

NEW HAMPSHIRE HUMANITIES
Financial Statements
With Schedule of Expenditures of Federal Awards
As of and for the 16-Month Period Ended October 31, 2023
and
Independent Auditor's Report

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Schedule of Findings and Questioned Costs

NEW HAMPSHIRE HUMANITIES
FINANCIAL STATEMENTS
As of and for the 16-Month Period Ended October 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hampshire Humanities

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New Hampshire Humanities (a nonprofit organization), which comprise the statement of financial position as of October 31, 2023, and the related statements of activities, functional expenses, and cash flows for the 16-month period then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Hampshire Humanities as of October 31, 2023, and the changes in its net assets and its cash flows for the 16-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Hampshire Humanities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 New Hampshire Humanities' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 New Hampshire Humanities' 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 New Hampshire Humanities' 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024, on our consideration of New Hampshire Humanities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Hampshire Humanities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Hampshire Humanities' internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
February 27, 2024

NEW HAMPSHIRE HUMANITIES
STATEMENT OF FINANCIAL POSITION
October 31, 2023

ASSETS

CURRENT ASSETS:	
Cash and equivalents	\$ 579,063
Accounts receivable	2,153
Grant receivable	140,747
Promises to give	3,500
Prepaid expenses	<u>11,931</u>
TOTAL CURRENT ASSETS	<u>737,394</u>
PROPERTY AND EQUIPMENT:	
Property and equipment	128,771
Website	<u>49,604</u>
	178,375
Less accumulated depreciation	<u>(160,386)</u>
PROPERTY AND EQUIPMENT, NET	<u>17,989</u>
OTHER NONCURRENT ASSETS:	
Promises to give	1,500
Investments	1,372,744
Beneficial interest in trusts	469,872
Endowment:	
Investments	<u>3,086,375</u>
TOTAL OTHER NONCURRENT ASSETS	<u>4,930,491</u>
TOTAL ASSETS	<u>\$ 5,685,874</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 13,593
Accrued expenses	41,413
Subawards payable	10,475
Unearned revenue	<u>33,121</u>
TOTAL CURRENT LIABILITIES	<u>98,602</u>
NET ASSETS:	
Without donor restrictions	1,336,904
With donor restrictions	<u>4,250,368</u>
TOTAL NET ASSETS	<u>5,587,272</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,685,874</u>

See notes to financial statements

**NEW HAMPSHIRE HUMANITIES
STATEMENT OF ACTIVITIES**

For the 16-Month Period Ended October 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES:			
National Endowment Grant		\$ 844,008	\$ 844,008
Contributions and grants	\$ 159,750	94,600	254,350
Sponsorships	28,000		28,000
Program fees	4,920		4,920
Net investment return	30,434	95,333	125,767
Inkind contributions	79,702		79,702
Miscellaneous income	1,581		1,581
Total Operating Activities	<u>304,387</u>	<u>1,033,941</u>	<u>1,338,328</u>
NET ASSETS RELEASED FROM RESTRICTIONS - OPERATING			
Net assets released from restriction pursuant to endowment spending-rate distribution formula	146,245	(146,245)	-
Distributions from and change in value of beneficial interests in assets held by others	17,844	(3,738)	14,106
Satisfaction of program restrictions	1,497,298	(1,497,298)	-
Total Net Assets Released From Restrictions - Operating	<u>1,661,387</u>	<u>(1,647,281)</u>	<u>14,106</u>
OPERATING EXPENSES:			
Program Services	1,053,060		1,053,060
Administration	478,397		478,397
Development	382,166		382,166
Total Operating Expenses	<u>1,913,623</u>	<u>-</u>	<u>1,913,623</u>
CHANGE IN NET ASSETS - OPERATING	<u>52,151</u>	<u>(613,340)</u>	<u>(561,189)</u>
NON-OPERATING ACTIVITIES:			
Bad debt expense	(250)		(250)
Net investment return		14,768	14,768
Total Non-Operating Activities	<u>(250)</u>	<u>14,768</u>	<u>14,518</u>
NET ASSETS RELEASED FROM RESTRICTIONS - NON-OPERATING			
Satisfaction of program restrictions	58,092	(58,092)	-
Total Net Assets Released From Restrictions - Non-Operating	<u>58,092</u>	<u>(58,092)</u>	<u>-</u>
CHANGE IN NET ASSETS - NON-OPERATING	<u>57,842</u>	<u>(43,324)</u>	<u>14,518</u>
CHANGES IN NET ASSETS - TOTAL	109,993	(656,664)	(546,671)
Net Assets at Beginning of Year	1,226,911	4,907,032	6,133,943
Net Assets at End of Year	<u>\$ 1,336,904</u>	<u>\$ 4,250,368</u>	<u>\$ 5,587,272</u>

See notes to financial statements

NEW HAMPSHIRE HUMANITIES
STATEMENT OF FUNCTIONAL EXPENSES

For the 16-Month Period Ended October 31, 2023

	Program Services	Supporting Services		Total Supporting Services	Total
		Administration	Development Operating		
EXPENSES:					
Salaries	\$ 396,863	\$ 97,584	\$ 273,570	\$ 371,154	\$ 768,017
Payroll taxes and fringe benefits	125,154	28,025	85,296	113,321	238,475
Program and subaward fees	371,872			-	371,872
Office supplies	182	8,600	100	8,700	8,882
Telephone and internet		5,027	81	5,108	5,108
Postage and shipping	426	5,536	2,132	7,668	8,094
Printing	123	8,377		8,377	8,500
Conference/program site	16,740		440	440	17,180
Scholars	46,244			-	46,244
Travel	5,896	18,004	338	18,342	24,238
Marketing, advertising and recruitment	14,008	15,044		15,044	29,052
Consultants	16,356	25,023	8,025	33,048	49,404
Meetings	280	6,996	836	7,832	8,112
Dues and subscriptions	2,651	28,807	6,151	34,958	37,609
Cultivation and development	5,511	5,096	3,729	8,825	14,336
Computer hardware and software		17,417		17,417	17,417
Equipment rental and maintenance		6,180	250	6,430	6,430
Technology support		50,765		50,765	50,765
Website support		2,220		2,220	2,220
Insurance		5,306		5,306	5,306
Legal and accounting		48,796		48,796	48,796
Bank fees and payroll service	16	4,116	1,218	5,334	5,350
Miscellaneous	30	1,543		1,543	1,573
Exhibits and books	50,708			-	50,708
Donated facilities		70,000		70,000	70,000
Donated services		9,702		9,702	9,702
Depreciation		10,233		10,233	10,233
Total	<u>\$ 1,053,060</u>	<u>\$ 478,397</u>	<u>\$ 382,166</u>	<u>\$ 860,563</u>	<u>\$ 1,913,623</u>

See notes to financial statements

NEW HAMPSHIRE HUMANITIES
STATEMENT OF CASH FLOWS
For the 16-Month Period Ended October 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants and contributions	\$ 1,652,010
Interest income received	92,798
Distributions from beneficial interest in trusts	17,844
Cash paid to employees	(771,838)
Cash paid to suppliers and others	<u>(1,059,381)</u>
Net Cash Used by Operating Activities	<u>(68,567)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from investments	239,100
Purchase of investments	(302,534)
Purchase of property and equipment	<u>(7,099)</u>
Net Cash Used for Investing Activities	<u>(70,533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Collections of contributions restricted for investment in endowment	500
Interest income restricted for long-term investment	<u>211,653</u>
Net Cash Provided for Financing Activities	<u>212,153</u>
Net increase in cash	73,053
Cash, beginning of year	<u>506,010</u>
Cash, end of year	<u><u>\$ 579,063</u></u>
Reconciliation of Change in Net Assets to Net Cash Used	
by Operating Activities:	
Change in net assets	\$ (546,671)
Adjustments to Reconcile Change in Net Assets to	
to Net Cash Used by Operating Activities:	
Depreciation	10,233
Allowance and discounts	13,614
Unrealized loss on investments	163,916
Change in beneficial interest in trusts	3,738
Interest income restricted for long-term investment	(211,653)
Change in assets and liabilities:	
Grant receivable	474,927
Promises to give	(108)
Prepaid expenses	(1,520)
Accounts payable	8,460
Accrued expenses	12,583
Subawards payable	<u>(27,054)</u>
Net Cash Used by Operating Activities	<u><u>\$ (68,567)</u></u>
Supplemental Disclosure of Non-cash Transactions:	
In-kind donations received	\$ 79,702
In-kind expenses	\$ (79,702)

See notes to financial statements

**NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS**

As of and for the 16-Month Period Ended October 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

New Hampshire Humanities was founded as a nonprofit corporation in 1978 to serve as the organization in New Hampshire which implements the objectives of the state-based program of the Division of Public Programs of the National Endowment for the Humanities. New Hampshire Humanities provides opportunities to cultivate curiosity, connect across cultures, examine beliefs, practice civility, strengthen community bonds, ignite ideas, inspire a passion for learning, and engage in civic life.

Accounting Policies

The accounting policies of New Hampshire Humanities conform to accounting principles generally accepted in the United States of America as applicable to nonprofit entities except as indicated hereafter. The following is a summary of significant accounting policies.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Revenues from program services are recorded when earned. Other miscellaneous revenues are recorded upon receipt.

Basis of Presentation

The financial statements have been prepared in accordance with the reporting pronouncements pertaining to Not-for-Profit Entities included within the FASB Accounting Standards Codification. The Entity is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Recognition of Contributions and Donor Restrictions

Contributions are recognized when the donor makes a promise to give to the Entity that is, in substance, unconditional. The Entity reports contributions restricted by the donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As of and for the 16-Month Period Ended October 31, 2023

restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 the purpose of the statement of cash flows, cash and equivalents consists of demand deposits, cash on hand and all highly liquid investments with an original maturity of 90 days or less.

Promises to Give

Unconditional promises to give are recorded as made. These amounts are recorded at the present value of the estimated fair value. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

Property and Equipment

Property and equipment is recorded at cost for purchased items and donated property and equipment is recorded at fair value determined as of the date of donation. The Entity's intent is to capitalize expenditures for major improvements or individual asset purchases with a cost in excess of \$5,000 and to charge to operations for expenditures which do not. Depreciation is computed using the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives as follows:

	<u>Years</u>
Property and equipment	3-8
Website	5-7

Depreciation expense was \$10,233 for the 16-month period ended October 31, 2023.

Investments

Investments, which consist of money market accounts, corporate bonds, mutual funds, exchange traded funds, and equities, are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Beneficial Interest in Trusts

The Entity is a beneficiary of three agency endowment funds at The New Hampshire Charitable Foundation, the Education Fund, the New Hampshire Legacy Fund, and the William "Bud" Dunfey Fund for Excellence in the Humanities Fund. Pursuant to the terms of the resolutions establishing these funds, property contributed to The New Hampshire Charitable Foundation is held as separate funds designated for the benefit of the Entity. In accordance with its spending policies, the Foundation makes distributions from the funds to the Entity. The distributions are approximately 4.0% of the market value of the funds per year. The estimated value of the future distributions from the funds are included in these financial statements as required under FASB Accounting Standards Codification (FASB ASC 958-605), however, all property in the fund was contributed to The New Hampshire Charitable Foundation to be held and

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As of and for the 16-Month Period Ended October 31, 2023

administered for the benefit of New Hampshire Humanities. New Hampshire Humanities received \$17,844 from the funds for the 16-month period ended October 31, 2023. The market value of the fund assets was \$469,872 on October 31, 2023.

The Entity is a beneficiary of two designated funds at The New Hampshire Charitable Foundation, the Gilmore Fund for the New Hampshire Humanities Council and the New Hampshire Humanities Council Fund. Pursuant to the terms of the resolutions establishing these funds, property contributed to The New Hampshire Charitable Foundation is held as separate funds designated for the benefit of the Entity. In accordance with the spending policies, the Foundation makes distributions from these funds to the Entity. The distributions are approximately 4.0% of the market value of the fund per year. The funds are not included in these financial statements, since all property in the funds was contributed to The New Hampshire Charitable Foundation to be held and administered for the benefit of New Hampshire Humanities. New Hampshire Humanities received \$7,189 from the funds for the 16-month period ended October 31, 2023. The market value of the fund assets was \$189,309 on October 31, 2023.

Subawards Payable

Subawards represent monies disbursed by New Hampshire Humanities to various other non-profit organizations in support of projects involving the humanities. The expense is recognized when the amount is obligated by the New Hampshire Humanities Board. The Entity has two years to expend funds that have been obligated to the re-grantees.

Donated Services, Materials and Facilities

The Entity recognizes in-kind revenue and expense for discounts received on services provided to the Entity. The value of these services is recognized based on the value of the discount received. The Entity also recognizes in-kind donations of facilities for the office space rented for the year, estimated based on the fair value of the space. In-kind revenue and expense for the 16-month period ended October 31, 2023, was \$79,702 and is included in the statement of activities.

Revenue and Revenue Recognition

The Entity recognizes contributions, donations, and miscellaneous revenue when cash is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Entity also has revenue derived from cost-reimbursable federal grants, which are conditional upon certain performance requirements and/or incurrent of allowable qualifying expenses. Amounts received are recognized as revenue without donor restrictions when the Entity has met those performance requirements or incurred expenditures in compliance with the specific grant provisions. Amounts received prior to meeting performance requirements or incurring qualifying expenditures are reported as revenue with donor restrictions and amounts not yet received, but already awarded are recorded as grants receivable.

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
As of and for the 16-Month Period Ended October 31, 2023

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited. Administrative salaries and wages, utilities, equipment leases, and rent, as well as administrative components of dues and subscriptions, telephone, and postage are allocated based on management's estimate of time and utilization. Additionally, employee benefits and payroll taxes are allocated based on the proportionate share of salaries and wage expense attributable to Programs, General Administration and Resource Development to total salaries and wages.

Fund Raising Activities

Fund raising expenses represent the cost of preparing donation appeals, running special events with event sponsors, and letters of appreciation by staff of the Entity and totaled \$382,166 for the 16-month period ended October 31, 2023.

Income Taxes

The Entity is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from State of New Hampshire income taxes and, therefore, have made no provisions for Federal or State income taxes. In addition, the Entity has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509(a) of the Code. The Entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

The FASB adopted Accounting Standards Codification Topic 740 entitled *Accounting for Income Taxes* which requires the Entity to report uncertain tax positions for financial reporting purposes. FASB ASC 740 prescribes rules regarding how the Entity should recognize, measure and disclose in its financial statements, tax positions that were taken or will be taken on the Entity's tax returns that are reflected in measuring current or deferred income tax assets and liabilities. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in an increase in a liability for income tax payable or a reduction in a deferred tax asset or an increase in a deferred tax liability. The Entity does not have any material unrecognized tax benefits.

Fair Value of Financial Instruments

Cash and equivalents, accounts receivable, accounts payable and accrued expenses are carried in the financial statements at amounts which approximate fair value due to the inherently short-term nature of

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As of and for the 16-Month Period Ended October 31, 2023

the transactions. The fair values determined for financial instruments are estimates, which for certain accounts may differ significantly from the amounts that could be realized upon immediate liquidation.

NOTE 2—ADOPTION OF ACCOUNTING STANDARDS

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Entity may from time to time, enter into various agreements as lessee for use of equipment. Management has evaluated its lease agreements and determined that the effect of implementing ASC 842 related to such agreements is immaterial to the financial statements.

NOTE 3—LIQUIDITY AND AVAILABILITY

The following table represents the Entity's financial assets at October 31, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

Financial assets available for general expenditures, reduced by donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and equivalents	\$ 579,063
Grant receivable	140,747
Promises to give, current, without donor restriction	3,500
Operating investments	762,227
Distributions from beneficial interest in trusts	<u>8,000</u>
Total Financial Assets	1,493,537
Less:	
Net assets with donor restrictions	<u>(51,300)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,442,237</u>

The Entity's Finance Committee regularly monitors the availability of resources required to meet general expenditures and contractual commitments over a 12-month period. It is the Investment Committee's (made up of 2 members from the Finance Committee and one advisory investment professional) responsibility to meet with a professional financial advisor on a semi-annual or annual basis to review investments and recommend changes to the investment portfolio in the long-term investment account to the Finance Committee. The long-term investment account is administered by the Finance Committee as a funding source, if needed, for current operations and capital improvements. As such, the primary investment objective of this Fund is to preserve and protect its assets by earning a net total return that offers some liquidity (as operating reserves) while achieving long-term growth. The Entity has a \$100,000 line of credit available to meet cash flow needs.

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As of and for the 16-Month Period Ended October 31, 2023

NOTE 4—CONCENTRATION OF CREDIT RISK

The Entity maintains bank deposits at local financial institutions located in New Hampshire. The Entity's demand deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to a total of \$250,000 per financial institution. All of the Entity's deposits with financial institutions as of October 31, 2023, were fully insured or collateralized.

NOTE 5—PROMISES TO GIVE

Unconditional promises to give consist of amounts committed by donors but not yet received by the Entity. Promises to give consist of the following at October 31, 2023:

	<u>2023</u>
Receivable in less than one year	\$ 3,500
Receivable in one to five years	<u>1,500</u>
Total unconditional promises to give	<u>\$ 5,000</u>

Promises to give appear as follows in the statement of financial position:

Promises to give, current, net	\$ 3,500
Promises to give, noncurrent, net	<u>1,500</u>
	<u>\$ 5,000</u>

NOTE 6—INVESTMENTS

Fair Value Measurements

The Entity reports under the Fair Value Measurements pronouncements of the FASB Accounting Standards Codification (FASB ASC 820-10), which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 - Inputs to the valuation methodology are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As of and for the 16-Month Period Ended October 31, 2023

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs at the closing price reported on the active market on which the individual securities are traded.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds, exchange traded funds and equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate debt securities: Valued using a market approach valuation technique which incorporates third-party pricing services and other relevant observable information such as market interest rates, yield curves, prepayment risk and credit risk generated by market transactions involving identical or comparable assets or liabilities in valuing these types of investments.

Beneficial interest in trusts: Valued using the fair value of the assets held in the trust as reported by the New Hampshire Charitable Foundation at year end. The Entity considers the measurement of its beneficial interest in the trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Entity will never receive those individual assets or have the ability to direct the redemption or investment of them.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Entity believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Entity's assets at fair value, except those measured at cost:

Assets at Fair Value as of October 31, 2023				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds (at cost)				\$ 378,452
Mutual funds	\$ 392,574			392,574
Corporate bonds		\$ 1,239,390		1,239,390
Equities	2,385,507			2,385,507
Exchange traded funds	63,196			63,196
Beneficial interest in trusts			\$ 469,872	469,872
Total assets at fair value	<u>\$ 2,841,277</u>	<u>\$ 1,239,390</u>	<u>\$ 469,872</u>	<u>\$ 4,928,991</u>

The reported change in the investments which use fair value measurements that use significant unobservable inputs (Level 3) is as follows:

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
As of and for the 16-Month Period Ended October 31, 2023

<u>Beneficial interest in trusts</u>	
Balance at June 30, 2022	\$ 473,610
Gains (losses) recognized in the change in donor restricted net assets	14,106
Drawdown from donor restricted net assets	<u>(17,844)</u>
Balance at October 31, 2023	<u>\$ 469,872</u>

NOTE 7—ENDOWMENTS

The State of New Hampshire adopted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). The Entity has determined that the endowment fund investments are subject to these bylaws. As required by generally accepted accounting principles, endowment fund net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted UPMIFA as requiring the preservation of the value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At October 31, 2023, there are no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Entity in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- 1) The duration and preservation of the funds
- 2) The purpose 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 Entity
- 7) The investment policies of the Entity

As of October 31, 2023, the Entity had the following endowment net asset composition by type of fund:

	<u>With Donor Restrictions</u>
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 2,325,945
Accumulated investment gains	<u>760,430</u>
	<u>\$ 3,086,375</u>

**NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

As of and for the 16-Month Period Ended October 31, 2023

Investment Policy

The Board of Directors has general investment standards for all funds. Each fund should be separately managed in accordance with the following: diversify across multiple asset classes to provide long-term appreciation of principal while managing risk, earn a competitive long-term return to meet annual distribution requirements and exceed inflation and expenses, manage for net total return to preserve and enhance the principal of the Fund, and provide competitive returns as measured against appropriate indices over a market cycle.

Spending Policy

For the 16-month period ended October 31, 2023, the Board established a maximum distribution of 4.5%. Distribution rates are calculated on a 36-month rolling average. The 36-month rolling average is calculated on an annual basis, using month end account balances. The projected distribution will be communicated in writing to the Investment Manager along with the expected distribution schedule.

Changes in Endowments

	<u>With Donor Restrictions</u>
Investment return, net	\$ 95,332
Contributions	-
Appropriation of endowment assets for expenditure	<u>(146,245)</u>
Total change	(50,913)
Balance at June 30, 2022	<u>3,137,288</u>
Balance at October 31, 2023	<u>\$ 3,086,375</u>

All endowment net assets are donor-restricted funds at October 31, 2023.

NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of October 31, 2023:

	<u>2023</u>
Subject to expenditure for specified purpose:	
Humanities to Go Spend Down Fund	\$ 179,017
New Ventures Spend Down Fund	<u>431,500</u>
	<u>610,517</u>
Subject to the passage of time:	
NEH United We Stand	43,800
NEH National History Day	7,500
NEH grant funding	<u>32,304</u>
	<u>83,604</u>

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
As of and for the 16-Month Period Ended October 31, 2023

Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Restricted by donors for:	
Osborne Education Fund	250,444
Bickford Innovation Fund	112,917
Merrill Education Fund	172,308
Humanities to Go	<u>224,761</u>
	<u>760,430</u>
Subject to NFP endowment spending policy and appropriation:	
Osborne Education Fund	943,356
Bickford Innovation Fund	378,717
Merrill Education Fund	50,000
Humanities to Go	<u>953,872</u>
	<u>2,325,945</u>
Total Endowments	<u>3,086,375</u>
Not subject to spending policy or appropriation:	
Beneficial interest in trusts	<u>469,872</u>
	<u>\$ 4,250,368</u>

NOTE 9—CONCENTRATION OF REVENUE RISK

The Entity's primary source of revenue is grants received from the National Endowment for the Humanities. During the 16-month period ended October 31, 2023, the Entity recognized revenue of \$844,008 (62%) from these grants. Revenue is recognized as earned under the terms of the grant contracts and is received on a cost reimbursement basis. Other support originates from contributions, in-kind donations, investment income and other sources.

NOTE 10—RETIREMENT PLAN

The Entity has a deferred compensation retirement plan under Section 403(b) of the Internal Revenue Code. Under the terms of the plan, employee contributions are made through a salary reduction plan. During the 16-month period ended October 31, 2023, the Entity's contribution to the plan was equal to 5.0% of each eligible employee's annual salary. The Entity contributed \$35,719 for the 16-month period ended October 31, 2023.

NOTE 11—LINE OF CREDIT

The Entity has an available line of credit with its primary bank for up to \$100,000. The interest rate is at the bank's prime rate plus 1.00%. The interest rate at October 31, 2023 was 9.5%. No amounts have been drawn on the line of credit and there was no outstanding balance due as of October 31, 2023.

NEW HAMPSHIRE HUMANITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
As of and for the 16-Month Period Ended October 31, 2023

NOTE 12—CONTINGENCIES

The Entity participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of additional expenses which may be disallowed by the granting agency cannot be determined at this time, although the Entity expects such amounts, if any, to be immaterial.

NOTE 13—SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 27, 2024, which is the date the financial statements were available to be issued.

SCHEDULE I
NEW HAMPSHIRE HUMANITIES
Schedule of Expenditures of Federal Awards
For the 16-Month Period Ended October 31, 2023

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Pass Through Payments from the Arts Midwest				
Promotion of the Arts Grants to Organizations and Individuals	45.024	1907832-52-C-22	\$ 20,000	\$ -
Direct Award Program				
Promotion of the Humanities Federal/State Partnership	45.129	N/A	1,211,353	138,372
COVID 19 - Promotion of the Humanities Federal/State Partnership SHARP	45.129	N/A	80,200	-
Total - Promotion of the Humanities Federal/State Partnership			1,291,553	138,372
Direct Award Program				
Promotion of the Humanities Challenge Grants	45.130	N/A	350,000	-
Total National Endowment for the Humanities			1,661,553	138,372
Total Expenditures of Federal Awards			\$ 1,661,553	\$ 138,372

See notes to schedule of expenditures of federal awards

NEW HAMPSHIRE HUMANITIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the 16-Month Period Ended October 31, 2023

NOTE 1—BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of New Hampshire Humanities under programs of the federal government for the 16-month period ended October 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Hampshire Humanities, it is not intended to and does not present the financial position, changes in net assets, or cash flows of New Hampshire Humanities.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are presented using the accrual basis of accounting, which is described in Note 1 to New Hampshire Humanities’ financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

NOTE 3—INDIRECT COST RATE

New Hampshire Humanities has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Board of Directors
New Hampshire Humanities

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Hampshire Humanities (a nonprofit organization), which comprise the statement of financial position as of October 31, 2023, and the related statements of activities, functional expenses, and cash flows for the 16-month period then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Hampshire Humanities' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Hampshire Humanities' internal control. Accordingly, we do not express an opinion on the effectiveness of New Hampshire Humanities' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Hampshire Humanities' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
February 27, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
New Hampshire Humanities

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Hampshire Humanities' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of New Hampshire Humanities' major federal programs for the 16-month period ended October 31, 2023. New Hampshire Humanities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Hampshire Humanities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the 16-month period ended October 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of New Hampshire Humanities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of New Hampshire Humanities' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to New Hampshire Humanities' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Hampshire Humanities' compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Hampshire Humanities' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 New Hampshire Humanities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Hampshire Humanities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Hampshire Humanities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
February 27, 2024

**New Hampshire Humanities
Schedule of Findings and Questioned Costs
For the 16-Month Period Ended October 31, 2023**

Section I--Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes

_____ X no

Significant deficiency(ies) identified? _____ yes

_____ X none reported

Noncompliance material to financial statements noted? _____ yes

_____ X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes

_____ X no

Significant deficiency(ies) identified? _____ yes

_____ X none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes

_____ X no

Identification of major federal program(s):

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
45.129	Promotion of the Humanities Federal/State Partnership

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? _____ yes

_____ X no

Section II--Financial Statement Findings

There were no findings relating to the financial statements required to be reported by GAGAS.

Section III--Federal Award Findings and Questioned Costs

There were no findings and questioned costs as defined under 2 CFR 200.516(a).