

American Battlefield Trust and Affiliates

Consolidated Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

March 31, 2022 and 2021

American Battlefield Trust and Affiliates

Consolidated Financial Statements March 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
American Battlefield Trust and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of American Battlefield Trust and Affiliates (collectively, "the Trust"), which comprise the consolidated statement of financial position as of March 31, 2022; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Trust as of March 31, 2021, were audited by other auditors whose report, dated June 29, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Trust'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2023, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.



Vienna, Virginia
July 11, 2023

American Battlefield Trust and Affiliates

Consolidated Statements of Financial Position March 31, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 7,298,786	\$ 7,806,613
Cash – designated for land acquisitions	3,329,922	3,229,797
Investments	3,978,187	2,371,174
Grants and contracts receivable	212,618	223,361
Inventory	106,703	110,212
Prepaid expenses	247,291	213,256
Property and equipment, net	11,971,117	10,016,650
Restricted land	173,416,088	163,162,779
Land deposits	975,244	830,185
Fair value of interest rate swap	19,477	134,249
Deferred compensation investments	783,881	907,237
Total assets	<u>\$ 202,339,314</u>	<u>\$ 189,005,513</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,320,330	\$ 700,346
Deferred revenue	98,860	97,462
Deferred rent	251,755	398,322
Debt	5,073,439	6,222,429
Deferred compensation payable	783,881	907,237
Total liabilities	<u>7,528,265</u>	<u>8,325,796</u>
Net Assets		
Without donor restrictions	14,095,197	11,042,400
With donor restrictions	180,715,852	169,637,317
Total net assets	<u>194,811,049</u>	<u>180,679,717</u>
Total liabilities and net assets	<u>\$ 202,339,314</u>	<u>\$ 189,005,513</u>

See accompanying notes.

American Battlefield Trust and Affiliates

Consolidated Statement of Activities
For the Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Contributions, grants, and awards	\$ 9,872,403	\$ 10,287,182	\$ 20,159,585
Federal grants	-	7,823,320	7,823,320
Member contributions	3,703,252	-	3,703,252
Donated land	-	950,000	950,000
Rental income	307,207	-	307,207
Royalty income	73,316	-	73,316
Investment return, net	11,211	-	11,211
Other income	836,839	-	836,839
Released from restrictions	7,981,967	(7,981,967)	-
Total operating revenue and support	22,786,195	11,078,535	33,864,730
Expenses			
Program services:			
Preservation	7,544,671	-	7,544,671
Membership	3,518,629	-	3,518,629
Education	3,092,897	-	3,092,897
Total program services	14,156,197	-	14,156,197
Supporting services:			
Management and general	1,187,428	-	1,187,428
Fundraising	1,910,115	-	1,910,115
Total supporting services	3,097,543	-	3,097,543
Total expenses	17,253,740	-	17,253,740
Change in Net Assets from Operations	5,532,455	11,078,535	16,610,990
Non-Operating Activities			
Unrealized loss on fair value of interest rate swap	(114,772)	-	(114,772)
Loss on disposal of property and equipment	(2,364,886)	-	(2,364,886)
Change in Net Assets	3,052,797	11,078,535	14,131,332
Net Assets, beginning of year	11,042,400	169,637,317	180,679,717
Net Assets, end of year	\$ 14,095,197	\$ 180,715,852	\$ 194,811,049

See accompanying notes.

American Battlefield Trust and Affiliates

Consolidated Statement of Activities
For the Year Ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Contributions, grants, and awards	\$ 6,152,637	\$ 13,113,780	\$ 19,266,417
Federal grants	-	8,474,947	8,474,947
Member contributions	3,877,640	-	3,877,640
Donated land	-	2,375,928	2,375,928
Rental income	287,837	-	287,837
Royalty income	38,848	-	38,848
Investment return, net	57,400	-	57,400
Other income	108,799	-	108,799
Released from restrictions	5,475,972	(5,475,972)	-
Total operating revenue and support	15,999,133	18,488,683	34,487,816
Expenses			
Program services:			
Preservation	6,902,918	-	6,902,918
Membership	2,596,637	-	2,596,637
Education	2,041,110	-	2,041,110
Total program services	11,540,665	-	11,540,665
Supporting services:			
Management and general	511,903	-	511,903
Fundraising	2,314,533	-	2,314,533
Total supporting services	2,826,436	-	2,826,436
Total expenses	14,367,101	-	14,367,101
Change in Net Assets from Operations	1,632,032	18,488,683	20,120,715
Non-Operating Activities			
Unrealized loss on fair value of interest rate swap	(69,768)	-	(69,768)
Payroll Protection Program loan forgiveness	601,600	-	601,600
Loss on disposal of property and equipment	(407,210)	-	(407,210)
Change in Net Assets	1,756,654	18,488,683	20,245,337
Net Assets, beginning of year	9,285,746	151,148,634	160,434,380
Net Assets, end of year	\$ 11,042,400	\$ 169,637,317	\$ 180,679,717

See accompanying notes.

American Battlefield Trust and Affiliates

Consolidated Statement of Functional Expenses
For the Year Ended March 31, 2022

	Program Services				Supporting Services			
	Preservation	Membership	Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Payroll and benefits	\$ 1,879,666	\$ 758,710	\$ 1,145,541	\$ 3,783,917	\$ 766,947	\$ 824,388	\$ 1,591,335	\$ 5,375,252
Professional fees	773,576	206,861	1,128,957	2,109,394	92,379	360,194	452,573	2,561,967
Postage, printing, and production	14,988	1,330,645	21,616	1,367,249	9,026	325,893	334,919	1,702,168
Donated land to other entities	258,816	-	-	258,816	-	-	-	258,816
Land maintenance	1,048,772	-	178,906	1,227,678	4,348	10,000	14,348	1,242,026
Membership fulfillment	11,227	710,889	8,621	730,737	32,059	76,430	108,489	839,226
Office	151,906	95,407	71,130	318,443	147,372	116,685	264,057	582,500
Rent	155,140	63,512	89,855	308,507	30,778	65,735	96,513	405,020
Depreciation and amortization	523,560	32,668	49,425	605,653	16,545	16,545	33,090	638,743
Interest	166,972	-	-	166,972	-	-	-	166,972
Advertising	37,415	4,362	147,305	189,082	105	27,757	27,862	216,944
Grants	2,434,458	-	11,250	2,445,708	-	-	-	2,445,708
Educational programs	37,599	-	122,322	159,921	-	-	-	159,921
Utilities	-	12,524	63,609	76,133	-	-	-	76,133
Travel and entertainment	50,566	198,934	32,325	281,825	7,139	44,176	51,315	333,140
Other	-	2,886	21,535	24,421	34,961	42,312	77,273	101,694
Meetings	-	101,231	-	101,231	45,769	-	45,769	147,000
Contributions	10	-	500	510	-	-	-	510
Total Expenses	\$ 7,544,671	\$ 3,518,629	\$ 3,092,897	\$ 14,156,197	\$ 1,187,428	\$ 1,910,115	\$ 3,097,543	\$ 17,253,740

See accompanying notes.

American Battlefield Trust and Affiliates

Consolidated Statement of Functional Expenses
For the Year Ended March 31, 2021

	Program Services				Supporting Services			
	Preservation	Membership	Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Payroll and benefits	\$ 1,950,863	\$ 864,848	\$ 1,051,504	\$ 3,867,215	\$ 282,579	\$ 999,650	\$ 1,282,229	\$ 5,149,444
Professional fees	1,058,151	141,803	643,304	1,843,258	133,819	193,517	327,336	2,170,594
Postage, printing, and production	27,418	741,030	11,415	779,863	6,511	715,769	722,280	1,502,143
Donated land to other entities	1,499,105	-	-	1,499,105	-	-	-	1,499,105
Land maintenance	1,117,540	-	-	1,117,540	-	-	-	1,117,540
Membership fulfillment	-	586,578	-	586,578	-	107,680	107,680	694,258
Office	241,794	119,663	76,345	437,802	46,030	73,549	119,579	557,381
Rent	216,261	87,301	111,927	415,489	30,978	106,651	137,629	553,118
Depreciation and amortization	430,540	17,658	26,487	474,685	8,829	8,268	17,097	491,782
Interest	177,196	640	-	177,836	-	-	-	177,836
Advertising	24,928	8,621	14,281	47,830	-	108,329	108,329	156,159
Grants	133,257	-	-	133,257	-	-	-	133,257
Educational programs	352	-	56,759	57,111	-	-	-	57,111
Utilities	48	-	36,842	36,890	-	-	-	36,890
Travel and entertainment	19,006	1,633	11,209	31,848	1,360	781	2,141	33,989
Other	6,359	25,147	1,037	32,543	1,797	339	2,136	34,679
Meetings	-	1,215	-	1,215	-	-	-	1,215
Contributions	100	500	-	600	-	-	-	600
Total Expenses	\$ 6,902,918	\$ 2,596,637	\$ 2,041,110	\$ 11,540,665	\$ 511,903	\$ 2,314,533	\$ 2,826,436	\$ 14,367,101

See accompanying notes.

American Battlefield Trust and Affiliates

Consolidated Statements of Cash Flows
For the Years Ended March 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 14,131,332	\$ 20,245,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	633,218	491,782
Amortization of debt issuance costs	5,525	5,524
Donated securities	(1,244,674)	-
Donated land to the Trust	(950,000)	(2,375,928)
Donated land from the Trust	258,816	1,499,105
Decrease (increase) in implied interest discount, net	102,610	(250,054)
Forgiveness of Paycheck Protection Program loan	-	(601,600)
Loss on disposal of property and equipment	2,364,886	407,210
Realized and unrealized gain on investments	(3,483)	(38,714)
Unrealized loss on fair value of interest rate swap	114,772	69,768
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contracts receivable	10,743	202
Accounts receivable	-	19,050
Inventory	3,509	(1,988)
Prepaid expenses	(34,035)	(36,547)
Deferred compensation investments	123,356	(30,403)
Increase (decrease) in:		
Accounts payable and accrued expenses	619,984	123,533
Deferred revenue	1,398	(23,238)
Refundable advances	-	(599,052)
Deferred rent	(146,567)	(15,438)
Deferred compensation payable	(123,356)	30,403
Net cash provided by operating activities	<u>15,868,034</u>	<u>18,918,952</u>
Cash Flows from Investing Activities		
Acquisition of restricted land and easements, net	(9,562,125)	(12,838,670)
Purchases of property and equipment	(6,390,305)	(1,412,222)
Proceeds from sale of land, easements, and buildings	1,432,209	398,158
Land deposits, net	(145,059)	179,041
Purchases of investments	(2,562,907)	(4,475,083)
Proceeds from sale of investments	2,204,051	2,142,623
Additions to designated cash	(357,512)	(318,294)
Withdrawals from designated cash for land acquisitions	2,531,822	2,286,754
Repayments of designated cash	(2,274,435)	(1,694,307)
Net cash used in investing activities	<u>(15,124,261)</u>	<u>(15,732,000)</u>
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program loan	-	601,600
Payments on notes payable	(895,600)	(2,208,100)
Proceeds from notes payable	1,144,000	-
Payments on bonds	(1,500,000)	(300,000)
Net cash used in financing activities	<u>(1,251,600)</u>	<u>(1,906,500)</u>
Net (Decrease) Increase in Cash	<u>(507,827)</u>	<u>1,280,452</u>
Cash, beginning of year	<u>7,806,613</u>	<u>6,526,161</u>
Cash, end of year	<u><u>\$ 7,298,786</u></u>	<u><u>\$ 7,806,613</u></u>

See accompanying notes.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

1. Nature of Operations

American Battlefield Trust and Affiliates (collectively, “the Trust”) consists of three entities: American Battlefield Trust (ABT), Americans for Battlefield Preservation (AFBP), and Endangered Battlefield Defense Fund (EBDF). ABT, AFBP, and EBDF are affiliated through control, common support, activities and/or certain members of the Board of Trustees.

ABT is an international non-profit corporation chartered in the Commonwealth of Virginia. The organization started as the Association for the Preservation of Civil War Sites (APCWS), founded in Fredericksburg, VA in mid-1987. In 1991, a second battlefield preservation organization, originally called the American Battlefield Protection Foundation, was created. The name was later changed to the Civil War Trust. The two preservation organizations merged in late 1999 to become the Civil War Preservation. The joint organization set new standards of success and efficiency in battlefield land preservation. The organization’s mission expanded to education, programming, and land restoration. Reflecting on the demonstrable need for a comprehensive approach to battlefield preservation across multiple conflicts – and always mindful of maximizing its efficiency – in May 2018, the Civil War Trust announced the latest stage of its ongoing transformation: the creation of the American Battlefield Trust as an umbrella organization to oversee its diverse activities. In March of 2018, ABT legally changed its name from Civil War Trust to American Battlefield Trust, to more accurately reflect its mission to protect the battlefields of the Revolutionary War, War of 1812, and Civil War.

AFBP is an international nonprofit corporation chartered in the District of Columbia in November 2005. It was established to advance, foster, and promote Civil War battlefield preservation through education, advocacy, and research for the benefit of the general public. AFBP seeks to raise awareness among the public of the need to preserve and protect Civil War battlefields, to educate the public on battlefield preservation, to maintain and increase the level of Civil War battlefield preservation through local grassroots networks of Civil War battlefield preservation activists, to assist in the interpretation of battlefield sites, to conduct and disseminate research, and to train local preservation activists.

EBDF is a nonprofit corporation chartered in Virginia in September 2009. It was established to assist ABT in the exercise and enforcement of ABT’s legal rights and duties, including but not limited to the protection and preservation of all historic property owned by ABT. It also assists in the enforcement of easement rights granted to ABT or to any other charitable or historic entity, including the National Park Service, in its or their efforts to maintain and preserve historical properties related to the United States Civil War.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

1. Nature of Operations (continued)

It also assists in the enforcement of ABT's contractual rights and court decrees or judgments in favor of ABT or any other charitable, historic, or public entity charged with the preservation of historical property related to the American Revolutionary War, the War of 1812, and the American Civil War.

The programs and supporting activities of the Trust consist of the following:

Preservation: The Preservation program represents the personnel available to continue ABT's purpose of preserving American battlefield sites or obtaining easements. The program also incurs the expenses of maintaining the sites, paying the real estate taxes and other related costs. The Preservation program of the Trust assists other governmental and nonprofit entities in preserving battlefield sites.

Membership: The Membership program of ABT consists of services provided to its members, which include but are not limited to personnel that maintain the list of members, preparation and mailing of membership fulfillment, and communication of events, activities, and developments of the Trust. The membership consists of approximately 50,000 members throughout the world.

Education: The purpose is to educate the public and its members related to the events, history and battlefields of the American Revolution, the War of 1812, and the American Civil War. ABT provides this service so that future generations can study and reflect on the important events of these wars.

Management and General: The management and general function of ABT consists of expenses incurred in the administrative offices, travel expenses, finance, and committees. The base used to allocate these expenditures is direct salaries, fringe benefits, overhead assessed, and other direct costs.

Fundraising: The purpose is to promote ABT and raise support in the form of pledges, grants, contributions, activities, and events to be used for operating, membership, and preservation purposes. Expenses include costs for membership development.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

2. Summary of Significant Accounting Policies

Principles of Consolidation

ABT's financial statements have been consolidated with those of AFPB and EBDF as ABT maintains both control and an economic interest in the other entities. All significant intercompany balances and transactions have been eliminated in consolidation. Except when referred to separately, all entities are collectively referred to as "the Trust" throughout the accompanying consolidated financial statements and related notes.

Basis of Accounting and Presentation

The Trust's consolidated financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

- *Net Assets Without Donor Restrictions* — Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* — Net assets subject to donor- (or certain grantor-) imposed restrictions. 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 that 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.

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are reported as a component of net investment return in the accompanying consolidated statements of activities.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Grants and Contracts Receivable

Grants and contracts receivable consist of amounts to be reimbursed to the Trust for expenses incurred under various grants and contracts agreements with federal agencies, other government agencies, and non-government organizations. Such recoverable costs are billable when expenditures are incurred. The allowance for doubtful accounts is based on management's evaluation of the collectability of receivables. At March 31, 2022 and 2021, management deems all grants and contracts receivable to be fully collectible, and no allowance for uncollectible accounts was established.

Inventory

Inventory consists of books, hats, pins, and calendars. The inventory items are stated at the lower of cost or net realizable value. Inventory is valued using the standard cost method of inventory valuation.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the individual assets, which range from five to 40 years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. Expenditures for repairs and maintenance are expensed as incurred.

Restricted Land

Restricted land consists of battlefields purchased for permanent preservation with government funds and contributions received by the Trust specifically designated for such purpose. The intent of the Trust is to maintain the battlefields until they are released to other entities through donation or sale for permanent maintenance as battlefield preserved land. Restricted land was comprised of \$118,447,652 and \$108,139,343 of purchased land and \$54,968,436 and \$55,023,436 of donated land and easements at March 31, 2022 and 2021, respectively.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Land Deposits

Land deposits are escrow payments to sellers on land where the Trust has an agreement to purchase and a deposit is required to commit to the purchase. Land deposits also consist of payments for appraisals, surveys, and environmental reports on land with an executed purchase agreement and on future uncommitted land purchases. The Trust had committed to purchase land totaling \$12,185,000 and \$4,634,700 for the years ended March 31, 2022 and 2021, respectively. The Trust had provided escrow payments for \$975,244 and \$830,185 for the years ended March 31, 2022 and 2021, respectively, for both committed and uncommitted land purchases.

Interest Rate Swap Agreement

The fair value of the interest rate swap agreement is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counter party.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Contributions, grants, and awards are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to satisfaction of grant conditions are reported as conditional grants in the consolidated statements of financial position. The Trust reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Trust's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for in Accordance with Contribution Accounting (continued)

The Trust receives a substantial portion of its funding for land acquisitions under various federal and state grants and awards. Generally, the funding under the grants/awards is on a cost reimbursement basis, as the Trust typically acquires the land prior to receiving the award. The grant/award agreements contain various requirements, including compliance with relevant Office of Management and Budget (OMB) Circulars, matching requirements, as well as reporting and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Grant support is recognized when the conditions of the grant are substantially met. Any grant funds received in advance are recorded as refundable advances.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Trust satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Trust expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Trust combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the consolidated statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Trust recognizes revenue as follows:

Rental income is recognized at a point in time when a performance obligation is transferred to the tenants. The amount recognized is the amount that reflects the consideration received or expected to be received in exchange for tenants' rights of using the rented space.

Royalty income from publications published by the Trust is recognized as revenue when the earning process has been completed.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Noncash Donations

Donated securities, land, and property and equipment are recorded as support at their estimated fair values at the date of donation. Such donations are reported as net assets without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as net assets with donor restrictions. Restricted land donated to other organizations for permanent preservation maintenance are released from restriction at the time of donation.

Absent explicit donor stipulations regarding how long those donated assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions. Donated securities are not held as investments but are sold as soon as practical after donation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of Operations

The Trust includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes unrealized loss on fair value of interest rate swap, loss on disposal of property and equipment, and Payroll Protection Plan loan.

Advertising Costs

Advertising costs are expensed as incurred. The Trust's advertising costs totaled \$216,944 and \$156,159 during the years ended March 31, 2022 and 2021, respectively.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Grant Expense

The Trust supports other organizations with the same purpose as that of the Trust. Grants are recognized when made unconditionally to the grantee and notification has taken place. Grants awarded for the years ended March 31, 2022 and 2021 totaled \$2,445,708 and \$133,257, respectively.

Use of Estimates

The preparation of consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation. These reclassifications have no effect on the change in net assets previously reported.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its consolidated statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective for the Trust's fiscal year ending March 31, 2023. Management continues to evaluate the potential impact of this update on the Trust's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the consolidated statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Trust's fiscal year ending March 31, 2023. ASU 2020-07 is not expected to have a significant impact on the Trust's consolidated financial statements.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these consolidated financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through July 11, 2023, the date the consolidated financial statements were available to be issued.

3. Liquidity and Availability

The Trust strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Trust has various sources of liquidity at its disposal, including cash. The Trust assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at March 31:

	2022	2021
Cash	\$ 7,298,786	\$ 7,806,613
Investments	3,978,187	2,371,174
Grants and contracts receivable	212,618	223,361
Total financial assets	11,489,591	10,401,148
Less: net assets with purpose restrictions	(7,299,764)	(6,474,538)
Total available for general expenditures	\$ 4,189,827	\$ 3,926,610

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

4. Concentration of Credit Risk

Financial instruments that potentially subject the Trust to significant concentrations of credit risk consist of cash and investments. The Trust maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Trust has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Investments

Net investment return consists of the following for the years ended March 31:

	2022	2021
Interest income	\$ 7,728	\$ 18,686
Net realized and unrealized gain	3,483	38,714
Total investment return, net	<u>\$ 11,211</u>	<u>\$ 57,400</u>

The Trust follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Trust uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

5. Investments (continued)

The Trust also invests in certificates of deposit, which are valued based on quoted prices for instruments that are identical or similar in markets that are not active and for which all significant inputs are observable, either directly or indirectly, in active markets. As such, these assets are classified as Level 2.

The following table presents the Trust's fair value hierarchy for those assets measured on a recurring basis at March 31, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 3,817,630	\$ -	\$ -	\$ 3,817,630
Certificates of deposit	-	134,410	-	134,410
Mutual funds	26,147	-	-	26,147
Total investments	3,843,777	134,410	-	3,978,187
Deferred compensation investments:				
Money market funds	210,378	-	-	210,378
Mutual funds	38,637	-	-	38,637
Equities	116,433	-	-	116,433
Fixed income funds	418,433	-	-	418,433
Total deferred compensation investments	783,881	-	-	783,881
Fair value of interest rate swap	-	19,477	-	19,477
Total assets at fair value	\$ 4,627,658	\$ 153,887	\$ -	\$ 4,781,545

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

5. Investments (continued)

The following table presents the Trust's fair value hierarchy for those assets measured on a recurring basis at March 31, 2021:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 2,244,615	\$ -	\$ -	\$ 2,244,615
Certificates of deposit	-	101,466	-	101,466
Mutual funds	25,093	-	-	25,093
Total investments	2,269,708	101,466	-	2,371,174
Deferred compensation investments:				
Money market funds	418,305	-	-	418,305
Mutual funds	40,399	-	-	40,399
Fixed income funds	448,533	-	-	448,533
Total deferred compensation investments	907,237	-	-	907,237
Fair value of interest rate swap	-	134,249	-	134,249
Total assets at fair value	\$ 3,176,945	\$ 235,715	\$ -	\$ 3,412,660

6. Cash Designated for Land Acquisitions

The Trust designates cash for land acquisitions ("the Fund"). The Fund was established to provide a reliable source of funds to save battlefields of the American Revolutionary War, the War of 1812, and the American Civil War. The objective of the Fund is to have a source of funds available to acquire targeted land, which will subsequently, to the greatest extent practical, be reimbursed by undesignated funds. Property to be purchased through the Fund must be significant battlefield land and subject to appropriate permanent historical and/or conservation restrictions.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

6. Cash Designated for Land Acquisitions (continued)

Fund activity consists of the following at March 31:

	<u>2022</u>	<u>2021</u>
Cash designated for land acquisition, beginning of the year	\$ 3,229,797	\$ 3,503,950
Expenditures for acquisition	(2,531,822)	(2,286,754)
Transfers from undesignated cash	2,274,435	1,694,307
Contributions	357,695	316,518
Service charge	(446)	(452)
Interest income	<u>263</u>	<u>2,228</u>
 Cash designated for land acquisition, end of the year	 <u><u>\$ 3,329,922</u></u>	 <u><u>\$ 3,229,797</u></u>

7. Property and Equipment

Property and equipment consists of the following at March 31:

	<u>2022</u>	<u>2021</u>
Building and building improvements	\$ 13,256,179	\$ 10,971,202
Equipment	1,261,691	958,982
Leasehold improvements	<u>861,907</u>	<u>861,907</u>
 Total property and equipment	 15,379,777	 12,792,091
Less: accumulated depreciation	<u>(3,408,660)</u>	<u>(2,775,441)</u>
 Property and equipment, net	 <u><u>\$ 11,971,117</u></u>	 <u><u>\$ 10,016,650</u></u>

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

8. Interest Rate Swap Agreement

The Trust has an interest rate swap agreement to reduce the impact of changes in interest rates on its bond payable effective June 1, 2018. For the year ended March 31, 2022, the Trust had an outstanding interest swap agreement with a commercial bank, with a notional principal amount of \$1,200,000. This agreement effectively changes the interest rate exposure of \$1,200,000 of its remaining outstanding \$1,200,000 of bonds at a variable rate of 0.19% of LIBOR to a fixed rate of 2.14%. The interest rate swap agreement maturity is April 1, 2027. For the years ended March 31, 2022 and 2021, the fair value of the interest rate swap agreement was an asset of \$19,477 and \$134,249, respectively. For the years ended March 31, 2022 and 2021, the Trust incurred unrealized losses of \$114,772 and \$69,768, respectively, as a result of this hedging agreement.

9. Debt

The Trust had the following amounts outstanding on the bond and notes payable for the years ended March 31:

	2022	2021
Series 2010 Revenue Bond	\$ 1,200,000	\$ 2,700,000
Lutheran seller's note payable — Interest rate of 0.0% with annual repayments due through August 2021	-	160,000
Porch seller's note payable — Interest rate of 0.0% with annual repayments due through November 2027	213,600	249,200
Mechanicsville seller's note payable — Interest rate of 0.0% with annual repayments due through November 2025	2,800,000	3,500,000
McLeod seller's note payable — Interest rate of 0.0% with annual repayments due through April 2022	480,000	-
Perraut seller's note payable — Interest rate of 0.0% with annual repayments due through October 2022	664,000	-
Subtotal	5,357,600	6,609,200
Less: amounts representing implied interest discount	(256,537)	(353,622)
Less: unamortized bond issuance costs	(27,624)	(33,149)
Total debt	<u>\$ 5,073,439</u>	<u>\$ 6,222,429</u>

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

9. Debt (continued)

Series 2010 Revenue Bond

In June 2007, the Trust obtained a \$6,000,000 loan through a bank as trustee from proceeds of a bond issuance (Series 2007) by the Economic Development Authority of Spotsylvania County, Virginia. The loan was obtained to help refinance the acquisition of a 205-acre parcel of battlefield in Fredericksburg, Virginia. In connection with the loan, the Trust entered into a corresponding letter of credit agreement for the issuance of an irrevocable letter of credit by the Trust's bank in an amount not to exceed \$6,080,000 (\$6 million plus 40 days' interest at 12% per year).

In April 2010, the Trust entered into a bank qualified loan agreement with a bank to refinance the Series 2007 revenue bonds and to replace the outstanding letter of credit. The total remaining principal balance of \$5,400,000 was refinanced through Series 2010 revenue refunding bonds issued by the Economic Development Authority of Spotsylvania County, Virginia. The new bonds accrue interest at a variable interest rate calculated as 67% of the sum of the London Interbank Offered Rate (LIBOR) plus 200 basis points. The bond is due on April 1, 2027, and is collateralized by various battlefield land parcels held by the Trust.

The outstanding principal balance at March 31, 2022 and 2021 is \$1,200,000 and \$2,700,000, respectively. The bond's variable interest rate at March 31, 2022 was 3.66%. The Trust is required to maintain certain financial and non-financial covenants. The bonds shall mature and be subject to prior redemption of the terms and conditions set forth in the indenture agreement. On April 1, 2016, the bond agreement was further modified to remove the mandatory tender for purchase by the owner on April 1, 2020 or April 7, 2025. The maturity date of the bond is April 1, 2027.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

9. Debt (continued)

Series 2010 Revenue Bond (continued)

Bond issuance costs are being amortized using the straight-line method over the term of the bond, which approximates the effective-interest method. Accumulated amortization at March 31, 2022 and 2021 was \$166,078 and \$160,553, respectively. Unamortized bond issuance costs are reported as an offset to long-term debt.

Notes Payable

Each seller note is secured by a deed of trust, with a stated interest rate of 0% with an implied rate of 3.66%. Maturity dates range from August 2021 to November 2027. The principal due on these notes total \$4,157,600 and \$3,909,200 for the years ended March 31, 2022 and 2021, respectively, less implied interest of \$246,537 and \$353,622 for the years ended March 31, 2022 and 2021, respectively. Subsequent to year end, on April 27, 2022, the Trust paid off \$480,000 related to McLeod seller's note payable.

Interest expense, including amortization of debt issuance costs of \$5,525 related to the bond and notes payable was \$161,447 and \$172,311 for the years ended March 31, 2022 and 2021, respectively.

Future maturities of debt are due as follows at March 31:

2023	\$ 3,079,600
2024	735,600
2025	735,600
2026	735,600
2027	35,600
Thereafter	<u>35,600</u>
Total payments	<u><u>\$ 5,357,600</u></u>

Line of Credit

The Trust has an unsecured \$750,000 line of credit with a financial institution to finance short-term capital needs. Interest is paid at a variable rate equal to prime plus 1.50% per annum. There were no outstanding borrowings on the line of credit at March 31, 2022 and 2021.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

10. Net Assets With Donor Restrictions

Changes in net assets were as follows at March 31, 2022:

	Balance March 31, 2021	Additions	Released from Restrictions	Balance March 31, 2022
Programs — purpose restricted:				
Slaughter Pen Farm — Fredericksburg	\$ 1,305,365	\$ 1,089,026	\$ (300,000)	\$ 2,094,391
Brandy Station	487,770	528,855	-	1,016,625
Cold Harbor	954,021	456,254	(700,000)	710,275
Liberty Trail	800,334	284,195	(420,807)	663,722
5th NY Zouaves	500,000	-	-	500,000
Cold Harbor Taverns	487,751	-	(487,751)	-
OJ Lightizer Legacy Fund	443,677	-	-	443,677
Gettysburg Fund	-	580,425	(255,425)	325,000
Education	388,676	915,500	(1,053,500)	250,676
Brice's Crossroads	169,200	76,542	-	245,742
Ed Bears Tribute	79,962	298,960	(185,500)	193,422
Virginia Battlefields Fund	-	159,438	(25,156)	134,282
Antietam	65,476	64,334	-	129,810
Alabama — Civil War	94,241	25,000	-	119,241
Youth Leadership Team	82,488	51,000	(35,419)	98,069
Campaign 1776 — Other	95,917	12,750	(26,740)	81,927
Wilderness	25,720	24,500	-	50,220
Cedar Mountain, VA	41,340	-	-	41,340
Road to Freedom	10,737	35,000	(10,000)	35,737
Great Bridge	25,380	-	-	25,380
Civil War Fund	-	25,253	-	25,253
Battlefield Preservation Fund	-	25,000	-	25,000
AVAR	11,667	20,000	(10,000)	21,667
Princeton Fund	-	21,250	-	21,250
Americana University	19,000	-	(6,073)	12,927
Rappahannock Station	8,460	-	-	8,460
Makematic	8,460	-	-	8,460
Preserved Forever	7,652	-	-	7,652
Three Battlefields — NC, VA, KY	40,994	-	(34,211)	6,783
Camp Nelson	11,285	-	(8,900)	2,385
Miscellaneous Tracts	9,825	34,000	(43,434)	391
Richmond Battlefields	236,154	-	(236,154)	-
Two Tennessee Battlefields	25,650	-	(25,650)	-
Ware Bottom Church	17,500	-	(17,500)	-
2nd Winchester — McCann	11,471	-	(11,471)	-
Monument Fund	8,365	-	(8,365)	-
Western Theatre Battlefield Fund	-	26,350	(26,350)	-
Restoration Fund	-	39,971	(39,971)	-
Total programs — purpose restricted	6,474,538	4,793,603	(3,968,377)	7,299,764
Preserved Battlefield Land	163,162,779	14,266,899	(4,013,590)	173,416,088
Total net assets with donor restrictions	\$ 169,637,317	\$ 19,060,502	\$ (7,981,967)	\$ 180,715,852

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

10. Net Assets With Donor Restrictions (continued)

Changes in net assets were as follows at March 31, 2021:

	Balance March 31, 2020	Additions	Released from Restrictions	Balance March 31, 2021
Programs — purpose restricted:				
Slaughter Pen Farm — Fredericksburg	\$ 825,000	\$ 480,620	\$ (255)	\$ 1,305,365
Cold Harbor	573,927	1,010,045	(629,951)	954,021
Liberty Trail	398,817	829,429	(427,912)	800,334
5th NY Zouaves	500,000	-	-	500,000
Brandy Station	403,170	84,600	-	487,770
Cold Harbor Taverns	-	487,751	-	487,751
OJ Lightizer Legacy Fund	596,346	84,389	(237,058)	443,677
Education	121,035	443,217	(175,576)	388,676
Richmond Battlefields	42,500	422,200	(228,546)	236,154
Brice's Crossroads	57,750	256,160	(144,710)	169,200
Campaign 1776 — Other	56,500	39,417	-	95,917
Alabama — Civil War	97,550	-	(3,309)	94,241
Youth Leadership Team	77,872	27,072	(22,456)	82,488
Ed Bears Tribute	-	79,962	-	79,962
Antietam	298,796	154,066	(387,386)	65,476
Cedar Mountain, VA	50,000	-	(8,660)	41,340
Three Battlefields — NC, VA, KY	-	40,994	-	40,994
Wilderness	25,220	500	-	25,720
Two Tennessee Battlefields	-	25,650	-	25,650
Great Bridge	-	25,380	-	25,380
Americana University	-	19,000	-	19,000
Ware Bottom Church	20,000	-	(2,500)	17,500
AVAR	-	11,667	-	11,667
2nd Winchester — McCann	-	11,471	-	11,471
Camp Nelson	11,285	-	-	11,285
Road to Freedom	-	16,920	(6,183)	10,737
Miscellaneous Tracts	2,825	7,000	-	9,825
Rappahannock Station	-	8,460	-	8,460
Makematic	-	8,460	-	8,460
Monument Fund	-	165,783	(157,418)	8,365
Preserved Forever	-	8,786	(1,134)	7,652
Reams Station	183,676	-	(183,676)	-
VA BPF	150,000	118,215	(268,215)	-
Stones River	94,528	58,501	(153,029)	-
Vicksburg	50,000	46,300	(96,300)	-
New Market Heights	43,500	43,750	(87,250)	-
Champion Hill	41,958	-	(41,958)	-
Four Battlefields	23,500	560	(24,060)	-
HTR	19,612	-	(19,612)	-
Year-end appeal	16,000	-	(16,000)	-
Seminary Ridge	11,973	207,270	(219,243)	-
Augmented Reality — Gettysburg	9,850	-	(9,850)	-
Total programs — purpose restricted	4,803,190	5,223,595	(3,552,247)	6,474,538
Preserved Battlefield Land	146,345,444	18,741,060	(1,923,725)	163,162,779
Total net assets with donor restrictions	\$ 151,148,634	\$ 23,964,655	\$ (5,475,972)	\$ 169,637,317

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

11. Commitments and Contingencies

Operating Leases

The Trust had an agreement to lease office space for its headquarters in Washington, D.C. under a non-cancelable lease agreement, which was due to expire on March 31, 2020. The Trust received incentives in the form of a rental abatement during a portion of the initial year of the term and escalating payments. During June 2017, the Trust amended its existing lease agreement to extend the lease term to expire on March 31, 2025. The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is reflected as deferred rent in the accompanying consolidated statements of financial position.

The Trust also had a lease for office space in Hagerstown, Maryland that expired on July 31, 2021.

Future minimum lease payments under these leases are as follows for the years ending March 31:

2023	\$ 515,806
2024	528,694
2025	<u>541,975</u>
Total future minimum lease payments	<u>\$ 1,586,475</u>

Total rent expense was \$405,020 and \$553,118 for the years ended March 31, 2022 and 2021, respectively.

Government Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the cooperative and grant agreements. The ultimate determination of amounts received under these cooperative and grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such cooperative and grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

11. Commitments and Contingencies (continued)

Employment Agreement

The Trust entered into an employment agreement with an officer of the Trust that expired December 31, 2020. Under the contract, the Trust was obligated to contribute \$43,500 annually to a deferred compensation plan for the officer. A second deferred compensation plan was established during 2011 for the same officer, where the Trust shall credit the maximum allowable amount per law and shall become fully vested immediately. The officer retired from the Trust during the year ended March 31, 2021. The deferred compensation payments due to the retired officer began April 1, 2021 in 84 ratable installments.

12. Allocation of Expenses from Management and General Activities

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include direct salaries, fringe benefits, consultants, subcontracts, travel, meals, and entertainment, meeting, equipment, professional services, rent, depreciation and amortization, communications, supplies and software, legal, and other expenses, which are allocated on the basis of estimates of time and effort.

13. Retirement Plans

The Trust maintains a defined contribution retirement plan qualified under Section 403(b) of the Internal Revenue Code (IRC). Eligible employees who meet certain age and employment requirements are eligible to participate in the plan. The Trust made discretionary contributions of \$197,778 and \$198,049 for the years ended March 31, 2022 and 2021, respectively.

The Trust has established two 457(b) deferred compensation plans with an officer of the Trust. Contributions to the 457(b) plans for the years ended March 31, 2022 and 2021 were \$0 and \$30,403, respectively. The deferred compensation plan balances are recorded as deferred compensation investments and a corresponding payable in the consolidated statements of financial position.

American Battlefield Trust and Affiliates

Notes to Consolidated Financial Statements March 31, 2022 and 2021

14. Income Taxes

ABT and EBDF are exempt from payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3). AFBP is exempt from payment of taxes on income other than net unrelated business income under IRC Section 501(c)(4).

Contributions to ABT and EBDF are deductible as provided in IRC Section 170(b)(1)(A)(vi). For the years ended March 31, 2022 and 2021, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Management has evaluated the Trust's tax positions and concluded that the Trust's consolidated financial statements do not include any uncertain tax positions.

15. Supplementary Cash Flows Disclosure

Supplementary disclosure of cash flows is as follows for the years ended March 31:

	2022	2021
Supplementary Disclosure of Cash Flow Information		
Interest paid	\$ 50,244	\$ 86,358
Supplementary Disclosure of Non-Cash Investing and Financing Activity		
Acquisition of restricted land and easements through seller financed notes payable	\$ 1,144,000	\$ 3,500,000

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of
American Battlefield Trust and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of American Battlefield Trust and Affiliates (collectively, “the Trust”), which comprise the consolidated statement of financial position as of March 31, 2022; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements, and have issued our report thereon dated July 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Trust’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-002.

The Trust's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Trust's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Trust's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is stylized, with the "R" being particularly large and the "Company" written in a cursive-like script.

Vienna, Virginia
July 11, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Trustees of
American Battlefield Trust and Affiliates

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Battlefield Trust and Affiliates' (collectively, "the Trust") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Trust's major federal programs for the year ended March 31, 2022. The Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Trust's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Trust's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Trust's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Trust's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Trust's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questions costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Internal Control over Compliance (continued)

Government Auditing Standards requires the auditor to perform limited procedures on the Trust's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Trust's response as not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia
July 11, 2023

American Battlefield Trust and Affiliates

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass- Through Grant Number	Amount Paid to Subrecipients	Total Federal Expenditures
<u>U.S. Department of the Interior</u>				
<i>Pass-Through Awards from Virginia Department of Conservation and Recreation:</i>				
Battlefield Acquisition Grant	15.928	P21AP10005	\$ -	\$ 14,298
Battlefield Acquisition Grant	15.928	P22AP00002	-	4,577,855
Battlefield Acquisition Grant	15.928	P22AP00034	-	277,635
Battlefield Acquisition Grant	15.928	P22AP00094	-	518,882
Battlefield Acquisition Grant	15.928	P22AP00092	-	173,387
Battlefield Acquisition Grant	15.928	P22AP00096	-	86,408
<i>Pass-Through Award from Chemung County, NY:</i>				
Battlefield Acquisition Grant	15.928	P20AP00211	-	103,577
<i>Pass-Through Award from the City of Chattanooga, Tennessee:</i>				
Battlefield Acquisition Grant	15.928	P22AP00079	-	1,892,964
<i>Pass-Through Award from City of Parker's Crossroads, Tennessee:</i>				
Battlefield Acquisition Grant	15.928	P22AP00093	-	92,654
<i>Pass-Through Award from North Carolina Department of Natural and Cultural Resources:</i>				
Battlefield Acquisition Grant	15.928	P21AP10010	-	34,212
Total ALN 15.928			-	7,771,872
Total Battlefield Acquisition Grants			-	7,771,872
<i>Direct Awards:</i>				
American Battlefield Protection Program	15.926	P17AAP00338-C001	-	28,266
American Battlefield Protection Program	15.926	P19AP00437-0001-B001	-	23,182
Total ALN 15.926			-	51,448
Total American Battlefield Protection Program			-	51,448
Total Expenditures of Federal Awards			\$ -	\$ 7,823,320

American Battlefield Trust and Affiliates

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Trust under the programs of the federal government for the year ended March 31, 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Trust, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Trust.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Trust records its expenditures of federal awards using the indirect cost and fringe benefit rate per the nonprofit rate agreement with the federal government, which was approved in accordance with the authority of the Uniform Guidance.

In this manner, the Trust has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

American Battlefield Trust and Affiliates

Schedule of Findings and Questioned Costs For the Year Ended March 31, 2022

Section I – Summary of Auditor’s Results

Consolidated Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to consolidated financial statements noted? X Yes No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported

Type of auditor’s report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? X Yes No

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster Title</u>
15.928	Battlefield Acquisition Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

American Battlefield Trust and Affiliates

Schedule of Findings and Questioned Costs (continued) For the Year Ended March 31, 2022

Section II – Findings – Financial Statement Audit

Finding No. 2022-001 – Material Weakness – Year-End Closing Procedures

<u>Criteria:</u>	The Trust should have a system of internal control over financial reporting to ensure accurate financial reporting, including reporting on the schedule of expenditures of federal awards.
<u>Condition:</u>	The Trust experienced turnover in the key accounting position close to year-end. This resulted in inconsistencies in controls over several accounting processes including financial reporting, grant reporting, and the preparation of the schedule of expenditures of federal awards. The year-end closing procedures were delayed, which resulted in a later start of the audit, and 16 closing adjustments during the audit process, after the initial trial balance was provided. In addition, there were 5 audit adjusting entries that were proposed during the audit.
<u>Cause:</u>	Turnover in a key accounting position close to the year end, which caused a delay in year-end closing procedures.
<u>Effect:</u>	The Trust was not prepared with a final trial balance and certain reconciliations, including the schedule of expenditures of federal awards, to timely start the audit.
<u>Context:</u>	The fiscal year 2022 audit work did not commence until March 2023, and was not completed until June 2023. This delayed start was attributable to turnover in a key accounting position during the year.
<u>Repeat Finding:</u>	This is a repeat finding.
<u>Recommendation:</u>	The Trust should reconcile all significant accounts on a monthly basis, the reconciliations should be reviewed by an independent person, and evidence of review should be documented. Also, timely reconciliations will help to ensure that possible errors are identified and addressed in a timely manner. The longer errors accumulate without being detected, the longer it takes to reconcile accounts later, and the financial information is not accurate and up to date. We recommend that the Trust reviews its current closing procedures and take any necessary steps to ensure accounts are reconciled and financial statements are prepared in a timely manner.
<u>Response:</u>	See corrective action plan.

American Battlefield Trust and Affiliates

Schedule of Findings and Questioned Costs (continued) For the Year Ended March 31, 2022

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

Finding No. 2022-002 – Significant Deficiency– Delay in Submission of the OMB Reporting Package

Grantor: U.S. Department of the Interior
Federal ALN Number: 15.928
Program Name: Battlefield Acquisition Grants
Grant Numbers: Various

<u>Criteria:</u>	The Uniform Guidance requires that entities that expense \$750,000 or more in a year in Federal awards must submit their audited annual financial reports and data collection form to the Federal Audit Clearinghouse within thirty (30) days after receipt of the auditor's report, or nine (9) months of the close of the auditee's fiscal year.
<u>Condition:</u>	The Trust did not file the OMB reporting package within nine months of the fiscal year end as required per the Uniform Guidance.
<u>Cause:</u>	Turnover in a key accounting position close to the year-end caused the delay in submission of the annual audit report and data collection form.
<u>Effect:</u>	Late submission causes the Trust to be put on the non-compliance list and can result in withholding of federal funding.
<u>Questioned Costs:</u>	Unknown.
<u>Context:</u>	The fiscal year 2022 audit work did not commence until March 2023 and was not completed until June 2023. This delayed start was attributable to turnover in a key accounting position during the year.
<u>Repeat Finding:</u>	This is not a repeat finding.
<u>Recommendation:</u>	We recommend the Trust complete all reports required under the Federal award document and submit the reports in a timely manner. The Trust should improve financial close-out procedures and obtain the audit required under the Uniform Guidance within nine months of the fiscal year end.
<u>Response:</u>	See corrective action plan.

American Battlefield Trust and Affiliates

Schedule of Prior Audit Findings For the Year Ended March 31, 2022

Findings – Financial Statement Audit

The Trust's written response (Management's response) to the following finding has not been subjected to the audit procedures applied in the audit and, accordingly, we express no opinion on it. As noted below, identified prior year finding was not properly implemented in the current reporting period. This reoccurring issue will be presented in the current status of these prior findings.

Finding No. 2021-001 – Significant Deficiency – Delay in the External Financial Reporting Close Process (Originated in 2021)

Finding: The Trust experienced significant turnover in its accounting function during the latter part of fiscal year 2021 and early stage in fiscal year 2022. The impact of that personnel turnover significantly impaired the Trust's ability to prepare and present a full set of financial statements prepared in accordance with accounting principles generally accepted in the United States in a timely manner. This was the result of the following matters:

- An accounting system that had not been fully utilized by the prior accounting personnel who instead preferred reliance on spreadsheets and paper ledgers for tracking and monitoring activities;
- Significant reliance on "paper-based" records instead of digitization of those records. This combined with the Hagerstown office closure which also served as the file retention location, required significant levels of effort by the new accounting team to first a) find underlying supporting document, b) analyze that documentation; and c) be able to conclude on the accounting treatment of that documentation. This time-consuming process had to occur repeatedly throughout the fiscal year 2021 financial statement audit.
- An incomplete set of accounting policies and procedures that, given full accounting team turnover, resulted in the new accounting team to duplicate many efforts to ensure the Trust's financial statements were materially correct for the year ended March 31, 2021.

Response: Management agrees with the finding and recommendation set forth within and has developed a corrective action plan to address the significant deficiency resulting in delays in external financial reporting close process.

Status: Finding still applicable. See current year finding 2022-001.

American Battlefield Trust and Affiliates

Schedule of Prior Audit Findings (continued)
For the Year Ended March 31, 2022

Findings and Questioned Costs – Major Federal Award Programs Audit

There were no federal award findings or questioned costs reported for the March 31, 2021 audit.



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[^] Chair Emeritus

American Battlefield Trust and Affiliates

CORRECTIVE ACTION PLAN For the Year Ended March 31, 2022

American Battlefield Trust and Affiliates (ABT) respectfully submits the following corrective action plan for the year ended March 31, 2022.

Name and address of independent public accounting firm:

Rogers and Company, PLLC
8300 Boone Blvd, Suite 600
Vienna, Virginia 22182

Audit period:

April 1, 2021 to March 31, 2022

The findings from the Schedule of Findings and Questioned Costs for the year ended March 31, 2022 are discussed below. The findings are numbered consistently with the number assigned in the schedule.

AMERICAN BATTLEFIELD TRUST

1156 15th Street NW, Suite 900, Washington, DC 20005 | phone: 202-367-1861 or 800-298-7878 | email: info@battlefields.org

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Finding No. 2022-001 – Material Weakness – Year-End Closing Procedures

Recommendation: The Trust should reconcile all significant accounts on a monthly basis, the reconciliations should be reviewed by an independent person, and evidence of review should be documented. Also, timely reconciliations will help to ensure that possible errors are identified and addressed in a timely manner. The longer errors accumulate without being detected, the longer it takes to reconcile accounts later, and the financial information is not accurate and up to date. We recommend that the Trust reviews its current process and take any necessary steps to ensure accounts are reconciled in a timely manner.

Action Taken: Management agrees with the finding and recommendations. A new finance team has been hired in the last 4 months and progress is being made on a number of corrective actions to address necessary improvements in the financial reporting closing process. These include monthly reconciliations of all significant accounts with documented independent review of those reconciliations. The Trust has also made investments to improve and modernize systems which will replace the previous reliance on paper-based processing and spreadsheets with electronic-based, automated workflows and digitalization of documents. The Trust will also update its accounting policies and procedures to reflect implementation of the new systems and processes and these will include improved processes for the preparation of financial statements for external reporting purposes.

Person Responsible: Mark Borcharding
Chief Financial Officer

Estimated Completion Date: August 31, 2023

Letter from the American Battlefield Trust (continued)

American Battlefield Trust and Affiliates

CORRECTIVE ACTION PLAN For the Year Ended March 31, 2022

Finding No. 2022-002 – Significant Deficiency – Delay in Submission of the OMB Reporting Package

Recommendation: We recommend the Trust complete all reports required under the Federal award document and submit the reports in a timely manner. The Trust should improve financial close-out procedures and obtain the audit required under the Uniform Guidance within nine months of the fiscal year end.

Action Taken: The Trust agrees that the matter noted resulted in significant delays with Uniform Guidance reporting. The Trust has made investments to improve and modernize systems which will replace the reliance on paper-based processing and spreadsheets with electronic-based, automated workflows and digitalization of documents. This will improve the Trust's close-out procedures and allow it to report and obtain an audit in the timeframe required under the Guidance.

Person Responsible: Mark Borcharding
Chief Financial Officer

Estimated
Completion Date: August 31, 2023

American Battlefield Trust and Affiliates

Mark Borcharding

Mark Borcharding
Chief Financial Officer
Email : mborcharding@battlefields.org
Phone : (202) 367-1861



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CORRECTIVE ACTION PLAN

For the Year Ended March 31, 2021

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Franklin, Tennessee

***President Emeritus;**
Chair Emeritus

American Battlefield Trust and Affiliates ("The Trust") respectfully submits the following Schedule of Prior Audit Findings for the year ended March 31, 2021.

Name and address of independent public accounting firm:

Rogers and Company, PLLC
8300 Boone Blvd, Suite 600
Vienna, Virginia 22182

Audit period:

April 1, 2020 to March 31, 2021

The findings from the prior audit's Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

Financial Statement Findings

Finding No. 2021-001 - Significant Deficiency - Delay in External Financial Reporting Close Process (Originated in 2021)

Condition:

The Trust experienced significant turnover in its accounting function during the latter part of fiscal year 2021 and early stage in fiscal year 2022. The impact of that personnel turnover significantly impaired the Trust's ability to prepare and present a full set of financial statements prepared in accordance with accounting principles generally accepted in the United States in a timely manner.

Recommendation:

Prior year's auditors recommended this matter to be resolved with immediate effect to ensure sound financial management as well as the ability of the accounting system to provide and to address its external reporting requirements.

Current Year Status:

This finding has not been corrected in the current year. See current year finding 2022-01. The Trust hired a new Chief Financial Officer and a Controller to address the condition within the next fiscal year.

AMERICAN BATTLEFIELD TRUST

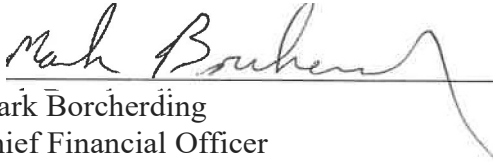
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American Battlefield Trust and Affiliates

CORRECTIVE ACTION PLAN (continued)
For the Year Ended March 31, 2021

American Battlefield Trust and Affiliates

A handwritten signature in dark ink, appearing to read "Mark Borcharding", is written over a horizontal line.

Mark Borcharding
Chief Financial Officer
Email : mborcherding@battlefields.org
Phone: (202) 367-1861