



NEW HAMPSHIRE VETERANS CEMETERY ASSOCIATION, INC.

Financial Statements
For the Year Ended December 31, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
New Hampshire Veterans Cemetery Association, Inc.

Opinion

We have audited the financial statements of New Hampshire Veterans Cemetery Association, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Veterans Cemetery Association, Inc. as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Veterans Cemetery Association, Inc. 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.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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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 Veterans Cemetery Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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



Report on Summarized Comparative Information

We have previously audited New Hampshire Veterans Cemetery Association, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
June 2, 2023



NEW HAMPSHIRE VETERANS CEMETERY ASSOCIATION, INC.

Statement of Financial Position
December 31, 2022
(with comparative totals as of December 31, 2021)

	2022			
	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 317,719	\$ 160,415	\$ 478,134	\$ 568,477
Other assets	4,824	-	4,824	864
Total Current Assets	322,543	160,415	482,958	569,341
Noncurrent Assets:				
Investments	605,574	-	605,574	725,528
Property and equipment, net	219,689	-	219,689	217,982
Total Noncurrent Assets	825,263	-	825,263	943,510
Total Assets	\$ 1,147,806	\$ 160,415	\$ 1,308,221	\$ 1,512,851
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 1,038	\$ -	\$ 1,038	\$ 8,628
Contract liabilities	6,700	-	6,700	6,450
Total Current Liabilities	7,738	-	7,738	15,078
Net Assets:				
Without donor restrictions:				
Undesignated	578,587	-	578,587	642,509
Board-designated	561,481	-	561,481	646,012
With donor restrictions:				
Purpose restrictions	-	160,415	160,415	209,252
Total Net Assets	1,140,068	160,415	1,300,483	1,497,773
Total Liabilities and Net Assets	\$ 1,147,806	\$ 160,415	\$ 1,308,221	\$ 1,512,851

The accompanying notes are an integral part of these financial statements.

NEW HAMPSHIRE VETERANS CEMETERY ASSOCIATION, INC.

Statement of Activities
For the Year Ended December 31, 2022
(with summarized comparative totals for the year ended December 31, 2021)

	2022			
	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Support, Revenue, and Other				
Support:				
Contributions	\$ 47,317	\$ 19,184	\$ 66,501	\$ 87,193
In-kind contributions	10,082	-	10,082	1,775
Revenue:				
Memorials	22,776	-	22,776	21,000
Other:				
Investment income (loss), net	(127,061)	-	(127,061)	78,615
Other revenue	-	-	-	400
Net Assets Released From Restrictions	<u>68,021</u>	<u>(68,021)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue, and Other	21,135	(48,837)	(27,702)	188,983
Expenses				
Program Services:				
Veterans Heritage Learning Center	92,719	-	92,719	65,626
Cemetery	<u>59,768</u>	<u>-</u>	<u>59,768</u>	<u>45,767</u>
Total Program Services	152,487	-	152,487	111,393
Supporting Services:				
Management and general	14,883	-	14,883	12,978
Fundraising and development	<u>2,218</u>	<u>-</u>	<u>2,218</u>	<u>1,157</u>
Total Supporting Services	<u>17,101</u>	<u>-</u>	<u>17,101</u>	<u>14,135</u>
Total Expenses	<u>169,588</u>	<u>-</u>	<u>169,588</u>	<u>125,528</u>
Change in Net Assets	(148,453)	(48,837)	(197,290)	63,455
Net Assets, Beginning of Year	<u>1,288,521</u>	<u>209,252</u>	<u>1,497,773</u>	<u>1,434,318</u>
Net Assets, End of Year	\$ <u><u>1,140,068</u></u>	\$ <u><u>160,415</u></u>	\$ <u><u>1,300,483</u></u>	\$ <u><u>1,497,773</u></u>

The accompanying notes are an integral part of these financial statements.

NEW HAMPSHIRE VETERANS CEMETERY ASSOCIATION, INC.

Statement of Functional Expenses
 For the Year Ended December 31, 2022
 (with summarized comparative totals for the year ended December 31, 2021)

	2022				2021	
	Program Services		Supporting Services		2022	2021
	Veterans Heritage Learning Center	Cemetery	Program Services Total	Management and General	Fundraising and Development	Total
Accounting	\$ -	\$ -	\$ -	\$ 10,500	\$ -	\$ 10,000
Advertising	-	12,906	12,906	-	289	440
Depreciation	72,729	-	72,729	-	-	51,518
Donations (Note 10)	6,825	46,696	53,521	-	-	45,469
Equipment	1,631	-	1,631	-	-	2,054
Information technology	5,637	-	5,637	540	135	5,978
Insurance	3,359	-	3,359	1,110	-	4,298
Legal fees	-	-	-	-	-	902
Miscellaneous	2,166	-	2,166	1,527	-	2,104
Office expenses	372	166	538	1,206	1,794	2,765
Total	\$ 92,719	\$ 59,768	\$ 152,487	\$ 14,883	\$ 2,218	\$ 169,588
						\$ 125,528

The accompanying notes are an integral part of these financial statements.

NEW HAMPSHIRE VETERANS CEMETERY ASSOCIATION, INC.

Statement of Cash Flows
For the Year Ended December 31, 2022
(with comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (197,290)	\$ 63,455
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,729	51,518
Realized (gain) loss on investments	(12,346)	(2,954)
Unrealized (gain) loss on investments	152,867	(31,033)
Changes in operating assets and liabilities:		
Contributions receivable	-	35,300
Other assets	(3,960)	(864)
Accounts payable	(7,590)	8,605
Contract liabilities	250	(1,800)
Net Cash Provided by Operating Activities	<u>4,660</u>	<u>122,227</u>
Cash Flows From Investing Activities		
Purchase of depreciable assets	(74,436)	(35,186)
Proceeds from sale of investments	123,476	85,555
Purchase of investments	<u>(144,043)</u>	<u>(199,714)</u>
Net Cash Used by Investing Activities	<u>(95,003)</u>	<u>(149,345)</u>
Net Change in Cash and Cash Equivalents	(90,343)	(27,118)
Cash and Cash Equivalents, Beginning of Year	<u>568,477</u>	<u>595,595</u>
Cash and Cash Equivalents, Ending of Year	<u>\$ 478,134</u>	<u>\$ 568,477</u>

The accompanying notes are an integral part of these financial statements.

NEW HAMPSHIRE VETERANS CEMETERY ASSOCIATION, INC.

Notes to Financial Statements
For the Year Ended December 31, 2022

1. Organization

New Hampshire Veterans Cemetery Association, Inc. (NHVCA) is a nonprofit corporation organized for assisting the New Hampshire State Veterans Cemetery staff in providing and maintaining a dignified resting place to honor veterans and eligible dependents which expresses the State's gratitude for their service to the country. The New Hampshire State Veterans Cemetery expresses peace through natural beauty and is a source of pride to veteran's families and residents of New Hampshire.

NHVCA also enhances public awareness and appreciation of the values of veterans and their service through outreach, publications, ceremonial events, and the Veterans Heritage Learning Center.

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies used in preparing and presenting the accompanying financial statements.

Basis of Financial Statement Presentation

The financial statements of NHVCA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Change in Accounting Principle

ASU 2020-07, Contributed Nonfinancial Assets

In 2022, NHVCA retrospectively adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Comparative Financial Information

The accompanying 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 GAAP. Accordingly, such information should be read in conjunction with the audited financial

statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value 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 gains and losses, less external investment expenses.

Property and Equipment

Property and equipment additions over \$2,000 are recorded at cost, if purchased, and at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed, and any resulting gain or loss is included in the Statement of Activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment in 2022 or 2021.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) imposed restrictions. The Board has designated, from net assets without donor restrictions, net assets for the purpose of sustaining operations and to promote public and donor confidence in the long-term sustainability of NHVCA. In addition, an endowment has been designated by the Board from net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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. NHVCA recognizes revenue from contributions and grants that were initially conditional, which became unconditional with restrictions during the reporting period, and for which those restrictions were met during the reporting period, as net assets without donor restrictions.

Revenue and Revenue Recognition

NHVCA recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest 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.

Memorials revenue from engraving services for benches, pavers and bricks, as well as memorial signage, is recognized when the performance obligations of transferring the memorial items to the State Veterans Cemetery (i.e., providing the services) are met. Upon receipt of a prepayment, NHVCA recognizes a contract liability in the amount of the prepayment for its performance obligation to provide services in the future. Due to the nature and timing of the performance and/or transfer of services, certain contract liabilities at December 31 of each year are recognized in the following year.

Donated Services and In-Kind Donations

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated professional services are recorded at the respective fair values of the services received. Contributed goods are recorded at fair value at the date of donation and as expenses when placed in service or distributed.

Advertising Costs

Advertising costs are expensed as incurred and are reported in the Statement of Activities and Statement of Functional Expenses.

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. Certain categories of expenses are attributed to more than one program or supporting function. In 2022 and 2021, all expenses were directly charged to the functional categories.

Income Taxes

NHVCA has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for charitable contribution deductions, and has been determined not to be a private foundation. NHVCA is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, NHVCA is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by the Finance Committee of the Board of Directors. Although the fair value of investments are subject to fluctuation on a year-to-year basis, the Finance Committee believes that investment policies and guidelines are provided for the long-term welfare of NHVCA.

Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are

inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset or liability within the hierarchy is based upon the pricing transparency of the asset or liability and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

New Accounting Standards to be Adopted in the Future

Credit Losses

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Measurement of Credit Losses of Financial Instruments*. The ASU requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the Statement of Activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This ASU will be effective for NHVCA for the year ending December 31, 2023. NHVCA is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, were comprised of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 478,134	\$ 568,477
Investments	<u>605,574</u>	<u>725,528</u>
Total financial assets	1,083,708	1,294,005
Less amounts not available to be used within one year:		
Board-designated liquidity reserve	(149,408)	(168,745)
Board-designated capital reserve	(60,000)	(50,000)
Board-designated endowment	(352,073)	(427,267)
Net assets with donor restrictions (purpose)	<u>(160,415)</u>	<u>(209,252)</u>
Total amounts not available to be used within one year	<u>(721,896)</u>	<u>(855,264)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 361,812</u>	<u>\$ 438,741</u>

NHVCA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next year, NHVCA operates with a budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

In addition, Board-designated net assets are available in accordance with NHVCA's spending policy. Although there is no intention to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

4. Investments

Investments, measured at fair value on a recurring basis and categorized in the fair value hierarchy as Level 1, consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Stock funds	\$ 370,016	\$ 465,049
Bond funds	<u>235,558</u>	<u>260,479</u>
Total	<u>\$ 605,574</u>	<u>\$ 725,528</u>

Unrealized gains and (losses) recognized during 2022 and 2021 on equity securities totaled \$(152,867) and \$31,033, respectively.

5. Property and Equipment

Property and equipment was comprised of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
VHLC exhibits	\$ 429,962	\$ 320,340
VHLC equipment	32,983	32,983
Construction in progress	<u>-</u>	<u>35,186</u>
Subtotal	462,945	388,509
Less accumulated depreciation	<u>(243,256)</u>	<u>(170,527)</u>
Total	<u>\$ 219,689</u>	<u>\$ 217,982</u>

6. Contract Liabilities

Upon receipt of a prepayment for goods and services, NHVCA recognizes a contract liability in the amount of the prepayment for its performance obligations to transfer goods and services in the future. NHVCA's contract liabilities relate to memorial purchases and will be recognized as revenue when NHVCA transfers the goods and services and, therefore, satisfies its performance obligations. Contract liabilities, including beginning balances were as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, January 1	\$ 6,450	\$ 8,250
Activity, net	<u>250</u>	<u>(1,800)</u>
Balance, December 31	<u>\$ 6,700</u>	<u>\$ 6,450</u>

7. Endowment

NHVCA's endowment policy is guided by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and applicable laws of the State of New Hampshire to which NHVCA's funds are subject. NHVCA's Finance Committee is responsible for the management of the invested funds, for making investment allocations, and for adherence to its spending policy.

Types of Funds - Board-designated

These are funds with no donor restrictions but which have been designated by the Board of Directors for the endowment. They are subject to the investment and spending policy below, but are classified as net assets without donor restrictions. A super majority vote of 2/3 of the Board of Directors is required to invade principal of these funds.

Investment and Spending Policies

Investment and spending policies have been adopted for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments.

Beginning on January 1 of each calendar year, NHVCA may, but is not required to, distribute annually a sum equal to not more than 5% of the average market value of the endowment fund for the twelve previous quarters through (and ending on) December 31 of the prior calendar year. The amount of the permitted distribution with respect to each calendar year shall be approved by the Board. It is the responsibility of the Board to periodically review the spending policy against actual returns in order to make adjustments necessary for the preservation of principal. Any income (including, but not limited to, interest, dividends, and realized capital gains) not distributed will convert to principal.

Redemptions or distributions from the endowment beyond the spending policy described above are not permitted, except in extraordinary circumstances. Such extraordinary expenditures will require an affirmative vote of two-thirds of the members of the Board of Directors.

Changes in Board-designated endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Board-designated endowment net assets, beginning	\$ 427,267	\$ 380,582
Investment income (loss), net	<u>(75,194)</u>	<u>46,685</u>
Board-designated endowment net assets, ending	<u>\$ 352,073</u>	<u>\$ 427,267</u>

8. Net Assets

Board-designated Net Assets

Net assets without donor restrictions include Board-designated net assets which may be accessed only with prior approval of the Board. Board-designated net assets at December 31, 2022 and 2021 were designated for the following purposes:

	<u>2022</u>	<u>2021</u>
Liquidity reserve	\$ 149,408	\$ 168,745
Capital reserve	60,000	50,000
Endowment	<u>352,073</u>	<u>427,267</u>
Total	<u>\$ 561,481</u>	<u>\$ 646,012</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions were comprised of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Veterans Heritage Learning Center	\$ 132,982	\$ 199,454
Cemetery	<u>27,433</u>	<u>9,798</u>
Total	<u>\$ 160,415</u>	<u>\$ 209,252</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Cemetery maintenance	\$ 700	\$ 17,317
Maintenance cart battery	-	1,200
Plants and gardening	-	230
Veterans Heritage Learning Center	<u>67,321</u>	<u>49,331</u>
Total	<u>\$ 68,021</u>	<u>\$ 68,078</u>

9. Contributed Nonfinancial Assets

NHVCA received contributed nonfinancial assets in the amount of \$10,082 and \$1,775 for the years ended December 31, 2022 and 2021, respectively. These contributed nonfinancial assets in 2022 related to the donation of \$10,000 in lawn care equipment which was ultimately gifted by NHVCA to the State for maintenance of the State Veterans' cemetery and \$82 in stamps utilized in fundraising activities. NHVCA valued the nonfinancial assets at the estimated fair market value of similar items considering the goods' conditions at the time of contribution. There were no associated donor restrictions.

10. Donations to the New Hampshire State Veterans Cemetery

NHVCA works in collaboration with the Adjunct General's Department and Cemetery Director to consider requests to purchase items such as monuments, memorials, landscaping materials and equipment for the New Hampshire State Veterans Cemetery which cannot be provided by the State.

11. Subsequent Events

Subsequent events have been evaluated through June 2, 2023, the date the financial statements were available to be issued.