

NEW HAMPSHIRE HISTORICAL SOCIETY

FINANCIAL REPORT

SEPTEMBER 30, 2016

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NATHAN WECHSLER & COMPANY
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Hampshire Historical Society
Concord, New Hampshire 03301

We have audited the accompanying financial statements of the New Hampshire Historical Society, which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Hampshire Historical Society, as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the New Hampshire Historical Society's September 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of capital campaign activity are presented for purposes of additional analysis and are 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Nathan Wechsler & Company
Concord, New Hampshire
March 9, 2017

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENT OF FINANCIAL POSITION
September 30, 2016 and Comparative Totals for September 30, 2015

	ASSETS				
	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
CURRENT ASSETS					
Cash	\$ 37,945	\$ 160,167	\$ -	\$ 198,112	\$ 643,139
Accounts receivable	5,713	-	-	5,713	5,110
Contributions receivable, current, net of allowance for doubtful accounts of \$13,205	9,259	109,470	117	118,846	284,655
Grants receivable, current	-	-	-	-	138,790
Inventory	29,095	-	-	29,095	27,083
Prepaid expenses	116,903	-	-	116,903	89,878
<i>Total current assets</i>	<u>198,915</u>	<u>269,637</u>	<u>117</u>	<u>468,669</u>	<u>1,188,655</u>
PROPERTY AND EQUIPMENT, NET	5,473,833	-	-	5,473,833	5,168,082
COLLECTIONS (See Note 15)	-	-	-	-	-
INVESTMENTS AND OTHER ASSETS					
Investments	6,462,420	2,011,859	4,482,761	12,957,040	12,566,926
Beneficial interest in a trust	-	-	1,692,701	1,692,701	1,683,295
Charitable gift annuity	-	340,077	-	340,077	320,464
Charitable remainder unitrust	-	608,413	-	608,413	569,197
Contributions receivable, long-term, net of allowance for doubtful accounts of \$4,670 and discount of \$2,795	7,045	32,190	-	39,235	240,648
Cash surrender value of life insurance	49,246	-	-	49,246	46,188
<i>Total assets</i>	<u>\$ 12,191,459</u>	<u>\$ 3,262,176</u>	<u>\$ 6,175,579</u>	<u>\$ 21,629,214</u>	<u>\$ 21,783,455</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Line-of-credit	\$ 249,500	\$ -	\$ -	\$ 249,500	\$ 249,500
Current maturities of long-term debt	21,669	-	-	21,669	-
Accounts payable	50,422	-	-	50,422	104,552
Accrued expenses	63,234	-	-	63,234	55,370
Deferred revenue	3,796	-	-	3,796	93,900
Current portion of annuity payable	-	13,528	-	13,528	13,119
Current portion of charitable remainder unitrust payable	-	30,420	-	30,420	28,460
<i>Total current liabilities</i>	<u>388,621</u>	<u>43,948</u>	<u>-</u>	<u>432,569</u>	<u>544,901</u>
LONG-TERM LIABILITIES					
Long-term debt, less current maturities	124,190	-	-	124,190	-
Annuity payable, less current portion	-	136,670	-	136,670	150,198
Charitable remainder unitrust payable, less current portion	-	181,618	-	181,618	169,911
<i>Total liabilities</i>	<u>512,811</u>	<u>362,236</u>	<u>-</u>	<u>875,047</u>	<u>865,010</u>
NET ASSETS					
Unrestricted:					
Net investment in property and equipment	5,473,833	-	-	5,473,833	5,168,082
Designated:					
Operations	33,783	-	-	33,783	91,090
Investments	6,462,420	-	-	6,462,420	6,243,613
Undesignated:					
Operations	(291,388)	-	-	(291,388)	(177,778)
Temporarily restricted	-	2,899,940	-	2,899,940	3,443,958
Permanently restricted	-	-	6,175,579	6,175,579	6,149,480
<i>Total net assets</i>	<u>11,678,648</u>	<u>2,899,940</u>	<u>6,175,579</u>	<u>20,754,167</u>	<u>20,918,445</u>
<i>Total liabilities and net assets</i>	<u>\$ 12,191,459</u>	<u>\$ 3,262,176</u>	<u>\$ 6,175,579</u>	<u>\$ 21,629,214</u>	<u>\$ 21,783,455</u>

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended September 30, 2016 and Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
OPERATING ACTIVITIES:					
Revenues					
Contributed support:					
Contributions and memberships	\$ 249,747	\$ -	\$ -	\$ 249,747	\$ 264,652
Grants, gifts, and fundraising	-	28,964	17,779	46,743	985,665
Contributed goods and services	20,571	-	-	20,571	31,181
<i>Total contributed support</i>	<u>270,318</u>	<u>28,964</u>	<u>17,779</u>	<u>317,061</u>	<u>1,281,498</u>
Earned revenues:					
Earned income and special events	93,304	-	-	93,304	70,188
Rental income	529,195	-	-	529,195	385,571
<i>Total earned revenues</i>	<u>622,499</u>	<u>-</u>	<u>-</u>	<u>622,499</u>	<u>455,759</u>
Investment income:					
Trust income (Kimball, Watson, Hubbard)	129,729	-	-	129,729	94,171
Other investment income	130	-	-	130	206
Endowment spending draw in accordance with spending policy (see Note 4)	329,140	304,118	-	633,258	574,084
Additional draw from board-designated funds	-	-	-	-	556,512
Release of current year endowment draw for satisfaction of program restrictions	287,998	(287,998)	-	-	-
<i>Total investment income</i>	<u>746,997</u>	<u>16,120</u>	<u>-</u>	<u>763,117</u>	<u>1,224,973</u>
<i>Total revenues</i>	<u>1,639,814</u>	<u>45,084</u>	<u>17,779</u>	<u>1,702,677</u>	<u>2,962,230</u>
Net assets released from restrictions:					
For satisfaction of program restrictions	129,677	(129,677)	-	-	-
Expenses					
Program service expenses:					
Museum	231,421	-	-	231,421	231,710
Exhibitions	47,499	-	-	47,499	20,992
Library	281,403	-	-	281,403	256,821
Education	142,103	-	-	142,103	141,182
Publications	68,865	-	-	68,865	64,747
Museum store and visitor services	4,776	-	-	4,776	18,158
Buildings, grounds, and security	39,266	-	-	39,266	33,389
<i>Total program service expenses</i>	<u>815,333</u>	<u>-</u>	<u>-</u>	<u>815,333</u>	<u>766,999</u>
Collection items acquired by purchase:					
Museum and Library	78,942	-	-	78,942	46,816
<i>Total collection items acquired by purchase</i>	<u>78,942</u>	<u>-</u>	<u>-</u>	<u>78,942</u>	<u>46,816</u>
Supporting services and general expenses:					
Membership, development, and public relations	292,654	-	-	292,654	203,180
Administration	217,988	-	-	217,988	188,239
Depreciation expense from operations	370,306	-	-	370,306	169,063
<i>Total supporting services and general expenses</i>	<u>880,948</u>	<u>-</u>	<u>-</u>	<u>880,948</u>	<u>560,482</u>
Rental expenses, including depreciation of \$44,756	383,180	-	-	383,180	375,322
<i>Total expenses</i>	<u>2,158,403</u>	<u>-</u>	<u>-</u>	<u>2,158,403</u>	<u>1,749,619</u>
<i>Increase (decrease) in net assets from operating activities</i>	<u>\$ (388,912)</u>	<u>\$ (84,593)</u>	<u>\$ 17,779</u>	<u>\$ (455,726)</u>	<u>\$ 1,212,611</u>

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
 Year Ended September 30, 2016 and Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
<i>Increase (decrease) in net assets from operating activities</i>	\$ (388,912)	\$ (84,593)	\$ 17,779	\$ (455,726)	\$ 1,212,611
NON-OPERATING ACTIVITIES:					
Capital campaign:					
Capital campaign contributions	-	101,330	-	101,330	477,146
Capital campaign project related and fundraising expenses	(247,754)	-	-	(247,754)	(560,643)
Net assets released from restrictions for capital campaign expenses and reclassification of donor gift	816,071	(814,985)	(1,086)	-	-
<i>Net capital campaign</i>	568,317	(713,655)	(1,086)	(146,424)	(83,497)
Investment return:					
Realized and unrealized investment gains (losses)	326,695	398,149	-	724,844	(910,430)
Investment expenses	(24,406)	(32,422)	-	(56,828)	(62,983)
Investment income, actual dividends and interest	201,087	236,509	-	437,596	581,127
Change in present value of charitable remainder unitrust	-	(43,888)	-	(43,888)	(9,438)
Change in value of beneficial interest in a trust	-	-	9,406	9,406	(93,406)
<i>Total investment return</i>	503,376	558,348	9,406	1,071,130	(495,130)
Less endowment spending draw (see Note 4)	(329,140)	(304,118)	-	(633,258)	(574,084)
Less additional draw from board-designated funds	-	-	-	-	(556,512)
<i>Total investment draw</i>	(329,140)	(304,118)	-	(633,258)	(1,130,596)
<i>Increase (decrease) in net assets from non-operating activities</i>	742,553	(459,425)	8,320	291,448	(1,709,223)
<i>Increase (decrease) in net assets</i>	353,641	(544,018)	26,099	(164,278)	(496,612)
Net assets, beginning of year	11,325,007	3,443,958	6,149,480	20,918,445	21,415,057
<i>Net assets, end of year</i>	\$ 11,678,648	\$ 2,899,940	\$ 6,175,579	\$ 20,754,167	\$ 20,918,445

NEW HAMPSHIRE HISTORICAL SOCIETY

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (164,278)	\$ (496,612)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	415,062	214,634
Bad debt expense (recovery)	5,660	(35,078)
Realized and unrealized (gains) losses on investments	(724,844)	910,430
(Increase) decrease in value of beneficial interest in a trust	(9,406)	93,406
Increase in cash surrender value of life insurance	(3,058)	(2,999)
Receipt of gifts restricted to endowment and capital campaign	(17,779)	(888,607)
Decrease in charitable gift annuity payable	(13,119)	(12,723)
Increase (decrease) in charitable remainder unitrust payable	13,667	(22,075)
(Increase) decrease in inventory	(2,012)	3,659
Increase in prepaid expenses	(27,025)	(17,831)
Decrease in contributions receivable	361,562	326,959
(Increase) decrease in accounts receivable	(603)	5,950
Decrease in grants receivable	138,790	538,619
Increase (decrease) in accounts payable and accrued expenses	(46,266)	37,835
Increase (decrease) in deferred revenue	(90,104)	72,869
<i>Net cash provided by (used in) operating activities</i>	<u>(163,753)</u>	<u>728,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,767,992	2,875,788
Purchases of investments	(1,492,091)	(3,192,739)
Purchases of property and equipment	(720,813)	(1,679,942)
<i>Net cash used in investing activities</i>	<u>(444,912)</u>	<u>(1,996,893)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from long-term debt	165,000	-
Repayments of long-term debt	(19,141)	-
Receipt of gifts restricted to endowment and capital campaign	17,779	888,607
<i>Net cash provided by financing activities</i>	<u>163,638</u>	<u>888,607</u>
<i>Net decrease in cash</i>	(445,027)	(379,850)
Cash, beginning of year	<u>643,139</u>	<u>1,022,989</u>
<i>Cash, end of year</i>	<u><u>\$ 198,112</u></u>	<u><u>\$ 643,139</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 8,169	\$ 2,977

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities

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

Library: 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 program offerings, including research services, exhibitions, publications, school programs, public programs, technical services and support of local historical societies, and its website.

Store: The Society operates an online store, which sells books and goods related to New Hampshire and its history as well as New Hampshire-made products.

Note 2. Significant Accounting Policies

Basis of accounting: The financial statements of the Society have been prepared on the accrual basis. Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates and assumptions: 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.

Basis of presentation: The Society accounts for contributions received in accordance with the FASB Accounting Standards Codification topic for revenue recognition (FASB ASC 958-605) and contributions made in accordance with FASB ASC 958-720-25 and FASB ASC 958-310. In accordance with FASB ASC 958-605-25, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. In addition, FASB ASC 958-310 requires that unconditional promises to give (pledges) be recorded as receivables and recognized as revenues.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

The Society adheres to the Presentation of Financial Statements for Not-for-Profit Organizations topic of the FASB Accounting Standards Codification (FASB ASC 958-205). Under FASB ASC 958-205, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Descriptions of the three net asset categories are as follows:

Unrestricted net assets include both undesignated and designated net assets, which are the revenues not restricted by outside sources and revenues designated by the Board of Trustees for special purposes and their related expenses.

Temporarily restricted net assets include gifts and pledges for which time and donor-imposed restrictions have not yet been met, and also include the accumulated appreciation related to permanently restricted endowment gifts, which is a requirement of FASB ASC 958-205-45.

Permanently restricted net assets include gifts which require, by donor restriction, that the corpus be invested in perpetuity and only the income or a portion thereof be made available for program operations in accordance with donor restrictions.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributed collection items are not capitalized or recognized in the statement of activities and changes in net assets (see Note 15).

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and as an increase in unrestricted net assets.

Included in support are gifts in-kind which are valued at fair value at the date of the gift.

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. It is the Society's policy to consider such cash equivalents to be investments. Cash equivalents reported as investments in the statement of financial position amounted to \$1,932,583 at September 30, 2016.

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. 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, 2016 amounted to \$17,875. Bad debt expense for the year ended September 30, 2016 amounted to \$5,660.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

Advertising: The Society expenses all advertising costs as incurred. Advertising amounted to \$2,628 for the year ended September 30, 2016.

Inventory: Inventory is valued at the lower of cost or market, 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, 2016.

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

Investment pools: 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, 2016, the spending limit was based on 5% of the average fair value of the investment portfolio determined over a five-year period.

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

Property and equipment: 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:

	Years
Buildings and improvements.....	7-39
Furniture and equipment.....	3-7

Depreciation expense amounted to \$415,062, of which \$44,756 is included in rental expenses.

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, 2016, there was no liability for a tax on unrelated business income.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

The Society has adopted the provisions of FASB 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 2013.

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

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

Comparative financial information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended September 30, 2015, from which the summarized information was derived.

Shipping and handling: Freight billed to customers is considered sales revenue and the related freight costs as a cost of sales.

Note 3. Investments

The fair values of the Society's investments at September 30, 2016 were comprised of the following:

Cash	\$	800,137
Equities:		
Common stocks		4,377,759
Private equities		1,105,313
Global stocks		4,243,916
Fixed income corporate and government bonds		436,895
Market neutral mutual funds		598,590
Alternative investments		181,882
Hedging assets		1,212,548
<i>Total</i>	\$	<u>12,957,040</u>

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

Investment return for September 30, 2016 is summarized as follows:

	Unrestricted	Temporarily Restricted	Total
Realized and unrealized losses	\$ 326,695	\$ 398,149	\$ 724,844
Investment expenses	(24,406)	(32,422)	(56,828)
Investment income, dividends and interest	201,087	236,509	437,596
	<u>\$ 503,376</u>	<u>\$ 602,236</u>	<u>\$ 1,105,612</u>
Endowment spending draw (see Note 4)	\$ 329,140	\$ 296,221	\$ 625,361
Unspent withdrawals returned to investment	-	7,897	7,897
<i>Net investment return per spending draw</i>	<u>\$ 329,140</u>	<u>\$ 304,118</u>	<u>\$ 633,258</u>

Note 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 the FASB Accounting Standards Codification (FASB ASC 958-205-45). FASB 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). FASB 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.

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 FASB ASC 958-205-45 for the year ended September 30, 2009. The Society's endowment consists of 51 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 this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the 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.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$36,158, as of September 30, 2016.

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%, while growing the funds if possible. Therefore, the Society expects its endowment assets, over time, to produce an average rate of return in excess of 5%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of 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.

Spending Policy: The Society has a policy of appropriating for distribution each year 5% of its endowment fund's average market value of the pooled investment portfolio of the twenty prior quarters through the second calendar quarter proceeding 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.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

Endowment net asset composition by type of fund as of September 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	\$ (36,158)	\$ 2,011,859	\$ 4,482,761	\$ 6,458,462
Board-designated endowment funds	6,498,578	-	-	6,498,578
<i>Total</i>	<u>\$ 6,462,420</u>	<u>\$ 2,011,859</u>	<u>\$ 4,482,761</u>	<u>\$ 12,957,040</u>

Endowment net assets as of September 30, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 6,243,613	\$ 1,858,145	\$ 4,465,168	\$ 12,566,926
Investment return:				
Investment income	200,400	198,264	-	398,664
Net appreciation (realized and unrealized)	304,854	302,261	-	607,115
<i>Total investment return</i>	<u>505,254</u>	<u>500,525</u>	<u>-</u>	<u>1,005,779</u>
Contributions	-	-	17,593	17,593
Appropriation of endowment assets for expenditure	(329,140)	(304,118)	-	(633,258)
Transfers to cover deficiencies	42,693	(42,693)	-	-
Endowment of net assets, end of year	<u>\$ 6,462,420</u>	<u>\$ 2,011,859</u>	<u>\$ 4,482,761</u>	<u>\$ 12,957,040</u>

Note 5. Fair Value Measurements

The Fair Value Measurements topic of the FASB Accounting Standards Codification (FASB 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. FASB 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.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

In addition to defining fair value, FASB 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 price as of the day of valuation.
- Level 2 - inputs are based upon quoted 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.

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, 2016:

	Level 1	Level 2	Level 3
Assets:			
Investments:			
Money market funds	\$ 379,400	\$ -	\$ -
Equities:			
Common stock	3,979,040	-	-
U.S. equities	395,065	-	-
Private equities	-	-	1,105,313
Fixed income:			
Corporate and government bonds	436,895	-	-
Mutual funds	132,315	-	-
TIFF Multi-Asset Fund	-	6,062,737	-
Alternative investments:			
Goldman Sachs	-	-	466,275
<i>Total investments</i>	\$ 5,322,715	\$ 6,062,737	\$ 1,571,588

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

	Level 1	Level 2	Level 3
Charitable remainder unitrust:			
Cash and money market funds	\$ 92,294	\$ -	\$ -
Equities:			
Common stock	406,540	-	-
Mutual funds	25,320	-	-
Fixed income:			
Mutual funds	35,819	-	-
Preferred securities	19,467	-	-
Mutual funds	28,973	-	-
<i>Total charitable remainder unitrust</i>	<u>\$ 608,413</u>	<u>\$ -</u>	<u>\$ -</u>
Charitable gift annuity - Wellington Fund Admiral	\$ 340,077	\$ -	\$ -
Beneficial interest in a trust	-	-	1,692,701
<i>Total assets</i>	<u>\$ 6,271,205</u>	<u>\$ 6,062,737</u>	<u>\$ 3,264,289</u>
Liabilities:			
Annuity payable	\$ -	\$ -	\$ 150,198
Charitable remainder unitrust payable	-	-	212,038
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,236</u>

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended September 30, 2016:

	Sachs - Real Estate Credit Partners II	Beneficial Interest in a Trust	Annuity payable	Charitable remainder unitrust payable	Private equities
Balance, beginning of year	\$ 577,248	\$ 1,683,295	\$ 163,317	\$ 198,371	\$ 1,091,616
Purchases	21,942	-	-	-	-
Distributions	-	-	-	-	(50,000)
Payments to annuitants/ beneficiaries	(51,950)	-	(13,119)	(30,221)	-
Total realized and unrealized gains (losses), included in changes in assets	(80,965)	9,406	-	43,888	63,697
Balance, end of year	<u>\$ 466,275</u>	<u>\$ 1,692,701</u>	<u>\$ 150,198</u>	<u>\$ 212,038</u>	<u>\$ 1,105,313</u>

Amount of unrealized gains (losses) attributable to assets still held at the reporting date, included in changes in net assets	<u>\$ (80,965)</u>	<u>\$ 9,406</u>	<u>\$ -</u>	<u>\$ 43,888</u>	<u>\$ 63,697</u>
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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

All assets and liabilities have been valued using a market or income approach and have been consistently applied. The market 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.

Note 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, 2016:

In one year or less	\$	132,051
Between one year and five years		46,700
Present value discount		(2,795)
Allowance for uncollectible contributions receivable		(17,875)
<i>Total</i>	<u>\$</u>	<u>158,081</u>

Approximately 35% of total undiscounted contributions receivable, or \$62,539, represents promises to give by board members or employees.

Note 7. Property and Equipment

Property and equipment as of September 30, 2016 is comprised as follows:

	Property Used In Operations	Rental Property	Total
Land	\$ -	\$ 200,000	\$ 200,000
Land improvements, parking lots	63,473	324,689	388,162
Buildings	855,715	636,681	1,492,396
Building improvements	5,749,392	810,452	6,559,844
Equipment fixtures	1,349,591	-	1,349,591
Permanent exhibit	221,084	-	221,084
	<u>8,239,255</u>	<u>1,971,822</u>	<u>10,211,077</u>
Less: accumulated depreciation	3,661,149	1,076,095	4,737,244
<i>Property and equipment, net</i>	<u>\$ 4,578,106</u>	<u>\$ 895,727</u>	<u>\$ 5,473,833</u>

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

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

Note 8. 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, 2016, the unemployment fund balance amounted to \$21,414.

Note 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 for specific educational or program purposes, rather than the donor's intent for general operations.

The Society's Board-designated net assets at September 30, 2016 are comprised as follows:

Operations designations:

Plant fund operating cash	\$ <u>33,783</u>
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Designated funds:

Katharine Prentis Murphy Fund	1,446,562
Jessie H. Rablin Fund	46,691
General Fund	3,637,055
John L. Frisbee Education Fund	68,021
Plant Fund	43,916
Library collections, care and acquisitions	154,026
Publications Fund	129,806
June Campbell Hoyt Fund	430,607
Elizabeth M. Hoyt Fund	77,418
Museum collections, care and acquisitions	55,729
Museum collections Stewardship Fund	3,279
Bequests Fund	369,310
<i>Total</i>	<u>6,462,420</u>

<i>Total designated net assets</i>	\$ <u><u>6,496,203</u></u>
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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

Note 10. Temporarily Restricted Net Assets

The Society's temporarily restricted net assets at September 30, 2016 are comprised as follows:

Katharine Prentis Murphy Fund	\$	3,085
Museum deaccession		500
William C. Todd Fund		8,320
Loudon Sampler Guild		1,500
Edith Shepard Freeman/Margaret H. Jewell Fund		408
Edward C. and Elizabeth F. Lathem Fund		643
Parker Nelson Trust		3,791
D. William and Iris W. Baird		5,000
Ann Symroski		500
Eastern Bank Charitable Foundation		2,500
Library collections care and acquisitions		1,057
Library deaccession		55,016
Duncan S. McGowan Memorial Fund		2,607
Capital campaign		75,240
Capital campaign - pledges		141,660
Charitable remainder trust		396,375
Charitable gift annuity		189,879
Portion of perpetual endowment funds subject to time restriction under UPMIFA		2,011,859
<i>Total temporarily restricted net assets</i>	<u>\$</u>	<u>2,899,940</u>

Note 11. Permanently Restricted Net Assets

The Society's permanently restricted net assets at September 30, 2016 are comprised as follows:

Permanently restricted receivables	<u>\$</u>	<u>117</u>
<u>Permanently restricted funds:</u>		
Edith W. Atkins Fund		5,000
Lane Dwinell Fund		25,000
Concord Clock Tower Fund		27,053
Raymon S. Vaughan Baseball Fund		15,000
Mary W. Vaughan Fund		10,000
Mary H. Woodbury Fund		66,325
Perry-Dudley Family Archive and Shepard Collection Fund		53,136
John L. Frisbee Education Fund		778,350
Ruth E. Pearson Fund		109,528
Duncan S. McGowan Memorial Fund		23,605
Edith Shepard Freeman/Margaret H. Jewell Fund		683,414

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

William C. Todd Fund	17,000
Edward C. and Elizabeth F. Lathem Fund	12,025
Leonard K. Dodge Fund	28,950
Philip B. and Nelle L. Holmes Fund	42,756
Roger F. Woodman Fund	25,000
Asa Currier Tilton Fund	36,000
Jere R. Daniell Publications Fund	20,000
Charles S. Parsons Fund	33,143
George F. Sawyer Memorial Fund	51,185
Annalee Thorndike Fund	25,000
Natalie Hoyt Fund	88,783
Robert O. Wilson, D.D.S., Historical Research Fund	25,675
Evelyn P. and Noah J. Arell Fund	117,750
Anonymous	75,000
Life Memberships Fund	153,949
David G. and Barbara J. Stahl Fund	30,000
Frances M. Heald Fund	50,000
Stanley A. Hamel Funds	1,571,035
John W. Harris Fund	200,000
Bequests Fund	50,000
Capital Campaign Restricted	33,100
Beneficial interest in trusts	1,692,700
Total	<u>6,175,462</u>
Total permanently restricted net assets	<u>\$ 6,175,579</u>

Endowment net assets are primarily for education, collections, and operational support.

Note 12. Retirement Plan

The Society has a defined contribution retirement plan that covers all full-time employees who have worked in at least one of the past three years. The Society matches employee contributions to the plan up to a maximum of 5% of qualifying employee's earnings. Retirement benefit expenses for the year ended September 30, 2016 amounted to \$27,987.

Note 13. 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 (3.5% at September 30, 2016). As of September 30, 2016, the outstanding balance on the line-of-credit was \$249,500.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

During October 2015, the Society entered into an unsecured \$600,000 line-of-credit with Merrimack County Savings Bank to help with financing the energy improvements. This line carries interest at 3.25% with a maturity date of October 27, 2018. As of September 30, 2016, there was no outstanding balance on this line-of-credit.

During October 2015, the Society entered into an unsecured loan with Merrimack County Savings Bank to finance the fit-up of new tenant space. This loan is payable in monthly installments of \$2,247 including interest at 3.9%, due October 27, 2022. As of September 30, 2016, the outstanding balance on the loan was \$145,859.

Future maturities of long-term debt are as follows:

<u>Year Ending September 30,</u>		
2017		\$ 21,669
2018		22,530
2019		23,424
2020		24,354
2021		25,321
Thereafter		28,561
	<i>Total</i>	<u>\$ 145,859</u>

Note 14. Rental Activity

The Society leases office space to tenants under non-cancelable operating leases with terms of one to three years at its 7 Eagle Square facility and its 6 Eagle Square facility. Parking spaces are also leased to tenants on a month-to-month basis. Rental income also includes rental of library facilities in the amount of \$2,000. Revenue and costs associated with rental activity for the year ended September 30, 2016 were as follows:

Revenue:		
Rental income, building and parking		\$ 524,995
Rental income, facilities		4,200
	<i>Total revenues</i>	<u>529,195</u>
Expenses:		
Salaries and wages expense		12,525
Utilities		102,468
Maintenance and repairs		79,850
Real estate taxes		97,187
Trash, snow and other services		31,900
Bad debt expense		1,130
Insurance and other administrative costs		13,364
Depreciation expense		44,756
	<i>Total expenses</i>	<u>383,180</u>
Net rental earnings		<u>\$ 146,015</u>

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

The following is a schedule by years of future minimum rentals under the leases at September 30, 2016:

<u>Year Ending September 30</u>	
2017	\$ 448,348
2018	311,151
2019	135,083
2020	137,785
2021	140,540
Thereafter	155,316
<i>Total</i>	<u>\$ 1,328,223</u>

Note 15. Collections

Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as a decrease in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted or permanently restricted net assets if purchased with donor-restricted assets.

Contributions of collection items are not recognized in the 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 will 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, 2016.

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 \$68,335 for the year ended September 30, 2016 and are not reflected in the statement of activities and changes in net assets.

Note 16. 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 fund was \$100,183 for the year ended September 30, 2016. 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 \$1,692,701 at September 30, 2016.

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NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

In accordance with the FASB Accounting Standards Codification topic for Revenue Recognition (FASB 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.

Note 17. Charitable Remainder Unitrust

The Society is 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 3% 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 FASB Accounting Standards Codification topic for Revenue Recognition (FASB 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.

Note 18. Charitable Gift Annuity

The Society has established a program under which donors may set up charitable gift annuities. Charitable gift annuities are arrangements between a donor and the Society in which the donor contributes assets to the Society in exchange for a promise to pay the donor a fixed amount for a specified period of time.

Assets received have been recognized at fair value, and an annuity payment liability has been recognized at the present value of the future cash flows projected to be paid. Temporarily restricted contribution revenue is recognized as the difference between these two amounts based on state requirements (see below). Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using current interest rates and actuarial assumptions for those annuities. The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced as payments are made to the donor.

Under Chapter 403-E of New Hampshire Revised Statutes Annotated (RSA), charitable gift annuities are exempt from insurance regulation. To qualify for exemption, a charity must have been in continuous operation for at least 3 years and have at least \$300,000 in unrestricted cash, cash equivalents or publicly traded securities, not counting the annuity gift. The Society has complied with these requirements.

New Hampshire requires a charity to retain 100 percent of the contributions received for gift annuities, increased by earnings and decreased by annuity payments and properly allocated expenses. Such gifts must be invested in accordance with the general standards of prudent investment (RSA 564-A:3-b), therefore these contributions have been included as temporarily restricted for the remaining life of the donor.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

Note 19. 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 year ended September 30, 2016 was \$8,545. The fair value of the Fund assets was \$215,280 at September 30, 2016.

During November 2015, the Society became the beneficiary of the Robert P. Hubbard Fund, a Designated Fund at the New Hampshire Charitable Foundation ("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 year ended September 30, 2016 was \$21,000. The fair value of the Fund assets was \$486,289 at September 30, 2016.

Note 20. 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 year ended September 30, 2016 amounted to \$20,571.

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.

Note 21. Concentration of Credit Risk

The Society maintains cash accounts with several financial institutions. The Society's cash accounts are insured up to \$250,000 per depositor at each financial institution. At times during the year, the Society maintains cash balances in excess of federally insured limits. The Society did not have any amounts on deposit in excess of federally insured limits at September 30, 2016.

NEW HAMPSHIRE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

Note 22. 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 \$236,425 and liability accounts equaling \$395,359 at September 30, 2016.

The Society entered into an agreement with a conservation center for which a member of the Society's Board of Trustees is Executive Director to perform conservation, digitization and consulting services. During the year ended September 30, 2016 amounts paid to the conservation center amounted to \$9,025. The Board of Trustees has approved an additional amount of \$25,000 for anticipated pecuniary benefit transactions with this company for the year ending September 30, 2017.

Note 23. Reclassification

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. Such reclassifications have had no effect on changes in net assets as previously reported.

Note 24. Subsequent Events

The Society has evaluated subsequent events through March 9, 2017, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date.

During November 2016, the Society entered into an unsecured promissory note with Merrimack County Savings Bank in the amount of \$1,000,000, with a variable interest rate, currently at 3.75%, and monthly payments of principal and interest in the amount of \$5,929 until the maturity date of August 31, 2037.

During October 2016, the Society entered into a contract for equipment and construction for two rental property energy improvements and upgrades. The contract amounted to \$125,900.

No additional subsequent events were identified that would require disclosure in the financial statements for the year ended September 30, 2016.

NEW HAMPSHIRE HISTORICAL SOCIETY

SUPPLEMENTARY SCHEDULES OF CAPITAL CAMPAIGN ACITIVITY
 Years Ended September 30, 2016 and 2015

	2016	2015
Capital campaign contributions	\$ 101,330	\$ 476,904
Reclassification of donor restriction	1,086	-
Capital campaign endowment contributions	-	242
<i>Total support and revenue</i>	102,416	477,146
Operating expenses:		
Salaries and wages	187,316	378,712
Contracted services	32,980	133,925
Recruiting expense	17,804	200
Food and beverage	3,008	3,460
Staff development	2,085	475
Interest expense	1,992	-
Travel	1,307	6,577
Postage	425	268
Employee benefits	335	12,209
Equipment	245	7,334
Repairs and maintenance	162	2,637
Printing and photography	46	878
Exhibition expenses	35	13,655
Service contracts	14	66
Supplies	-	247
<i>Total operating expenses</i>	247,754	560,643
<i>Net excess of support and revenue over expenses</i>	\$ (145,338)	\$ (83,497)
Purchase of capitalized items related to the campaign	568,317	1,652,578
<i>Net current year capital campaign activity</i>	\$ (713,655)	\$ (1,736,075)