

BAKER  
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# New Hampshire Historical Society

Financial Statements  
and Supplementary Information

*For the Years Ended September 30, 2022 and 2021  
With Independent Auditors' Report*

Baker Newman & Noyes LLC  
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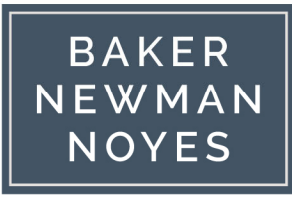
**NEW HAMPSHIRE HISTORICAL SOCIETY**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

For the Years Ended September 30, 2022 and 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
New Hampshire Historical Society

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of New Hampshire Historical Society (the Society), which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of September 30, 2022 and 2021, and the changes in their net assets, functional expenses, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Board of Trustees  
New Hampshire Historical Society

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Baku Newman & Noyes LLC*

Manchester, New Hampshire  
May 11, 2023

**NEW HAMPSHIRE HISTORICAL SOCIETY**

STATEMENTS OF FINANCIAL POSITION

September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	<u>ASSETS</u>	
Current assets:		
Cash	\$ 1,437,160	\$ 606,532
Accounts receivable	16,590	36,676
Contributions receivable, net of allowance for doubtful accounts of \$1,804	1,107,939	16,038
Prepaid expenses	<u>148,962</u>	<u>65,918</u>
Total current assets	2,710,651	725,164
Property and equipment, net	3,791,318	4,054,657
Investments and other assets:		
Investments	16,551,153	19,638,504
Beneficial interest in a trust	1,622,138	2,010,003
Charitable remainder unitrust	586,405	676,000
Cash surrender value of life insurance	<u>62,656</u>	<u>60,069</u>
Total assets	<u>\$25,324,321</u>	<u>\$27,164,397</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:		
Accounts payable	\$ 32,433	\$ 17,282
Accrued expenses	74,533	88,500
Deferred revenue	15,918	22,190
Current portion of charitable remainder unitrust payable	<u>29,320</u>	<u>33,800</u>
Total current liabilities	152,204	161,772
Long-term liabilities:		
Paycheck Protection Program loan	-	208,301
Charitable remainder unitrust payable, less current portion	<u>58,614</u>	<u>84,305</u>
Total liabilities	210,818	454,378
Net assets:		
Without donor restrictions:		
Undesignated	4,185,127	4,402,210
Designated	<u>9,490,526</u>	<u>10,946,352</u>
Total net assets without donor restrictions	13,675,653	15,348,562
With donor restrictions	<u>11,437,850</u>	<u>11,361,457</u>
Total net assets	<u>25,113,503</u>	<u>26,710,019</u>
Total liabilities and net assets	<u>\$25,324,321</u>	<u>\$27,164,397</u>

See accompanying notes.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributed support:			
Contributions and memberships	\$ 347,099	\$ —	\$ 347,099
Grants, gifts, and fundraising	—	2,245,585	2,245,585
Contributed goods and services	<u>42,344</u>	<u>—</u>	<u>42,344</u>
Total contributed support	389,443	2,245,585	2,635,028
Earned revenues:			
Earned income and special events	79,431	—	79,431
Rental income, net	<u>216,792</u>	<u>—</u>	<u>216,792</u>
Total earned revenues	296,223	—	296,223
Investment income:			
Trust income (Kimball, Watson, Hubbard)	135,862	—	135,862
Other investment income	<u>744</u>	<u>—</u>	<u>744</u>
Total investment income	<u>136,606</u>	<u>—</u>	<u>136,606</u>
Total revenues	822,272	2,245,585	3,067,857
Net assets released from restrictions:			
Endowment support made available for operations	468,447	362,007	830,454
For satisfaction of program restrictions	92,272	(92,272)	—
Release of current year endowment draw	<u>362,007</u>	<u>(362,007)</u>	<u>—</u>
Total net assets released from restrictions	922,726	(92,272)	830,454
Expenses:			
Program service expenses:			
Library	439,801	—	439,801
Museum	320,804	—	320,804
Democracy project	280,876	—	280,876
Education	183,460	—	183,460
Exhibitions	182,528	—	182,528
Publications	131,991	—	131,991
Museum store	<u>8,709</u>	<u>—</u>	<u>8,709</u>
Total program service expenses	1,548,169	—	1,548,169

**NEW HAMPSHIRE HISTORICAL SOCIETY**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended September 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Supporting services and general expenses:			
Administration	\$ 314,341	\$ —	\$ 314,341
Membership, development, and public relations	213,425	—	213,425
Buildings, grounds, and security	<u>61,010</u>	<u>—</u>	<u>61,010</u>
Total supporting services and general expenses	<u>588,776</u>	<u>—</u>	<u>588,776</u>
Total expenses	<u>2,136,945</u>	<u>—</u>	<u>2,136,945</u>
(Decrease) increase in net assets from operating activities	(391,947)	2,153,313	1,761,366
Non-operating activities:			
Revenues and other support:			
Gifts and fundraising	367,350	136,850	504,200
Gain from extinguishment of debt (Paycheck Protection Program Loan)	<u>210,378</u>	<u>—</u>	<u>210,378</u>
Total revenues and other support	577,728	136,850	714,578
Investment return:			
Realized and unrealized investment losses	(1,610,945)	(1,565,884)	(3,176,829)
Investment expenses	(71,156)	(33,936)	(105,092)
Investment income	291,858	140,953	432,811
Change in present value of charitable remainder unitrust	—	(5,031)	(5,031)
Change in value of beneficial interest in a trust	<u>—</u>	<u>(387,865)</u>	<u>(387,865)</u>
Total investment return	(1,390,243)	(1,851,763)	(3,242,006)
Endowment draw for operations	<u>(468,447)</u>	<u>(362,007)</u>	<u>(830,454)</u>
Total non-operating changes	<u>(1,280,962)</u>	<u>(2,076,920)</u>	<u>(3,357,882)</u>
(Decrease) increase in net assets	(1,672,909)	76,393	(1,596,516)
Net assets, beginning of year	<u>15,348,562</u>	<u>11,361,457</u>	<u>26,710,019</u>
Net assets, end of year	<u>\$13,675,653</u>	<u>\$11,437,850</u>	<u>\$25,113,503</u>

See accompanying notes.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributed support:			
Contributions and memberships	\$ 349,369	\$ –	\$ 349,369
Grants, gifts, and fundraising	–	152,719	152,719
Contributed goods and services	<u>50,984</u>	<u>–</u>	<u>50,984</u>
Total contributed support	400,353	152,719	553,072
Earned revenues:			
Earned income and special events	45,973	–	45,973
Rental income, net	<u>212,411</u>	<u>–</u>	<u>212,411</u>
Total earned revenues	258,384	–	258,384
Investment income:			
Trust income (Kimball, Watson, Hubbard)	129,440	–	129,440
Other investment income	<u>162</u>	<u>–</u>	<u>162</u>
Total investment income	<u>129,602</u>	<u>–</u>	<u>129,602</u>
Total revenues	788,339	152,719	941,058
Net assets released from restrictions:			
Endowment support made available for operations	448,974	348,643	797,617
For satisfaction of program restrictions	199,089	(199,089)	–
Release of current year endowment draw	<u>348,643</u>	<u>(348,643)</u>	<u>–</u>
Total net assets released from restrictions	996,706	(199,089)	797,617
Expenses:			
Program service expenses:			
Library	445,614	–	445,614
Museum	254,272	–	254,272
Democracy project	241,910	–	241,910
Education	215,465	–	215,465
Exhibitions	91,558	–	91,558
Publications	137,561	–	137,561
Museum store	<u>17,565</u>	<u>–</u>	<u>17,565</u>
Total program service expenses	1,403,945	–	1,403,945



**NEW HAMPSHIRE HISTORICAL SOCIETY**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended September 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Supporting services and general expenses:			
Administration	\$ 318,344	\$ —	\$ 318,344
Membership, development, and public relations	241,926	—	241,926
Buildings, grounds, and security	<u>60,741</u>	<u>—</u>	<u>60,741</u>
Total supporting services and general expenses	<u>621,011</u>	<u>—</u>	<u>621,011</u>
Total expenses	<u>2,024,956</u>	<u>—</u>	<u>2,024,956</u>
Decrease in net assets from operating activities	(239,911)	(46,370)	(286,281)
Non-operating activities:			
Revenues and other support:			
Gifts and fundraising	—	31,660	31,660
Gain from extinguishment of debt (Paycheck Protection Program Loan)	<u>209,641</u>	<u>—</u>	<u>209,641</u>
Total revenues and other support	209,641	31,660	241,301
Investment return:			
Realized and unrealized investment gains	1,918,977	1,602,230	3,521,207
Investment expenses	(70,255)	(33,101)	(103,356)
Investment income	214,790	102,387	317,177
Change in present value of charitable remainder unitrust	—	(29,039)	(29,039)
Change in value of beneficial interest in a trust	<u>—</u>	<u>235,212</u>	<u>235,212</u>
Total investment return	2,063,512	1,877,689	3,941,201
Endowment draw for operations	<u>(448,974)</u>	<u>(348,643)</u>	<u>(797,617)</u>
Total non-operating changes	<u>1,824,179</u>	<u>1,560,706</u>	<u>3,384,885</u>
Increase (decrease) in net assets	1,584,268	1,514,336	3,098,604
Net assets, beginning of year	<u>13,764,294</u>	<u>9,847,121</u>	<u>23,611,415</u>
Net assets, end of year	<u>\$15,348,562</u>	<u>\$11,361,457</u>	<u>\$26,710,019</u>

See accompanying notes.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended September 30, 2022

	Program Service Expenses							Supporting Services and General Expenses			Total
	Library	Museum	Democracy Project	Education	Exhibitions	Publications	Museum Store	Administration	Membership Development and Public Relations	Buildings Grounds and Security	
Salary and benefits	\$ 205,786	\$ 120,980	\$ 159,097	\$ 82,530	\$ 52,697	\$ 66,285	\$ -	\$ 218,318	\$ 163,838	\$ 46,411	\$1,115,942
Depreciation expense	70,552	28,335	95,694	15,001	60,317	3,690	-	3,822	5,857	-	283,268
Communications expense	51,927	26,339	-	32,630	-	7,589	756	19,901	16,221	10,119	165,482
Contracted services	46,057	30,411	13,183	10,503	41,967	10,931	-	36,609	9,720	-	199,381
Utilities	56,000	35,496	-	-	-	-	-	-	-	-	91,496
Publications HNH	-	-	-	-	-	28,655	-	-	-	-	28,655
Miscellaneous	2,300	2,795	6,980	2,762	6,613	1,383	2,459	19,860	3,824	45	49,021
Acquisitions	16,281	29,391	-	-	-	-	-	-	-	-	45,672
Conservation	3,118	19,691	-	-	-	-	-	-	-	-	22,809
Supplies	8,007	6,942	3,458	8,711	251	298	145	3,059	842	-	31,713
Building rent	2,892	18,914	-	-	-	1,238	780	3,496	-	4,435	31,755
Insurance	10,560	8,167	-	-	1,291	-	-	7,568	-	-	27,586
Postage and shipping	243	355	210	1,678	317	5,793	3,094	143	5,084	-	16,917
Facilities repairs and maintenance	6,833	16,346	-	-	-	-	-	-	-	-	23,179
Printing and photography	-	8	1,065	3,577	525	3,965	-	-	976	-	10,116
Bank charges	275	57	-	1,178	458	-	1,475	382	6,300	-	10,125
Food, beverages and catering	-	412	1,189	3,364	2,279	-	-	211	-	-	7,455
Facilities expense allocation	<u>(41,030)</u>	<u>(23,835)</u>	<u>-</u>	<u>21,526</u>	<u>15,813</u>	<u>2,164</u>	<u>-</u>	<u>972</u>	<u>763</u>	<u>-</u>	<u>(23,627)</u>
<b>Total</b>	<u>\$ 439,801</u>	<u>\$ 320,804</u>	<u>\$ 280,876</u>	<u>\$ 183,460</u>	<u>\$ 182,528</u>	<u>\$ 131,991</u>	<u>\$ 8,709</u>	<u>\$ 314,341</u>	<u>\$ 213,425</u>	<u>\$ 61,010</u>	<u>\$2,136,945</u>

See accompanying notes.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

Year Ended September 30, 2021

	Program Service Expenses							Supporting Services and General Expenses			Total
	Library	Museum	Democracy Project	Education	Exhibitions	Publications	Museum Store	Admin-istration	Membership Development and Public Relations	Buildings Grounds and Security	
Salary and benefits	\$ 202,227	\$ 108,552	\$ 128,079	\$ 84,097	\$ 37,336	\$ 37,639	\$ -	\$ 212,049	\$ 183,159	\$ 45,556	\$1,038,694
Depreciation expense	77,629	29,020	97,339	64,900	16,645	4,094	-	6,499	4,220	-	300,346
Communications expense	55,737	28,068	-	35,041	-	8,029	831	21,252	17,471	10,705	177,134
Contracted services	35,883	11,137	13,302	3,058	17,768	20,781	-	52,077	11,178	-	165,184
Utilities	51,005	33,908	-	-	-	-	-	-	-	-	84,913
Publications HNH	-	-	-	-	-	14,515	-	-	-	-	14,515
Miscellaneous	7,184	825	1,895	2,338	2,799	1,944	14,361	10,230	(458)	45	41,163
Acquisitions	24,462	6,514	-	-	-	-	-	2,332	-	-	33,308
Conservation	3,183	26,073	-	-	-	-	-	-	-	-	29,256
Supplies	3,435	751	99	2,936	307	198	33	731	684	-	9,174
Building rent	2,593	18,584	-	-	-	1,238	780	2,683	-	4,435	30,313
Insurance	9,938	7,656	-	-	1,218	-	-	6,958	-	-	25,770
Postage and shipping	235	173	250	2,242	17	2,361	877	827	7,141	-	14,123
Facilities repairs and maintenance	10,635	8,470	-	-	-	-	-	-	-	-	19,105
Printing and photography	-	-	644	1,611	-	42,549	-	-	8,343	-	53,147
Bank charges	732	72	-	343	134	48	683	308	6,901	-	9,221
Food, beverages and catering	-	-	302	2,061	202	2,094	-	239	-	-	4,898
Bad debt recovery	-	-	-	-	-	-	-	-	-	-	-
Facilities expense allocation	<u>(39,264)</u>	<u>(25,531)</u>	<u>-</u>	<u>16,838</u>	<u>15,132</u>	<u>2,071</u>	<u>-</u>	<u>2,159</u>	<u>3,287</u>	<u>-</u>	<u>(25,308)</u>
<b>Total</b>	<b>\$ 445,614</b>	<b>\$ 254,272</b>	<b>\$ 241,910</b>	<b>\$ 215,465</b>	<b>\$ 91,558</b>	<b>\$ 137,561</b>	<b>\$ 17,565</b>	<b>\$ 318,344</b>	<b>\$ 241,926</b>	<b>\$ 60,741</b>	<b>\$ 2,024,956</b>

See accompanying notes.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
(Increase) decrease in net assets	\$ (1,596,516)	\$ 3,098,604
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	321,563	338,801
Realized and unrealized investment losses (gains)	3,176,829	(3,521,207)
Gain on extinguishment of Paycheck Protection Program loan	(210,378)	(209,641)
Decrease (increase) in value of beneficial interest in a trust	387,865	(235,212)
Increase in cash surrender value of life insurance	(2,587)	-
Restricted gifts and bequests	(2,382,435)	(123,447)
Decrease in charitable remainder unitrust payable	(30,171)	(3,295)
Decrease in inventory	-	8,931
(Increase) decrease in prepaid expenses	(83,044)	6,075
Decrease (increase) in accounts receivable	20,086	(35,746)
Increase (decrease) in accounts payable and accrued expenses	1,184	(14,787)
(Decrease) increase in deferred revenue	<u>(6,272)</u>	<u>8,764</u>
Net cash used in operating activities	(403,876)	(682,160)
Cash flows from investing activities:		
Proceeds from sales of investments	1,301,741	2,072,445
Purchases of investments	(1,299,548)	(1,364,466)
Purchases of property and equipment	<u>(58,223)</u>	<u>(37,600)</u>
Net cash (used in) provided by investing activities	(56,030)	670,379
Cash flows from financing activities:		
Repayments of long-term debt	-	(53,841)
Paycheck Protection Program funds received	-	208,301
Restricted gifts and bequests	<u>1,290,534</u>	<u>31,660</u>
Net cash provided by financing activities	<u>1,290,534</u>	<u>186,120</u>
Net increase in cash	830,628	174,339
Cash, beginning of year	<u>606,532</u>	<u>432,193</u>
Cash, end of year	<u>\$ 1,437,160</u>	<u>\$ 606,532</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,077	\$ 1,341

See accompanying notes.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 1. Nature of Activities and Program Services

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, museum, and rental real estate property, all located in Concord, New Hampshire. The Society's current programs include the following:

*Library and Museum:* The Society collects and preserves the most extensive collection of objects, books, manuscripts, and images related to New Hampshire history that can be found anywhere. These collections offer the most complete picture available of the social, economic, political, and cultural history of New Hampshire over nearly four centuries.

*Education:* The Society offers a diverse range of educational programs, including research services, exhibitions, publications, school programs, public programs, technical services, and support of local historical societies. The Society's website and online collections catalog provide broad access to information on library, archival, and museum collections. The Society also provides the New Hampshire History Network (NHHN), a digital gateway that provides centralized access to New Hampshire's history and historical collections through partnerships with local historical societies and other collecting institutions. In 2017, the Society launched "The Democracy Project: Renewing History and Civics Education in New Hampshire Schools," an educational initiative to address the growing knowledge deficit in the areas of history and civics.

### 2. Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from those estimates.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 2. Significant Accounting Policies (Continued)

#### Revenue, Other Support and Accounts Receivable

Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donations received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions.

Contributions of donated noncash assets (other than permanent collection contributions) are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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.

Revenues from the museum, retail sales, and other program services are recognized when performance obligations are satisfied. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

#### Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*Without Donor Restrictions:* Net assets that are not subject to donor-imposed stipulations. Board-designated net assets are considered net assets without donor restrictions. When donor restrictions are met in the same period the resources are received, the receipts are classified as net assets without donor restrictions.

*With Donor Restrictions:* Net assets subject to donor-imposed stipulations include contributions and investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and will be met by actions of the Society and/or the passage of time. Other donor-imposed restrictions are perpetual in nature. Generally, the donors of the assets permit the recipient organization to use all or part of the income earned on related investments for general or specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### Cash and Cash Equivalents

For purposes of reporting cash flows, the Society considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash held in its investment portfolio.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 2. Significant Accounting Policies (Continued)

#### Contributions Receivable

Unconditional contributions receivable are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Society elected the fair value option in accordance with generally accepted accounting principles. Conditional promises to give are not included in the financial statements. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the receivable balances. It is the Society's policy to charge off uncollectible receivables when management determines the receivable will not be collected. The allowance for doubtful accounts at September 30, 2022 and 2021 amounted to \$1,804.

#### Advertising

The Society expenses all advertising costs as incurred. Advertising amounted to \$514 and \$1,229 for the years ended September 30, 2022 and 2021, respectively.

#### Inventory

Inventory is valued at the lower of cost or net realizable value, on the first-in, first-out basis (FIFO), and consists of books and gifts for sale in the Society's online store.

#### Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. It is the Society's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No allowance has been recorded as all receivables are considered collectible at September 30, 2022 and 2021.

#### Investments

The Society carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the statement of financial position. 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. The Society reviews and evaluates the values provide by the investment managers and agrees with the valuation methods and assumptions used in determining fair value. Investments are carried at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the accompanying statement of activities and changes in net assets.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 2. Significant Accounting Policies (Continued)

#### Investment Pools and Spending Policies

The Society maintains five 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 the year ended September 30, 2022, 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

Maintenance, repairs, and minor renewals are expensed as incurred. Purchases, renewals, and betterments in excess of \$2,000 are capitalized. Provision for depreciation is made using the straight-line method by annual charges calculated to absorb the costs over the following estimated useful lives:

	<u>Years</u>
Building improvements	5 – 39
Buildings	39 – 50
Equipment fixtures	3 – 20
Land improvements, parking lots	2 – 20
Permanent exhibit	3 – 5
Website and software	3 – 5

Depreciation expense amounted to \$321,563 and \$338,801, of which \$38,294 and \$38,455 is included in rental expenses at September 30, 2022 and 2021, respectively.

#### Income Taxes

The Society is a not-for-profit organization exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation; however, certain unrelated business income is subject to federal taxation. For the year ended September 30, 2022, there was no liability for a tax on unrelated business income.

The Society has adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Accordingly, management has evaluated the Society's tax positions and concluded the Society had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Society is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for years before 2019.

#### Deferred Revenue

Deferred revenue consists of prepaid tenant rent and program revenue and remains as a liability at year-end until the revenue is earned.



# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 2. **Significant Accounting Policies (Continued)**

#### *Functional Allocation of Expenses*

The costs of providing program and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated based on estimates of time and effort and the square footage used by the various functional areas.

#### *Recent Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases*, Topic 842. Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. In June 2020, the FASB deferred the effective date for this standard for one year for certain entities that have not yet issued their financial statements. This standard will be effective for the Society for the year ended September 30, 2023, with early adoption permitted. The Society is currently finalizing the impact of the pending adoption of ASU 2016-02 on the financial statements but does not expect adoption will have a significant impact on the Society's financial statements.

#### *Risks and Uncertainties*

Beginning in March 2020, and continuing through fiscal year 2022, the COVID-19 coronavirus (COVID-19) pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment, and the economy as a whole.

The Society is monitoring these events closely to assess the financial impact of the situation and determine appropriate course of action. While this disruption is expected to be temporary, there is considerable uncertainty around its duration. The impact on the Society's financial position result cannot be estimated at this time.

#### *Reclassifications*

Certain prior year amounts have been reclassified to conform with the current year financial statement presentation format.

#### *Subsequent Events*

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through May 11, 2023, which is the date the financial statements were available to be issued.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**3. Investments**

The fair value of the Society's investments at September 30 was comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 293,685	\$ 289,545
Equities:		
Common stocks	13,863,844	17,134,358
Private equities	1,388,619	1,351,567
Fixed income corporate and government bonds	965,447	810,541
Alternative investments	<u>39,558</u>	<u>52,493</u>
 Total	 <u>\$16,551,153</u>	 <u>\$19,638,504</u>

Investment return for September 30 is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>			
Realized and unrealized losses	\$ (1,610,945)	\$ (1,565,884)	\$ (3,176,829)
Investment expenses	(71,156)	(33,936)	(105,092)
Investment income, dividends and interest	<u>291,858</u>	<u>140,953</u>	<u>432,811</u>
	<u>\$ (1,390,243)</u>	<u>\$ (1,458,867)</u>	<u>\$ (2,849,110)</u>
 <u>2021</u>			
Realized and unrealized gains	\$ 1,918,977	\$ 1,602,230	\$ 3,521,207
Investment expenses	(70,255)	(33,101)	(103,356)
Investment income, dividends and interest	<u>214,790</u>	<u>102,387</u>	<u>317,177</u>
	<u>\$ 2,063,512</u>	<u>\$ 1,671,516</u>	<u>\$ 3,735,028</u>

**4. Endowment Funds and Net Assets**

The Society adheres to the *Other Presentation Matters* section of the *Presentation of Financial Statements for Not-for-Profit Organizations* topic of ASC 958-205-45. ASC 958-205-45 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). ASC 958-205-45 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.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 4. Endowment Funds and Net Assets (Continued)

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 adopted ASC 958-205-45 for the year ended September 30, 2009. The Society's endowment consists of 50 named funds established for specific educational or program purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, 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 UPMIFA as allowing the Society to appropriate for expenditure or accumulate so much of an endowment fund as the Society determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

As a result of the interpretation, the Society classifies as net assets with donor restrictions (permanently restricted) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (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 net assets with donor restrictions (permanently restricted) is classified as net assets with donor restrictions (temporarily restricted) until those amounts are appropriated for expenditure by the organization 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, and (7) the investment policies of the Society.

*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 a total return sufficient to ensure that capital is preserved and enhanced over time, both in real and nominal terms, while providing a dependable source of liquid financial assets for the Society's current operations and programs. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to provide for an annual distribution of 5% to 6%, 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% to 6%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**4. Endowment Funds and Net Assets (Continued)**

*Spending Policy:* The Society has a policy of appropriating for distribution each year 5% to 6% 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 because of 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 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 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>			
Donor-restricted endowment fund	\$ -	\$ 7,172,278	\$ 7,172,278
Board-designated endowment funds	<u>9,378,875</u>	<u>-</u>	<u>9,378,875</u>
Total	<u>\$ 9,378,875</u>	<u>\$ 7,172,278</u>	<u>\$ 16,551,153</u>
<u>2021</u>			
Donor-restricted endowment fund	\$ -	\$ 8,569,141	\$ 8,569,141
Board-designated endowment funds	<u>11,069,363</u>	<u>-</u>	<u>11,069,363</u>
Total	<u>\$ 11,069,363</u>	<u>\$ 8,569,141</u>	<u>\$ 19,638,504</u>

Changes in endowment net assets are as follows for the years ended September 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>			
Endowment net assets, beginning of year	\$ 11,069,363	\$ 8,569,141	\$ 19,638,504
Investment return:			
Investment income	227,949	176,790	404,739
Net depreciation (realized and unrealized)	<u>(1,783,514)</u>	<u>(1,386,277)</u>	<u>(3,169,791)</u>
Total investment return	(1,555,565)	(1,209,487)	(2,765,052)
Contributions	333,524	174,631	508,155
Appropriation of endowment assets for expenditure	<u>(468,447)</u>	<u>(362,007)</u>	<u>(830,454)</u>
Endowment net assets, end of year	<u>\$ 9,378,875</u>	<u>\$ 7,172,278</u>	<u>\$ 16,551,153</u>

**NEW HAMPSHIRE HISTORICAL SOCIETY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**4. Endowment Funds and Net Assets (Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2021</u>			
Endowment net assets, beginning of year	\$ 9,468,135	\$ 7,330,534	\$16,798,669
Investment return:			
Investment income	167,976	130,044	298,020
Net appreciation (realized and unrealized)	<u>1,882,226</u>	<u>1,457,206</u>	<u>3,339,432</u>
Total investment return	2,050,202	1,587,250	3,637,452
Appropriation of endowment assets for expenditure	<u>(448,974)</u>	<u>(348,643)</u>	<u>(797,617)</u>
Endowment net assets, end of year	<u>\$11,069,363</u>	<u>\$ 8,569,141</u>	<u>\$19,638,504</u>

**5. Fair Value Measurements**

The *Fair Value Measurements* topic of ASC 820-10 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair-value measurements. ASC 820-10 is effective for all financial and non-financial assets and liabilities and any other assets and liabilities that are recognized or disclosed at fair value on a recurring basis.

In addition to defining fair value, ASC 820-10 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Each fair value measurement is reported in one of the three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 – inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are securities listed in active markets, certificates of deposit and certain money market accounts. The Society has valued its investments, listed on national exchanges at the last sales prices as of the day of valuation.

Level 2 – inputs based upon prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**5. Fair Value Measurements (Continued)**

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Financial assets carried at fair value on a recurring basis consist of the following at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2022</u>				
Assets:				
Investments:				
Money market funds	\$ 293,685	\$ —	\$ —	\$ 293,685
Equities:				
Common stock	13,863,844	—	—	13,863,844
Fixed income:				
Corporate and government bonds	<u>—</u>	<u>965,447</u>	<u>—</u>	<u>965,447</u>
	14,157,529	965,447	—	15,122,976
Alternative investments	39,558	—	—	39,558
Charitable remainder unitrust:				
Cash and money market funds	16,866	—	—	16,866
Equities:				
Common stock	405,735	—	—	405,735
Mutual funds	<u>163,804</u>	<u>—</u>	<u>—</u>	<u>163,804</u>
Total charitable remainder unitrust	586,405	—	—	586,405
Beneficial interest in a trust	<u>—</u>	<u>—</u>	<u>1,622,138</u>	<u>1,622,138</u>
Total investments	<u>\$14,783,492</u>	<u>\$965,447</u>	<u>\$1,622,138</u>	17,371,077
Investments measured using net asset value:				
Pooled equity				<u>1,388,619</u>
Total assets				<u>\$18,759,696</u>
Liabilities:				
Charitable remainder unitrust payable	\$ <u>—</u>	\$ <u>—</u>	\$ <u>87,934</u>	\$ <u>87,934</u>
Total liabilities	<u>\$ <u>—</u></u>	<u>\$ <u>—</u></u>	<u>\$ <u>87,934</u></u>	<u>\$ <u>87,934</u></u>

**NEW HAMPSHIRE HISTORICAL SOCIETY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**5. Fair Value Measurements (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2021</u>				
Assets:				
Investments:				
Money market funds	\$ 289,545	\$ —	\$ —	\$ 289,545
Equities:				
Common stock	17,134,358	—	—	17,134,358
Fixed income:				
Corporate and government bonds	<u>—</u>	<u>810,541</u>	<u>—</u>	<u>810,541</u>
	17,423,903	810,541	—	18,234,444
Alternative investments	52,493	—	—	52,493
Charitable remainder unitrust:				
Cash and money market funds	31,582	—	—	31,582
Equities:				
Common stock	436,892	—	—	436,892
Mutual funds	28,847	—	—	28,847
Mutual funds	<u>178,679</u>	<u>—</u>	<u>—</u>	<u>178,679</u>
Total charitable remainder unitrust	676,000	—	—	676,000
Beneficial interest in a trust	<u>—</u>	<u>—</u>	<u>2,010,003</u>	<u>2,010,003</u>
Total investments	<u>\$18,152,396</u>	<u>\$810,541</u>	<u>\$2,010,003</u>	20,972,940
Investments measured using net asset value:				
Pooled equity				<u>1,351,567</u>
Total assets				<u>\$22,324,507</u>
Liabilities:				
Charitable remainder unitrust payable	\$ <u>—</u>	\$ <u>—</u>	\$ <u>118,105</u>	\$ <u>118,105</u>
Total liabilities	<u>\$ <u>—</u></u>	<u>\$ <u>—</u></u>	<u>\$ <u>118,105</u></u>	<u>\$ <u>118,105</u></u>

All assets and liabilities have been valued using a market or income approach that has been consistently applied. The marketable approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 5. Fair Value Measurements (Continued)

The income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The following is a rollforward of the balance sheet amounts for financial instruments classified by the Society within Level 3 of the fair value hierarchy defined above for the years ended September 30:

#### 2022

Fair value, October 1, 2021	\$2,010,003
Change in value of beneficial interest in a trust	<u>(387,865)</u>
Fair value, September 30, 2022	<u>\$1,622,138</u>

#### 2021

Fair value, October 1, 2020	\$1,774,791
Change in value of beneficial interest in a trust	<u>235,212</u>
Fair value, September 30, 2021	<u>\$2,010,003</u>

### 6. Contributions Receivable

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Pledges expected to be received beyond one year are recognized at fair value using present value techniques and a discount rate of 3%.

Unconditional promises to give are expected to be realized in the following periods as of September 30, 2022:

In one year or less	\$1,109,743
Allowance for uncollectible contributions receivable	<u>(1,804)</u>
Total	<u>\$1,107,939</u>

Approximately 0.3% of total contributions receivable, or \$3,500, represents promises to give by board members or employees at September 30, 2022. Approximately 25% of total contributions receivable, or \$4,500, represents promises to give by board members or employees at September 30, 2021.



**NEW HAMPSHIRE HISTORICAL SOCIETY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**7. 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 reserve fund balance is recorded as a prepaid expense on the statement of financial position. As of September 30, 2022 and 2021, the unemployment fund balance amounted to \$11,706 and \$18,473, respectively.

**8. Property and Equipment**

Property and equipment, at cost, as of September 30, 2022 is comprised as follows:

	<u>Property Used in Operations</u>	<u>Rental Property</u>	<u>Total</u>
Building improvements	\$ 5,166,986	\$ 1,172,851	\$ 6,339,837
Buildings	550,115	305,600	855,715
Equipment fixtures	906,771	–	906,771
Land improvements, parking lots	63,473	324,688	388,161
Permanent exhibit	247,100	–	247,100
Website and software	861,757	–	861,757
Leasehold improvements	53,402	–	53,402
Land	<u>–</u>	<u>200,000</u>	<u>200,000</u>
	7,849,604	2,003,139	9,852,743
Less: accumulated depreciation	<u>4,978,689</u>	<u>1,082,736</u>	<u>6,061,425</u>
Property and equipment, net	<u>\$ 2,870,915</u>	<u>\$ 920,403</u>	<u>\$ 3,791,318</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.

**NEW HAMPSHIRE HISTORICAL SOCIETY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**9. Designated Net Assets**

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

The Society's Board-designated net assets at September 30, 2022 are comprised as follows:

<u>Operations designations:</u>	<u>Purpose</u>	
Plant fund operating cash	Major repairs to buildings	\$ 56,635
 <u>Designated funds for Endowment:</u>		
General Fund	General operations	5,715,451
Katharine Prentis Murphy Fund	Museum acquisitions/conservation	1,499,709
Bequests Fund under \$100k	General operations	469,458
June Campbell Hoyt Fund	General operations	446,428
Donald A. and Joan L. Dunlap Fund	General operations	357,782
William N. Banks Jr. Fund	General operations	168,492
Library collections, care and acquisitions	Library acquisitions/conservation	163,532
Jere R. Daniell Fund	General operations	161,510
Publications Fund	Costs of publications	134,576
Elizabeth M. Hoyt Fund	General operations	80,262
John L. Frisbee Education Fund	Educational programs/services	70,521
Plant Fund	Major repairs to buildings	18,174
Library collections, Stewardship Fund	Library operations	55,017
Jessie H. Rablin Fund	General operations	48,407
Museum collections, care and acquisitions	Museum acquisitions/conservation	41,172
Museum collections, Stewardship Fund	Museum operations	<u>3,400</u>
 Total designated net assets		 \$ <u>9,490,526</u>

**10. Net Assets with Donor Restrictions**

The Society's net assets with donor restrictions are for the following purposes or periods as follows at September 30, 2022:

Subject to expenditure for specified purpose or period:	
Contributions receivable, net	\$ 1,102,945
Charitable remainder trust	498,471
Library	139,080
Museum	83,651
Capital campaign	799,870
Publications	16,500
Education	<u>2,916</u>
 Total subject to expenditure for specified purpose or period	 2,643,433

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

10. Net Assets with Donor Restrictions (Continued)

Endowments subject to the Society's spending policy and appropriation:  
Investments in perpetuity (original amounts of \$6,593,124 in 2022),  
which once appropriated, is expendable to support:

Beneficial interest in trusts	\$ 1,622,138
Edith Shepard Freeman/Margaret H. Jewell Fund	1,826,567
Stanley A. Hamel Funds	1,606,770
John L. Frisbee Education Fund	1,050,493
William C. Todd Fund	318,780
Life Memberships Fund	303,398
John W. Harris Fund	224,501
The Donald A. and Joan L. Dunlap Tuck Library Fund	219,592
Ruth E. Pearson Fund	149,821
Mary H. Woodbury Fund	130,060
Evelyn P. and Noah J. Arell Fund	128,339
Natalie Hoyt Fund	111,003
Asa Currier Tilton Fund	99,126
Anonymous	91,152
Snyder Family Fund	88,352
Perry-Dudley Family Archive and Shepard Collection Fund	85,376
Charles S. Parsons Fund	76,156
Frances M. Heald Fund	61,904
George F. Sawyer Memorial Fund	59,898
Philip B. and Nelle L. Holmes Fund	58,738
Bequests Fund	53,447
Concord Clock Tower Fund	53,198
Duncan S. McGowan Memorial Fund	49,382
Capital Campaign Restricted	41,237
Leonard K. Dodge Fund	39,688
Edward C. and Elizabeth F. Lathem Fund	33,733
Robert O. Wilson, D.D.S., Historical Research Fund	32,437
David G. and Barbara J. Stahl Fund	31,446
Lane Dwinell Fund	28,642
Annalee Thorndike Fund	27,156
Raymond S. Vaughan Baseball Fund	26,480
Jere R. Daniell Publications Fund	24,654
Roger F. Woodman Fund	22,930
Mary W. Vaughan Fund	12,061
Edith W. Atkins Fund	<u>5,762</u>
Total net assets with donor restrictions	<u>\$11,437,850</u>

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 11. Liquidity and Availability of Resources

The following reflects the Society's financial assets as of September 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of this date. Amounts not available include amounts set aside for long-term investing in the board designated endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or board designated endowment for general expenditure within one year of September 30, 2022 have not been subtracted as unavailable.

Cash	\$ 1,437,160
Accounts receivable	16,590
Contributions receivable, net	1,107,939
Investments	<u>16,551,153</u>
Total financial assets available	19,112,842
Less amounts unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(2,643,433)
Subject to appropriation and satisfaction of donor restrictions	(6,164,770)
Board designations:	
Board designated for Endowment and operations	<u>(9,490,526)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>814,113</u>

The Society's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is not restricted for specific purposes and, therefore, is available for general expenditure. As described in Note 4, the endowment has a spending rate of 5% to 6%. Approximately \$880,000 of appropriations from the endowment will be available within the next 12 months and has been included in amounts subject to appropriation and satisfaction of donor restrictions above.

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Society has board designated endowment of \$9,490,526. Although the Society does not intend to spend from its board designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the board designated endowment could be made available if necessary.

As described in Note 12, the Society has also obtained a line-of-credit to address cash flow needs as they arise. There was \$250,000 available under this line-of-credit at September 30, 2022.

### 12. Revolving Line-of-Credit and Long-Term Debt, Including Payroll Protection Program Loans

The Society has a \$250,000 revolving unsecured line-of-credit with no stated expiration date. Bank advances on the credit line are payable on demand and carry an interest rate equal to the prime rate (6.25% at September 30, 2022). As of September 30, 2022, there was no outstanding balance on the line-of-credit.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 12. Revolving Line-of-Credit and Long-Term Debt, Including Payroll Protection Program Loans (Continued)

In April 2020, the Society received loan proceeds in the amount of \$208,300 under the first round of the Paycheck Protection Program (PPP). The first round of the PPP, established as part of the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities during the forgivable covered period of either 8 or 24 weeks, at the Society's election beginning on the date of the receipt of the PPP loan.

The unforgiven portion of the PPP loan bears interest at 1%, with a deferral of payments for the first ten months. The loan may be prepaid at any time without penalty and matures 24 months from the date of issuance. In March 2021, the Society received formal approval from the U.S. Small Business Administration for forgiveness of the entire \$208,300 round one PPP loan. The Society recorded a gain on extinguishment of this PPP loan for the full \$208,300 (as well as interest of \$1,341) in the accompanying 2021 statement of activities.

In February 2021, the Society received loan proceeds in the amount of \$208,301 under the second round of the PPP. The Society utilized all of the proceeds for the purpose consistent with the PPP. On February 8, 2022, the Society received notification that 100% of its PPP loan had been forgiven by the small business administration (SBA) and no further action is required. The Society recorded a gain on extinguishment of this PPP loan for the full \$208,301 (as well as interest of \$2,077) in the accompanying 2022 statement of activities.

### 13. Rental Activity

The Society leases office space to tenants under non-cancelable operating leases that expire on October 31, 2023 at its 6 Eagle Square facility with the option for extension through October 31, 2027. The Society entered into an agreement with a local business owner to rent parking spaces for \$12,583 a month expiring on October 31, 2026. Rental income also includes rental of library facilities in the amount of \$500. Revenue and costs associated with rental activity for the year ended September 30, 2022 were as follows:

Revenue:

Rental income, building and parking	<u>\$326,110</u>
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Total revenues	326,110
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Expenses:

Salaries and wages expense	9,757
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Maintenance and repairs	31,264
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Real estate taxes	23,578
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Insurance and other administrative costs	6,425
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Depreciation expense	<u>38,294</u>
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Total expenses	<u>109,318</u>
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Net rental earnings	<u>\$216,792</u>
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# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 13. Rental Activity

The following is a schedule by years of future minimum rentals under the leases at September 30, 2022:

Year Ending September 30,

2023	\$211,785
2024	151,000
2025	151,000
2026	<u>12,583</u>
Total	<u>\$526,368</u>

### 14. Collections

Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as a decrease in net assets without donor restrictions if purchased with unrestricted assets and as decreases in net assets with donor restrictions if purchased with donor-restricted assets.

Contributions of collection items are not recognized in the statement of activities and changes in net assets. The Society has a policy that requires net proceeds realized from the sale or transfer of deaccessioned objects to be used only for acquisition and conservation of collections. There were no items sold or transferred by the Society during the year ended September 30, 2022.

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 values of collection items acquired by gift for which the Society can make a reasonable estimate, amounted to \$43,934 for the year ended September 30, 2022 and are not reflected in the statement of activities and changes in net assets.

The values of collection items acquired by gift for which the Society can make a reasonable estimate, amounted to \$115,313 for the year ended September 30, 2021 and are not reflected in the statement of activities and changes in net assets.

## NEW HAMPSHIRE HISTORICAL SOCIETY

### NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

#### 15. **Beneficial Interest in a Trust**

The Society is a 25% beneficiary of the Benjamin Kimball Irrevocable Trust (the Trust), a perpetual trust held by TD Bank. The Society receives distributions from the Trust based on the income earned by the Trust. The Society's allocation of income from the Trust was \$96,180 and \$87,389 for the years ended September 30, 2022 and 2021, respectively. Twenty-five percent of the fair value of the Trust, which is used to approximate the present value of future benefits expected to be received, amounted to \$1,622,138 and \$2,010,003 at September 30, 2022 and 2021, respectively.

The Society records both the investment income from the trust and the change in value of the investment in the statement of activities and changes in net assets.

#### 16. **Charitable Remainder Unitrust**

The Society is the beneficiary of the Stanley A. Hamel 2008 Charitable Trust, a charitable remainder unitrust. The Society receives a future interest in an investment held by the Society as trustee when the terms of the life income contribution have been met. This amount has been included in these financial statements as an investment recorded at fair value and a liability recorded at the present value of the estimated future payments made to the donors using a discount rate of 5% and actuarial assumptions. On an annual basis, the Society will revalue the investment based on applicable mortality tables and current market conditions.

In accordance with the ASC topic for *Revenue Recognition* (ASC 958-605), the Society records both the investment income from the trust and the change in value of the investment in the statement of activities and changes in net assets.

#### 17. **Funds Held by Others**

The Society is the beneficiary of the Charles A. Watson, Jr. Endowment Fund for the New Hampshire Historical Society, a Designated Fund at the New Hampshire Charitable Foundation (the Foundation). Pursuant to the terms of the resolution establishing this Fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Society.

In accordance with its spending policy, the Foundation makes distributions from the Fund to the Society. The distributions are approximately 4.2% of the market value of the Fund per year. The Fund is not included in these financial statements since all property in the fund was contributed to the Foundation to be held and administered for the benefit of the Society. If the Society ceases to exist, the Foundation's Board of Directors will identify another nonprofit that most closely resembles the original charitable intent. The amount received from the Fund for the years ended September 30, 2022 and 2021 was \$10,300 and \$10,779, respectively. The fair value of the Fund assets was \$226,312 and \$274,143 at September 30, 2022 and 2021, respectively.

The Society is the beneficiary of the Robert P. Hubbard Fund, a Designated Fund at the Foundation. The purpose of this Designated Fund is to support, using income only, the Society for general programs and publications. Pursuant to the terms of the resolution establishing this Fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Society. In accordance with its spending policy, the Foundation makes distributions from the Fund to the Society.

# NEW HAMPSHIRE HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

### 17. Funds Held by Others (Continued)

The distributions are approximately 4.2% of the market value of the Fund per year. The Fund is not included in these financial statements since all property in the fund was contributed to the Foundation to be held and administered for the benefit of the Society. The amount from the Fund for the years ended September 30, 2022 and 2021 was \$29,382 and \$31,272, respectively. The fair value of the Fund assets was \$951,018 and \$1,293,222 at September 30, 2022 and 2021, respectively.

### 18. 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, 2022 and 2021 amount to \$42,344 and \$50,984, respectively.

Numerous volunteers have donated significant amounts of time to the Society's fundraising campaign and program services. Although these donated services are of great intangible value to the Society, they did not meet the accounting requirements for recognition in the financial statements and, therefore, have not been recorded.

### 19. Concentration of Credit Risk

The Society maintains cash in domestic bank deposit accounts which, at times, may exceed amounts guaranteed by the Federal Deposit Insurance Corporation. The Society has not experienced any losses in such accounts and management believes the Society is not exposed to any significant risk of loss on cash.

### 20. Related Party Transactions

The Society maintains a banking relationship with a bank for which the President of the Society is Chair of the Board of Directors. The banking relationship includes asset accounts equaling \$1,084,184 and \$374,711 at September 30, 2022 and 2021, respectively. There were no liability accounts at September 30, 2022 and 2021.

The Society incurred \$358 and \$4,664 in legal fees with related parties for the years ended September 30, 2022 and 2021, respectively.

### 21. 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 employees' earnings. Retirement benefit expenses for the years ended September 30, 2022 and 2021 amounted to \$40,700 and \$38,658, respectively.



**NEW HAMPSHIRE HISTORICAL SOCIETY**

SUPPLEMENTARY SCHEDULES OF DEMOCRACY PROJECT ACTIVITY

Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and support:		
Grants, gifts and fundraising	\$ <u>191,896</u>	\$ <u>43,837</u>
Total revenue and support	191,896	43,837
Operating expenses:		
Depreciation expense	95,694	97,339
Wage allocations	80,930	64,828
Salaries and benefits	86,933	63,251
Contracted services	6,693	6,326
Maintenance	6,490	6,976
Teacher training stipends	1,300	1,875
Food and beverages	1,189	302
Printing and photography	1,065	644
Postage and shipping	210	250
Supplies	372	99
Dues and subscriptions	<u>—</u>	<u>20</u>
Total operating expenses	<u>280,876</u>	<u>241,910</u>
Expenses over revenue and support	<u>(88,980)</u>	<u>(198,073)</u>
Net Democracy Project activity	<u>\$ (88,980)</u>	<u>\$ (198,073)</u>