net assets	 \$ 97,374,968	 \$ 96,852,215

See accompanying notes.

GETTYSBURG FOUNDATION
STATEMENTS OF ACTIVITIES

	Year ended September 30, 2013				(Memorandum Only)
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Sept. 30, 2012
Revenue, gains and other support:					
Contributions	\$ 1,103,155	\$ 2,189,530	\$ 129,763	\$ 3,422,448	\$ 2,438,178
Ticket income	6,139,762	-	-	6,139,762	5,199,433
Tour revenue	3,647,757	-	-	3,647,757	3,080,392
Commission income	2,963,981	-	-	2,963,981	2,260,896
In-kind contributions	405,541	8,146	-	413,687	27,600
Membership dues income	874,504	-	-	874,504	819,427
Event income	470,573	2,079	-	472,652	426,418
Sales revenue	136,231	2,110	-	138,341	91,654
Rental income	35,375	-	-	35,375	27,578
Interest and dividend income, net	73,140	1,124	-	74,264	50,461
Other income	12,082	-	-	12,082	10,989
Change in value split-interest annuity	-	(48,996)	(24,712)	(73,708)	380
Unrealized gain on investments	243,842	21,363	-	265,205	291,798
Realized gain on sale of investments	63,934	2,927	-	66,861	-
Unrealized gain on interest rate swap	1,348,210	-	-	1,348,210	-
Total revenue, gains and other support	17,518,087	2,178,283	105,051	19,801,421	14,725,204
Net assets released from restrictions	2,378,614	(2,378,614)	-	-	-
Total revenue, gains and other support, and net assets released	19,896,701	(200,331)	105,051	19,801,421	14,725,204
Expenses and losses:					
Program services:					
Museum and Visitor Center operations	10,821,521	-	-	10,821,521	9,743,685
National Park Service and interpretive and office facilities	3,680,666	-	-	3,680,666	2,469,766
Programs	1,125,461	-	-	1,125,461	803,617
Total program services	15,627,648	-	-	15,627,648	13,017,068
Supporting services:					
Management and general	746,068	-	-	746,068	610,174
Fund-raising	1,738,442	-	-	1,738,442	1,501,355
Total supporting services	2,484,510	-	-	2,484,510	2,111,529
Total expenses	18,112,158	-	-	18,112,158	15,128,597
Realized loss on investments	681	-	-	681	38,197
Unrealized loss on interest rate swap	-	-	-	-	527,801
Total losses	681	-	-	681	565,998
Total expenses and losses	18,112,839	-	-	18,112,839	15,694,595
Increase (decrease) in net assets	1,783,862	(200,331)	105,051	1,688,582	(969,391)
Net assets at beginning of year	61,726,671	3,710,469	9,845,000	75,282,140	76,251,531
Net assets at end of year	<u>\$ 63,510,533</u>	<u>\$ 3,510,138</u>	<u>\$ 9,950,051</u>	<u>\$ 76,970,722</u>	<u>\$ 75,282,140</u>

See accompanying notes.

GETTYSBURG FOUNDATION
STATEMENTS OF ACTIVITIES - continued

	Year ended September 30, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
CHANGES IN NET ASSETS				
Revenue, gains and other support:				
Contributions	\$ 909,857	\$ 1,528,321	\$ -	\$ 2,438,178
Ticket income	5,199,433	-	-	5,199,433
Tour revenue	3,080,392	-	-	3,080,392
Commission income	2,260,896	-	-	2,260,896
In-kind contributions	27,600	-	-	27,600
Membership dues income	819,427	-	-	819,427
Event income	426,418	-	-	426,418
Sales revenue	89,288	2,366	-	91,654
Rental income	27,578	-	-	27,578
Interest and dividend income, net	50,461	-	-	50,461
Other income	10,989	-	-	10,989
Change in value split-interest annuity	-	380	-	380
Unrealized gain on investments	291,798	-	-	291,798
Realized gain on sale of investments	-	-	-	-
Total revenue, gains and other support	13,194,137	1,531,067	-	14,725,204
Net assets released from restrictions	955,006	(955,006)	-	-
Total revenue, gains and other support, and net assets released	14,149,143	576,061	-	14,725,204
Expenses and losses:				
Program services:				
Museum and Visitor Center operations	9,743,685	-	-	9,743,685
National Park Service and interpretive and office facilities	2,469,766	-	-	2,469,766
Programs	803,617	-	-	803,617
Total program services	13,017,068	-	-	13,017,068
Supporting services:				
Management and general	610,174	-	-	610,174
Fund-raising	1,501,355	-	-	1,501,355
Total supporting services	2,111,529	-	-	2,111,529
Total expenses	15,128,597	-	-	15,128,597
Realized loss on investments	38,197	-	-	38,197
Unrealized loss on interest rate swap	527,801	-	-	527,801
Total losses	565,998	-	-	565,998
Total expenses and losses	15,694,595	-	-	15,694,595
Increase (decrease) in net assets	(1,545,452)	576,061	-	(969,391)
Net assets at beginning of year	63,272,123	3,134,408	9,845,000	76,251,531
Net assets at end of year	\$ 61,726,671	\$ 3,710,469	\$ 9,845,000	\$ 75,282,140

See accompanying notes.

GETTYSBURG FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2013

	Program Services			Supporting Services		Totals	(Memorandum Only) Sept. 30, 2012
	Museum and Visitor Center Operations	NPS and Interpretive and Office Facilities	Programs	Management and General	Fund-raising		
Salaries and wages	\$ 1,535,278	\$ 161,054	\$ 266,637	\$ 356,643	\$ 774,462	\$ 3,094,074	\$ 2,681,409
Employee benefits and payroll taxes	384,171	36,257	56,775	72,953	145,761	695,917	618,448
Professional fees	30,367	861	82,453	55,097	93,195	261,973	339,951
Advertising and promotion	263,404	-	3,176	-	2,529	269,109	183,324
Office, telephone and postage	39,708	2,198	26,961	5,624	158,386	232,877	236,564
Travel, meals and entertainment	82,407	10,439	173,250	49,102	94,405	409,603	250,987
Printing	44,839	-	125,849	855	140,747	312,290	229,994
Supplies	310,844	78,545	51,762	47,032	76,744	564,927	427,888
Repairs and maintenance	257,129	58,643	6,914	4,448	18,004	345,138	284,367
Museum exhibits and artifacts	444,898	-	-	-	-	444,898	417,619
Trash and janitorial	9,342	2,132	796	163	4,435	16,868	19,800
Information technology	150,258	146,004	14,738	12,250	61,982	385,232	279,254
Dues, subscriptions & professional development	16,891	288	2,973	1,177	10,165	31,494	39,969
Rent expense	-	17,063	2,640	-	14,071	33,774	33,968
Real estate taxes	50,301	10,956	528	840	1,686	64,311	62,673
Utilities	286,898	65,784	7,123	5,044	7,461	372,310	422,298
Insurance	35,233	8,105	391	14,958	36	58,723	53,219
Bank and credit card processing fees	191,466	-	-	-	14,368	205,834	178,046
Admission taxes	254,663	-	816	-	-	255,479	216,580
Cost of sales and bus rentals	1,464,791	-	109,835	-	1,950	1,576,576	1,259,782
Guide and speaker fees	1,684,682	196,700	67,267	460	1,250	1,950,359	1,552,862
Registration and filing fees	-	-	-	-	4,727	4,727	4,745
Membership expenses	-	-	1,545	26,366	61,929	89,840	125,958
Donation and restoration expenses	-	821,097	-	2,094	-	823,191	161,855
Donations to GNMP and NPS	-	1,504,190	-	-	-	1,504,190	988,084
Bad debt expense	-	-	-	48,000	-	48,000	-
Depreciation and amortization	2,451,410	560,350	108,146	42,962	40,225	3,203,093	3,176,999
Interest expense	832,541	-	14,886	-	9,924	857,351	881,954
	<u>\$ 10,821,521</u>	<u>\$ 3,680,666</u>	<u>\$ 1,125,461</u>	<u>\$ 746,068</u>	<u>\$ 1,738,442</u>	<u>\$ 18,112,158</u>	<u>\$ 15,128,597</u>

See accompanying notes.

GETTYSBURG FOUNDATION
 STATEMENTS OF FUNCTIONAL EXPENSES - continued
 YEAR ENDED SEPTEMBER 30, 2012

	Program Services			Supporting Services		Totals
	Museum and Visitor Center Operations	NPS and Interpretive and Office Facilities	Programs	Management and General	Fund-raising	
Salaries and wages	\$ 1,493,497	\$ 147,568	\$ 242,711	\$ 338,977	\$ 458,656	\$ 2,681,409
Employee benefits and payroll taxes	373,084	34,015	47,917	67,819	95,613	618,448
Professional fees	69,873	1,110	59,519	40,411	169,038	339,951
Advertising and promotion	180,319	-	-	-	3,005	183,324
Office, telephone and postage	38,811	2,652	20,931	4,253	169,917	236,564
Travel, meals and entertainment	39,533	1,151	107,303	50,282	52,718	250,987
Printing	15,938	-	41,835	343	171,878	229,994
Supplies	218,791	80,891	68,990	18,904	40,312	427,888
Repairs and maintenance	216,332	47,246	13,370	3,622	3,797	284,367
Museum exhibits and artifacts	105,781	311,838	-	-	-	417,619
Trash and janitorial	9,606	2,148	103	165	7,778	19,800
Information technology	162,110	18,209	9,131	11,068	78,736	279,254
Dues, subscriptions & professional development	19,399	40	4,073	7,453	9,004	39,969
Rent expense	-	17,623	2,640	-	13,705	33,968
Real estate taxes	50,301	10,956	528	840	48	62,673
Utilities	330,084	75,885	6,255	5,818	4,256	422,298
Insurance	31,740	7,301	352	13,794	32	53,219
Bank and credit card processing fees	159,795	-	-	147	18,104	178,046
Admission taxes	215,824	-	756	-	-	216,580
Cost of sales and bus rentals	1,193,946	-	64,738	-	1,098	1,259,782
Guide and speaker fees	1,507,683	-	40,170	348	4,661	1,552,862
Registration and filing fees	-	-	-	-	4,745	4,745
Membership expenses	-	-	742	-	125,216	125,958
Donation and restoration expenses	-	159,159	-	2,696	-	161,855
Donations to GNMP and NPS	-	988,084	-	-	-	988,084
Bad debt expense	-	-	-	-	-	-
Depreciation and amortization	2,466,795	563,890	56,549	43,234	46,531	3,176,999
Interest expense	844,443	-	15,004	-	22,507	881,954
	<u>\$ 9,743,685</u>	<u>\$ 2,469,766</u>	<u>\$ 803,617</u>	<u>\$ 610,174</u>	<u>\$ 1,501,355</u>	<u>\$ 15,128,597</u>

See accompanying notes.

GETTYSBURG FOUNDATION
STATEMENTS OF CASH FLOWS

	Years ended September 30,	
	2013	2012
OPERATING ACTIVITIES		
Changes in net assets	\$ 1,688,582	\$ (969,391)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation/amortization	3,203,093	3,176,999
Change in allowance for doubtful accounts	(19,822)	(5,000)
Change in unamortized discount	15,100	(45,083)
Donated securities	(596,914)	-
Change in value of split interest liability	282,659	(380)
Net realized and unrealized gains on investments	(332,066)	(258,481)
Unrealized (gain) loss on interest rate swap	(1,348,210)	527,801
Contributions restricted for long-term purposes	(129,763)	-
(Increase) decrease in:		
Other receivables	(52,102)	(67,384)
Inventory	(36,774)	(8,512)
Prepaid expenses	(50,960)	50,109
Promises to give	(341,307)	(28,693)
Increase (decrease) in:		
Accounts payable	(70,670)	(63,361)
Accounts payable to National Park Service	488,338	359,633
Accrued payroll and benefits	(61,189)	(31,153)
Deferred ticket income	56,706	(2,520)
Deferred service contract revenues	(125,000)	(125,000)
	2,569,701	2,509,584
NET CASH PROVIDED BY OPERATING ACTIVITIES		
INVESTING ACTIVITIES		
Capital expenditures	(732,802)	(208,170)
Acquisition of collections	-	(55,000)
Purchase of investments under trust agreement	(22,524)	(18,760)
Redemption of investments	8,503,725	2,604,419
Purchase of investments	(7,999,262)	(4,167,243)
	(250,863)	(1,844,754)
NET CASH USED IN INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Redemption of bonds payable	(500,000)	(475,000)
Increase (decrease) in museum land lease liability	14,251	(4,328)
Contributions restricted for long-term purposes	129,763	-
Principal payments on split-interest annuity liability	(11,516)	(1,200)
Payments on notes payable	(491,199)	(34,490)
	(858,701)	(515,018)
NET CASH USED IN FINANCING ACTIVITIES		
NET INCREASE IN CASH	1,460,137	149,812
Cash at beginning of year	2,687,287	2,537,475
Cash at end of year	\$ 4,147,424	\$ 2,687,287

See accompanying notes.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE A - NATURE OF OPERATIONS

The Gettysburg Foundation (a Pennsylvania non-profit corporation) (the Foundation) 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 at 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 non-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

The General Agreement between the National Park Service (NPS), and the Foundation dated November 7, 2002 provides that the Foundation will operate as a non-profit 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 amount determined available each year after taking into consideration expenditures already incurred during the year in support of GNMP.

The General Agreement contains certain conditions under which the 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 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, the 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, the 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.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at September 30, 2013 and 2012.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Concentration of Cash

During the years ended September 30, 2013 and 2012, the Foundation's cash balance may have exceeded the federal insured limit of \$250,000. The balances insured by the Federal Deposit Insurance Corporation were unlimited for non-interest bearing accounts and up to \$250,000 for interest bearing accounts until December 31, 2012. As of January 1, 2013, the FDIC terminated the unlimited insurance coverage and, therefore, insured all accounts up to \$250,000. As of September 30, 2013, the uninsured balances were \$4,095,661. There was no uninsured balance as of September 30, 2012.

Investments Held in Trust

Investments held under trust agreements include assets designated by the Board of Directors 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.

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 unrestricted net assets unless their use is temporarily or permanently 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 unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law.

Promises to Give

Promises to give are stated at outstanding balances. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged against 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.

Collections

The 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 the Foundation), if the items were contributed. Gains and losses from deaccessions of these items are reflected on the statements of activities as changes in unrestricted net assets.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 property of a historic nature intended for donation to NPS or works of art including the Cyclorama painting, 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. 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 operations.

Inventories

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

Net Assets

Net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Expense Classifications - by Natural Classification

The cost of providing the various programs and other activities are summarized on a functional basis in the statements of activities and by natural classifications in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Facility costs including salaries and benefits are allocated to function 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 fund-raising expenses. The functions are:

Museum and Visitor Center, a 139,000 square foot facility, includes expenses associated with ticketing and reservations, visitor services and operating costs for the Museum, Film and Cyclorama painting. Also included in this category are sales and ticketing for the Eisenhower National Historic Site, bus tour operations, and as of January 1, 2012, the operations of the David Wills House. Museum and Visitor Center includes:

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.

GNMP 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 required by the General Agreement. The 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.

Program expenses include expenses associated with the Ford Motor Company Education Center, Leadership programs, Rupp House History Center, the Spangler Farm and other educational and interpretive programs. 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 the Foundation.

Fundraising includes expenses associated with membership and resource development.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Split-Interest Annuities

Charitable Gift Annuities are funds received by the Foundation on the condition that the Foundation pays stipulated amounts during a beneficiary's lifetime. Contribution revenues are recognized at the date the agreements are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries using IRS valuation methods. The Foundation uses 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 rate used to value the annuity liability for the gift received during the fiscal year ending September 30, 2013 was 1.4%.

Adjustments to annuities payable are recorded as change in value of split-interest annuity under revenue, gains and other support in the Statement of Activities. Payments are required to continue to the third-party beneficiaries during the beneficiaries' life-time.

Reclassifications

Certain amounts previously have been reclassified to conform with the current year presentation.

NOTE C - TAX EXEMPT STATUS

The Foundation is a not-for-profit entity described in Section 501(c) (3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to 509(a) of the Code. In addition, the Foundation was organized under the Pennsylvania Non-profit 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.

The Foundation adopted ASC 740-10 to its financial statements during the fiscal year ended September 30, 2010. ASC 740-10 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. The Foundation would also recognize accruals for interest and penalties related to uncertain tax positions in its interest expense. There was no impact of ASC 740-10 on the Foundation in the current year.

The Foundation files federal and various state income tax returns. The Foundation is no longer subject to federal and state income tax examinations by tax authorities for tax years before 2009.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE D - PROMISES TO GIVE AND IN-KIND CONTRIBUTIONS

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

	2013	2012
Promises to give	\$ 1,760,060	\$ 1,418,753
Less: discounts to net present value	(27,554)	(12,454)
Less: allowance for doubtful accounts	(89,865)	(109,687)
Net unconditional promises to give	<u>\$ 1,642,641</u>	<u>\$ 1,296,612</u>
Receivable in less than one year	\$ 921,107	\$ 832,467
Receivable in one to five years	721,534	464,145
Net unconditional promises to give	<u>\$ 1,642,641</u>	<u>\$ 1,296,612</u>

The discount rates used to value long-term promises to give received for the years ending September 30, 2013 and 2012, were:

2013	2.66%
2012	1.84%

The due dates of promises to give, assuming no change in current terms, consist of the following for each of the next five years:

2014	\$ 921,107
2015	413,353
2016	273,200
2017	96,800
2018	55,600
	<u>\$ 1,760,060</u>

At September 30, 2013, four donors made up approximately 71% of pledge receivables.

In-Kind Contributions

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

During the year ended September 30, 2013 consultants and nationally renowned speakers donated professional services to the Foundation valued at \$215,746 and other materials were donated with a donated value of \$197,941. During the year ended September 30, 2012, a consultant donated professional services to the Foundation valued at \$27,600.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE D - PROMISES TO GIVE AND IN-KIND CONTRIBUTIONS - continued

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>2013</u>	<u>2012</u>
Donated materials	\$197,941	\$ -
Donated services	<u>215,746</u>	<u>27,600</u>
	<u>\$413,687</u>	<u>\$27,600</u>

The Foundation receives a substantial amount of services donated by individuals who assist with general activities, restorative work and other services in support of the 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 year ended September 30, 2013, the Foundation had over 1,150 volunteers who donated approximately 16,500 hours. For the year ended September 30, 2012, the Foundation had over 700 volunteers who donated approximately 8,600 hours.

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements

Accounting Standards Codification 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have unobservable inputs. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investment. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs are not available.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

The fair value of assets and liabilities measured on a recurring basis at September 30, 2013 and 2012, are based upon the following inputs as defined by ASC 820:

2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Cash/cash equivalents - included in investments held in trust, endowment investments	\$ 437,622	\$ -	\$ -	\$ 437,622
Treasury bills/notes	1,996,914	-	-	1,996,914
Split-interest annuity	-	28,606	-	28,606
Mutual funds:				
Equity mutual funds	2,634,229	-	-	2,634,229
Fixed income mutual funds	<u>1,321,871</u>	<u>-</u>	<u>-</u>	<u>1,321,871</u>
	<u>\$6,390,636</u>	<u>\$28,606</u>	<u>\$ -</u>	<u>\$6,419,242</u>
<u>Liabilities</u>				
Value of interest rate swap agreement	<u>\$ -</u>	<u>\$2,253,024</u>	<u>\$ -</u>	<u>\$2,253,024</u>

2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Cash/cash equivalents - included in investments held in trust	\$ 516,000	\$ -	\$ -	\$ 516,000
Treasury bills/notes	3,022,527	-	-	3,022,527
Split-interest annuity	-	28,954	-	28,954
Mutual funds:				
Equity mutual funds	1,351,846	-	-	1,351,846
Fixed income mutual funds	<u>1,052,874</u>	<u>-</u>	<u>-</u>	<u>1,052,874</u>
	<u>\$5,943,247</u>	<u>\$28,954</u>	<u>\$ -</u>	<u>\$5,972,201</u>
<u>Liabilities</u>				
Value of interest rate swap agreement	<u>\$ -</u>	<u>\$3,601,234</u>	<u>\$ -</u>	<u>\$3,601,234</u>

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE F - SPLIT-INTEREST ANNUITIES

During the year ended September 30, 2002, the Foundation executed a \$30,000 split-interest annuity in accordance with a contribution received from a donor. The contribution required the Foundation to pay \$100 per month to a third-party beneficiary beginning November 1, 2003.

During the years ended September 30, 2013 and 2012, the annuity investments earned investment income of \$851 and \$834, respectively, and made required payments to the designated beneficiary in the amount of \$1,200 each year.

During the year ended September 30, 2013, the Foundation executed a \$372,257 charitable gift annuity with a donor in which the Foundation serves as trustee. Assets held in the trust is included in Endowment Investments and reported at fair value. This annuity is valued at fair-market value as of September 30, 2013 based upon the present value of the annuity payments which amounted to \$271,921.

The Foundation made required payments to the designated beneficiary in the amount of \$10,316. In subsequent years, the Foundation will make payments of \$21,591 each year.

During the year ended September 30, 2013, the investments associated with this annuity earned net investment income of \$22,234. A loss was recorded on the change in the value of the annuity liability totaling \$74,137 due to implementing an updated actuarial table subsequent to the execution of the gift annuity.

The investments associated with the split-interest agreements at September 30, 2013 and 2012 total \$412,791 and \$28,954, respectively. The aggregate annuity liability is valued at fair-market value based upon the present value of the annuity payments which, as of September 30, 2013 and 2012, amounted to \$281,545 and \$10,402, respectively.

NOTE G - INVESTMENTS

Investments

The Foundation has an Investment Account which holds short-term investments such as Treasury bills or Treasury notes. The market value of these investments as of September 30, 2013 and 2012 amounted to \$1,996,914 and \$3,022,527, respectively.

Investments Held in Trust

The Foundation has investment accounts as required under the letters 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.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE G - INVESTMENTS - continued

Investments Held in Trust - continued

The composition of investments held in trust is set forth in the following table:

	<u>2013</u>	<u>2012</u>
Long-term investments required under letters of credit:		
Cash and cash equivalents	\$ 37,397	\$ 140,963
Fixed income mutual funds	1,175,699	1,052,874
Equity mutual funds	<u>2,340,573</u>	<u>1,351,846</u>
Total long-term investments required under letters of credit	3,533,669	2,545,683
Under trust indenture, held by trustee cash and cash equivalents	<u>397,560</u>	<u>375,037</u>
Total investments held in trust	<u>\$3,951,229</u>	<u>\$2,920,720</u>

Endowment Investments

The 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.

The composition of investments for endowment, by type of investment, is set forth in the following table:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 2,571	\$ -
Fixed income mutual funds	146,173	-
Equity mutual funds	293,655	-
Split-interest annuity	<u>28,606</u>	<u>28,954</u>
Total investments for endowment	<u>\$471,005</u>	<u>\$28,954</u>

The composition of investments for endowment is set forth in the following table:

	<u>2013</u>	<u>2012</u>
Split-interest annuity	\$412,791	\$28,954
Donor restricted endowment	<u>58,214</u>	<u>-</u>
Total investments for endowment	<u>\$471,005</u>	<u>\$28,954</u>

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE G - INVESTMENTS - continued

Return on investments consists of the following for the year ending September 30:

	<u>2013</u>	<u>2012</u>
Realized (losses) gains	\$ 66,861	\$ (38,197)
Unrealized gains, net	265,205	291,798
Interest and dividend income	93,133	64,117
Investment management fees	<u>(18,869)</u>	<u>(13,656)</u>
	<u>\$406,330</u>	<u>\$304,062</u>

The interest and dividend income is presented on the Statement of Activities net of investment management fees.

NOTE H - ENDOWMENT FUNDS

The Foundation's endowment consists of assets to be invested in perpetuity. The Board has adopted Pennsylvania Act 141 which seeks 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 the 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 act allows withdrawal of an amount. The Foundation did not choose to withdraw an amount for the year-ended September 30, 2013 and may wait until funds have accumulated for three years before making withdrawals. Accumulated and unspent earnings will be considered temporarily restricted until they are spent.

Changes in permanently restricted endowment net assets for the year ended September 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets Oct 1, 2012	\$ -	\$ -	\$ -	\$ -
Contributions and payments on pledges	-	-	109,763	109,763
Pledges, not yet received	-	-	20,000	20,000
Change in value of split-interest annuity	-	-	(24,712)	(24,712)
Net Investment income	<u>-</u>	<u>10,585</u>	<u>-</u>	<u>10,585</u>
Endowment net assets Sept 30, 2013	<u>\$ -</u>	<u>\$10,585</u>	<u>\$105,051</u>	<u>\$115,636</u>

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE I - PROPERTY AND EQUIPMENT

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

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 19,319,794	\$ 19,224,281
Scenic easements	9,845,000	9,845,000
Building	40,696,024	40,227,775
Exhibits	17,892,997	17,773,274
Cyclorama painting restoration	10,908,281	10,908,281
Furniture and equipment	<u>2,475,800</u>	<u>2,426,482</u>
	101,137,896	100,405,093
Less: accumulated depreciation	<u>(17,585,168)</u>	<u>(14,397,526)</u>
	<u>\$ 83,552,728</u>	<u>\$ 86,007,567</u>

Depreciation expense for the years ended September 30, 2013 and 2012 amounted to \$3,187,642 and \$3,161,548, respectively. Land is not depreciated.

Amortization expense for the years ended September 30, 2013 and 2012 amounted to \$15,451.

NOTE J - NOTES PAYABLE

Notes Payable

On May 1, 2002, the 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 the Foundation. At September 30, 2013 and 2012, the outstanding balance on the note was \$420,876 and \$462,075, respectively. 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% of the prime rate. The interest rate at September 30, 2013 was 2.28%. The amended mortgage terms require monthly payments of \$4,883. The maturity date of November 2022 remains unchanged from the original note. Interest expensed under this note for the years ended September 30, 2013 and 2012 was \$10,209 and \$22,911, respectively.

On September 24, 2004, the 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 on the note is 5% to be paid annually. On July 23, 2009, this note was refinanced and matures on July 23, 2039, at which time all remaining principal and interest is due. The balance at September 30, 2013 and 2012 was \$100,000. Interest expensed under this note for the years ended September 30, 2013 and 2012 amounted to \$5,000.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE J - NOTES PAYABLE - continued

On November 15, 2004, the Foundation obtained a note payable in the amount of \$200,000 from an individual member. The note bears interest at 4.8% 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 matures on July 23, 2039, at which time all remaining principal and interest are due. The note is secured by a second lien on the real estate at 449-451 Baltimore Street, Gettysburg, Pennsylvania. The balance at September 30, 2013 and 2012 was \$200,000. Interest expensed under this note for the years ended September 30, 2013 and 2012 amounted to \$9,600 each year.

On October 8, 2012, the Foundation took possession of a collection of historical items related to Civil War General John Reynolds with a down payment of \$55,000 and entered into a note agreement secured by the historical items for \$600,000. The agreement, which does not bear interest, required payments of \$450,000 during the year ended September 30, 2013 with the remaining amount of \$150,000 due on or before December 31, 2013.

The following is a schedule by years of the future minimum principal payments required by the Foundation at September 30, 2013:

2014	\$192,272
2015	43,243
2016	44,237
2017	52,527
2018	53,729
Thereafter	<u>484,868</u>
	<u>\$870,876</u>

NOTE K - 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 \$13,145,000 mature on December 1, 2027. The variable interest rate (reset weekly) at September 30, 2013 and 2012, was 0.12% and 0.23%, respectively. Total interest expense for this bond issue for the years ended September 30, 2013 and 2012 was \$160,243 and \$174,864, respectively. Principal payments made during the years ended September 30, 2013 and 2012 were \$500,000 and \$475,000, respectively. The bond is backed by all assets of the 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, 2013 AND 2012

NOTE K - BONDS PAYABLE AND RELATED ACCOUNTS - continued

Bonds Payable - continued

The 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 is 0.875% of the outstanding bonds payable and annual interest payable at December 1st of each year. This is included in the interest expense shown above. The bond proceeds were used for the construction, equipping, and furnishing of the Museum and Visitor Center at 1195 Baltimore Pike, Gettysburg, PA. The letter of credit expires in December 2016.

The Foundation is required to remain in compliance with financial covenants under terms of the letter of credit related to the bond issuance. The Foundation was not aware of any violations of the financial covenants at September 30, 2013 and 2012.

Payments of interest are due monthly to the Trustee by the Foundation. The following is a summary of the Foundation's principal debt service commitments to the Trustee for debt outstanding as of September 30, 2013:

	<u>Series 2006A</u>
2014	\$ 530,000
2015	560,000
2016	590,000
2017	620,000
2018	655,000
2019 - 2023	4,335,000
2020 - 2028	5,855,000
	<u>\$ 13,145,000</u>

Museum Land Lease Agreement

On October 5, 2006, the Foundation entered into an agreement with the Adams County Industrial Development Authority (ACIDA). In exchange for the use of the ACIDA's sales-tax exempt status, the Foundation transferred title to the Visitor Center's 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. The 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 and, therefore, was accounted for in the following manner. During 2007, the agreement's present value of \$80,139 was capitalized as part of construction in progress. The liability, which was previously valued at \$39,819 as of September 30, 2012, was corrected and revalued at \$56,738 on October 1, 2012. This difference of \$16,919 was included in interest amounts during the year ended September 30, 2013 along with the calculated annual interest of \$3,332 for a total interest expense of \$20,251. The remaining liability for the monthly payments is reflected in the statement of financial position at its present value at September 30, 2013, of \$54,070.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE K - 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, the Foundation is entitled to deduct all depreciation on and take any available tax credits with respect to the land and facility. The Foundation will purchase the museum land and facility from ACIDA by paying the principal and interest on the Series 2006A 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.

Derivative Instruments

During the fiscal year ending September 30, 2006, the 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 \$15,000,000 tax exempt and \$5,000,000 non-tax exempt. The swap was effective on October 3, 2005, and terminates on October 1, 2027. It effectively provides for a fixed rate of 3.84%. The Foundation is paying interest related to the swap agreement. Total interest expense for this derivative instrument for the years ended September 30, 2013 and 2012 was \$652,046 and \$667,908, respectively. The taxable bonds were paid off in 2011 but the swap instrument remains in place on the full amount of the bonds' originally scheduled maturity. The carrying amount of the swap has been adjusted to its fair value at the end of the year.

The swap was issued at market terms so that it had no fair value at its inception. The swap agreement had a carrying value of \$2,253,024 and \$3,601,234 at September 30, 2013 and 2012, respectively. 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. This amount is included in liabilities on the statement of financial position and the change in fair value is shown as an unrealized gain or loss on the interest rate swap on the statement of activities, affecting the changes in unrestricted net assets.

NOTE L - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Promises to give	\$1,622,641	\$1,296,612
Defense of Cemetery Hill	568,039	1,234,736
Gettysburg Railroad Station	466,986	479,612
Education programs	273,228	305,419
Spangler Farm	-	167,923
Battlefield rehabilitation	327,960	170,365
Museum exhibits	19,489	37,250
Cultural resources management	37,664	-
Stewardship 150 projects	89,720	-
Donor restricted endowment earnings accumulated	3,170	-
Split-interest annuity endowment earnings accumulated	7,415	-
Split-interest annuity	<u>93,826</u>	<u>18,552</u>
	<u>\$3,510,138</u>	<u>\$3,710,469</u>

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE M - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets include 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 the 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. Other permanently restricted net assets include a portion of a split-interest annuity restricted for the endowment and promises to give and contributions restricted for land and monument preservation projects and acquisitions of properties or artifacts.

Permanently restricted net assets consist of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Promises to give	\$ 20,000	\$ -
Preservation and acquisition projects	55,044	-
Split-interest annuity	30,007	-
Scenic easements	<u>9,845,000</u>	<u>9,845,000</u>
	<u>\$9,950,051</u>	<u>\$9,845,000</u>

NOTE N - RETIREMENT PLAN

The Foundation sponsors a defined-contribution retirement plan covering employees who meet certain age and length of service requirements. The total retirement expense for the years ended September 30, 2013 and 2012 amounted to \$115,487 and \$93,309, respectively.

NOTE O - DEFERRED COMPENSATION

The Foundation entered into a deferred compensation agreement during 2009 with a former President of the Foundation. This agreement calls for annual payments through the year 2014. During the years ended September 30, 2013 and 2012, \$80,950 and \$96,442, respectively, was paid out under this agreement. An amount of \$59,750 and \$139,169 is included as a liability in accrued payroll and benefits as of September 30, 2013 and 2012, respectively.

NOTE P - RELATED PARTY TRANSACTIONS

The Chairperson of the Foundation's Board of Directors is related through common management to various related parties. In addition, other members of the Board of Directors have various transactions with the Foundation.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE P - RELATED PARTY TRANSACTIONS - continued

The Foundation had the following balances with these related parties as of September 30:

	<u>2013</u>	<u>2012</u>
Promises to give	\$1,286,440	\$555,772
Accounts payable	24,299	25,647

The Foundation had the following transactions with related parties during the year ended September 30:

	<u>2013</u>	<u>2012</u>
Contributions	\$1,183,350	\$616,281
Property and equipment expenditures, capitalized	122,050	103,675
Maintenance and supplies, expensed	40,389	81,205

NOTE Q - COMMITMENTS

The Foundation leases three pieces of real estate located in Gettysburg, Pennsylvania under month-to-month operating leases, including properties located at 150 North Third Street, a storage unit behind 451 Baltimore Street, and a property from the NPS located on Emmitsburg Road.

The Foundation leases various office equipment under leases expiring through 2017.

The following is a schedule of future minimum rental payments required under the above operating leases as of September 30, 2013:

2014	\$ 6,656
2015	6,656
2016	6,656
2017	<u>2,503</u>
	<u>\$22,471</u>

Total expense for the years ended September 30, 2013 and 2012, amounted to \$40,430 and \$39,167, respectively.

GETTYSBURG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE R - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The following is a schedule of non-cash activities for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Non-cash investing and financing activities:		
Gain (loss) on value of swap agreement	\$1,348,210	\$(527,801)
Note payable - Reynolds collection acquisition	600,000	-

The Foundation paid cash totaling \$856,909 and \$893,800 for interest during the fiscal years ending September 30, 2013 and 2012, respectively.

NOTE S - SUBSEQUENT EVENTS

The Foundation executed an agreement to accept the National Guard Armory located at 315 West Confederate Avenue in Gettysburg, PA (which is within the boundaries of the GNMP) as a direct conveyance from the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania passed Act 63 of 2013 which was signed by the Governor in July 2013 to convey this to the Gettysburg Foundation for \$1. Settlement is expected in 2014. The property and buildings are valued at \$1,426,992 and will be recorded as in-kind donated property at settlement. The plans for the property include fund-raising and providing renovations and enhancements after which time the property will be turned over to the United States Government for use by the GNMP.

The Foundation entered into an agreement with the Borough of Gettysburg on November 12, 2013 to the Gettysburg Railroad Station for \$500,000. Settlement is expected by early January 2014. The plans for the property include providing some enhancements and eventually donating the property to the United States Government for use by the GNMP. Since this property is not within the boundaries of the GNMP, legislation is pending in the United States Congress to include this property along with another property already owned by Gettysburg Foundation valued at \$445,000 in the boundaries which would enable these subsequent transfers to occur.

The Foundation transferred the Reynolds collection, acquired for \$655,000, to the GNMP in December 2013 and will record it as a donation expense.

Management has evaluated subsequent events through December 10, 2013, the date the financial statements were available to be issued.