

NEW HAMPSHIRE  
HISTORICAL SOCIETY

FINANCIAL REPORT

SEPTEMBER 30, 2007

*NEW HAMPSHIRE HISTORICAL SOCIETY*

*TABLE OF CONTENTS*

*SEPTEMBER 30, 2007*

	<u>PAGES</u>
<i>INDEPENDENT AUDITOR'S REPORT</i> .....	1
<i>FINANCIAL STATEMENTS</i>	
Statements of financial position .....	2 - 3
Statements of activities .....	4 - 7
Statements of cash flows .....	8
Notes to financial statements .....	9 - 17

*INDEPENDENT AUDITOR'S REPORT*

To the Board of Trustees  
New Hampshire Historical Society  
Concord, New Hampshire

We have audited the accompanying statements of financial position of the New Hampshire Historical Society (an incorporated nonprofit organization) as of September 30, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Hampshire Historical Society as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

December 17, 2007

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2007*

ASSETS				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 132,021	\$ 166,282	\$ 1,044	\$ 299,347
Inventory	100,649	-	-	100,649
Prepaid expenses	29,635	-	-	29,635
Pledges receivable	16,683	-	235,643	252,326
Accounts receivable	9,838	-	-	9,838
Cash surrender value of life insurance	22,037	-	-	22,037
Total current assets	\$ 310,863	\$ 166,282	\$ 236,687	\$ 713,832
PROPERTY AND EQUIPMENT, NET	4,704,271	-	-	4,704,271
INVESTMENTS	7,613,447	-	3,451,981	11,065,428
<b>TOTAL ASSETS</b>	<b>\$ 12,628,581</b>	<b>\$ 166,282</b>	<b>\$ 3,688,668</b>	<b>\$ 16,483,531</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 31,680	\$ -	\$ -	\$ 31,680
Accrued expenses	37,746	-	-	37,746
Deferred revenue	2,670	-	-	2,670
Due to NENR	801	-	-	801
Notes payable	179,895	-	-	179,895
Total current liabilities	\$ 252,792	\$ -	\$ -	\$ 252,792
<b>NET ASSETS</b>				
Unrestricted:				
Net investment in property and equipment	\$ 4,704,271	\$ -	\$ -	\$ 4,704,271
Designated:				
Operations	122,009	-	-	122,009
Investments	3,264,811	-	-	3,264,811
Undesignated:				
Operations	(85,975)	-	-	(85,975)
Investments	4,370,673	-	-	4,370,673
Temporarily restricted	-	166,282	-	166,282
Permanently restricted	-	-	3,688,668	3,688,668
Total net assets	\$ 12,375,789	\$ 166,282	\$ 3,688,668	\$ 16,230,739
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,628,581</b>	<b>\$ 166,282</b>	<b>\$ 3,688,668</b>	<b>\$ 16,483,531</b>

The notes to the financial statements are an integral part of this statement.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2006*

ASSETS				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 220,722	\$ 201,349	\$ 63,561	\$ 485,632
Inventory	77,023	-	-	77,023
Prepaid expenses	38,626	-	-	38,626
Pledges and grants receivable	37,902	-	198,729	236,631
Accounts receivable	5,785	-	-	5,785
Cash surrender value of life insurance	19,169	-	-	19,169
<b>Total current assets</b>	<b>\$ 399,227</b>	<b>\$ 201,349</b>	<b>\$ 262,290</b>	<b>\$ 862,866</b>
<b>NONCURRENT ASSETS</b>				
Pledges/grants receivable, net of discount	-	-	119,375	119,375
<b>PROPERTY AND EQUIPMENT, NET</b>	4,825,991	-	-	4,825,991
<b>INVESTMENTS</b>	<u>6,911,534</u>	<u>-</u>	<u>2,258,732</u>	<u>9,170,266</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 12,136,752</b></u>	<u><b>\$ 201,349</b></u>	<u><b>\$ 2,640,397</b></u>	<u><b>\$ 14,978,498</b></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 14,085	\$ -	\$ -	\$ 14,085
Accrued expenses	49,506	-	-	49,506
Deferred revenue	8,435	-	-	8,435
Notes payable	149,895	-	-	149,895
<b>Total current liabilities</b>	<b>\$ 221,921</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 221,921</b>
<b>NET ASSETS</b>				
Unrestricted				
Net investment in property and equipment	\$ 4,825,990	\$ -	\$ -	\$ 4,825,990
Designated:				
Operations	140,576	-	-	140,576
Investments	2,901,613	-	-	2,901,613
Undesignated:				
Operations	18,098	-	-	18,098
Investments	4,028,554	-	-	4,028,554
Temporarily restricted	-	201,349	-	201,349
Permanently restricted	-	-	2,640,397	2,640,397
<b>Total net assets</b>	<b>\$ 11,914,831</b>	<b>\$ 201,349</b>	<b>\$ 2,640,397</b>	<b>\$ 14,756,577</b>
<b>TOTAL LIABILITES AND NET ASSETS</b>	<u><b>\$ 12,136,752</b></u>	<u><b>\$ 201,349</b></u>	<u><b>\$ 2,640,397</b></u>	<u><b>\$ 14,978,498</b></u>

The notes to the financial statements are an integral part of this statement.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>CONTRIBUTED SUPPORT</b>				
Contributions and memberships	\$ 283,762	\$ -	\$ -	\$ 283,762
Grants, gifts, and fundraising	262,535	96,533	706,433	1,065,501
Contributed goods and services	25,298	-	-	25,298
Total contributed support	<u>\$ 571,595</u>	<u>\$ 96,533</u>	<u>\$ 706,433</u>	<u>\$ 1,374,561</u>
<b>INVESTMENT AND EARNED INCOME</b>				
Earned income and special events	\$ 358,994	\$ -	\$ -	\$ 358,994
Rental income, net of related expenses	383,312	-	-	383,312
Kimball Trust and Watson Trust income	94,312	-	-	94,312
Other investment income	12,189	-	-	12,189
Investment return designated for current operations	310,960	-	93,656	404,616
Transfer of funds in accordance with investment policy	93,656	-	(93,656)	-
Unspent withdrawals returned to investment	-	-	-	-
Total investment and earned income	<u>\$ 1,253,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,253,423</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 31,600</u>	<u>\$ (131,600)</u>	<u>\$ 100,000</u>	<u>\$ -</u>
TOTAL SUPPORT AND REVENUES, BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS	<u>\$ 1,856,618</u>	<u>\$ (35,067)</u>	<u>\$ 806,433</u>	<u>\$ 2,627,984</u>
<b>EXPENSES</b>				
<b>PROGRAM SERVICE EXPENSES</b>				
Museum	\$ 207,093	\$ -	\$ -	\$ 207,093
Exhibitions	181,666	-	-	181,666
Library	253,719	-	-	253,719
Education	111,104	-	-	111,104
Publications	72,732	-	-	72,732
Museum store and visitor services	183,212	-	-	183,212
Buildings, grounds, and security	95,839	-	-	95,839
Total program service expenses	<u>\$ 1,105,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,365</u>
<b>COLLECTION ITEMS ACQUIRED BY PURCHASE</b>				
Museum	\$ 29,735	\$ -	\$ -	\$ 29,735
Library	47,954	-	-	\$ 47,954
Total collections items acquired by purchase	<u>\$ 77,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,689</u>
<b>SUPPORTING SERVICES AND GENERAL EXPENSES</b>				
Membership, development and public relations	\$ 324,460	\$ -	\$ -	\$ 324,460
Administration	297,335	-	-	297,335
Total supporting services and general expenses	<u>\$ 621,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,795</u>
TOTAL EXPENSES AND COLLECTION ITEMS ACQUIRED BY PURCHASE BEFORE ENDOWMENT ADDITIONS AND DEPRECIATION	<u>\$ 1,804,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,804,849</u>

The notes to the financial statements are an integral part of this statement.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2007*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUES OVER EXPENSES BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS, ENDOWMENT ADDITIONS, AND DEPRECIATION	\$ 51,769	\$ (35,067)	\$ 806,433	\$ 823,135
LESS ADDITIONS TO ENDOWMENT				
Planned and deferred gifts	\$ 114,420	\$ -	\$ 378,270	\$ 492,690
Capital campaign contributions	-	-	425,912	425,912
Other contributions	-	-	2,251	2,251
Total additions to endowment	<u>\$ 114,420</u>	<u>\$ -</u>	<u>\$ 806,433</u>	<u>\$ 920,853</u>
ADD BACK RENTAL DEPRECIATION (rental income shown net of expenses on page 1)	<u>\$ 61,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,907</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS AND DEPRECIATION	<u>\$ (744)</u>	<u>\$ (35,067)</u>	<u>\$ -</u>	<u>\$ (35,811)</u>
INVESTMENT RETURN				
Unrealized Investment Gain	\$ 569,989	\$ -	\$ 225,250	\$ 795,239
Realized investment gains (losses)	123,913	-	41,177	165,090
Investment expenses	(47,076)	-	(18,202)	(65,278)
Investment income, actual dividends and interest	<u>244,630</u>	<u>-</u>	<u>87,269</u>	<u>331,899</u>
Total investment return	<u>\$ 891,456</u>	<u>\$ -</u>	<u>\$ 335,494</u>	<u>\$ 1,226,950</u>
Less amount designated for current operations	<u>310,960</u>	<u>-</u>	<u>93,656</u>	<u>404,616</u>
Total investment return in excess of amount transferred for current operations	<u>\$ 580,496</u>	<u>\$ -</u>	<u>\$ 241,838</u>	<u>\$ 822,334</u>
TRANSFERS TO ENDOWMENT	<u>\$ 114,420</u>	<u>\$ -</u>	<u>\$ 806,433</u>	<u>\$ 920,853</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE DEPRECIATION	\$ 694,172	\$ (35,067)	\$ 1,048,271	\$ 1,707,376
DEPRECIATION	<u>233,214</u>	<u>-</u>	<u>-</u>	<u>233,214</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 460,958	\$ (35,067)	\$ 1,048,271	\$ 1,474,162
NET ASSETS, BEGINNING OF YEAR	<u>11,914,831</u>	<u>201,349</u>	<u>2,640,397</u>	<u>14,756,577</u>
NET ASSETS, ENDING	<u>\$12,375,789</u>	<u>\$ 166,282</u>	<u>\$ 3,688,668</u>	<u>\$16,230,739</u>

The notes to the financial statements are an integral part of this statement.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>CONTRIBUTED SUPPORT</b>				
Contributions and memberships	\$ 282,923	\$ -	\$ -	\$ 282,923
Grants, gifts, and fundraising	331,844	208,822	410,346	951,012
Contributed goods and services	15,798	-	-	15,798
Total contributed support	<u>\$ 630,565</u>	<u>\$ 208,822</u>	<u>\$ 410,346</u>	<u>\$ 1,249,733</u>
<b>INVESTMENT AND EARNED INCOME</b>				
Earned income and special events	\$ 309,088	\$ 1,415	\$ -	\$ 310,503
Rental income, net of related expenses	383,613	-	-	383,613
Kimball Trust and Watson Trust income	94,094	-	-	94,094
Other investment income	17,026	-	-	17,026
Investment return designated for current operations	309,822	-	66,222	376,044
Transfer of funds in accordance with investment policy	66,222	-	(66,222)	-
Unspent withdrawals returned to investment	-	-	-	-
Total investment and earned income	<u>\$ 1,179,865</u>	<u>\$ 1,415</u>	<u>\$ -</u>	<u>\$ 1,181,280</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 135,882</u>	<u>\$ (235,882)</u>	<u>\$ 100,000</u>	<u>\$ -</u>
TOTAL SUPPORT AND REVENUES, BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS	<u>\$ 1,946,312</u>	<u>\$ (25,645)</u>	<u>\$ 510,346</u>	<u>\$ 2,431,013</u>
<b>EXPENSES</b>				
<b>PROGRAM SERVICE EXPENSES</b>				
Museum	\$ 235,199	\$ -	\$ -	\$ 235,199
Exhibitions	121,978	-	-	121,978
Library	216,381	-	-	216,381
Education	128,681	-	-	128,681
Publications	83,224	-	-	83,224
Museum store and visitor services	156,016	-	-	156,016
Buildings, grounds, and security	96,016	-	-	96,016
Total program service expenses	<u>\$ 1,037,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,037,495</u>
<b>COLLECTION ITEMS ACQUIRED BY PURCHASE</b>				
Museum	\$ 31,074	\$ -	\$ -	\$ 31,074
Library	31,522	-	-	31,522
Total collections items acquired by purchase	<u>\$ 62,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,596</u>
<b>SUPPORTING SERVICES AND GENERAL EXPENSES</b>				
Membership, development and public relations	\$ 294,534	\$ -	\$ -	\$ 294,534
Administration	284,828	-	-	284,828
Total supporting services and general expenses	<u>\$ 579,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,362</u>
TOTAL EXPENSES AND COLLECTION ITEMS ACQUIRED BY PURCHASE BEFORE ENDOWMENT ADDITIONS AND DEPRECIATION	<u>\$ 1,679,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,679,453</u>

The notes to the financial statements are an integral part of this statement.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2006*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUES OVER EXPENSES BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS, ENDOWMENT ADDITIONS, AND DEPRECIATION	\$ 266,859	\$ (25,645)	\$ 510,346	\$ 751,560
LESS ADDITIONS TO ENDOWMENT				
Planned and deferred gifts	\$ 215,023	\$ -	\$ 28,416	\$ 243,439
Capital campaign contributions	-	-	469,483	469,483
Other contributions	-	-	12,447	12,447
Total additions to endowment	<u>\$ 215,023</u>	<u>\$ -</u>	<u>\$ 510,346</u>	<u>\$ 725,369</u>
ADD BACK RENTAL DEPRECIATION (rental income shown net of expenses on page 1)	\$ 66,049	\$ -	\$ -	\$ 66,049
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS AND DEPRECIATION	<u>\$ 117,886</u>	<u>\$ (25,645)</u>	<u>\$ -</u>	<u>\$ 92,241</u>
INVESTMENT RETURN				
Unrealized Investment Gain	\$ 300,638	\$ -	\$ 92,532	\$ 393,170
Realized investment gains (losses)	62,127	-	36,331	98,458
Investment expenses	(43,640)	-	(13,430)	(57,070)
Investment income, actual dividends and interest	164,535	-	58,255	222,790
Total investment return	<u>\$ 483,660</u>	<u>\$ -</u>	<u>\$ 173,688</u>	<u>\$ 657,348</u>
Less amount designated for current operations	309,822	-	66,222	376,044
Total investment return in excess of amount transferred for current operations	<u>\$ 173,838</u>	<u>\$ -</u>	<u>\$ 107,466</u>	<u>\$ 281,304</u>
TRANSFERS TO ENDOWMENT	<u>\$ 215,023</u>	<u>\$ -</u>	<u>\$ 510,346</u>	<u>\$ 725,369</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE DEPRECIATION	\$ 506,747	\$ (25,645)	\$ 617,812	\$ 1,098,913
DEPRECIATION	<u>247,436</u>	<u>-</u>	<u>-</u>	<u>247,436</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 259,310	\$ (25,645)	\$ 617,812	\$ 851,477
NET ASSETS, BEGINNING OF YEAR	<u>11,655,521</u>	<u>226,994</u>	<u>2,022,585</u>	<u>13,905,100</u>
NET ASSETS, ENDING	<u><u>\$11,914,831</u></u>	<u><u>\$ 201,349</u></u>	<u><u>\$ 2,640,397</u></u>	<u><u>\$14,756,577</u></u>

The notes to the financial statements are an integral part of this statement.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006*

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 1,474,162	\$ 851,477
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	233,214	247,436
Unrealized (gain) loss on investments	(795,239)	(393,170)
Net (gains) losses on investments	(99,812)	(41,388)
(Increase) decrease in cash surrender value of life insurance	(2,868)	(2,857)
Receipt of restricted donations	(706,433)	(410,346)
(Increase) decrease in inventory	(23,626)	(38,489)
(Increase) decrease in prepaid expenses	8,991	6,083
(Increase) decrease in pledges and grants receivable	103,680	(329,217)
(Increase) decrease in accounts receivable	(4,053)	6,044
Increase (decrease) in accounts payable and accrued expenses	5,835	(6,458)
Increase (decrease) in deferred revenue and due to NENR	(4,964)	3,475
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 188,887</u>	<u>\$ (107,410)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investment securities	\$ 3,395,946	\$ 2,519,207
Purchase of investment securities, net of transfers	(4,396,057)	(2,714,324)
Purchase of property and equipment	(111,494)	(15,926)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>\$ (1,111,605)</u>	<u>\$ (211,043)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of restricted donations	\$ 706,433	\$ 410,346
Increase (decrease) in line of credit	30,000	(41)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>\$ 736,433</u>	<u>\$ 410,305</u>
Net increase (decrease) in cash	\$ (186,285)	\$ 91,852
CASH - BEGINNING	<u>485,632</u>	<u>393,780</u>
CASH - ENDING	<u>\$ 299,347</u>	<u>\$ 485,632</u>

The notes to the financial statements are an integral part of this statement.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

*Organization and Purpose*

The New Hampshire Historical Society (the Society) is a voluntary not-for-profit organization incorporated under the laws of the State of New Hampshire and organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The purpose of the Society is to educate a diverse public about the significance of New Hampshire's past and its relationship to our lives today. In support of this mission, the Society collects, preserves, and interprets materials pertaining to New Hampshire history. The Society operates a library, a historical museum with exhibits and rental real estate property, all located in Concord, New Hampshire.

*Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Society 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.

*Support and Revenue*

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donation restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash Equivalents*

Cash equivalents consist of government money market obligations and all highly liquid debt instruments purchased with maturities of three months or less. It is the Society's policy to consider such cash equivalents to be investments. Cash equivalents reported as investments in the statements of financial position at September 30, 2007 and 2006 amounted to \$492,522 and \$620,261 respectively.

*Inventory*

Inventory is comprised primarily of books and gifts available for sale in the Society's gift shop, and is stated at the lower of cost or market determined by the first-in, first-out method.

NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Pledges Receivable*

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. In accordance with SFAS No. 115, multi-year pledges are recognized as revenue and recorded at their fair value on the date the pledge is made. The Society has recorded its multi-year pledges at their fair value utilizing a discounted interest rate of 5%.

*Investments*

The Society carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

*Investment Income and Gains*

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. Gains and losses are considered temporarily restricted if the investment income is temporarily restricted by the donor.

*Investment Pools*

The Society maintains a master investment account for its donor-restricted and board-designated endowments. The Society establishes a spending limit based on a total return policy of utilizing income from the Society's pooled investment portfolio. Under this policy, the Board of Trustees sets the spending limit for the upcoming year based on anticipated long-term yields. For 2007 and 2006, the spending limit was based on 5% of the average fair value of the investment portfolio determined over a five-year period.

*Property and Equipment*

Property and equipment are recorded at cost when purchased and fair market value when donated. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are generally expensed. When items of property and equipment are sold or retired, the related cost of accumulated depreciation is removed from the accounts, and any gain or loss is included in income. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	7 - 39
Furniture and equipment	5 - 7

*Income Taxes*

The Society is a nonprofit organization determined to be exempt from federal income tax under the Internal Revenue Code Section 501(c)(3), and not a private organization within the meaning of Section 509(a).

*Advertising Costs*

The Society follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$13,326 and \$9,606, respectively, for the fiscal years ended September 30, 2007 and 2006.

*Designation of Unrestricted Net Assets*

It is the policy of the Board of Directors of the Society to review its plans for future property improvements and acquisitions, as well as other operating needs, from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such purposes.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

**NOTE 2 - INVESTMENTS**

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value.

Investments at September 30, 2007 were comprised of the following:

	Cost	Market
Cash	\$ 134,636	\$ 134,636
Fixed value money funds	257,800	257,800
U.S. Governmental obligations	1,740,715	1,745,256
Corporate bonds	1,190,550	1,081,696
Common stocks	5,574,249	7,846,040
	<u>\$ 8,897,950</u>	<u>\$ 11,065,428</u>

Investment return is summarized as follows:

	Unrestricted	Permanently Restricted	Total
Unrealized gains (losses)	\$ 569,989	\$ 225,250	\$ 795,239
Realized gains (losses)	124,438	40,652	165,090
Investment expenses	(47,076)	(18,202)	(65,278)
Investment income, dividends and interest	244,630	87,269	331,899
	<u>\$ 891,981</u>	<u>\$ 334,969</u>	<u>\$ 1,226,950</u>
Withdrawals in accordance with spending policy	\$ 310,960	\$ 93,656	\$ 404,616
Unspent withdrawals returned to investment(see note 11)	-	-	-
Net Investment Return Policy Transfers	<u>\$ 310,960 <sup>(1)</sup></u>	<u>\$ 93,656 <sup>(2)</sup></u>	<u>\$ 404,616</u>

*(1) Intrafund transfer - reflected in statements of activities*

*(2) Interfund transfer - reflected in statements of activities*

Investments at September 30, 2006 were comprised of the following:

	Cost	Market
Cash	\$ 614	\$ 614
Fixed value money funds	395,000	395,000
U.S. Governmental obligations	1,181,932	1,162,419
Corporate bonds	1,804,579	1,810,990
Common stocks	4,415,372	5,801,243
	<u>\$ 7,797,497</u>	<u>\$ 9,170,266</u>

Investment return is summarized as follows:

	Unrestricted	Permanently Restricted	Total
Unrealized gains (losses)	\$ 300,638	\$ 92,532	\$ 393,170
Realized gains (losses)	66,541	31,917	98,458
Investment expenses	(43,640)	(13,430)	(57,070)
Investment income, dividends and interest	164,535	58,255	222,790
	<u>\$ 488,074</u>	<u>\$ 169,274</u>	<u>\$ 657,348</u>
Withdrawals in accordance with spending policy	\$ 309,822	\$ 66,222	\$ 376,044
Unspent withdrawals returned to investment(see Note 11)	-	-	-
Net Investment Return Policy Transfers	<u>\$ 309,822 <sup>(1)</sup></u>	<u>\$ 66,222 <sup>(2)</sup></u>	<u>\$ 376,044</u>

*(1) Intrafund transfer - reflected in statements of activities*

*(2) Interfund transfer - reflected in statements of activities*

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

**NOTE 3 - PLEDGES RECEIVABLE**

Pledges receivable as of September 30, 2007 and 2006 are comprised of the following:

	<u>2007</u>	<u>2006</u>
Total	\$ 16,683	\$ 37,902
Less reserve for uncollectible amounts	-	-
	<u>\$ 16,683</u>	<u>\$ 37,902</u>

Restricted pledges receivable as of September 30, 2007 and 2006 are comprised of the following:

	<u>2007</u>	<u>2006</u>
Payable within one year	\$ 235,643	\$ 215,004
Payable in one to five years	-	125,482
Restricted pledges receivable before discount	<u>\$ 235,643</u>	<u>\$ 340,486</u>
Less: Fair value discount	-	(22,382)
Total	<u>\$ 235,643</u>	<u>\$ 318,104</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2007 is comprised as follows:

	Property Used in Operations	Rental Property	Total
Land	\$ -	\$ 200,000	\$ 200,000
Land improvements, parking lots	63,473	322,124	385,597
Buildings	855,715	614,476	1,470,191
Building improvements	4,101,036	622,508	4,723,544
Equipment and fixtures	889,604	-	889,604
Permanent exhibit	153,296	-	153,296
	<u>\$ 6,063,124</u>	<u>\$ 1,759,108</u>	<u>\$ 7,822,232</u>
Less: accumulated depreciation	2,442,369	675,592	3,117,961
Property and equipment, net	<u>\$ 3,620,755</u>	<u>\$ 1,083,516</u>	<u>\$ 4,704,271</u>

Property and equipment as of September 30, 2006 is comprised as follows:

	Property Used in Operations	Rental Property	Total
Land	\$ -	\$ 200,000	\$ 200,000
Land improvements, parking lots	63,473	322,124	385,597
Buildings	855,715	614,476	1,470,191
Building improvements	4,073,856	578,125	4,651,981
Equipment and fixtures	849,674	-	849,674
Permanent exhibit	153,296	-	153,296
	<u>\$ 5,996,014</u>	<u>\$ 1,714,725</u>	<u>\$ 7,710,739</u>
Less: accumulated depreciation	2,271,062	613,685	2,884,747
Property and equipment, net	<u>\$ 3,724,952</u>	<u>\$ 1,101,040</u>	<u>\$ 4,825,992</u>

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

**NOTE 5 - DESIGNATED NET ASSETS**

The Society's Board-designated net assets at September 30, 2007 and 2006 are comprised as follows:

	<u>2007</u>	<u>2006</u>
<u>Operations designations:</u>		
Plant fund operating cash	\$ 122,009	\$ 138,576
Plant fund receivables	-	2,000
	<u>\$ 122,009</u>	<u>\$ 140,576</u>
<u>Designated investments, at market value:</u>		
Edith W Atkins Fund	\$ 5,732	\$ 5,306
Jessie H. Rablin Fund	48,142	44,553
Lane Dwinell Fund	28,487	26,343
Mary H. Woodbury Fund	129,352	119,662
John L. Frisbee Education Fund	70,137	65,615
Plant - for building repairs and maintenance	264,161	244,394
Ruth E. Pearson Fund	149,004	137,869
Philip B. and Nelle L. Holmes Fund	56,081	51,645
Library collections care and acquisitions	158,815	146,931
Publications	133,843	123,829
Katharine Prentis Murphy Fund-acquisitions/conservation	693,232	666,022
Katharine Prentis Murphy Fund-for endowment	786,039	702,542
Natalie Hoyt Fund	110,398	102,144
June Campbell Hoyt Fund	443,944	392,598
Evelyn P. Arell Trust	107,321	
Museum collections care and acquisitions	57,542	52,991
Life insurance - planned giving	22,037	19,169
Uninvested cash	544	
	<u>\$ 3,264,811</u>	<u>\$ 2,901,613</u>
<u>Total designations</u>	<u>\$ 3,386,820</u>	<u>\$ 3,042,189</u>

The Board's designated funds are comprised of the principal and/or earnings from certain gifts and bequests to be used for specific educational or program purposes, rather than the donor's intent for general operations.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

The Society's temporarily restricted net assets at September 30, 2007 and 2006 are comprised as follows:

	<u>2007</u>	<u>2006</u>
Library catalog project	\$ 53,249	\$ 53,249
Tuck pre-construction plan	16,500	23,000
NEH challenge grant	64,170	100,000
Dorothy Vaughan collection processing	20,000	25,000
Bruce Barmby	-	100
Dunlap Chest reproduction	6,363	
NHCF - Corporate Fund	6,000	
	<u>\$ 166,282</u>	<u>\$ 201,349</u>

**NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS**

The Society's permanently restricted net assets at September 30, 2007 are comprised as follows:

	<u>Book Value</u>	<u>Market Value</u>
Perry-Dudley Family Archive and Shepard Collection Fund	\$ 31,170	\$ 33,735
Asa Currier Tilton Fund	74,827	91,423
William C. Todd Fund	254,549	314,375
Edith Shepard Freeman/Margaret H. Jewell Fund	1,526,367	1,815,704
Edward C. and Elizabeth F. Lathem Fund	28,151	33,548
Philip B. and Nelle L. Holmes Fund	1,928	2,332
Charles S. Parsons Fund	50,512	50,267
Leonard K. Dodge Fund	29,044	28,675
Concord Tower Clock Fund	61,451	52,909
Annalee Thorndike Fund	27,172	27,016
Jere R. Daniell Publications Fund	25,223	24,521
George F. Sawyer Memorial Fund	58,908	59,518
Roger F. Woodman Fund	27,320	22,804
John L. Frisbee Education Fund (includes NEH Challenge)	561,658	588,422
Duncan S. McGowan Memorial Fund	29,227	30,074
Anonymous	90,055	90,649
Robert O. Wilson, D.D.S., Historical Research Fund	24,863	27,998
Raymon S. Vaughan Baseball Fund	15,869	17,996
Mary W. Vaughan Fund	10,577	11,995
Uninvested cash	129,063	129,063
Permanently restricted receivables	235,644	235,644
<u>Total</u>	<u>\$ 3,293,578</u>	<u>\$ 3,688,668</u>

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

**NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS (continued)**

The Society's permanently restricted net assets at September 30, 2006 are comprised as follows:

	Book Value	Market Value
Perry-Dudley Family Archive and Shepard Collection Fund	\$ 28,928	\$ 28,994
Asa Currier Tilton Fund	74,855	84,542
William C. Todd Fund	253,432	289,514
Edith Shepard Freeman/Margaret H. Jewell Fund	1,164,849	1,325,280
Edward C. and Elizabeth F. Lathem Fund	28,032	30,895
Philip B. and Nelle L. Holmes Fund	1,921	2,149
Charles S. Parsons Fund	50,213	46,174
Leonard K. Dodge Fund	28,737	26,208
Concord Tower Clock Fund	61,489	48,949
Annalee Thorndike Fund	27,191	24,993
Jere R. Daniell Publications Fund	25,223	22,668
George F. Sawyer Memorial Fund	30,971	28,189
Roger F. Woodman Fund	27,337	21,098
John L. Frisbee Education Fund (includes NEH Challenge)	115,441	114,180
Duncan S. McGowan Memorial Fund	29,237	27,812
Anonymous	90,117	83,860
Robert O. Wilson, D.D.S., Historical Research Fund	24,579	25,607
Raymon S. Vaughan Baseball Fund	15,804	16,572
Mary W. Vaughan Fund	10,536	11,048
Uninvested cash	63,561	63,561
Permanently restricted receivables	318,104	318,104
Total	<u>\$ 2,470,557</u>	<u>\$ 2,640,397</u>

**NOTE 8 - RETIREMENT PLAN**

The Society has a defined contribution retirement plan that covers all full-time employees who have worked in at least one of the past three years. The Society matches employee contributions to the Plan up to a maximum of 5% of qualifying employee's earnings. Retirement benefit expenses for the years ended September 30, 2007 and 2006 amounted to \$24,169 and \$32,934, respectively.

**NOTE 9 - REVOLVING LINE OF CREDIT**

The Society has a \$250,000 revolving line of credit with no stated expiration date. Bank advances on the credit line are payable on demand and carry an interest rate of 1% over prime. As of September 30, 2007 and 2006, the outstanding balance on the line of credit was \$179,895 and \$149,895, respectively.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

**NOTE 10 - RENTAL ACTIVITY**

The Society leases office space to tenants under non-cancelable operating leases with terms of one to three years at its 7 Eagle Square facility. Parking spaces are also leased to tenants on a month-to month basis. Revenue and costs associated with this property for the fiscal years ended September 30, 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Rental income, building and parking	\$ 728,789	\$ 718,537
Expenses:		
Utilities	\$ 74,473	\$ 73,215
Maintenance and repairs	38,175	44,609
Real estates taxes	72,926	64,913
Janitorial	26,010	24,678
Security	7,571	6,368
Trash, snow and other services	27,450	26,370
Management fees and commissions	34,932	26,679
Other administrative costs	2,033	2,042
Depreciation expense	61,907	66,049
Total expenses	<u>\$ 345,477</u>	<u>\$ 334,923</u>
Net rental earnings	<u>\$ 383,312</u>	<u>\$ 383,614</u>

The following is a schedule by years of future minimum rentals under the leases at September 30, 2007:

<u>Year Ending September 30</u>	
2008	\$ 549,008
2009	368,666
2010	211,059
2011	-
2012	-
<u>Total</u>	<u>\$ 1,128,733</u>

**NOTE 11 - COLLECTIONS**

Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as a decrease in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted or permanently restricted net assets if purchased with donor-restricted assets. Contributions of collection items are not recognized in the Statements of Activities. The Society has a policy that requires net proceeds realized from the sale or transfer of deaccessioned objects will be used only for acquisition and conservation of collections.

The Society's designated Prentis Murphy investments originated as a result of proceeds from deaccessioned objects in prior years. Funds withdrawn from this investment are used only for acquisition and conservation of museum collections. Any monies withdrawn and not used as described above are returned to the fund. Funds withdrawn from the Prentis Murphy investment amounted to \$61,794 and \$65,484, for the fiscal years ended September 30, 2007 and 2006, respectively. Amounts spent on acquisition and conservation of museum collection items amounted to \$55,139 and \$61,048, for the fiscal years ended September 30, 2007 and 2006, respectively. Subsequent to September 30, 2007, funds returned to the Prentis Murphy investment for the fiscal years ended September 30, 2007 and 2006 amounted to \$6,610 and \$4,436, respectively.

The Society's collections include books, manuscripts, photographs, research materials and objects relating to the history of New Hampshire. These collections have been acquired by donation, bequests and purchases. Collection items are acquired or conserved based on the Society's long-range plans for collections development.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006*

***NOTE 11 – COLLECTIONS (continued)***

Collections are made available for scholarly use by the public and maintained under appropriate security and preservation conditions.

The value of collection items acquired by gift for which the Society can make a reasonable estimate, amounted to \$63,041 and \$65,432, respectively, for the fiscal years ended September 30, 2007 and 2006, and are not reflected in the statements of activities.

***NOTE 12 - BENEFICIARY OF GRANTS***

The Society is a beneficiary of grant income on an annual basis from the Charles A. Watson Jr. Endowment Fund of the New Hampshire Charitable Foundation. The Society's allocation of income from the fund was \$7,912 and \$7,740, respectively, for the calendar years 2007 and 2006. Distributions totaling \$7,912 and \$7,694, respectively, were received by the Society during the years ended September 30, 2007 and 2006.

The Society is a beneficiary of grant income on an annual basis from the Trust u/w/o Benjamin Kimball of Banknorth NA. The Society's allocation of income from the fund was \$86,400 and \$86,400, respectively, for the fiscal years ended July 31, 2007 and 2006. Distributions totaling \$86,400 and \$86,400, respectively, were received by the Society during the fiscal years ended September 30, 2007 and 2006.

***NOTE 13 - DONATED GOODS AND SERVICES***

The value of donated services included as contributions in the financial statements and the corresponding program and support expenses for the years ended September 30, 2007 and 2006 amounted to \$19,449 and \$15,798, respectively. The value of donated goods included as contributions in the financial statements and the corresponding program and support expenses for the years ended September 30, 2007 and 2006 amounted to \$5,849 and \$0-, respectively.

Numerous volunteers have donated significant amounts of time to the Society's fundraising campaign and program services. No amounts have been reflected in the financial statements, as it is impracticable to estimate the fair value of those services.

***NOTE 14 - CONCENTRATION OF CREDIT RISK***

The Society's cash and equivalents reflected in current assets are maintained in three commercial banking financial institutions. The balances at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At September 30, 2007 and 2006, the Society's uninsured cash balances at these banks amounted to \$242,734 and \$250,067, respectively. In addition, investments include \$492,522 and \$620,261, respectively, of cash equivalents at September 30, 2007 and 2006. Deposits in these accounts are not classified as deposits insured by the FDIC.