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ACCOUNTANTS' REPORT

To: The Board of Directors of
Bushy Run Battlefield Heritage Society, Inc.
P.O. Box 468
Harrison City, PA 15636

We have reviewed the accompanying statement of financial position of Bushy Run Battlefield Heritage Society, Inc. (a nonprofit organization) as of June 30, 2010, and the related statement of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the board of directors of Bushy Run Battlefield Heritage Society, Inc.

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Malin, Bergquist & Company, LLP

Greensburg, Pennsylvania
August 23, 2010

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010

ASSETS

Current assets	
Cash - general	$ 11,740
Cash - education	46,191
Cash - organizational operations	25,692
Cash - on hand	100
Inventory	30,064
Investment, at fair value - UBS	109,170
Total current assets	222,957
Equipment	20,544
In-progress	15,049
Less: accumulated depreciation	(14,259)
Fixed assets, net	21,334
Total assets	$ 244,291

LIABILITIES AND NET ASSETS

Total liabilities	$ -
Net assets	
Unrestricted	228,840
Temporarily restricted	15,451
Total net assets	244,291
Total liabilities and net assets	$ 244,291

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
Support and revenues:			
Program fees	$ 43,392	$ -	$ 43,392
Membership dues and assessments	9,935	-	9,935
Gift shop revenue	28,151		
Interest on savings temporary investments	2,508	-	2,508
Donations	9,014	-	9,014
Gain/(loss) on investments	(965)	-	(965)
Dividends and interest from securities	371	-	371
Total support and revenues	92,406	-	92,406
Expenses:			
Program	45,378	-	45,378
Management and general	7,797	-	7,797
Total expenses	53,175	-	53,175
Change in net assets	39,231	-	39,231
Net assets at beginning of year	195,109	9,951	205,060
Reclassification of restricted assets, Wayside Project	(5,500)	5,500	-
Net assets at end of year	$ 228,840	$ 15,451	$ 244,291

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services	Management and General	Total
Advertising	$ 753	$ -	$ 753
Bank fees	-	-	-
Depreciation	-	1,901	1,901
Insurance	-	1,355	1,355
Miscellaneous	3,239	-	3,239
Special events	2,319	-	2,319
Battle reenactments	6,690	-	6,690
Postage	522	-	522
Gift shop purchases	15,261	-	15,261
Gift shop freight	1,332	-	1,332
Accounting fees	-	3,200	3,200
Intern	-	-	-
Repairs and maintenance	4	-	4
Conference	4,051	-	4,051
Salaries and wages	5,615	-	5,615
Tours	869	-	869
Travel	-	458	458
Wayside Project	3,158	-	3,158
Website and telephone	-	293	293
Office supplies	590	590	1,180
Dues	975	-	975
Total	$ 45,378	$ 7,797	$ 53,175

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Change in net assets	$ 39,231
Adjustments to reconcile net income to net cash provided by operating activities:	
(Gain)/loss on investment	965
Depreciation and amortization	1,901
Changes in assets and liabilities net of effects from operating activities:	
Increase in inventories	(4,633)
Net cash provided by operating activities	37,464
Cash flows from investing activities:	
Purchase of fixed assets	(1,502)
Purchase of investments	(24,613)
Net cash used in investing activities	(26,115)
Net increase in cash and cash equivalents	11,349
Cash and cash equivalents, beginning of year	72,374
Cash and cash equivalents, end of year	$ 83,723

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Bushy Run Battlefield Heritage Society, Inc. (the Organization) was established in 1980. The Organization is a nonprofit corporation which preserves and interprets for citizens and visitors the site of a pivotal battle fought between British and Native Americans during the conflict known as Pontiac's War, as well as the role of the British victory in maintaining control of North America. The Organization's support comes primarily from program fees, member dues and public support.

Bushy Run Battlefield Heritage Society, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Accounting

The financial statements of Bushy Run Battlefield Heritage Society, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Under the Generally Accepted Accounting Principles of the United State of America, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

The Bushy Run Battlefield Heritage Society, Inc. receives services donated from unpaid volunteers who assist in special events and fundraising. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under ASC 958-605.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Inventory

Inventory is stated at cost determined on the first-in, first-out (FIFO) basis.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the double declining balance method over the estimated useful lives of the related assets. Renewals and betterments that substantially extend an asset's useful life are capitalized. Depreciation for the year ended June 30, 2010 amounted to $1,901.

Taxes Collected from Customers and Remitted to Government Authorities

The Organization records taxes collected from customers, such as sales taxes, on the net basis by not including these taxes in revenue or expense. These taxes collected are recorded as a liability, and the liability is removed when the taxes are remitted to the government authority.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income tax as an educational organization as described in Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal and state corporate income taxes.

Subsequent Events

The Organization evaluated its June 30, 2010 financial statements for subsequent events through August 23, 2010, the date the financial statement were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Fair Value Measurements

Generally accepted accounting principles in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

> *Level 1* – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.
>
> *Level 2* – Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Where observable inputs are available, directly or indirectly, for substantially the full term of the asset or liability, the instrument is categorized in Level 2.
>
> *Level 3* – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The Organization incurred losses of $965 attributable to the change in fair value. These losses are reported on the Statement of Activities for June 30, 2010 under the item captioned "Gain/(loss) on investments."

The following table presents the fair value hierarchy table for assets measured at fair value, on a recurring basis, as set forth under the generally accepted accounting principles:

	Level 1	Level 2	Level 3	Carrying Value as of June 30, 2010
Assets				
Money Market	$ -	$ 20,106	$ -	$ 20,106
Equities	5,704	-	-	5,704
Mutual Funds	9,665	-	-	9,665
Fixed Income	-	73,695	-	73,695
Other Assets	-	-	-	-
Total	$ 15,369	$ 93,801	$ -	$ 109,170

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2010, temporarily restricted net assets of $15,451 consisted of $9,951 of contributions to improve "The Road to Bushy Run" exhibit in the park's Visitor Center, net of $15,049 capitalized in 2009. The project was given a one year extension during 2009 plus a 10 month extension during 2010 and is now proposed to be finished by February 2011. The remaining $5,500 of temporarily restricted assets consisted of contributions towards the Wayside Project. The project places waysides, which are 6 panels featuring artwork and text, at strategic places on the battlefield to help visitors understand the events that occurred there.