

**VALLEY FORGE PARK
ALLIANCE**



**FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 & 2022**



TABLE OF CONTENTS

PAGE #

Independent Auditor's Report	1 - 2
<hr/>	
Financial Statements	
<hr/>	
Statements of Financial Position	3
<hr/>	
Statements of Activities	4
<hr/>	
Statements of Functional Expenses	5
<hr/>	
Statements of Cash Flows	6
<hr/>	
Notes to Financial Statements	7 - 21

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, d/b/a Valley Forge Park Alliance, a Pennsylvania not-for-profit corporation, which comprise of the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, 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 d/b/a Valley Forge Park Alliance, as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 d/b/a Valley Forge Park Alliance 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 d/b/a Valley Forge Park Alliance'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 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 d/b/a Valley Forge Park Alliance'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 d/b/a Valley Forge Park Alliance'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

March 20, 2024

VALLEY FORGE PARK ALLIANCE

Statements of Financial Position

September 30, 2023 and 2022

	2023	2022
<i>ASSETS</i>		
Current assets		
Cash and cash equivalents	\$ 430,707	\$ 193,853
Investments – at fair value	341,442	316,804
Total assets	\$ 772,149	\$ 510,657
<i>LIABILITIES AND NET ASSETS</i>		
Current liabilities		
Accounts payable, accruals, and other liabilities	\$ 12,482	\$ 932
Total liabilities	\$ 12,482	\$ 932
Net assets		
Without donor restrictions	133,578	155,405
With donor restrictions	626,089	354,320
Total net assets	759,667	509,725
Total liabilities and net assets	\$ 772,149	\$ 510,657

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

VALLEY FORGE PARK ALLIANCE

Statements of Activities
September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Funding Appeal/Annual Appeal	\$ 25,986	\$ -	\$ 25,986	\$ 32,787	\$ -	\$ 32,787
Donation Boxes	-	8,578	8,578	-	3,690	3,690
Funding Projects	8,891	-	8,891	12,690	-	12,690
Gifts	36,753	-	36,753	62,570	-	62,570
Grants	20,000	-	20,000	10,000	40,000	50,000
DAR Park Items	-	-	-	-	18,263	18,263
Investment Income (Loss)	8,486	33,716	42,202	(17,818)	(45,319)	(63,137)
Maurice Stephens House	-	373,172	373,172	-	68,350	68,350
Membership Dues	41,329	-	41,329	37,056	-	37,056
Program Income	9,489	-	9,489	24,654	-	24,654
Other - Miscellaneous	12,660	10,000	22,660	-	-	-
Total Revenues Before Releases	163,594	425,466	589,060	161,939	84,984	246,923
Net Assets Released from Restrictions	153,697	(153,697)	-	159,726	(159,726)	-
Total Support and Revenue	317,291	271,769	589,060	321,665	(74,742)	246,923
Expenses:						
Program Service Expenses	251,646	-	251,646	253,870	-	253,870
Supporting Services:						
Membership & Fundraising Expenses	71,148	-	71,148	58,125	-	58,125
General & Administrative Expenses	16,324	-	16,324	14,662	-	14,662
Total Expenses	339,118	-	339,118	326,657	-	326,657
Change in Net Assets	(21,827)	271,769	249,942	(4,992)	(74,742)	(79,734)
Net Assets, Beginning of Year	155,405	354,320	509,725	160,397	429,062	589,459
Net Assets, End of Year	\$ 133,578	\$ 626,089	\$ 759,667	\$ 155,405	\$ 354,320	\$ 509,725

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

VALLEY FORGE PARK ALLIANCE

Statements of Functional Expenses

September 30, 2023 and 2022

	2023				2022			
	<u>Program</u>	<u>Supporting Services</u>			<u>Program</u>	<u>Supporting Services</u>		
	<u>All Services</u>	<u>Membership & Fundraising</u>	<u>General & Administrative</u>	<u>Total Expenses</u>	<u>All Services</u>	<u>Membership & Fundraising</u>	<u>General & Administrative</u>	<u>Total Expenses</u>
Appeals	\$ -	\$ 4,723	\$ -	\$ 4,723	\$ -	\$ 5,360	\$ -	\$ 5,360
Bank fees	-	1,459	730	2,189	-	693	346	1,039
Design and marketing	661	165	-	826	406	102	-	508
Donation boxes	5,520	-	-	5,520	5,520	-	-	5,520
Grants - NPS/Capacity Building	34,621	-	-	34,621	14,756	-	-	14,756
Management/communications	6,845	1,711	-	8,556	12,193	3,048	-	15,241
Membership/fulfillment/software	3,212	12,846	-	16,058	3,243	12,973	-	16,216
Dues and permits	1,724	431	-	2,155	1,822	456	-	2,278
Insurance	6,178	-	-	6,178	5,522	-	-	5,522
License plates and special events	-	686	-	686	-	158	-	158
Maurice Stephens project	84,533	-	-	84,533	38,597	-	-	38,597
Meals and entertainment	553	552	-	1,105	229	228	-	457
Miscellaneous	428	285	142	855	1,460	973	486	2,919
Muster roll	-	6,048	-	6,048	-	11,578	-	11,578
Office	218	438	1,532	2,188	217	436	1,525	2,178
Park special events	18,526	-	-	18,526	23,016	-	-	23,016
Payroll and payroll taxes	83,215	41,608	-	124,823	44,017	22,008	-	66,025
Postage and delivery	685	196	97	978	393	112	56	561
Professional fees	-	-	13,823	13,823	-	-	12,249	12,249
Rev Run	-	-	-	-	100,447	-	-	100,447
Speaker Series	4,727	-	-	4,727	2,032	-	-	2,032
	<u>\$251,646</u>	<u>\$ 71,148</u>	<u>\$ 16,324</u>	<u>\$339,118</u>	<u>\$ 253,870</u>	<u>\$ 58,125</u>	<u>\$ 14,662</u>	<u>\$ 326,657</u>

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

VALLEY FORGE PARK ALLIANCE

Statements of Cash Flows

September 30, 2023 and 2022

	2023	2022
<i>Cash provided (used) by operating activities</i>		
Increase (decrease) in net assets	\$ 249,942	\$ (79,734)
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	11,550	(4,155)
<i>Net cash provided (used) by operating activities</i>	261,492	(82,889)
<i>Net cash provided (used) by investing activities</i>		
(Increase) decrease in marketable securities	(24,638)	106,649
Increase (decrease) in cash	236,854	23,760
Cash at beginning of year	193,853	170,093
Total Cash and Cash Equivalents, End of Year	\$ 430,707	\$ 193,853
 <i>Breakout of Total Cash and Cash Equivalents, End of Year:</i>		
Without Donor Restrictions	63,095	189,224
With Donor Restrictions	367,612	4,629

The accompanying Notes to Financial Statements are an integral part of these financial statements
VALLEY FORGE PARK ALLIANCE
Notes to Financial Statements

September 30, 2023

(1) NATURE OF ACTIVITIES

The Friends of Valley Forge d/b/a Valley Forge Park Alliance (the Organization or VFPA) 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 Valley Forge Park Alliance is to inspire appreciation for and citizen stewardship of Valley Forge Park.

(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.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Valley Forge Park Alliance considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of September 30, 2023 and 2022 cash consists of cash on hand, checks to be deposited and demand deposit accounts. The VFPA deposits cash at a few different financial institutions. These deposits are guaranteed by the Federal Deposit Insurance Company (FDIC) up to an insured limit of \$250,000. The organization exceeded federally insured limits at times throughout the years audited, including the year-ending September 30, 2023.

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

The Valley Forge Park Alliance 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 VFPA 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, 2023 and 2022.

The VFPA 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. VFPA's federal Exempt Organization Information Returns (form 990) for tax periods ended September 30, 2023, 2022 and 2021 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.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(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 VFPA 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. 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, Contributions & Grants

Contributions and grants received are recorded with donor restrictions and without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions and grants are recognized when the donor makes a promise to give that is, in substance, unconditional. 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.

VFPA 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.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(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 as they are not susceptible to objective measurement.

Functional Allocation of Expenses

The costs of providing program and supporting services 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. Those costs have been allocated among the programs and supporting services using an approximate number of hours spent on individual programs and related expenses. The board's policy is to reexamine the method of calculation and percentages, no less than annually.

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, 2023 and 2022 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.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(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 VFPA 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:

	2023		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 182,060	\$ 182,060
Board-designated endowment funds	-	-	-
	<u>\$ -</u>	<u>\$ 182,060</u>	<u>\$ 182,060</u>
	2022		
Donor-restricted endowment funds	\$ -	\$ 163,658	\$ 163,658
Board-designated endowment funds	-	-	-
	<u>\$ -</u>	<u>\$ 163,658</u>	<u>\$ 163,658</u>

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(3) ENDOWMENT FUNDS (CONTINUED)

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

	2023		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Endowment net asset, beginning of the year	\$ -	\$ 163,658	\$ 163,658
Contributions	-	-	-
Investment income (interest and dividends)	-	9,300	9,300
Realized and unrealized gains (losses)	-	9,102	9,102
Allowable spending	-	-	-
	<u>\$ -</u>	<u>\$ 182,060</u>	<u>\$ 182,060</u>
	2022		
Endowment net asset, beginning of the year	\$ -	\$ 201,097	\$ 201,097
Contributions	-	-	-
Investment income (interest and dividends)	-	16,114	16,114
Realized and unrealized gains (losses)	-	(53,553)	(53,553)
Allowable spending	-	-	-
	<u>\$ -</u>	<u>\$ 163,658</u>	<u>\$ 163,658</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.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(4) INVESTMENTS

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

	2023		
	<u>Fair Value</u>	<u>Cost</u>	<u>Net Unrealized Gain (Loss)</u>
Mutual funds & ETF's:			
Bond funds	\$ 189,156	\$ 218,350	\$ (29,194)
Equity funds	<u>152,286</u>	<u>146,989</u>	<u>5,297</u>
Total investments	<u>\$ 341,442</u>	<u>\$ 365,339</u>	<u>\$ (23,897)</u>

	2022		
	<u>Fair Value</u>	<u>Cost</u>	<u>Net Unrealized Gain (Loss)</u>
Mutual funds & ETF's:			
Bond funds	\$ 168,828	\$ 198,231	\$ (29,403)
Equity funds	<u>147,976</u>	<u>165,373</u>	<u>(17,397)</u>
Total investments	<u>\$ 316,804</u>	<u>\$ 363,604</u>	<u>\$ (46,800)</u>

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(4) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classifications in the statements

of activities for the years ended September 30:

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment income - Interest, dividends	\$ 5,497	\$ 21,840	\$ 27,337
Net realized gains (losses)	(1,794)	(7,126)	(8,920)
Net unrealized gains (losses)	<u>4,783</u>	<u>19,002</u>	<u>23,785</u>
 Total investment income	 <u>\$ 8,486</u>	 <u>\$ 33,716</u>	 <u>\$ 42,202</u>
	 2022		
Investment income - Interest, dividends	\$ 7,302	\$ 18,574	\$ 25,876
Net realized gains (losses)	(250)	(637)	(887)
Net unrealized gains (losses)	<u>(24,870)</u>	<u>(63,256)</u>	<u>(88,126)</u>
 Total investment income	 <u>\$ (17,818)</u>	 <u>\$ (45,319)</u>	 <u>\$ (63,137)</u>

(5) NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Designated for endowment:		
General operating expenses	\$ 133,578	\$ 155,405
Other specific funds or projects	<u>-</u>	<u>-</u>
 Total net assets without donor restrictions	 <u>\$ 133,578</u>	 <u>\$ 155,405</u>

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(5) NET ASSETS (CONTINUED)

Net assets with donor restrictions consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Endowment:		
Centennial and Memorial Fund	\$ 68,271	\$ 61,371
Memorial Gift of Last Trustees	56,894	51,143
Washington's HQ Fund	11,378	10,228
Valley Forge Campground Fund	45,517	40,916
Available for current operations:		
Artifact Preservation	9,334	9,334
DAR Park	18,263	18,263
Donation Boxes	327	(2,731)
Gift Sterling's Quarters	4,013	4,013
Maurice Stephens House	357,637	80,253
NPS Outreach	5,376	39,598
Park Sponsored Events	4,077	4,077
Redoubt	25,486	25,486
Renovation Pawlings	250	250
School Transportation	9,396	9,396
Speaker Series	8,946	1,799
Trails/Meadow Management	924	924
Total Net Assets with Donor Restrictions	<u>\$ 626,089</u>	<u>\$ 354,320</u>

Net assets during the years ended September 30, 2023 and 2022 were released from donor restrictions by satisfying the restricted purpose specified by the donors for these programs:

	<u>2023</u>	<u>2022</u>
Capacity Building	\$ -	\$ 13,760
Donation Boxes	5,520	5,520
Maurice Stephens House	84,533	38,597
NPS Grant	34,621	402
Rev Run	-	100,447
Speaker Series	3,056	1,000
Other	25,967	-
Total Net Assets Released from Donor Restrictions	<u>\$ 153,697</u>	<u>\$ 159,726</u>

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(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, 2023 and 2022.

- Mutual funds & ETF's – account balances valued at market prices as of fiscal 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, 2023 and 2022. The Organization does not own any Level 2 or Level 3 assets for the years ended September 30, 2023 or 2022.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(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, 2023			
	Level 1	Level 2	Level 3	Total
Investments - Mutual Funds				
Government & Corp. Bond Funds	\$ 189,156	\$ -	\$ -	\$ 189,156
Emerging Market Funds	5,548	-	-	5,548
Large Cap Funds	123,564	-	-	123,564
Mid Cap Funds	13,761	-	-	13,761
Small Cap Funds	9,413	-	-	9,413
Real Estate Funds	-	-	-	-
Total Investments	\$ 341,442	\$ -	\$ -	\$ 341,442

	Assets at Fair Value as of September 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments - Mutual Funds				
Government & Corp. Bond Funds	\$ 168,828	\$ -	\$ -	\$ 168,828
Emerging Market Funds	13,283	-	-	13,283
Large Cap Funds	86,282	-	-	86,282
Mid Cap Funds	23,280	-	-	23,280
Small Cap Funds	18,655	-	-	18,655
Real Estate Funds	6,476	-	-	6,476
Total Investments	\$ 316,804	\$ -	\$ -	\$ 316,804

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(7) LIQUIDITY AND AVAILABILITY

The following table reflects FOVF's financial assets available for general expenditure within one year at September 30, 2023. 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	\$ 430,707
Investments	<u>341,442</u>
Total financial assets	772,149
Less those unavailable for general expenditures within one year:	
Donor funds to be held in perpetuity	<u>(182,060)</u>
Financial assets available to meet cash needs within one year	<u>\$ 590,089</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, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Accounts payable	\$ -	\$ -
Other accrued expenses	<u>12,482</u>	<u>932</u>
Total accounts payable and accrued liabilities	<u>\$ 12,482</u>	<u>\$ 932</u>

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(9) RELATED PARTIES - OFFICER & DIRECTOR DISCLOSURES

Payments were made to Molly Duffy in the amount of \$90,000, for her role as Executive Director and officer of the Organization. For social media management, the daughter of Amy Johnson, Chairman, was compensated \$2,400. Ms. Manion was not compensated for being a board member. 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 VFPA. 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, 2023 and 2022, the Organization received approximately 3,172 hours and 2,515 hours, respectively, of donated time from all volunteers.

VFPA received donated legal services for reviewing the leases associated with the Maurice Stephens House renovations. The hours of the services were not tracked and a value of the donated legal services has not been included in the financial statements as the measurable value is not determinable.

(11) GRANTS

VFPA received two grants from the Montgomery County Foundation for the year ending September 30, 2023. The first being the Corson Grant in the amount of \$15,000 dated December 30, 2022. The purpose of this grant was to provide funding for ongoing general operations. The second grant received was for the foundation's Jumpstart program in the amount of \$5,000 on June 14, 2023. The purpose of this grant was to pay for the Organization's new membership management software, Network for Good.

Per management, all grant funds received have been used for their intended purposes and all reports with grant agencies have been filed as required with the granting organization without exception.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(12) LEASES

National Park Service

On October 31, 2022, The Friends of Valley Forge d/b/a Valley Forge Park Alliance signed their portion of a lease agreement with the United States of America (lessor), acting through the National Park Service (NPS), an agency of the United States Department of the Interior, for the premises known as Maurice Stephens. Through March 20, 2023, the document has not yet been ratified, as the NPS is still reviewing the final items of the lease. The lease term will be a period of forty (40) years, commencing on the date the NPS gives VFPA notice to proceed with construction on their initial improvements. The rent due will be an annual amount of \$31,576.50 payable in advance in equal monthly payments on the 1st of the month and adjusted for CPI per the lease schedule. Due to the investments in construction and capital improvements, including the planned addition to the existing building, the VFPA is estimating they will not owe any rent payments for at least 20 years. The VFPA will be able to use the premises for a public serving café, retail, facility rental, public programs and fundraising events. The lease will commence once the Maurice Stephens House renovations are completed, with an estimated date of May 2024.

Aneu Catering

The VFPA entered into a lease agreement with Aneu Catering on December 14, 2022, whereby VFPA will be the landlord, with Aneu as the tenant. The purpose of the lease is for Aneu Catering to operate a kitchen and café within the Maurice Stephens house. The lease period is for five (5) years, with rental payments to be 10% of tenant's gross sales, with a minimum annual rent of \$20,000. The lease will commence once the Maurice Stephens House renovations are completed, with an estimated date of May 2024.

(13) OTHER MATTERS

VFPA presently owns an area referred to as "Hanging Rock" representing the last prolonged encampment of George Washington and his army at Valley Forge. The rock is located in Gulph Mills, Montgomery County Pennsylvania. It was listed on the national register of historic places in 1997. The value of the rock is not determinable and is therefore not listed above in the statement of financial position. No income or expenses have been reported by VFPA for the years ended September 30, 2023 or 2022 as a result of the rock.

VALLEY FORGE PARK ALLIANCE

Notes to Financial Statements

September 30, 2023

(14) EVALUATION OF SUBSEQUENT EVENTS

National Park Service Lease Agreement for Maurice Stephens

As mentioned in the above Footnote 12, Leases, the Organization is planning to enter into a lease agreement with the United States of America (lessor), acting through the National Park Service (NPS), an agency of the United States Department of the Interior, for the premises known as Maurice Stephens. As of March 20, 2024, management is anticipating the forty (40) year lease commencing late spring of 2024, with completion on or around December 31, 2024. The rent due will be an annual amount of \$31,576.50, beginning in year one (1) and increased annually by the Consumer Price Index for All Urban Consumers (CPI-U) beginning in 2007 and ending in 2021 of 2.2% per year. Additionally, return on investment will be calculated at 6% for the first fifteen (15) years of the lease. At the end of year 15, the lessee equity balance will be \$394,507. At the end of year 15, the CPI-U and return on investment figures will be reevaluated and set by the lessor. The same process will occur for the final 10 years remaining on the lease. Terms within the lease provide for an annual rent offset, the cost incurred by the lessee (VFPA). The lessee equity will decrease each year by the annual rent payment or offset. The initial lessee equity (total VFPA investment) is estimated to be \$515,000. Due to the investments in construction and capital improvements, including the planned addition, VFPA is estimating they will not owe cash rent payments for at least 20 years. VFPA will be able to use the premises for a public serving café, retail, facility rental, public programs, and fundraising events. The Organization will also have their headquarters located within the Maurice Stephens house facility.

Maurice Stephens House Capital Campaign

Concerning the Maurice Stephens House Capital Campaign, VFPA is in the process of applying for a \$500,000 Redevelopment Assistance Capital Program (RACP) grant for the renovations through the state of Pennsylvania's Governor's Office of the Budget. The Organization will need to undergo the formal process of submission of the official grant application. Management is planning to submit the application in compliance with all deadlines and required materials to receive the grant. The board members expect the grant will be received sometime during the upcoming fiscal year.

Other 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 March 20, 2024, 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.