

**THE FRIENDS OF
VALLEY FORGE**



**FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 & 2020**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Friends of Valley Forge d/b/a Valley Forge Park Alliance
Valley Forge, Pennsylvania

Opinion

We have audited the accompanying financial statements of The Friends of Valley Forge, a Pennsylvania not-for-profit corporation, which comprise of the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Friends of Valley Forge, as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Friends of Valley Forge's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Friends of Valley Forge's ability to continue as a going concern for a reasonable period of time.

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

Jon M Bartholomew, CPA

J.M. Bartholomew & Co.
West Chester, Pennsylvania

February 21, 2022

THE FRIENDS OF VALLEY FORGE

Statements of Financial Position

September 30, 2021 and 2020

	2021	2020
<i>ASSETS</i>		
Current assets		
Cash and cash equivalents	\$ 170,093	\$ 71,798
Investments – at fair value	423,453	363,097
Accounts receivable	1,000	-
Total assets	\$ 594,546	\$ 435,075
<i>LIABILITIES AND NET ASSETS</i>		
Current liabilities		
Accounts payable, accruals, and other liabilities	\$ 5,087	\$ -
Total liabilities	\$ 5,087	-
Net assets		
Without donor restrictions		
Operating	160,397	103,384
Designated by Board of Directors	-	-
Total without donor restrictions	160,397	103,384
With donor restrictions	429,062	331,691
Total net assets	589,459	435,075
Total liabilities and net assets	\$ 594,546	\$ 435,075

The accompanying Notes to Financial Statements are an integral part of these financial statements

THE FRIENDS OF VALLEY FORGE

Statements of Activities
September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Funding Appeal/Annual Appeal	\$ 27,072	\$ -	\$ 27,072	\$ 27,302	\$ -	\$ 27,302
Donation Boxes	-	2,320	2,320	-	2,465	2,465
Funding Projects	11,948	-	11,948	6,357	-	6,357
Gifts	30,539	-	30,539	14,805	-	14,805
Grants - Capacity Building	-	29,500	29,500	-	-	-
Grants - REI	10,000	-	10,000	5,000	-	5,000
Grants - PPP	-	-	-	17,500	-	17,500
Investment Income	45	64,515	64,560	1,661	15,549	17,210
Maurice Stephens House	-	51,500	51,500	-	-	-
Membership Dues	49,514	-	49,514	57,611	-	57,611
Program Income	29,401	-	29,401	1,829	-	1,829
Trails - Meadow Mgt & Gulph Rd	-	500	500	-	1,900	1,900
Sponsored - PECO	-	5,000	5,000	-	-	-
Other - Miscellaneous	1,000	-	1,000	3,082	-	3,082
Total Support and Revenue	159,519	153,335	312,854	135,147	19,914	155,061
Net Assets Released from Restrictions						
Program Services	16,539	(16,539)	-	2,819	(2,819)	-
Fundraising Expenses	5,520	(5,520)	-	12,279	(12,279)	-
Other Projects	7,312	(7,312)	-	12,713	(12,713)	-
Total Net Assets Released	29,371	(29,371)	-	27,811	(27,811)	-
Total Support and Revenue and Net Assets Released From Restrictions	188,890	123,964	312,854	162,958	(7,897)	155,061
Expenses:						
Program Service Expenses	100,987	-	100,987	111,151	-	111,151
Membership & Fundraising Expenses	42,988	-	42,988	52,014	-	52,014
General & Administrative Expenses	14,495	-	14,495	13,237	-	13,237
Total Expenses	158,470	-	158,470	176,402	-	176,402
Increase (Decrease) in Net Assets	\$ 30,420	\$ 123,964	\$ 154,384	\$ (13,444)	\$ (7,897)	\$ (21,341)

The accompanying Notes to Financial Statements are an integral part of these financial statements

THE FRIENDS OF VALLEY FORGE

Statements of Changes in Net Assets

September 30, 2021 and 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Net Assets, September 30, 2019	\$ 108,173	\$ 348,243	\$456,416
Increase (decrease) in net assets	<u>(4,789)</u>	<u>(16,552)</u>	<u>(21,341)</u>
Net Assets, September 30, 2020	103,384	331,691	435,075
Increase (decrease) in net assets	<u>57,013</u>	<u>97,371</u>	<u>154,384</u>
Net Assets, September 30, 2021	<u>\$ 160,397</u>	<u>\$ 429,062</u>	<u>\$589,459</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements

THE FRIENDS OF VALLEY FORGE

Statements of Functional Expenses

September 30, 2021 and 2020

	2021				2020			
	Program Services	Membership & Fundraising	General & Administrative	Total	Program Services	Membership & Fundraising	General & Administrative	Total
Appeals	\$ -	\$ 2,833	\$ -	\$ 2,833	\$ -	\$ 5,858	\$ -	\$ 5,858
Bank fees	-	937	469	1,406	-	618	309	927
Design and marketing	36	9	-	45	2,594	649	-	3,243
Management/communications	2,097	524	-	2,621	5,019	1,255	-	6,274
Membership/fulfillment/software	1,957	7,829	-	9,786	2,015	8,059	-	10,074
Dues and permits	1,254	314	-	1,568	1,197	299	-	1,496
Insurance	4,966	-	-	4,966	5,142	-	-	5,142
License plates and special events	-	469	-	469	-	33	-	33
Meals and entertainment	79	78	-	157	-	-	-	-
Miscellaneous	385	258	129	772	171	114	56	340
Muster roll	-	3,783	-	3,783	-	2,542	-	2,542
Office	262	526	1,840	2,628	360	720	2,521	3,601
Other park projects and pledges	22,059	-	-	22,059	7,649	-	-	7,649
Park special events	4,372	-	-	4,372	2,691	-	-	2,691
Payroll and payroll taxes	50,324	25,162	-	75,486	63,237	31,619	-	94,856
Postage and delivery	930	266	133	1,329	869	248	125	1,242
Professional fees	-	-	11,924	11,924	-	-	10,226	10,226
Rev Run	-	-	-	-	7,450	-	-	7,450
Speaker Series	4,953	-	-	4,953	44	-	-	44
Trails	7,313	-	-	7,313	12,713	-	-	12,713
	<u>\$100,987</u>	<u>\$ 42,988</u>	<u>\$ 14,495</u>	<u>\$158,470</u>	<u>\$ 111,151</u>	<u>\$ 52,014</u>	<u>\$ 13,237</u>	<u>\$ 176,402</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements

THE FRIENDS OF VALLEY FORGE

Statements of Cash Flows

September 30, 2021 and 2020

	2021	2020
<i>Cash provided (used) by operating activities</i>		
Increase (decrease) in net assets	\$ 154,384	\$ (21,341)
Adjustments to reconcile increase in net assets to cash provided by (used in) operations		
(Increase) decrease in:		
Accounts receivable	(1,000)	-
Decrease (increase) in:		
Accrued expenses	5,087	(3,083)
<i>Net cash provided (used) by operating activities</i>	158,471	(24,424)
<i>Net cash provided (used) by investing activities</i>		
(Increase) decrease in marketable securities	(60,356)	8,178
Increase (decrease) in cash	98,115	(16,246)
Cash at beginning of year	71,978	88,224
Total Cash and Cash Equivalents, End of Year	\$ 170,093	\$ 71,978
Breakout of Total Cash and Cash Equivalents, End of Year:		
Without Donor Restrictions	100,496	69,209
With Donor Restrictions	69,597	2,769

The accompanying Notes to Financial Statements are an integral part of these financial statements

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(1) NATURE OF ACTIVITIES

The Friends of Valley Forge (the Organization, FOVF or Alliance) was formed in 1976, as a Pennsylvania not-for-profit corporation, with the purpose of benefitting the public and supplementing and supporting the work of governmental agencies in connection with and promotion, utilization and preservation of the Valley Forge National Historical Park. During 2009, The Valley Forge Historical Society was merged into The Friends of Valley Forge and has been operating this way since. In January 2016, the Organization registered a fictitious name in Pennsylvania as the Valley Forge Park Alliance, under which it conducts charitable and educational support for Valley Forge National Historical Park.

The mission of the Organization is to advocate for Valley Forge National Park, to enhance the visitor experience and to promote public appreciation of the park's historic, environmental, and recreational resources.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) as applicable for not-for-profit organizations.

Basis of Financial Statement Presentation

Financial statement presentation follows the requirements of Accounting Standards Codification ("ASC") Topic 958, Not-for-Profit Entities. This accounting standard requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* – Net assets without donor restrictions represent funds over which the Board of Directors has discretionary control.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions are the second type of classification on the financial statements. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

FOVF considers all highly liquid investments with an original maturity of three months or less, to be cash equivalents. Cash as of September 30, 2021 and 2020 consists of cash on hand, checks to be deposited and demand deposit accounts.

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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Uncertain Tax Positions

FOVF is a not-for-profit corporation and has been recognized as exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and the Commonwealth Act of May 5, 1933, known as the Nonprofit Corporation Law.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold as of September 30, 2021 and 2020.

FOVF has no income subject to tax on unrelated business income. The Organization believes that it has appropriate support for any tax positions taken and as such, does not have any uncertain tax positions that are material to the financial statements. As such, no provision for income taxes has been recorded in the accompanying financial statements. FOVF's federal Exempt Organization Information Returns (form 990) for tax periods ended September 30, 2021, 2020 and 2019 will remain subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Organization's policy for any penalties and interest that may be assessed by income taxing authorities is to include them in general and administrative expenses.

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statements of Cash Flows

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentrations of Credit and Market Risk

Financial instruments which potentially subject FOVF to a concentration of credit and market risk consist of cash and investments. The Organization manages the credit risk associated with cash equivalents and investments by investing its portfolio with high quality banking institutions and investment managers. Additionally, the investments the Organization makes are not insured.

Investments and Investment Risk

Investments in marketable securities are reported at their fair values, based on quoted market prices in the statements of financial position. Investment gains and losses are reported as increases or decreases in net assets without donor restrictions unless restricted in accordance with donor stipulations. Any gain or loss on the sale of investments is based on specific identification on the date of the transaction. Interest and dividend income received from investments is recorded as earned.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Revenue Recognition and Contributions

Contributions and grants received are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor restrictions. Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants

FOVF records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred.

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Volunteers and Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time in conjunction with the Organization's programs and services. In accordance with ASC Topic 958, *Not-for-Profit Entities*, the value of these contributions is not included in these financial statements, since they are not susceptible to objective measurement.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated by management among program services, membership and fundraising and general and administrative expenses.

Reclassifications

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

(3) ENDOWMENT FUNDS

The Alliance's endowment consists of funds established for various purposes. Its endowments include a donor-restricted endowment fund. The board has not set aside a fund designated to function as an endowment. Net assets with donor restrictions at September 30, 2021 and 2020 consist of the trustee's fund established in 1980 devoted to the preservation, development and enjoyment of the Valley Forge National Historical Park. Contributions to the trustee's fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be expensed for the preservation, development and enjoyment of Valley Forge National Historical Park. The historic dollar value of those contributions must be maintained inviolate. The appreciation of the historic dollar value is classified as net assets without donor restrictions.

As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(3) ENDOWMENT FUNDS (CONTINUED)

The Board of Directors 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, the Organization classifies as net assets with donor restrictions (a) the original value of initial and subsequent gift amounts donated to the permanent endowment, (b) any accumulations to the permanent endowment that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified with or without restrictions, depending upon the donor designation or until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the Organization considers the following factors when determining whether to accumulate or appropriate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible extent of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
	Designated for Endowment	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 201,097	\$ 201,097
Board-designated endowment funds	-	-	-
	<u>\$ -</u>	<u>\$ 201,097</u>	<u>\$ 201,097</u>
	2020		
Donor-restricted endowment funds	\$ -	\$ 168,536	\$ 168,536
Board-designated endowment funds	-	-	-
	<u>\$ -</u>	<u>\$ 168,536</u>	<u>\$ 168,536</u>

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(3) ENDOWMENT FUNDS (CONTINUED)

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

	2021		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Endowment net asset, beginning of the year	\$ -	\$ 168,536	\$ 168,536
Contributions	-	-	-
Investment income (interest and dividends)	-	10,051	10,051
Net appreciation (realized and unrealized)	-	22,510	22,510
Allowable spending	-	-	-
	<u>\$ -</u>	<u>\$ 201,097</u>	<u>\$ 201,097</u>
		2020	
Endowment net asset, beginning of the year	\$ -	\$ 161,540	\$ 161,540
Contributions	-	-	-
Investment income (interest and dividends)	-	8,449	8,449
Net appreciation (realized and unrealized)	-	(1,453)	(1,453)
Allowable spending	-	-	-
	<u>\$ -</u>	<u>\$ 168,536</u>	<u>\$ 168,536</u>

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as a reduction to net assets without donor restrictions.

Return Objectives and Investment Risk

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment, while seeking to maintain the purchasing power of the endowment assets.

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(4) INVESTMENTS

Investments consist of the following breakout between bond and equity funds at September 30:

	2021		
	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Appreciation</u>
Mutual funds:			
Bond funds	\$ 226,809	\$ 232,752	\$ 5,943
Equity funds	<u>155,319</u>	<u>190,701</u>	<u>35,382</u>
Total investments	<u>\$ 382,128</u>	<u>\$ 423,453</u>	<u>\$ 41,325</u>

	2020		
	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Appreciation</u>
Mutual funds:			
Bond funds	\$ 168,247	\$ 177,656	\$ 9,409
Equity funds	<u>173,499</u>	<u>185,441</u>	<u>11,942</u>
Total investments	<u>\$ 341,746</u>	<u>\$ 363,097</u>	<u>\$ 21,351</u>

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(4) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classifications in the statements of activities for the years ended September 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income - Interest, dividends	\$ 45	\$ 22,067	\$ 22,112
Net realized gains	-	22,603	22,603
Net unrealized gains	-	19,845	19,845
	<u>\$ 45</u>	<u>\$ 64,515</u>	<u>\$ 64,560</u>
	2020		
Investment income - Interest, dividends	\$ 301	\$ 18,737	\$ 19,038
Net realized gains (losses)	1,360	(7,185)	(5,825)
Net unrealized gains	-	3,997	3,997
	<u>\$ 1,661</u>	<u>\$ 15,549</u>	<u>\$ 17,210</u>

(5) NET ASSETS

The Board of Directors has designated net assets without donor restrictions at September 30 as follows:

	2021	2020
Designated for endowment:		
General operating expenses	\$ 160,397	\$ 103,384
Other specific funds or projects	-	-
	<u>\$ 160,397</u>	<u>\$ 103,384</u>

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(5) NET ASSETS (CONTINUED)

	<u>2021</u>	<u>2020</u>
Endowment:		
Centennial and Memorial Fund	\$ 75,410	\$ 63,200
Memorial Gift of Last Trustees	62,843	52,667
Washington's HQ Fund	12,568	10,533
Valley Forge Campground Fund	50,276	42,135
Available for current operations:		
Redoubt	25,486	25,486
School Transportation	9,396	9,396
Artifact Preservation	9,334	9,334
Rev Run	28,266	28,266
Rev Run Sullivan Bridge Maintenance	80,000	80,000
Gift Sterling's Quarters	4,013	4,013
Speaker Series	2,799	2,799
Trails/Meadow Management	(4,576)	2,237
Park Sponsored Events	4,077	4,077
Renovation Pawlings	250	250
Donation Boxes	(1,078)	(2,702)
Capacity Building	18,498	-
Maurice Stephens House	51,500	-
Total Net Assets with Donor Restrictions	<u>\$ 429,062</u>	<u>\$ 331,691</u>

Net assets during the years ended September 30, 2021 and 2020 were released from donor restrictions by satisfying the restricted purpose specified by the donors for these programs:

	<u>2021</u>	<u>2020</u>
Appeals	\$ -	\$ 1,253
Artifact Preservation	-	1,566
Capacity Building	16,539	-
Donation Boxes	5,520	4,830
Rev Run	-	7,449
Trails	7,312	12,713
Total Net Assets Released from Donor Restrictions	<u>\$ 29,371</u>	<u>\$ 27,811</u>

THE FRIENDS OF VALLEY FORGE

Notes to Financial Statements

September 30, 2021

(6) FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs and valuation techniques 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity assesses at the measurement date. Level 1 assets generally include debt and equity securities that are traded on an active exchange market.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs derived principally from or corroborated by observable market data by correlation or other means
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodology used for the years ended September 30, 2021 and 2020.

- Mutual funds – account balances are valued at quoted market prices as of year-end

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value as of September 30, 2021 and 2020. The Organization does not own any Level 2 or Level 3 assets for the years ended September 30, 2021 or 2020.

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(6) FAIR VALUE MEASUREMENTS (CONTINUED)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at September 30 are as follows:

	Assets at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments - Mutual Funds				
Corporate Bond Funds	\$ 232,751	\$ -	\$ -	\$ 232,751
Emerging Market Funds	18,623	-	-	18,623
Large Cap Funds	109,688	-	-	109,688
Mid Cap Funds	28,821	-	-	28,821
Small Cap Funds	25,450	-	-	25,450
Real Estate Funds	8,120	-	-	8,120
Total Investments	\$ 423,453	\$ -	\$ -	\$ 423,453

	Assets at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments - Mutual Funds				
Corporate Bond Funds	\$ 177,657	\$ -	\$ -	\$ 177,657
Emerging Market Funds	15,958	-	-	15,958
Large Cap Funds	99,448	-	-	99,448
Mid Cap Funds	29,361	-	-	29,361
Small Cap Funds	32,483	-	-	32,483
Real Estate Funds	8,190	-	-	8,190
Total Investments	\$ 363,097	\$ -	\$ -	\$ 363,097

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(7) LIQUIDITY AND AVAILABILITY

The following table reflects FOVF's financial assets available for general expenditure within one year at September 30, 2021. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of: (a) assets whose use is limited by board designations, donor restrictions or regulatory bodies; and (b) assets held for others.

Financial assets	
Cash and cash equivalents	\$ 170,093
Investments	<u>423,453</u>
Total financial assets	593,546
Less those unavailable for general expenditures within one year:	
Donor funds to be held in perpetuity	<u>(201,097)</u>
Financial assets available to meet cash needs within one year	<u>\$ 392,449</u>

As part of the FOVF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments and believes there is sufficient cash and investments available for general expenditures within one year of the date of the Statement of Financial Position.

(8) ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

Accounts payable, accruals and other liabilities as of September 30, 2021 and 2020 consist of:

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ -	\$ -
Other accrued expenses	<u>5,087</u>	<u>-</u>
Total accounts payable and accrued liabilities	<u>\$ 5,087</u>	<u>\$ -</u>

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(9) RELATED-PARTY DISCLOSURES

Payments were made to Molly Duffy in the amount of \$35,787, for her role as Executive Director and officer of the Organization. Laura Wagoner Manion was also a board member and was compensated in the amount of \$200/month for her social media management services. Additionally, Tracey Sisko is another board member who was compensated for services on a specific project of managing the technical aspects of the speaker series. Neither Ms. Manion nor Ms. Sisko were compensated for their statuses as board members. There are no other compensated members of the board for the audit period.

(10) DONATED SERVICES-IN-KIND

Services-in-kind represent donated services to the FOVF. The Organization counts on its members for donations of time and other support services throughout the year to sustain operations. For the years ended September 30, 2021 and 2020, the Organization received approximately 1,790 hours and 2,027 hours, respectively, of donated time from all volunteers.

(11) LEGAL MATTERS

A motor vehicle accident occurred during a storm in 2018, causing a tree to fall on a car. During the audit of the September 30, 2020 financial statements, it was reported a lawsuit had been filed and parties were in the process of determining who owed the property on which the tree fell from and what the potential liability may be from the accident. As an update, for the year-ended September 30, 2021, the Organization owns a small piece of land referred to as 'hanging rock', an area close to where the tree fell from. Surveyors determined that the tree which fell as part of the accident was not part of Organization's piece of land. The fallen tree was owned by SEPTA. Per management, this matter has been settled with no current liability or potential future liability recorded in the financial statements.

(12) PAYCHECK PROTECTION PROGRAM - (PPP) LOAN

The Organization received full forgiveness of the prior-year PPP loan of \$17,500 on April 14, 2021. As part of the Cares Act in 2020, The Friends of Valley Forge applied for and subsequently received a loan in the amount of \$17,500 on April 17, 2020. The Small Business Administration issued these loans to qualified businesses and when used for payroll, rent and utilities, those loans may be forgiven. The Organization used the funds for payroll expenses and management believed they had met all criteria for the loan to be forgivable. For accounting purposes, management had determined to treat the loan as a conditional contribution or grant in the September 30, 2020 financial statements. As such, the Organization recognized the revenue before the application for forgiveness was filed or granted. As the loan was forgiven during the September 30, 2021 fiscal year, this matter is now considered closed out.

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(13) EVALUATION OF SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity through February 21, 2022 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.