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New Hampshire Historical Society

Financial Statements
and Supplementary Information

*For the Years Ended September 30, 2023 and 2022
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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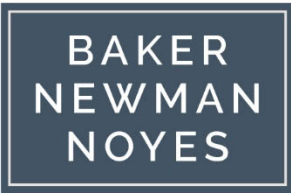
NEW HAMPSHIRE HISTORICAL SOCIETY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended September 30, 2023 and 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplementary Information:	
Supplementary Schedules of Democracy Project Activity	32



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, 2023 and 2022, 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, 2023 and 2022, 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
March 18, 2024

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,978,255	\$ 1,437,160
Accounts receivable	25,445	16,590
Contributions receivable, net of allowance for doubtful accounts of \$1,804	19,138	1,107,939
Prepaid expenses	<u>148,801</u>	<u>148,962</u>
Total current assets	2,171,639	2,710,651
Property and equipment, net	3,793,923	3,791,318
Operating lease right-of-use assets	282,839	—
Investments and other assets:		
Investments	17,164,748	16,551,153
Beneficial interest in a trust	1,671,463	1,622,138
Charitable remainder unitrust	617,267	586,405
Cash surrender value of life insurance	<u>64,440</u>	<u>62,656</u>
Total assets	<u>\$25,766,319</u>	<u>\$25,324,321</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 116,382	\$ 32,433
Accrued expenses	66,291	74,533
Deferred revenue	3,661	15,918
Current portion of charitable remainder unitrust payable	30,863	29,320
Current portion of operating lease liability	<u>75,737</u>	<u>—</u>
Total current liabilities	292,934	152,204
Long-term liabilities:		
Charitable remainder unitrust payable, less current portion	45,957	58,614
Operating lease liability	<u>207,102</u>	<u>—</u>
Total liabilities	545,993	210,818
Net assets:		
Without donor restrictions:		
Undesignated	4,109,010	4,185,127
Designated	<u>9,840,557</u>	<u>9,490,526</u>
Total net assets without donor restrictions	13,949,567	13,675,653
With donor restrictions	<u>11,270,759</u>	<u>11,437,850</u>
Total net assets	<u>25,220,326</u>	<u>25,113,503</u>
Total liabilities and net assets	<u>\$25,766,319</u>	<u>\$25,324,321</u>

See accompanying notes.

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributed support:			
Contributions and memberships	\$ 338,770	\$ —	\$ 338,770
Grants, gifts, and fundraising	185,168	768	185,936
Contributed goods and services	<u>58,410</u>	<u>—</u>	<u>58,410</u>
Total contributed support	582,348	768	583,116
Earned revenues:			
Earned income and special events	84,671	—	84,671
Rental income, net	<u>130,639</u>	<u>—</u>	<u>130,639</u>
Total earned revenues	215,310	—	215,310
Investment income:			
Trust income (Kimball, Watson, Hubbard)	115,784	—	115,784
Other investment income	<u>12,457</u>	<u>50,643</u>	<u>63,100</u>
Total investment income	<u>128,241</u>	<u>50,643</u>	<u>178,884</u>
Total revenues	925,899	51,411	977,310
Net assets released from restrictions:			
Endowment support made available for operations	496,513	383,822	880,335
For satisfaction of program restrictions	174,076	(174,076)	—
Release of current year endowment draw	<u>383,822</u>	<u>(383,822)</u>	<u>—</u>
Total net assets released from restrictions	1,054,411	(174,076)	880,335
Expenses:			
Program service expenses:			
Library	540,307	—	540,307
Museum	416,472	—	416,472
Democracy project	147,973	—	147,973
Education	343,755	—	343,755
Exhibitions	127,189	—	127,189
Publications	159,399	—	159,399
Museum store	<u>7,788</u>	<u>—</u>	<u>7,788</u>
Total program service expenses	1,742,883	—	1,742,883

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Supporting services and general expenses:			
Administration	\$ 433,308	\$ —	\$ 433,308
Membership, development, and public relations	227,058	—	227,058
Buildings, grounds, and security	<u>61,222</u>	<u>—</u>	<u>61,222</u>
Total supporting services and general expenses	<u>721,588</u>	<u>—</u>	<u>721,588</u>
Total expenses	<u>2,464,471</u>	<u>—</u>	<u>2,464,471</u>
Decrease in net assets from operating activities	(484,161)	(122,665)	(606,826)
Non-operating activities:			
Revenues and other support:			
Gifts and fundraising	<u>11,778</u>	<u>17,250</u>	<u>29,028</u>
Total revenues and other support	11,778	17,250	29,028
Investment return:			
Realized and unrealized investment gains	1,046,011	203,316	1,249,327
Investment expenses	(65,611)	(31,059)	(96,670)
Investment income	262,410	122,482	384,892
Change in present value of charitable remainder unitrust	—	(21,918)	(21,918)
Change in value of beneficial interest in a trust	<u>—</u>	<u>49,325</u>	<u>49,325</u>
Total investment return	1,242,810	322,146	1,564,956
Endowment draw for operations	<u>(496,513)</u>	<u>(383,822)</u>	<u>(880,335)</u>
Total non-operating changes	<u>758,075</u>	<u>(44,426)</u>	<u>713,649</u>
Increase (decrease) in net assets	273,914	(167,091)	106,823
Net assets, beginning of year	<u>13,675,653</u>	<u>11,437,850</u>	<u>25,113,503</u>
Net assets, end of year	<u>\$13,949,567</u>	<u>\$11,270,759</u>	<u>\$25,220,326</u>

See accompanying notes.

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>
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 FUNCTIONAL EXPENSES

Year Ended September 30, 2023

	<u>Program Service Expenses</u>							<u>Supporting Services and General Expenses</u>			<u>Total</u>
	<u>Library</u>	<u>Museum</u>	<u>Democracy Project</u>	<u>Education</u>	<u>Exhibitions</u>	<u>Publications</u>	<u>Museum Store</u>	<u>Admin- istration</u>	<u>Members- hip Develop- ment and Public Relations</u>	<u>Buildings Grounds and Security</u>	
Salary and benefits	\$ 276,759	\$ 186,763	\$ 45,516	\$ 187,698	\$ 40,879	\$ 57,000	\$ -	\$ 260,458	\$ 149,767	\$ 45,793	\$1,250,633
Depreciation expense	82,774	31,526	97,213	16,520	59,064	4,064	-	4,141	6,450	-	301,752
Communications expense	56,034	29,584	-	34,791	1,537	8,272	815	24,228	17,563	10,994	183,818
Contracted services	52,624	20,489	5,075	24,554	4,697	17,019	-	71,521	11,491	-	207,470
Utilities	59,974	35,102	-	-	-	-	-	-	-	-	95,076
Publications HNH	-	-	-	-	-	48,437	-	-	-	-	48,437
Miscellaneous	2,092	1,334	23	13,313	204	1,564	5,269	50,460	8,448	50	82,757
Acquisitions	28,944	90,661	-	-	-	-	-	-	-	-	119,605
Conservation	6,378	11,406	-	-	-	-	-	-	-	-	17,784
Supplies	8,459	2,498	51	3,885	317	371	204	4,648	909	-	21,342
Building rent	(95)	21,730	-	-	-	296	(95)	2,930	-	4,367	29,133
Insurance	11,054	8,942	-	-	1,313	-	-	7,915	-	-	29,224
Postage and shipping	343	360	-	4,876	14	11,414	954	989	10,425	2	29,377
Facilities repairs and maintenance	1,800	1,919	-	-	-	-	-	-	-	-	3,719
Printing and photography	333	135	95	8,454	192	8,442	-	59	9,086	16	26,812
Bank charges	603	96	-	1,157	562	-	641	461	6,663	-	10,183
Food, beverages and catering	-	-	-	23,445	-	-	-	4,381	5,367	-	33,193
Facilities expense allocation	<u>(47,769)</u>	<u>(26,073)</u>	<u>-</u>	<u>25,062</u>	<u>18,410</u>	<u>2,520</u>	<u>-</u>	<u>1,117</u>	<u>889</u>	<u>-</u>	<u>(25,844)</u>
Total	<u>\$ 540,307</u>	<u>\$ 416,472</u>	<u>\$ 147,973</u>	<u>\$ 343,755</u>	<u>\$ 127,189</u>	<u>\$ 159,399</u>	<u>\$ 7,788</u>	<u>\$ 433,308</u>	<u>\$ 227,058</u>	<u>\$ 61,222</u>	<u>\$2,464,471</u>

See accompanying notes.

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year Ended September 30, 2022

	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	\$ 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	(41,030)	(23,835)	–	21,526	15,813	2,164	–	972	763	–	(23,627)
Total	\$ 439,801	\$ 320,804	\$ 280,876	\$ 183,460	\$ 182,528	\$ 131,991	\$ 8,709	\$ 314,341	\$ 213,425	\$ 61,010	\$2,136,945

See accompanying notes.

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 106,823	\$ (1,596,516)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	334,427	321,563
Realized and unrealized investment (gains) losses	(1,249,327)	3,176,829
Gain on extinguishment of Paycheck Protection Program loan	-	(210,378)
Restricted gifts and bequests	(18,018)	(2,382,435)
Changes in operating assets and leases:		
Beneficial interest in a trust	(49,325)	387,865
Cash surrender value of life insurance	(1,784)	(2,587)
Charitable remainder unitrust payable	(11,114)	(30,171)
Prepaid expenses	161	(83,044)
Accounts receivable	(8,855)	20,086
Payable and accrued expenses	75,707	1,184
Deferred revenue	<u>(12,257)</u>	<u>(6,272)</u>
Net cash used in operating activities	(833,562)	(403,876)
Cash flows from investing activities:		
Proceeds from sales of investments	3,123,113	1,301,741
Purchases of investments	(2,518,244)	(1,299,548)
Purchases of property and equipment	<u>(337,031)</u>	<u>(58,223)</u>
Net cash provided by (used in) investing activities	267,838	(56,030)
Cash flows from financing activities:		
Restricted gifts and bequests	<u>1,106,819</u>	<u>1,290,534</u>
Net cash provided by financing activities	<u>1,106,819</u>	<u>1,290,534</u>
Net increase in cash	541,095	830,628
Cash, beginning of year	<u>1,437,160</u>	<u>606,532</u>
Cash, end of year	<u>\$ 1,978,255</u>	<u>\$ 1,437,160</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ 2,077

See accompanying notes.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022 amounted to \$1,804.

Advertising

The Society expenses all advertising costs as incurred. Advertising amounted to \$2,449 and \$514 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022

2. Significant Accounting Policies (Continued)

Investment Pools and Spending Policies

The Society maintains four 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, 2023, 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 \$334,427 and \$321,563, of which \$32,675 and \$38,294 is included in rental expenses at September 30, 2023 and 2022, 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, 2023, 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 2020.

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, 2023 and 2022

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.

Leases

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires that lease arrangements longer than twelve months result in an entity recognizing an asset and liability. The pronouncement is effective for the Society beginning October 1, 2022.

At inception of a contract, the Society determines whether that contract is or contains a lease. the Society determines whether a contract contains a lease by assessing whether there is an identified asset and whether the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. the Society has control of the asset if it has the right to direct the use of the asset and obtains substantially all of the economic benefits from the use of the asset throughout the period of use.

As a practical expedient, the Society does not recognize a lease asset or lease liability for leases with a lease term of 12 months or less. In the determination of the lease term, the Society considers the existence of extension or termination options and the probability of those options being exercised.

Right-of-use assets represent the Society's right to use an underlying asset during the lease term and lease liabilities represent the Society's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. the Society's lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised.

As a practical expedient, the Society uses the risk free rate as of the lease commencement date, per the U.S. Treasury Department, to determine the discount rate used in the present value of future cash payment calculation.

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 March 18, 2024, which is the date the financial statements were available to be issued.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

3. Investments

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 588,773	\$ 293,685
Equities:		
Common stocks	12,005,388	13,863,844
Private equities	1,457,032	1,388,619
Fixed income corporate and government bonds	3,074,558	965,447
Alternative investments	<u>38,997</u>	<u>39,558</u>
 Total	 <u>\$17,164,748</u>	 <u>\$16,551,153</u>

Investment return for September 30 is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2023</u>			
Realized and unrealized gains	\$ 1,046,011	\$ 203,316	\$ 1,249,327
Investment expenses	(65,611)	(31,059)	(96,670)
Investment income, dividends and interest	<u>262,410</u>	<u>122,482</u>	<u>384,892</u>
	<u>\$ 1,242,810</u>	<u>\$ 294,739</u>	<u>\$ 1,537,549</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>

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, 2023 and 2022

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, 2023 and 2022

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>2023</u>			
Donor-restricted endowment fund	\$ —	\$ 7,435,859	\$ 7,435,859
Board-designated endowment funds	<u>9,728,889</u>	<u>—</u>	<u>9,728,889</u>
Total	<u>\$ 9,728,889</u>	<u>\$ 7,435,859</u>	<u>\$ 17,164,748</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>

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>2023</u>			
Endowment net assets, beginning of year	\$ 9,378,875	\$ 7,172,278	\$ 16,551,153
Investment return:			
Investment income	205,236	156,907	362,143
Net appreciation (realized and unrealized)	<u>641,290</u>	<u>490,496</u>	<u>1,131,786</u>
Total investment return	846,526	647,403	1,493,929
Appropriation of endowment assets for expenditure	<u>(496,512)</u>	<u>(383,822)</u>	<u>(880,334)</u>
Endowment net assets, end of year	<u>\$ 9,728,889</u>	<u>\$ 7,435,859</u>	<u>\$ 17,164,748</u>

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

4. Endowment Funds and Net Assets (Continued)

	<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>

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, 2023 and 2022

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>2023</u>				
Assets:				
Investments:				
Money market funds	\$ 588,773	\$ —	\$ —	\$ 588,773
Equities:				
Common stock	12,005,388	—	—	12,005,388
Fixed income:				
Corporate and government bonds	<u>—</u>	<u>3,074,558</u>	<u>—</u>	<u>3,074,558</u>
	12,594,161	3,074,558	—	15,668,719
Alternative investments	38,997	—	—	38,997
Charitable remainder unitrust:				
Cash and money market funds	18,690	—	—	18,690
Equities:				
Common stock	427,423	—	—	427,423
Mutual funds	171,154	—	—	171,154
Mutual funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total charitable remainder unitrust	617,267	—	—	617,267
Beneficial interest in a trust	<u>—</u>	<u>—</u>	<u>1,671,463</u>	<u>1,671,463</u>
Total investments	<u>\$13,250,425</u>	<u>\$3,074,558</u>	<u>\$1,671,463</u>	17,996,446
Investments measured using net asset value:				
Pooled equity				<u>1,457,031</u>
Total assets				<u>\$19,453,477</u>
Liabilities:				
Charitable remainder unitrust payable	\$ <u>—</u>	\$ <u>—</u>	\$ <u>76,820</u>	\$ <u>76,820</u>
Total liabilities	<u>\$ <u>—</u></u>	<u>\$ <u>—</u></u>	<u>\$ <u>76,820</u></u>	<u>\$ <u>76,820</u></u>

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

5. Fair Value Measurements (Continued)

	<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>\$ 87,934</u>	<u>\$ 87,934</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.

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.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

5. Fair Value Measurements (Continued)

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:

2023

Fair value, October 1, 2022	\$1,622,138
Change in value of beneficial interest in a trust	<u>49,325</u>
Fair value, September 30, 2023	<u>\$1,671,463</u>

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>

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, 2023:

In one year or less	\$ 20,942
Allowance for uncollectible contributions receivable	<u>(1,804)</u>
Total	<u>\$ 19,138</u>

Approximately 25% of total contributions receivable, or \$4,700, represents promises to give by board members or employees at September 30, 2023. Approximately 0.3% of total contributions receivable, or \$3,500, represents promises to give by board members or employees at September 30, 2022.

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, 2023 and 2022, the unemployment fund balance amounted to \$13,663 and \$11,706, respectively.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

8. Property and Equipment

Property and equipment, at cost, as of September 30, 2023 is comprised as follows:

	<u>Property Used in Operations</u>	<u>Rental Property</u>	<u>Total</u>
Building improvements	\$ 5,287,899	\$ 1,198,207	\$ 6,486,106
Buildings	550,115	305,600	855,715
Equipment fixtures	1,093,607	–	1,093,607
Land improvements, parking lots	63,473	324,709	388,182
Permanent exhibit	247,100	–	247,100
Website and software	861,757	–	861,757
Leasehold improvements	57,309	–	57,309
Land	<u>–</u>	<u>200,000</u>	<u>200,000</u>
	8,161,260	2,028,516	10,189,776
Less: accumulated depreciation	<u>(5,286,738)</u>	<u>(1,109,115)</u>	<u>(6,395,853)</u>
Property and equipment, net	<u>\$ 2,874,522</u>	<u>\$ 919,401</u>	<u>\$ 3,793,923</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.

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.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

9. Designated Net Assets (Continued)

The Society's Board-designated net assets at September 30, 2023 are comprised as follows:

<u>Operations designations:</u>	<u>Purpose</u>	
Plant fund operating cash	Major repairs to buildings	\$ 56,652
 <u>Designated funds for Endowment:</u>		
General Fund	General operations	5,923,050
Katharine Prentis Murphy Fund	Museum acquisitions/conservation	1,554,029
Bequests Fund under \$100k	General operations	486,462
June Campbell Hoyt Fund	General operations	462,599
Donald A. and Joan L. Dunlap Fund	General operations	370,740
William N. Banks Jr. Fund	General operations	174,704
Library collections, care and acquisitions	Library acquisitions/conservation	169,456
Jere R. Daniell Fund	General operations	176,002
Publications Fund	Costs of publications	139,450
Elizabeth M. Hoyt Fund	General operations	83,170
John L. Frisbee Education Fund	Educational programs/services	73,075
Plant Fund	Major repairs to buildings	19,805
Library collections, Stewardship Fund	Library operations	55,017
Jessie H. Rablin Fund	General operations	50,160
Museum collections, care and acquisitions	Museum acquisitions/conservation	42,663
Museum collections, Stewardship Fund	Museum operations	<u>3,523</u>
 Total designated net assets		 <u>\$ 9,840,557</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, 2023:

Subject to expenditure for specified purpose or period:	
Contributions receivable, net	\$ 13,138
Charitable remainder trust	540,447
Library	135,145
Museum	36,361
Capital campaign	1,406,461
Publications	<u>14,635</u>
 Total subject to expenditure for specified purpose or period	 2,146,187

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

10. Net Assets with Donor Restrictions (Continued)

Endowments subject to the Society's spending policy and appropriation:
Investments in perpetuity (original amounts of \$6,642,449 in 2023),
which once appropriated, is expendable to support:

Beneficial interest in trusts	\$ 1,671,463
Edith Shepard Freeman/Margaret H. Jewell Fund	1,892,725
Stanley A. Hamel Funds	1,664,968
John L. Frisbee Education Fund	1,088,543
William C. Todd Fund	330,326
Life Memberships Fund	330,942
John W. Harris Fund	232,632
The Donald A. and Joan L. Dunlap Tuck Library Fund	227,546
Ruth E. Pearson Fund	155,248
Mary H. Woodbury Fund	134,771
Evelyn P. and Noah J. Arell Fund	132,988
Natalie Hoyt Fund	115,023
Asa Currier Tilton Fund	103,252
Anonymous	94,453
Snyder Family Fund	91,610
Perry-Dudley Family Archive and Shepard Collection Fund	88,474
Charles S. Parsons Fund	78,914
Frances M. Heald Fund	64,147
George F. Sawyer Memorial Fund	62,068
Philip B. and Nelle L. Holmes Fund	60,866
Bequests Fund	55,382
Concord Clock Tower Fund	55,125
Duncan S. McGowan Memorial Fund	53,962
Capital Campaign Restricted	42,730
Leonard K. Dodge Fund	42,127
Edward C. and Elizabeth F. Lathem Fund	34,955
Robert O. Wilson, D.D.S., Historical Research Fund	33,712
David G. and Barbara J. Stahl Fund	32,585
Lane Dwinell Fund	29,680
Annalee Thorndike Fund	28,139
Raymond S. Vaughan Baseball Fund	27,439
Jere R. Daniell Publications Fund	25,547
Roger F. Woodman Fund	23,761
Mary W. Vaughan Fund	12,498
Edith W. Atkins Fund	<u>5,971</u>
Total net assets with donor restrictions	<u>\$11,270,759</u>

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

11. Liquidity and Availability of Resources

The following reflects the Society's financial assets as of September 30, 2023, 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, 2023 have not been subtracted as unavailable.

Cash	\$ 1,978,255
Accounts receivable	25,445
Contributions receivable, net	19,138
Investments	<u>17,164,748</u>
Total financial assets available	19,187,586
Less amounts unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(2,163,437)
Subject to appropriation and satisfaction of donor restrictions	(6,943,885)
Board designations:	
Board designated for Endowment and operations	<u>(9,840,557)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>239,707</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 \$893,000 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 \$9,840,557. 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, 2023.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

12. Revolving Line-of-Credit and Long-Term Debt

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 (8.50% at September 30, 2023). As of September 30, 2023, there was no outstanding balance on the line-of-credit.

13. Rental Activity

The Society leases office space to tenants under an operating lease at its 6 Eagle Square facility with an expiration date of February 2023. The Society entered into an agreement with a local business owner to rent parking spaces for \$12,583 a month expiring on October 31, 2025. Revenue and costs associated with rental activity for the year ended September 30, 2023 were as follows:

Revenue:

Rental income, building and parking	<u>\$225,187</u>
Total revenues	225,187

Expenses:

Salaries and wages expense	10,236
Maintenance and repairs	26,479
Real estate taxes	18,841
Insurance and other administrative costs	6,318
Depreciation expense	<u>32,674</u>
Total expenses	<u>94,548</u>

Net rental earnings	<u>\$130,639</u>
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The following is a schedule by years of future minimum rentals under the leases at September 30, 2023:

2024	\$151,000
2025	151,000
2026	<u>12,583</u>
Total	<u>\$314,583</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.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

14. Collections (Continued)

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, 2023.

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.

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 \$87,796 and \$96,180 for the years ended September 30, 2023 and 2022, 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 \$1,671,463 and \$1,622,138 at September 30, 2023 and 2022, 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.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

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, 2023 and 2022 was \$9,004 and \$10,300, respectively. The fair value of the Fund assets was \$237,090 and \$226,312 at September 30, 2023 and 2022, 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.

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 received from the Fund for the years ended September 30, 2023 and 2022 was \$18,984 and \$29,382, respectively. The fair value of the Fund assets was \$1,022,906 and \$951,018 at September 30, 2023 and 2022, 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, 2023 and 2022 amount to \$58,410 and \$42,344, 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.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

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 President's term as Chair ended in March 2023. The banking relationship includes asset accounts equaling \$106,485 and \$1,084,184 at September 30 2023 and 2022, respectively. There were no liability accounts at September 30, 2023 and 2022.

The Society incurred \$0 and \$358 in legal fees with related parties for the years ended September 30, 2023 and 2022, 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, 2023 and 2022 amounted to \$38,815 and \$40,700, respectively.

22. Operating Leases

ASC 842 became effective for the Society on October 1, 2022 and was adopted using the modified retrospective method for all leases that had commenced as of the effective date, along with certain available practical expedients. The Society elected to adopt the package of practical expedients permitted under the transition guidance within the new standard. The practical expedient package applied to leases that commenced prior to the effective date of the new standard and permits a reporting entity not to: i) reassess whether any expired or existing contracts are or contain leases, ii) reassess the historical lease classification for any expired or existing leases, and iii) reassess initial direct costs for any existing leases. The reporting results for fiscal year 2023 reflect the application of ASC 842 guidance while the historical results for fiscal year 2022 were prepared under the guidance of ASC 840. The adoption of the new standard did not have a significant impact upon the Society statements of activities and cash flows. The adoption of the new standard resulted in the following impact to the statement of financial position: the recording of right-of-use assets and corresponding lease liabilities pertaining to the Society operating leases on the statement of financial position.

The Society utilizes operating leases for the use of certain office space. The components of lease assets and liabilities for the year ended September 30, 2023 are as follows:

Assets:	
Operating right-of-use assets	<u>\$282,839</u>
Liabilities:	
Operating lease liabilities	<u>\$282,839</u>

The components of lease cost and rent expense for the year ended September 30, 2023 are as follows:

Operating lease expense	<u>\$ 87,046</u>
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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

22. Operating Leases (Continued)

Lease term and discount rate are as follows at September 30, 2023:

Weighted-average remaining lease term in years	3.72
Weighted-average discount rate	4.56%

Future minimum operating lease payments under operating obligations at September 30, 2023 are as follows:

2024	\$ 87,046
2025	87,046
2026	67,758
2027	<u>66,005</u>
Total lease payments	307,855
Less imputed interest	<u>(25,016)</u>
Lease obligation reflected on the statement of financial position	<u>\$282,839</u>

NEW HAMPSHIRE HISTORICAL SOCIETY

SUPPLEMENTARY SCHEDULES OF DEMOCRACY PROJECT ACTIVITY

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue and support:		
Grants, gifts and fundraising	\$ <u>—</u>	\$ <u>191,896</u>
Total revenue and support	—	191,896
Operating expenses:		
Depreciation expense	97,213	95,694
Wage allocations	21,632	80,930
Salaries and benefits	23,907	86,933
Contracted services	2,075	6,693
Maintenance	3,000	6,490
Teacher training stipends	—	1,300
Food and beverages	—	1,189
Printing and photography	95	1,065
Postage and shipping	—	210
Supplies	<u>51</u>	<u>372</u>
Total operating expenses	<u>147,973</u>	<u>280,876</u>
Expenses over revenue and support	<u>(147,973)</u>	<u>(88,980)</u>
Net Democracy Project activity	<u>\$(147,973)</u>	<u>\$ (88,980)</u>