

COMMUNITY COLLEGES
OF NEW HAMPSHIRE FOUNDATION

FINANCIAL REPORT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Colleges of New Hampshire Foundation
Concord, New Hampshire 03301

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Colleges of New Hampshire Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities and changes in net assets, 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 Community Colleges of New Hampshire Foundation as of June 30, 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 Community Colleges of New Hampshire Foundation 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 Community Colleges of New Hampshire Foundation'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 Community Colleges of New Hampshire Foundation'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 Community Colleges of New Hampshire Foundation'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 the Foundation's financial statements for the year ended June 30, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Wechsler & Company

Concord, New Hampshire
November 10, 2022

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

		<i>ASSETS</i>	
		2022	2021
CURRENT ASSETS			
Cash		\$ 180,019	\$ 134,398
Contributions receivable, current portion		-	4,000
	<i>Total current assets</i>	<u>180,019</u>	<u>138,398</u>
OTHER ASSETS			
Cash equivalent portion of investments		296,938	146,433
Investments		5,621,820	5,726,087
		<u>5,918,758</u>	<u>5,872,520</u>
	<i>Total assets</i>	<u><u>\$ 6,098,777</u></u>	<u><u>\$ 6,010,918</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 6,157	\$ 2,153
NET ASSETS			
Without donor restrictions		380,267	196,805
Board designated		759,717	606,758
	<i>Total net assets without donor restrictions</i>	<u>1,139,984</u>	<u>803,563</u>
With donor restrictions		4,952,636	5,205,202
	<i>Total net assets</i>	<u>6,092,620</u>	<u>6,008,765</u>
	<i>Total liabilities and net assets</i>	<u><u>\$ 6,098,777</u></u>	<u><u>\$ 6,010,918</u></u>

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 Year Ended June 30, 2022 (With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue and other support:				
Contributions	\$ 22,500	\$ 2,438,226	\$ 2,460,726	\$ 805,653
Contributed nonfinancial assets	459,305	-	459,305	438,340
Interest and dividend income	17,601	88,586	106,187	96,512
Realized and unrealized gains (losses) on investments, net of fees	(197,624)	(987,787)	(1,185,411)	1,313,268
	<u>301,782</u>	<u>1,539,025</u>	<u>1,840,807</u>	<u>2,653,773</u>
Net assets released from restrictions for satisfaction of purpose and time restrictions	<u>1,791,591</u>	<u>(1,791,591)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program	1,389,900	-	1,389,900	740,564
General and administrative	240,058	-	240,058	236,449
Fundraising	126,994	-	126,994	90,585
	<u>1,756,952</u>	<u>-</u>	<u>1,756,952</u>	<u>1,067,598</u>
<i>Increase (decrease) in net assets</i>	336,421	(252,566)	83,855	1,586,175
Net assets, beginning of year	<u>803,563</u>	<u>5,205,202</u>	<u>6,008,765</u>	<u>4,422,590</u>
<i>Net assets, end of year</i>	<u>\$ 1,139,984</u>	<u>\$ 4,952,636</u>	<u>\$ 6,092,620</u>	<u>\$ 6,008,765</u>

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022 (With Comparative Totals for 2021)

	Program	General and Administrative	Fundraising	2022 Total	2021 Total
Scholarships	\$ 1,226,698	\$ -	\$ -	\$ 1,226,698	\$ 578,967
Conferences and meetings	1,276	-	-	1,276	1,462
In-kind - services	115,481	164,974	49,492	329,947	380,763
In-kind - office expenses	36,042	51,489	15,447	102,978	27,766
In-kind - professional fees	2,634	3,763	1,129	7,526	6,500
In-kind - insurance	649	927	278	1,854	6,511
Marketing & promotion	-	-	50,854	50,854	22,537
Office supplies and expense	-	9,204	1,500	10,704	15,565
Professional fees - audit and accounting	5,950	8,500	2,550	17,000	16,800
Professional fees - legal	-	1,026	-	1,026	-
Professional fees - secretarial	-	175	-	175	4,011
Support of Community College System of New Hampshire curriculum and activities	1,170	-	-	1,170	6,716
Event expense	-	-	5,744	5,744	-
<i>Total functional expenses</i>	\$ 1,389,900	\$ 240,058	\$ 126,994	\$ 1,756,952	\$ 1,067,598

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 83,855	\$ 1,586,175
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments, net of fees	1,185,411	(1,313,268)
Decrease in contributions receivable	4,000	16,552
Increase in accounts payable	4,002	386
Contributions restricted for long-term purposes	(1,096,243)	(168,064)
	<u>181,025</u>	<u>121,781</u>
<i>Net cash provided by operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,032,009)	(1,141,542)
Proceeds from sales of investments	1,950,867	986,326
	<u>(1,081,142)</u>	<u>(155,216)</u>
<i>Net cash used in investing activities</i>		
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in permanent endowment	1,096,243	168,064
	<u>196,126</u>	<u>134,629</u>
<i>Net increase in cash and cash equivalents</i>		
Cash and cash equivalents, beginning of year	280,831	146,202
	<u>476,957</u>	<u>280,831</u>
<i>Cash and cash equivalents, end of year</i>		
Cash and cash equivalents consists of:		
Checking account	\$ 180,019	\$ 134,398
Cash and cash equivalent portion of investments	296,938	146,433
	<u>\$ 476,957</u>	<u>\$ 280,831</u>

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities

Community Colleges of New Hampshire Foundation (the "Foundation") is a non-profit organization structured to seek and secure private funds and/or grants in order to supplement the traditional revenue sources of the Community College System of New Hampshire (CCSNH). The Foundation's mission is to support the CCSNH and make higher education more accessible by providing student scholarship assistance, facility and staff support programs and improved educational facilities.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The financial statements of the Foundation have been prepared on the accrual basis for exchange type transactions. 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.

Basis of presentation: The Foundation reports investments at fair value in accordance with the FASB Accounting Standards Codification topic for accounting for certain investments held by not-for-profit organizations (FASB ASC 958-320).

The Foundation 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 with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. FASB ASC 958-310 requires that unconditional promises to give (pledges) be recorded as receivables and revenues.

The Foundation also 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 Foundation is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions or without donor restrictions. Descriptions of these two net asset categories are as follows:

Without donor restrictions include revenues not restricted by outside sources and revenues designated by the Board of Directors for special purposes and their related expenses.

With donor restrictions include gifts and contributions receivable for which time restrictions or donor-imposed restrictions have not yet been met and also includes the accumulated appreciation related to permanently restricted endowment gifts, which is a requirement of FASB ASC 958-205-45. Also includes 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.

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. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Estimates and assumptions: Management uses certain 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 amounts of revenues and expenses. Accordingly, actual results may differ from estimated amounts.

Cash and cash equivalents: For purposes of reporting cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2022, the Foundation had cash equivalents of \$296,938.

Contributions: Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purposes specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the year ended June 30, 2022.

Contributions of services are recorded if the services create or enhance non-financial assets, or the services are performed by individuals possessing specialized skills and those services would normally need to be purchased if not donated. These services are recorded at their fair value at the time of contribution.

Contributions receivable: Unconditional promises to give are recognized as revenue in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefit received. 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments: The Foundation carries investments in marketable securities at their fair values in the statement of financial position. Purchased and gifted securities are recorded at fair value on the date of the acquisition or gift, net of any brokerage fees. Realized and unrealized gains and losses on securities in the investment portfolio are allocated on a specific-identification basis and are included in the accompanying statement of activities.

Functional allocation of expenses: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include in-kind expenses, office supplies and expense, and professional fees, which are allocated on the basis of estimates of time and effort.

Income tax status: The Foundation qualifies as a not-for-profit organization under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. However, certain unrelated business income is subject to federal taxation. For the year ended June 30, 2022, there was no liability for tax on unrelated business income.

The Foundation has adopted the provisions of ASC 740, Accounting for Uncertainty in Income Taxes. Accordingly, management has evaluated the Foundation's tax positions and concluded the Foundation had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for tax years before 2019.

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NOTES TO FINANCIAL STATEMENTS

Change in accounting principle: In September 2020, the FASB issued, ASU 2020-07, *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 increase disclosure.

Recent accounting pronouncements: In February 2016, the FASB issued, *Leases*, Topic 842 (ASU 2016-02). Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. This standard will be effective for the Foundation for the year ended June 30, 2023, with early adoption permitted. Management is currently evaluating the impact this will have on its financial statements.

Note 3. Investments

Investments are presented in the financial statements in the aggregate at fair value. Investments are comprised of the following at June 30, 2022:

	Market	Cost
Equities:		
U.S. Large Cap	\$ 1,684,559	\$ 1,351,568
U.S. Mid Cap	1,080,774	1,041,400
U.S. Small Cap	633,286	499,957
International developed	796,987	825,019
Emerging markets	370,310	414,128
Fixed Income:		
Investment grade taxable	997,431	1,076,260
Global High Yield Taxable	58,473	69,242
<i>Total</i>	<u>\$ 5,621,820</u>	<u>\$ 5,277,574</u>

Note 4. Contributed Nonfinancial Assets (Gifts in Kind)

The following is a breakdown of the components of donated materials and services:

<u>June 30,</u>	<u>2022</u>
Salary and benefits	\$ 329,948
Marketing services	49,096
Software licenses	30,264
Office supplies and insurance	25,471
Legal and audit fees	24,526
	<u>\$ 459,305</u>

The Foundation receives various forms of gift-in-kind (GIK) including donated supplies, occupancy expenses, and professional fees paid on its behalf. During the year ended June 30, 2022, the Foundation received GIK valued at \$452,805, which includes personnel costs, holiday pay, and payroll benefits from the New Hampshire Community Colleges System Office. The Foundation also received donated audit fees valued at \$6,500 during the year ended June 30, 2022.

GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. GIK for services include professional services that would be typically purchased if not provided as an in-kind contribution. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered. GIK for office supplies are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market conserving their condition at the time the goods are contributed by the donor.

Note 5. Fair Value Measurements

The Fair-Value Measurements topic of the FASB Accounting Standards Codification (FASB ASC 820-10) establishes a fair value hierarchy that prioritizes the inputs to 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- *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. The Foundation has valued their 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.

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Financial assets carried at fair value on a recurring basis consist of the following at June 30, 2022:

	<u>Level 1</u>
Equities:	
International developed	\$ 796,987
Emerging markets	370,310
Other equities	3,398,619
Fixed Income:	
Investment grade taxable	997,431
Global High Yield Taxable	58,473
Cash equivalents	296,938
<i>Total</i>	<u>\$ 5,918,758</u>

Note 6. Liquidity and Availability of Resources

June 30,	<u>2022</u>
Cash	\$ 180,019
Cash equivalent portion of investments	296,938
Investments	5,621,820
<i>Total financial assets</i>	<u>6,098,777</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with time or purpose restrictions	(982,295)
Subject to appropriation and satisfaction of donor restrictions, original gift value of \$3,033,694 restricted in perpetuity	(3,970,341)
Less amounts unavailable without Board approval for the following:	
Board designated for healthcare education	(88,677)
Board designated for scholarships	(671,040)
<i>Financial assets available to meet cash needs for general expenditures within one year</i>	<u>\$ 386,424</u>

The Foundation is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. There are funds established by the governing board that are designated for specific purposes such as healthcare education and specific scholarships. These designations may be changed at any time at the board's discretion.

Note 7. Endowment Funds and Net Assets

The Foundation 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 nonprofit organization that is subject to an enacted version of the Uniform

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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 Foundation's endowment is comprised of 50 named funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation 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 Foundation classifies as with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed in UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund, (2) the purposes of the Foundation and endowment fund, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

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 Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in ten donor-restricted endowment funds, which together have an original gift value of \$1,250,082 and a current fair value of \$1,040,862 and a deficiency of \$209,220 as of June 30, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Investment Return Objectives, Risk Parameters and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Directors, 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 an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the funds if possible. 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.

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Spending Policy: The Foundation has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value of the trailing twelve quarters preceding the fiscal year in which the distribution is planned.

The Foundation also has a policy of appropriating for administrative expenses each year 1.5% of its endowment fund's average fair value of the trailing twelve quarters preceding the fiscal year unless the fund specifically disallows such fees. In establishing this policy, the Foundation 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 based on donor restrictions, and the possible effects of inflation.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing board appropriated for expenditure \$6,352 from underwater endowment funds during the year.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,970,341	\$ 3,970,341
Board-designated endowment funds	759,717	-	759,717
<i>Total</i>	<u>\$ 759,717</u>	<u>\$ 3,970,341</u>	<u>\$ 4,730,058</u>

Changes in endowment net assets as of June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2021	\$ 606,758	\$ 4,247,106	\$ 4,853,864
Investment return:			
Investment income	17,601	87,978	105,579
Net appreciation (realized and unrealized), net of fees	(197,624)	(987,787)	(1,185,411)
Total investment return	<u>(180,023)</u>	<u>(899,809)</u>	<u>(1,079,832)</u>
Contributions	6,501	1,096,243	1,102,744
Appropriation of endowment assets for expenditure	(36,515)	(145,203)	(181,718)
Transfer from temporarily restricted expendable funds to endowment per donor	-	35,000	35,000
Reclass Quasi-endowment with donor restriction to board designated (see below)	362,996	(362,996)	-
Endowment net assets, June 30, 2022	<u>\$ 759,717</u>	<u>\$ 3,970,341</u>	<u>\$ 4,730,058</u>

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

During the year ended June 30, 2022, the Foundation reclassified six quasi endowed funds to the category of without donor restrictions as these funds were miscategorized on the prior year financial statements. The value of these funds at July 1, 2021 was \$362,996 and the reclassification has been included in the release from restriction on the accompanying statement of activities and changes in net assets.

Net Assets with donor restrictions: Donor restrictions consist of gifts, pledges, and other unexpended revenues available for various scholarship and campus programs are as follows at June 30, 2022:

	Cumulative Original Gift Value	Market Value	Percentage of Total Market Value
Investments in perpetuity, which once appropriated, is expendable to support scholarships:			
Holloway Family Scholarship Fund	\$ 1,000,000	\$ 828,097	20.85%
AAA Foundation	315,500	554,193	13.96%
Great Bay Student Senate	213,984	364,885	9.19%
Chester French	105,450	231,617	5.83%
Francis Benton	121,294	193,719	4.88%
Bonnie Newman	98,489	147,982	3.73%
Marshall Snyder	70,046	108,743	2.74%
Dr. Thurston Carpenter	50,100	91,890	2.31%
H. James Tyler	50,000	81,684	2.06%
General Electric	25,000	78,633	1.98%
Daniel McLeod	38,940	70,743	1.78%
Edward Sweeney	35,749	70,715	1.78%
Grace Orzechoski Scholarship	82,538	68,029	1.71%
Martha R. Stebbins Memorial	62,000	63,539	1.60%
GBCC Annual Fund	45,521	62,249	1.57%
George Strout Eng/Tech	38,035	58,000	1.46%
Rachel Lanzo Higgins Scholarship	50,000	53,661	1.35%
Joe Mastrullo/Mallard Landing	39,919	50,595	1.27%
Patricia Bottino	25,000	46,426	1.17%
Raymond Burton Memorial	30,501	43,671	1.10%
David Copestakes	25,711	43,602	1.10%
Timothy G. Carberry Scholarship Fund	50,000	41,539	1.05%
Scott Turner Paramedic	27,228	38,785	0.98%
Dr. Ross Gitell Scholarship	30,811	34,725	0.87%
Quentin Walsh	16,384	32,093	0.81%
H. Irene Peters Fund	17,000	28,581	0.72%
B.J.Eckardt	12,260	28,550	0.72%
Atwood Memorial	15,980	28,418	0.72%
Joan Acorace Memorial	22,300	26,265	0.66%
WMCC President's Building Fund	13,500	25,464	0.64%
Terri Wright Memorial	11,022	25,122	0.63%

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

	Cumulative Original Gift Value	Market Value	Percentage of Total Market Value
Devi Timsina Mem	\$ 18,066	\$ 25,021	0.63%
Scott Mullin Memorial Scholarship	25,000	25,000	0.63%
Gustafson Scholarship Fund	15,465	24,551	0.62%
Ann Louise Scott Scholarship	26,246	24,272	0.61%
Fernald Endowed	16,647	22,917	0.58%
Granite Foundation Scholarship	25,000	22,846	0.58%
Jo Ann & David Hampson Scholarship	25,882	21,628	0.54%
Lakes Region Scholarship General	13,775	20,222	0.51%
Lois Morris	11,071	19,268	0.49%
Beta Sigma	11,050	18,288	0.46%
Molly H. MacDougall	11,108	18,044	0.45%
L. Puksta Memorial	10,500	17,545	0.44%
Hiliary Hanson Memorial	10,600	16,118	0.41%
Joan Hubbard Mem Nursing	10,005	14,250	0.36%
NCC Lucille Jordan Fund	12,500	12,500	0.31%
Wendy Parent Fund	10,100	11,204	0.28%
Civil Rights Schol. Fund	10,173	9,015	0.23%
Nishma Duffy Memorial	10,441	8,674	0.22%
PTK Scholarship Fund	10,603	8,588	0.22%
Dan Pesula Scholarship	9,200	8,175	0.21%
<i>Funds restricted in perpetuity by donor</i>	\$ 3,033,694	\$ 3,970,341	100.00%

	Market Value	Percentage of Total Market Value
Subject to expenditure for scholarships and campus programs:		
Foundation - Gift to the class of 2021	\$ 121,555	12.37%
Great Bay - GBCC Scholarship Fund	77,778	7.91%
Manchester - Network4Health Behav. Schol Fund	65,000	6.61%
Nashua - Scholarship Fund	59,884	6.09%
Campus Funds under \$5,000	59,776	6.09%
Laconia - General Scholarship	58,579	5.96%
Claremont (RVCC) - Annual Fund	58,102	5.91%
Foundation - Chancellor's Innovative Fund	43,922	4.47%
Claremont (RVCC) - Scholarship Fund	42,968	4.37%
Manchester - Scholarship (Gen)	41,786	4.25%

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

	Market Value	Percentage of Total Market Value
Manchester - Accurate Air Scholarship Fund	\$ 40,000	4.07%
Great Bay - Distinguished Leaders Allied Foundation - Healthcare Education	29,000	2.95%
Laconia - Dale T. Jones Memorial	21,899	2.23%
Great Bay - PHA Initiative	20,375	2.07%
Build Community - Littleton Expansion	18,576	1.89%
Manchester - John & Mary Williams Memorial	17,945	1.83%
NHTI - Chester French	16,409	1.67%
Nashua - Mastersons Auto	15,542	1.58%
WMCC - Alumni Scholarship Fund	14,305	1.46%
WMCC - Caterpillar Scholarship	13,807	1.41%
Laconia - H James Tyler	13,678	1.39%
Claremont (RVCC) - Closey/Dickey Fund	13,048	1.33%
Roderick Blackburn Nursing Scholarship	12,836	1.31%
Laconia - College Advisory Board	12,573	1.28%
Great Bay - Arts Fund	10,766	1.10%
NHTI - Edward Sweeney	10,055	1.02%
Foundation - NH Steel Fabricators Welding	10,037	1.02%
Laconia - Gene Haas Scholarship	10,000	1.02%
NHTI - Scholarship	8,400	0.86%
Nashua - Alumni Scholarship	7,658	0.78%
Foundation - Scholarship Fund	7,545	0.77%
Claremont (RVCC) - Foster Youth Initiative	6,802	0.69%
Nashua - Gene Haas Scholarship	6,189	0.63%
WMCC - Benckendorf Family Emergency	5,500	0.56%
Foundation - Walter Peterson Event Fund	5,000	0.51%
<i>Total</i>	<u>\$ 982,295</u>	<u>100.00%</u>
<i>Total net assets with donor restriction</i>	<u><u>\$ 4,952,636</u></u>	

Net Assets without donor restrictions:

The Foundation board has designated net assets for the following purposes as of June 30, 2022:

RVCC Presidents fund	\$ 167,245
RVCC Walter Peterson fund	166,241
Joanne McCraren	158,122
Healthcare education	88,677

COMMUNITY COLLEGES OF NEW HAMPSHIRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

LRCC scholarship	50,550
Susan Huard Scholarship	33,378
WMCC Scholarship Fund	29,006
Dr. Wildolfo Arvelo Scholarship	27,867
Paul Holloway Scholarship	25,822
Jen Kemp Memorial	12,809
<i>Total</i>	<u>\$ 759,717</u>

Note 8. Subsequent Events

The Foundation has evaluated subsequent events through November 10, 2022; the date which the financial statements were available to be issued and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended June 30, 2022.