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INDEPENDENT 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, 2011, and the related statement of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to financial data and making inquiries of the Organization personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The Organization is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 accounting principles generally accepted in the United States of America.

Malin, Bergquist & Company, LLP

Greensburg, Pennsylvania
August 25, 2011

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2011

ASSETS

Current assets	
Cash - general	\$ 36,194
Cash - education	30,268
Cash - organizational operations	28,292
Cash - on hand	100
Inventory	35,825
Investment, at fair value	<u>85,023</u>
Total current assets	215,702
Equipment	28,709
Exhibit equipment	35,000
Less: accumulated depreciation	<u>(21,240)</u>
Fixed assets, net	<u>42,469</u>
Total assets	<u><u>\$ 258,171</u></u>

LIABILITIES AND NET ASSETS

Total liabilities	<u>\$ -</u>
Net assets	
Unrestricted	252,671
Temporarily restricted	<u>5,500</u>
Total net assets	<u>258,171</u>
Total liabilities and net assets	<u><u>\$ 258,171</u></u>

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Program fees	\$ 40,818	\$ -	\$ 40,818
Membership dues and assessments	8,280	-	8,280
Gift shop revenue	21,172	-	21,172
Fundraising income	4,600	-	4,600
Rental income	800	-	800
Gaming income	1,162	-	1,162
Interest on savings temporary investments	1,337	-	1,337
Donations	2,488	-	2,488
Gain/(loss) on investments	3,557	-	3,557
Dividends and interest from securities	460	-	460
	<u>84,674</u>	<u>-</u>	<u>84,674</u>
Net assets released from restriction	<u>9,951</u>	<u>(9,951)</u>	<u>-</u>
Total support and revenues	94,625	- (9,951)	84,674
Expenses:			
Program	40,869	-	40,869
Management and general	25,667	-	25,667
Fundraising	4,258	-	4,258
Total expenses	<u>70,794</u>	<u>-</u>	<u>70,794</u>
Change in net assets	23,831	(9,951)	13,880
Net assets at beginning of year	<u>228,840</u>	<u>15,451</u>	<u>244,291</u>
Net assets at end of year	<u>\$ 252,671</u>	<u>\$ 5,500</u>	<u>\$ 258,171</u>

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Depreciation	\$ 4,109	\$ 2,872	\$ -	\$ 6,981
Salaries and wages	-	16,633	-	16,633
Gift shop purchases	6,735	-	-	6,735
Conference	6,326	-	-	6,326
Battle reenactments	5,881	-	-	5,881
Exhibit : Wayside project	5,740	-	-	5,740
Miscellaneous	3,878	-	-	3,878
Accounting fees	-	3,115	-	3,115
Advertising	2,814	-	-	2,814
Fundraising : Miscellaneous	-	-	2,484	2,484
Insurance	-	2,106	-	2,106
Fundraising : 250th anniversary	-	-	1,222	1,222
Supplies	1,144	-	-	1,144
Office expense	973	-	-	973
Gift shop freight	969	-	-	969
Postage	788	-	-	788
Website and telephone	-	678	-	678
Museum admission	660	-	-	660
Lectures	523	-	-	523
Dues	329	-	-	329
Fundraising : Gun show	-	-	301	301
Repairs and maintenance	-	263	-	263
Fundraising : Haunted history hayride	-	-	251	251
Total	<u>\$ 40,869</u>	<u>\$ 25,667</u>	<u>\$ 4,258</u>	<u>\$ 70,794</u>

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

Change in net assets	\$ 13,880
Adjustments to reconcile net income to net cash provided by operating activities:	
(Gain)/loss on investment	(3,557)
Depreciation and amortization	6,981
Changes in assets and liabilities net of effects from operating activities:	
Increase in inventories	<u>(5,761)</u>
Net cash provided by operating activities	11,543
Cash flows from investing activities:	
Purchase of fixed assets	(28,116)
Purchase of investments	(1,797)
Sale of investments	<u>29,500</u>
Net cash used in investing activities	(413)
Net increase in cash and cash equivalents	11,130
Cash and cash equivalents, beginning of year	<u>83,724</u>
Cash and cash equivalents, end of year	<u><u>\$ 94,854</u></u>

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.

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.

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

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, 2011 amounted to \$6,981.

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, 2011 financial statements for subsequent events through August 25, 2011, 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.

Uncertainty in Income Taxes

Generally accepted accounting principles of the United States of America require a company to quantify and record the estimated tax liability, including interest and penalties, related to uncertain tax positions taken and positions anticipated to be taken on their income tax returns as well as provide enhanced disclosures within the financial statements.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2009, 2008 and 2007 tax years are open and subject to examination by the Internal Revenue Service (IRS) and the Pennsylvania Department of Revenue. However, the Organization is not currently under audit, nor has the Organization been contacted by any of these jurisdictions. If interest and penalties were recorded, they would be included in income tax expense. As of June 30, 2011, no interest or penalties have been recorded.

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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 gains of \$3,557 attributable to the change in fair value. These gains are reported on the Statement of Activities for June 30, 2011 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, 2011
Assets				
Money Market	\$ -	\$ 13,139	\$ -	\$ 13,139
Equities - Food Industry	6,127	-	-	6,127
Mutual Funds - Large Blend Fund	12,192	-	-	12,192
Corporate Bonds	53,565	-	-	53,565
Total	<u>\$ 71,884</u>	<u>\$ 13,139</u>	<u>\$ -</u>	<u>\$ 85,023</u>

BUSHY RUN BATTLEFIELD HERITAGE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2011, temporarily restricted net assets of \$5,500 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.