

NEW HAMPSHIRE  
HISTORICAL SOCIETY

FINANCIAL REPORT

SEPTEMBER 30, 2009

*NEW HAMPSHIRE HISTORICAL SOCIETY*

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*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, 2009 and 2008 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, 2009 and 2008, 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.

March 3, 2010

*Plodzik & Sanderson  
Professional Association*

**PLODZIK & SANDERSON**  
*Professional Association | Accountants & Auditors*

***FINANCIAL STATEMENTS***

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2009*

ASSETS				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 83,950	\$ 290,356	\$ -	\$ 374,306
Inventory	102,827	-	-	102,827
Prepaid expenses	45,361	-	-	45,361
Pledges receivable	32,015	-	430	32,445
Accounts receivable	7,017	-	-	7,017
Cash surrender value of life insurance	28,164	-	-	28,164
Total current assets	\$ 299,334	\$ 290,356	\$ 430	\$ 590,120
PROPERTY AND EQUIPMENT, NET	4,395,411	-	-	4,395,411
INVESTMENTS	6,089,511	-	3,061,966	9,151,477
<b>TOTAL ASSETS</b>	<b>\$ 10,784,256</b>	<b>\$ 290,356</b>	<b>\$ 3,062,396</b>	<b>\$ 14,137,008</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 72,958	\$ -	\$ -	\$ 72,958
Accrued expenses	69,150	-	-	69,150
Deferred revenue	-	-	-	-
Notes payable	249,895	-	-	249,895
Total current liabilities	\$ 392,003	\$ -	\$ -	\$ 392,003
<b>NET ASSETS</b>				
Unrestricted:				
Net investment in property and equipment	\$ 4,395,411	\$ -	\$ -	\$ 4,395,411
Designated:				
Operations	90,281	-	-	90,281
Investments	2,638,730	-	-	2,638,730
Undesignated:				
Operations	(211,113)	-	-	(211,113)
Investments	3,478,944	-	-	3,478,944
Temporarily restricted	-	290,356	-	290,356
Permanently restricted	-	-	3,062,396	3,062,396
Total net assets	\$ 10,392,253	\$ 290,356	\$ 3,062,396	\$ 13,745,005
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,784,256</b>	<b>\$ 290,356</b>	<b>\$ 3,062,396</b>	<b>\$ 14,137,008</b>

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

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2008*

ASSETS				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 32,622	\$ 327,502	\$ -	\$ 360,124
Inventory	103,076	-	-	103,076
Prepaid expenses	48,562	-	-	48,562
Pledges and grants receivable	60,460	-	23,750	84,210
Accounts receivable	13,312	-	-	13,312
Cash surrender value of life insurance	25,099	-	-	25,099
Total current assets	<u>\$ 283,131</u>	<u>\$ 327,502</u>	<u>\$ 23,750</u>	<u>\$ 634,383</u>
PROPERTY AND EQUIPMENT, NET	4,557,162	-	-	4,557,162
INVESTMENTS	<u>6,099,350</u>	<u>-</u>	<u>2,979,852</u>	<u>9,079,202</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 10,939,643</u></u>	<u><u>\$ 327,502</u></u>	<u><u>\$ 3,003,602</u></u>	<u><u>\$ 14,270,747</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 49,911	\$ -	\$ -	\$ 49,911
Accrued expenses	43,136	-	-	43,136
Deferred revenue	6,352	-	-	6,352
Notes payable	179,895	-	-	179,895
Total current liabilities	<u>\$ 279,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,294</u>
<b>NET ASSETS</b>				
Unrestricted				
Net investment in property and equipment	\$ 4,557,162	\$ -	\$ -	\$ 4,557,162
Designated:				
Operations	89,276	-	-	89,276
Investments	2,670,105	-	-	2,670,105
Undesignated:				
Operations	(110,538)	-	-	(110,538)
Investments	3,454,344	-	-	3,454,344
Temporarily restricted	-	327,502	-	327,502
Permanently restricted	-	-	3,003,602	3,003,602
Total net assets	<u>\$ 10,660,349</u>	<u>\$ 327,502</u>	<u>\$ 3,003,602</u>	<u>\$ 13,991,453</u>
<b>TOTAL LIABILITES AND NET ASSETS</b>	<u><u>\$ 10,939,643</u></u>	<u><u>\$ 327,502</u></u>	<u><u>\$ 3,003,602</u></u>	<u><u>\$ 14,270,747</u></u>

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

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>CONTRIBUTED SUPPORT</b>				
Contributions and memberships	\$ 292,251	\$ -	\$ 13,990	\$ 306,241
Grants, gifts, and fundraising	7,496	56,748	3,604	67,848
Contributed goods and services	23,626	-	-	23,626
Total contributed support	<u>\$ 323,373</u>	<u>\$ 56,748</u>	<u>\$ 17,594</u>	<u>\$ 397,715</u>
<b>INVESTMENT AND EARNED INCOME</b>				
Earned income and special events	\$ 274,073	\$ -	\$ -	\$ 274,073
Rental income, net of related expenses	327,503	-	-	327,503
Kimball Trust and Watson Trust income	98,414	-	-	98,414
Other investment income	2,649	-	-	2,649
Investment return designated for current operations	346,854	-	167,488	514,342
Transfer of funds in accordance with investment policy	167,488	-	(167,488)	-
Total investment and earned income	<u>\$ 1,216,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,216,981</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 93,894</u>	<u>\$ (93,894)</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL SUPPORT AND REVENUES, BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS	<u>\$ 1,634,248</u>	<u>\$ (37,146)</u>	<u>\$ 17,594</u>	<u>\$ 1,614,696</u>
<b>EXPENSES</b>				
<b>PROGRAM SERVICE EXPENSES</b>				
Museum	\$ 226,911	\$ -	\$ -	\$ 226,911
Exhibitions	144,067	-	-	144,067
Library	319,307	-	-	319,307
Education	157,595	-	-	157,595
Publications	77,319	-	-	77,319
Museum store and visitor services	146,321	-	-	146,321
Buildings, grounds, and security	17,881	-	-	17,881
Total program service expenses	<u>\$ 1,089,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089,401</u>
<b>COLLECTION ITEMS ACQUIRED BY PURCHASE</b>				
Museum	\$ 43,954	\$ -	\$ -	\$ 43,954
Library	65,069	-	-	\$ 65,069
Total collections items acquired by purchase	<u>\$ 109,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,023</u>
<b>SUPPORTING SERVICES AND GENERAL EXPENSES</b>				
Membership, development and public relations	\$ 308,792	\$ -	\$ -	\$ 308,792
Administration	220,861	-	10,000	230,861
Total supporting services and general expenses	<u>\$ 529,653</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 539,653</u>
TOTAL EXPENSES AND COLLECTION ITEMS ACQUIRED BY PURCHASE BEFORE ENDOWMENT ADDITIONS AND DEPRECIATION	<u>\$ 1,728,077</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 1,738,077</u>

*(Continued)*

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

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009*

	<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	\$ (93,829)	\$ (37,146)	\$ 7,594	\$ (123,381)
LESS ADDITIONS TO ENDOWMENT				
Planned and deferred gifts	\$ -	\$ -	\$ -	\$ -
Capital campaign contributions	-	-	13,475	13,475
Life memberships	-	-	13,990	13,990
Other contributions	107	-	4,974	5,081
Total additions to endowment	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 32,439</u>	<u>\$ 32,546</u>
ADD BACK RENTAL DEPRECIATION (rental income shown net of expenses on page 4)	\$ 41,272	\$ -	\$ -	\$ 41,272
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS AND DEPRECIATION	<u>\$ (52,664)</u>	<u>\$ (37,146)</u>	<u>\$ (24,845)</u>	<u>\$ (114,655)</u>
INVESTMENT RETURN				
Unrealized investment gains (losses)	\$ 897,489	\$ -	\$ 352,666	\$ 1,250,155
Realized investment gains (losses)	(636,139)	-	(316,712)	(952,851)
Investment expenses	(30,776)	-	(15,154)	(45,930)
Investment income, actual dividends and interest	106,788	-	197,888	304,676
Total investment return	<u>\$ 337,362</u>	<u>\$ -</u>	<u>\$ 218,688</u>	<u>\$ 556,050</u>
Less amount designated for current operations	346,854	-	167,488	514,342
Total investment return in excess of amount transferred for current operations	<u>\$ (9,492)</u>	<u>\$ -</u>	<u>\$ 51,200</u>	<u>\$ 41,708</u>
TRANSFERS TO ENDOWMENT	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 32,439</u>	<u>\$ 32,546</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE DEPRECIATION	\$ (62,049)	\$ (37,146)	\$ 58,794	\$ (40,401)
DEPRECIATION	<u>206,047</u>	<u>-</u>	<u>-</u>	<u>206,047</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (268,096)	\$ (37,146)	\$ 58,794	\$ (246,448)
NET ASSETS, BEGINNING OF YEAR	<u>10,660,349</u>	<u>327,502</u>	<u>3,003,602</u>	<u>13,991,453</u>
NET ASSETS, ENDING	<u>\$ 10,392,253</u>	<u>\$ 290,356</u>	<u>\$ 3,062,396</u>	<u>\$ 13,745,005</u>

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

NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>CONTRIBUTED SUPPORT</b>				
Contributions and memberships	\$ 349,791	\$ -	\$ -	\$ 349,791
Grants, gifts, and fundraising	142,400	187,220	93,044	422,664
Contributed goods and services	6,993	-	-	6,993
Total contributed support	<u>\$ 499,184</u>	<u>\$ 187,220</u>	<u>\$ 93,044</u>	<u>\$ 779,448</u>
<b>INVESTMENT AND EARNED INCOME</b>				
Earned income and special events	\$ 289,152	\$ -	\$ -	\$ 289,152
Rental income, net of related expenses	347,359	-	-	347,359
Kimball Trust and Watson Trust income	94,920	-	-	94,920
Other investment income	5,679	-	-	5,679
Investment return designated for current operations	331,902	-	138,390	470,292
Transfer of funds in accordance with investment policy	138,390	-	(138,390)	-
Total investment and earned income	<u>\$ 1,207,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,207,402</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 26,000</u>	<u>\$ (26,000)</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL SUPPORT AND REVENUES, BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS	<u>\$ 1,732,586</u>	<u>\$ 161,220</u>	<u>\$ 93,044</u>	<u>\$ 1,986,850</u>
<b>EXPENSES</b>				
<b>PROGRAM SERVICE EXPENSES</b>				
Museum	\$ 202,922	\$ -	\$ -	\$ 202,922
Exhibitions	150,140	-	-	150,140
Library	318,544	-	-	318,544
Education	127,124	-	-	127,124
Publications	95,144	-	-	95,144
Museum store and visitor services	149,770	-	-	149,770
Buildings, grounds, and security	14,204	-	-	14,204
Total program service expenses	<u>\$ 1,057,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,848</u>
<b>COLLECTION ITEMS ACQUIRED BY PURCHASE</b>				
Museum	\$ 24,819	\$ -	\$ -	\$ 24,819
Library	72,669	-	-	72,669
Total collections items acquired by purchase	<u>\$ 97,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,488</u>
<b>SUPPORTING SERVICES AND GENERAL EXPENSES</b>				
Membership, development and public relations	\$ 323,212	\$ -	\$ -	\$ 323,212
Administration	247,673	-	-	247,673
Total supporting services and general expenses	<u>\$ 570,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,885</u>
TOTAL EXPENSES AND COLLECTION ITEMS ACQUIRED BY PURCHASE BEFORE ENDOWMENT ADDITIONS AND DEPRECIATION	<u>\$ 1,726,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,726,221</u>

(Continued)

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

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008*

	<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	\$ 6,365	\$ 161,220	\$ 93,044	\$ 260,629
LESS ADDITIONS TO ENDOWMENT				
Planned and deferred gifts	\$ 17,750	\$ -	\$ 201	\$ 17,951
Capital campaign contributions	-	-	46,387	46,387
Life memberships	-	-	41,493	41,493
Other contributions	-	-	30,834	30,834
Total additions to endowment	<u>\$ 17,750</u>	<u>\$ -</u>	<u>\$ 118,915</u>	<u>\$ 136,665</u>
ADD BACK RENTAL DEPRECIATION (rental income shown net of expenses on page 6)	<u>\$ 61,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,238</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE INVESTMENT RETURN IN EXCESS OF AMOUNT TRANSFERRED FOR CURRENT OPERATIONS AND DEPRECIATION	<u>\$ 49,853</u>	<u>\$ 161,220</u>	<u>\$ (25,871)</u>	<u>\$ 185,202</u>
INVESTMENT RETURN				
Unrealized investment gain	\$ (1,362,330)	\$ -	\$ (703,605)	\$ (2,065,935)
Realized investment gain	(31,195)	-	(20,267)	(51,462)
Investment expenses	(43,083)	-	(22,309)	(65,392)
Investment income, actual dividends and interest	220,395	-	106,461	326,856
Total investment return	<u>\$ (1,216,213)</u>	<u>\$ -</u>	<u>\$ (639,720)</u>	<u>\$ (1,855,933)</u>
Less amount designated for current operations	331,902	-	138,390	470,292
Total investment return in excess of amount transferred for current operations	<u>\$ (1,548,115)</u>	<u>\$ -</u>	<u>\$ (778,110)</u>	<u>\$ (2,326,225)</u>
TRANSFERS TO ENDOWMENT	<u>\$ 17,750</u>	<u>\$ -</u>	<u>\$ 118,915</u>	<u>\$ 136,665</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE DEPRECIATION	<u>\$ (1,480,512)</u>	<u>\$ 161,220</u>	<u>\$ (685,066)</u>	<u>\$ (2,004,358)</u>
DEPRECIATION	<u>234,928</u>	<u>-</u>	<u>-</u>	<u>234,928</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (1,715,440)</u>	<u>\$ 161,220</u>	<u>\$ (685,066)</u>	<u>\$ (2,239,286)</u>
NET ASSETS, BEGINNING OF YEAR	<u>12,375,789</u>	<u>166,282</u>	<u>3,688,668</u>	<u>16,230,739</u>
NET ASSETS, ENDING	<u><u>\$10,660,349</u></u>	<u><u>\$ 327,502</u></u>	<u><u>\$ 3,003,602</u></u>	<u><u>\$13,991,453</u></u>

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

NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	Unrestricted						
	Net Investment in Property & Equipment	Board Designated	Undesignated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS - September 30, 2007	\$ 4,704,271	\$ 3,386,820	\$ 4,284,698	\$ 12,375,789	\$ 166,282	\$ 3,688,668	\$ 16,230,739
Operational changes in net assets	\$ -	\$ (627,438)	\$ 607,222	\$ (20,216)	\$ 161,220	\$ 93,044	\$ 234,048
Investment return:							
Total investment return	-	-	(1,216,213)	(1,216,213)	-	(639,720)	(1,855,933)
Less amount designated for operations	-	-	(331,902)	(331,902)	-	(138,390)	(470,292)
Transfers to net investment in property and equipment:							
Depreciation expense	(234,928)	-	-	(234,928)	-	-	(234,928)
Acquisition of new property and equipment	87,819	-	-	87,819	-	-	87,819
Total fiscal year net asset changes	\$ (147,109)	\$ (627,438)	\$ (940,893)	\$ (1,715,440)	\$ 161,220	\$ (685,066)	\$ (2,239,286)
NET ASSETS - September 30, 2008	4,557,162	2,759,382	3,343,805	10,660,349	327,502	3,003,602	13,991,453
Operational changes in net assets	\$ -	\$ (30,371)	\$ (66,482)	\$ (96,853)	\$ (37,146)	\$ 7,594	\$ (126,405)
Investment return:							
Total investment return	-	-	337,362	337,362	-	218,688	556,050
Less amount designated for operations	-	-	(346,854)	(346,854)	-	(167,488)	(514,342)
Transfers to net investment in property and equipment:							
Depreciation expense	(206,047)	-	-	(206,047)	-	-	(206,047)
Acquisition of new property and equipment	44,296	-	-	44,296	-	-	44,296
Total fiscal year net asset changes	\$ (161,751)	\$ (30,371)	\$ (75,974)	\$ (268,096)	\$ (37,146)	\$ 58,794	\$ (246,448)
NET ASSETS - September 30, 2009	\$ 4,395,411	\$ 2,729,011	\$ 3,267,831	\$ 10,392,253	\$ 290,356	\$ 3,062,396	\$ 13,745,005

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

*NEW HAMPSHIRE HISTORICAL SOCIETY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008*

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (246,448)	\$ (2,239,286)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	206,047	234,928
Unrealized (gain) loss on investments	(1,250,155)	2,065,935
Net (gains) losses on investments	998,781	116,854
(Increase) decrease in cash surrender value of life insurance	(3,065)	(3,062)
Receipt of restricted donations	(17,594)	(93,044)
(Increase) decrease in inventory	249	(2,427)
(Increase) decrease in prepaid expenses	11,802	(18,927)
(Increase) decrease in pledges and grants receivable	51,765	168,116
(Increase) decrease in accounts receivable	6,295	(3,474)
Increase (decrease) in accounts payable and accrued expenses	15,595	23,620
Increase (decrease) in deferred revenue and due to NENR	18,513	2,882
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ (208,215)</u>	<u>\$ 252,115</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investment securities	\$ 9,490,838	\$ 5,107,724
Purchase of investment securities, net of transfers	(9,535,846)	(4,938,083)
Purchase of property and equipment	(44,296)	(87,819)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>\$ (89,304)</u>	<u>\$ 81,822</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of restricted donations	\$ 17,594	\$ 93,044
Increase (decrease) in line of credit	70,000	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>\$ 87,594</u>	<u>\$ 93,044</u>
Net increase (decrease) in cash	\$ (209,925)	\$ 426,981
CASH - BEGINNING	<u>726,328</u>	<u>299,347</u>
CASH - ENDING	<u>\$ 516,403</u>	<u>\$ 726,328</u>

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

*NEW HAMPSHIRE HISTORICAL SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008*

***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. The Society's current programs include the following:

*Museum and exhibitions:* The New Hampshire Historical Society Museum offers exhibitions on the state's heritage and traditions as well as a variety of programs for children and adults.

*Library and publications:* The New Hampshire Historical Society Library preserves the finest collection of printed, manuscript, and pictorial materials relating to New Hampshire history anywhere.

*Education:* The Society offers a diverse range of educational programs including guided museum visits, teaching and learning aids, teacher workshops, and a history curriculum for school children grades K-12 are some of the programs offered.

*Museum store and visitor services:* The Society operates a museum store, which sells various goods related to New Hampshire and its history as well as products from various local area craftsmen. The museum also offers various visitor services for members and patrons.

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payable, and other liabilities.

*Financial Statement Presentation*

The Society has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, 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. In addition, the Society is required to present a statement of cash flows.

*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.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

*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, 2009 and 2008 amounted to \$453,938 and \$675,951, 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.

*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, if any, at their fair value utilizing a discounted interest rate of 5%.

*Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon values provided by the Society's external investment managers or upon quoted market values. Other investments are reflected at net asset value as reported by the investment manager, and may differ from the values that would have been reported had a ready market for these securities existed (see NOTE 2). The Society reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value. Investments are carried 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 three investment accounts 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 2009 and 2008, the spending limit was based on 5% of the average fair value of the investment portfolio determined over a five-year period.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Derivative Instruments*

The Society accounts for derivative instruments at fair value. The fair value of the derivatives held is based upon values provided by third-party investment managers and is assessed by management for reasonableness.

*Property and Equipment*

Property and equipment are recorded at cost when purchased and fair market value when donated. It is the Society'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 \$11,756 and \$11,514, respectively, for the fiscal years ended September 30, 2009 and 2008.

*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.

**NOTE 2 - INVESTMENTS**

The fair value of the Society's investments at September 30, 2009 and 2008 were comprised of the following:

	2009	2008
Cash	\$ 142,097	\$ 864
Cash equivalents	453,938	366,204
Fixed income high yield and other bonds	346,555	-
Fixed Income corporate and government bonds	1,063,994	1,907,948
Mutual funds	411,870	-
Hedging assets	1,513,127	-
Equities	5,219,896	6,804,186
	\$ 9,151,477	\$ 9,079,202

*NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 2 – INVESTMENTS (continued)**

Investment return for September 30, 2009 is summarized as follows:

	Unrestricted	Permanently Restricted	Total
Unrealized gains (losses)	\$ 897,489	\$ 352,666	\$ 1,250,155
Realized gains (losses)	(636,139)	(316,712)	(952,851)
Investment expenses	(30,776)	(15,154)	(45,930)
Investment income, dividends and interest	106,788	197,888	304,676
	<u>\$ 337,362</u>	<u>\$ 218,688</u>	<u>\$ 556,050</u>
Withdrawals in accordance with spending policy	\$ 346,854	\$ 167,488	\$ 514,342
Unspent withdrawals returned to investment(see note 11)	-	-	-
Net Investment Return Policy Transfers	<u>\$ 346,854</u> <sup>(1)</sup>	<u>\$ 167,488</u> <sup>(2)</sup>	<u>\$ 514,342</u>

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

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

Investment return for September 30, 2008 is summarized as follows:

	Unrestricted	Permanently Restricted	Total
Unrealized gains (losses)	\$ (1,362,330)	\$ (703,605)	\$ (2,065,935)
Realized gains (losses)	(31,195)	(20,267)	(51,462)
Investment expenses	(43,083)	(22,309)	(65,392)
Investment income, dividends and interest	220,395	106,461	326,856
	<u>\$ (1,216,213)</u>	<u>\$ (639,720)</u>	<u>\$ (1,855,933)</u>
Withdrawals in accordance with spending policy	\$ 331,902	\$ 138,390	\$ 470,292
Unspent withdrawals returned to investment(see Note 11)	-	(11,781)	(11,781)
Net Investment Return Policy Transfers	<u>\$ 331,902</u> <sup>(1)</sup>	<u>\$ 126,609</u> <sup>(2)</sup>	<u>\$ 458,511</u>

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

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

*NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 2 – INVESTMENTS (continued)**

*Endowment Funds and Net Assets*

In August 2008, the Financial Accounting Standards Board issued FASB Accounting Standard Codification Topic 958-205 (formerly FASB Staff Position No. FAS 117-1), “*Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*” (FASB ASC Topic 958-205).

Topic 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Topic 958-205 also requires additional disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New Hampshire enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Society has adopted Topic 958-205 for the year ending September 30, 2009. The Society’s endowment consists of approximately thirty-seven funds established for a variety of purposes that support the Society’s mission. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society

NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 2 – INVESTMENTS (continued)**

*Investment Return Objectives, Risk Parameters, and Strategies:* The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Society expects its endowment assets, over time, to produce an average rate of return in excess of 5%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Society's asset allocation policy is summarized as follows:

	Target %	Permissible Range %
Equities	60%	40-70
Fixed Income	40%	30-60
Cash	0%	0-10

*Spending Policy:* The Society has a policy of appropriating for distribution each year 5% of its endowment fund's average market value of the pooled investment portfolio of the twenty prior quarters through the second calendar quarter preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity based on donor restrictions, and the possible effects of inflation. The Society expects the current spending policy to allow its endowment funds to grow at a nominal average rate, which is consistent with the Society's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of September 30, 2009 is as follows:

	Unrestricted		Permanently Restricted	Total
	Undesignated	Designated		
Donor-restricted endowment funds	\$ -	\$ -	\$ 3,061,966	\$ 3,061,966
Board designated endowment funds	-	2,610,566	-	2,610,566
Undesignated endowment funds	3,478,944	-	-	3,478,944
	\$3,478,944	\$ 2,610,566	\$ 3,061,966	\$ 9,151,476

NEW HAMPSHIRE HISTORICAL SOCIETY  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009 AND 2008

**NOTE 2 – INVESTMENTS (continued)**

Endowment net asset composition by type of fund as of September 30, 2008 is as follows:

	Unrestricted		Permanently Restricted	Total
	Undesignated	Designated		
Donor-restricted endowment funds	\$ -	\$ -	\$ 2,979,852	\$ 2,979,852
Board designated endowment funds	-	2,645,006	-	2,645,006
Undesignated endowment funds	3,454,344	-	-	3,454,344
	<u>\$ 3,454,344</u>	<u>\$ 2,645,006</u>	<u>\$ 2,979,852</u>	<u>\$ 9,079,202</u>

Changes in Endowment Net Assets as of September 30, 2009 are as follows:

	Unrestricted		Permanently Restricted	Total
	Undesignated	Designated		
Endowment net assets, beginning of year	\$ 3,454,344	\$ 2,645,006	\$ 2,979,852	\$ 9,079,202
Investment return:				
Investment income	61,008	45,780	197,888	304,676
Net appreciation (realized and unrealized), net of fees	131,727	98,847	20,800	251,374
Total investment return	<u>\$ 192,735</u>	<u>\$ 144,627</u>	<u>\$ 218,688</u>	<u>\$ 556,050</u>
Contributions (withdrawals)	30,023	(30,371)	30,914	30,566
Withdrawals in accordance with spending policy	198,158	148,696	167,488	514,342
Endowment net assets, end of year	<u>\$ 3,478,944</u>	<u>\$ 2,610,566</u>	<u>\$ 3,061,966</u>	<u>\$ 9,151,476</u>

Changes in Endowment Net Assets as of September 30, 2008 are as follows:

	Unrestricted		Permanently Restricted	Total
	Undesignated	Designated		
Endowment net assets, beginning of year	\$ 4,370,673	\$ 3,242,774	\$ 3,451,981	\$ 11,065,428
Investment return:				
Investment income	132,898	87,497	106,461	326,856
Net appreciation (realized and unrealized), net of fees	(866,275)	(570,333)	(746,181)	(2,182,789)
Total investment return	<u>\$ (733,376)</u>	<u>\$ (482,837)</u>	<u>\$ (639,720)</u>	<u>\$ (1,855,933)</u>
Contributions (withdrawals)	17,184	16,834	305,981	339,999
Withdrawals in accordance with spending policy	200,137	131,765	138,390	470,292
Endowment net assets, end of year	<u>\$ 3,454,344</u>	<u>\$ 2,645,006</u>	<u>\$ 2,979,852</u>	<u>\$ 9,079,202</u>

NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 2 – INVESTMENTS (continued)**

*Investment Assets*

FASB Accounting Standards Codification Topic 820-10 (formerly SFAS No. 157), *Fair Value Measurements*, was effective for fiscal year ended September 30, 2009. Topic 820-10 defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement). In February 2008, the FASB issued Topic 820-10, *Effective Date for FASB Statement*, which delays the effective date for Topic 820-10 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until the Society's 2010 fiscal year. The Society does not expect that the adoption of Topic 820-10 will have a material impact on its financial statements.

In connection with the adoption of Topic 820-10, the Society elected to early adopt the measurement provisions of Topic 820-10-35-59 (formerly Accounting Standards Update No. 2009-12), *Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, to certain investments in funds that do not have readily determinable fair values including private equity investments, hedge funds, real estate, and other funds. The guidance amends Topic 820-10 and allows for the estimation of the fair value of investments in alternative investments for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent provided by the investment manager.

Under Topic 820-10, the three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 2 – INVESTMENTS (continued)**

The Society's investments reported at fair value are summarized within the fair value hierarchy in accordance with Topic 820-10 as follows:

	Fair Value Hierarchy Level	2009	2008
Cash	1	\$ 142,097	\$ 864
Cash equivalents	1	-	366,204
Cash equivalents - TIFF	2	453,938	-
Fixed income high yield and other bonds - TIFF	2	346,555	-
Fixed income corporate and government bonds	1	1,063,994	1,907,948
Mutual funds	1	411,870	-
Hedging assets - TIFF	2	1,513,127	-
Equities	1	1,650,695	6,804,186
Equities - TIFF	2	2,567,434	-
Equities (private) - Omega	2	1,001,767	-
		<u>\$ 9,151,477</u>	<u>\$ 9,079,202</u>

The Society's direct investments consist of cash and cash equivalents, mutual funds, fixed income corporate and government bonds as well as equity securities. Accordingly these direct investments are Level 1 investments. The Society's investment with TIFF Multi-Asset Fund (TIFF) and HSBC Alternative Fund Services (Omega) consists of cash equivalents, fixed income high yield and credit oriented TRA bonds, Hedging assets, and private equity securities. These investments are valued at fair values provided by the funds' investment managers and are monitored and reviewed by the Society's investment committee for reasonableness. Accordingly, these investments are classified as Level 2 investments. None of the Society's investments are Level 3 investments.

**NOTE 3 - PLEDGES RECEIVABLE**

Pledges receivable as of September 30, 2009 and 2008 are comprised of the following:

	2009	2008
Total	<u>\$ 32,015</u>	<u>\$ 60,460</u>
Less reserve for uncollectible amounts	-	-
	<u>\$ 32,015</u>	<u>\$ 60,460</u>

Restricted pledges receivable as of September 30, 2009 and 2008 are comprised of the following:

	2009	2008
Total	<u>\$ 430</u>	<u>\$ 23,750</u>
Less reserve for uncollectible amounts	-	-
	<u>\$ 430</u>	<u>\$ 23,750</u>

*NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2009 is comprised as follows:

	Property Used in Operations	Rental Property	Total
Land	\$ -	\$ 200,000	\$ 200,000
Land improvements, parking lots	63,473	324,709	388,182
Buildings	855,715	636,680	1,492,395
Building improvements	4,172,723	627,320	4,800,043
Equipment and fixtures	920,431	-	920,431
Permanent exhibit	153,296	-	153,296
	<u>\$ 6,165,638</u>	<u>\$ 1,788,709</u>	<u>\$ 7,954,347</u>
Less: accumulated depreciation	2,780,834	778,102	3,558,936
Property and equipment, net	<u>\$ 3,384,804</u>	<u>\$ 1,010,607</u>	<u>\$ 4,395,411</u>

Property and equipment as of September 30, 2008 is comprised as follows:

	Property Used in Operations	Rental Property	Total
Land	\$ -	\$ 200,000	\$ 200,000
Land improvements, parking lots	63,473	323,119	386,592
Buildings	855,715	614,476	1,470,191
Building improvements	4,165,003	627,320	4,792,323
Equipment and fixtures	907,650	-	907,650
Permanent exhibit	153,296	-	153,296
	<u>\$ 6,145,137</u>	<u>\$ 1,764,915</u>	<u>\$ 7,910,052</u>
Less: accumulated depreciation	2,616,059	736,830	3,352,889
Property and equipment, net	<u>\$ 3,529,078</u>	<u>\$ 1,028,085</u>	<u>\$ 4,557,163</u>

It has been determined by management the "Land" allocation for property used in operations may have originally had no material cost at acquisition, and therefore has no material cost separate from the buildings constructed on the land.

**NOTE 5 - UNEMPLOYMENT COMPENSATION**

The Society has elected not to participate in the New Hampshire Unemployment Compensation Fund. The Society participates in a self-insured plan. As such, the Society is liable to pay any benefits in excess of its reserve to terminated employees who would have otherwise been eligible for unemployment benefits from the State of New Hampshire. The fund balance is recorded as a prepaid expense which is equal to an estimated liability recorded as an accrued expense. As of December 31, 2009, the unemployment fund balance and corresponding accrued expense is \$8,461.

*NEW HAMPSHIRE HISTORICAL SOCIETY  
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**NOTE 6 - DESIGNATED NET ASSETS**

The Society's Board-designated net assets at September 30, 2009 and 2008 are comprised as follows:

	<u>2009</u>	<u>2008</u>
<u>Operations designations:</u>		
Plant fund operating cash	<u>\$ 90,281</u>	<u>\$ 89,276</u>
<u>Designated investments, at market value:</u>		
Edith W Atkins Fund	\$ 4,547	\$ 4,608
Jessie H. Rablin Fund	38,191	38,702
Lane Dwinell Fund	22,598	22,896
Mary H. Woodbury Fund	102,613	103,983
John L. Frisbee Education Fund	55,638	56,390
Plant - for building repairs and maintenance	212,801	215,602
Ruth E. Pearson Fund	118,202	119,786
Philip B. and Nelle L. Holmes Fund	44,494	45,088
Library collections care and acquisitions	125,985	127,658
Publications	106,175	107,589
Katharine Prentis Murphy Fund	1,183,209	1,198,960
Natalie Hoyt Fund	87,577	88,726
June Campbell Hoyt Fund	352,212	356,908
Evelyn P. & Noah J. Arell Fund	101,252	102,573
Museum collections care and acquisitions	45,647	46,266
David G. Stahl Fund	9,304	8,914
Life insurance - planned giving	28,164	25,457
Uninvested cash	-	-
	<u>\$ 2,638,609</u>	<u>\$ 2,670,106</u>
<u>Total designations</u>	<u>\$ 2,728,890</u>	<u>\$ 2,759,382</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  
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**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

The Society's temporarily restricted net assets at September 30, 2009 and 2008 are comprised as follows:

	<u>2009</u>	<u>2008</u>
Library catalog project	\$ 53,249	\$ 53,249
Tuck pre-construction plan	16,500	16,500
NEH challenge grant	64,170	64,170
Dunlap Chest reproduction	6,463	6,363
The Brown Foundation-Advanced Placement Grant	-	12,125
David M Lesser Books - Library Deaccession	75,396	75,396
Samuel P Pardoe Foundation-Outreach to Lakes Region	-	5,000
Fidelity Investments-Cooperative Storage Analysis Grant	57,575	71,790
Norwin & Elizabeth Bean Grant-Education Programs	-	5,000
Allocated Parsons Fund Monies	-	2,213
Allocated Conservation and Acquisition Monies	-	15,696
Dunlap memorial	275	-
Tiff dividends due to endowment	1,413	-
The McInnich Foundation - Digital images - Museum	11,665	-
The Robert & Dorothy Goldberg Foundation - Grand Resorts	1,000	-
Villette-Nifosi Foundation	2,650	-
	<u>290,356</u>	<u>\$ 327,502</u>

**NOTE 8 - PERMANENTLY RESTRICTED NET ASSETS**

The Society's permanently restricted net assets at September 30, 2009 and 2008 are comprised as follows:

	<u>2009</u>	<u>2008</u>
Permanently restricted receivables	\$ 430	\$ 23,750
<u>Permanently restricted investments, at market value:</u>		
Perry-Dudley Family Archive and Shepard Collection Fund	\$ 31,621	\$ 28,855
Asa Currier Tilton Fund	73,301	71,909
William C. Todd Fund	249,389	246,007
Edith Shepard Freeman/Margaret H. Jewell Fund	1,441,068	1,421,381
Edward C. and Elizabeth F. Lathem Fund	26,614	26,265
Philip B. and Nelle L. Holmes Fund	1,849	1,826
Charles S. Parsons Fund	42,784	39,336
Leonard K. Dodge Fund	22,747	22,441
Concord Tower Clock Fund	41,971	41,411
Annalee Thorndike Fund	21,431	21,128
Jere R. Daniell Publications Fund	19,452	19,204
George F. Sawyer Memorial Fund	47,237	46,600
Roger F. Woodman Fund	18,091	17,843
John L. Frisbee Education Fund (includes NEH Challenge)	827,088	795,802
Duncan S. McGowan Memorial Fund	23,856	23,543
Anonymous	71,910	70,945
Robert O. Wilson, D.D.S., Historical Research Fund	24,066	23,630
Raymon S. Vaughan Baseball Fund	14,928	14,740
Mary W. Vaughan Fund	9,516	9,404
Life memberships	53,047	37,582
Uninvested cash	-	-
<u>Total</u>	<u>\$ 3,061,966</u>	<u>\$ 2,979,852</u>
Total permanently restricted net assets	<u>\$ 3,062,396</u>	<u>\$ 3,003,602</u>

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**NOTE 9 - 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, 2009 and 2008 amounted to \$28,116 and \$27,104, respectively.

**NOTE 10 - 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, 2009 and 2008, the outstanding balance on the line of credit was \$249,895 and \$179,895, respectively.

**NOTE 11 - 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, 2009 and 2008 were as follows:

	2009	2008
Rental income, building and parking	<u>\$ 694,681</u>	<u>\$ 727,958</u>
Expenses:		
Utilities	\$ 71,118	\$ 70,884
Maintenance and repairs	70,045	80,487
Real estates taxes	86,771	72,906
Janitorial	25,861	24,289
Security	4,622	3,458
Trash, snow and other services	26,102	31,527
Management fees and commissions	32,003	26,725
Insurance and other administrative costs	9,384	9,387
Depreciation expense	41,272	61,239
Total expenses	<u>\$ 367,178</u>	<u>\$ 380,902</u>
Net rental earnings	<u>\$ 327,503</u>	<u>\$ 347,056</u>

The following is a schedule by years of future minimum rentals under the leases at September 30, 2009:

Year Ending September 30	
2010	\$ 211,059
2011	-
2012	-
2013	-
2014	-
<u>Total</u>	<u>\$ 211,059</u>

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**NOTE 12 - 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 \$67,672 and \$65,158, for the fiscal years ended September 30, 2009 and 2008, respectively. Amounts spent on acquisition and conservation of museum collection items amounted to \$67,672 and \$65,158, for the fiscal years ended September 30, 2009 and 2008, respectively. Funds returned to the Prentis Murphy investment for the fiscal years ended September 30, 2009 and 2008, amounted to \$-0- and \$-0-, 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.

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 \$48,945 and \$152,385, respectively, for the fiscal years ended September 30, 2009 and 2008, and are not reflected in the statements of activities.

**NOTE 13 - 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 \$11,263 and \$8,520, respectively, for the calendar years 2009 and 2008. Distributions totaling \$11,263 and \$8,520, respectively, were received by the Society during the years ended September 30, 2009 and 2008.

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 \$87,151 and \$86,400, respectively, for the fiscal years ended July 31, 2009 and 2008. Distributions totaling \$87,151 and \$86,400, respectively, were received by the Society during the fiscal years ended September 30, 2009 and 2008.

**NOTE 14 - 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, 2009 and 2008 amounted to \$23,626 and \$6,993, 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, 2009 and 2008 amounted to \$-0- 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.

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***NOTE 15 - 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 \$250,000 and \$100,000, at September 30, 2009 and 2008, respectively. At September 30, 2009 and 2008, the Society's uninsured cash balances at these banks amounted to \$127,772 and \$204,936, respectively. In addition, investments include \$596,035 and \$675,951, respectively, of cash equivalents at September 30, 2009 and 2008. Deposits in these accounts are not classified as deposits insured by the FDIC.

***NOTE 16 - RISKS AND UNCERTAINTIES***

The credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets. The Society invests in various securities. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported in the statement of financial position. However, management is of the opinion that any changes in value are not permanent.

***NOTE 17 - ACCOUNTING FOR INCOME TAXES***

The Society may be subject to a new accounting pronouncement, Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 740-10, (formerly FIN 48, *Accounting for Uncertainty in Income Taxes*). The purpose of this topic is to clarify whether non-profit organizations may include tax benefits from uncertain tax positions in their financial statements.

The Society is a not for profit organization and therefore is not subject to income taxes. As such, it may not be affected by Topic 740-10. The Society is in the process of identifying areas in its activities which might be subject to actions by the Internal Revenue Service and state taxing authorities. The Society has elected to defer the application of Topic 740-10, as recently permitted by the Financial Accounting Standards Board Staff Position Topic 740-10-65-1(e), until the fiscal year ending September 30, 2010. This will allow the Society to benefit from the guidance on implementation currently being developed by the Financial Accounting Standards Board.

***NOTE 18 - SUBSEQUENT EVENTS***

The Society has evaluated subsequent events through March 3, 2010, the date which the financial statements were issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended September 30, 2009.

***NOTE 19 - RECLASSIFICATIONS***

Certain Reclassifications have been made to the September 30, 2008 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.