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New Hampshire Charitable Foundation and Affiliated Organization

Consolidated Financial Statements

Years Ended December 31, 2014 and 2013
With Independent Auditors' Report

Baker Newman & Noyes, LLC

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NEW HAMPSHIRE CHARITABLE FOUNDATION AND AFFILIATED ORGANIZATION

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013

CONTENTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New Hampshire Charitable Foundation

We have audited the accompanying consolidated financial statements of New Hampshire Charitable Foundation and Affiliated Organization (the Foundation) which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

The Board of Directors
New Hampshire Charitable Foundation

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Charitable Foundation and Affiliated Organization as of December 31, 2014 and 2013, and the results of its consolidated activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 8 to the consolidated financial statements, in 2013, through its affiliated LLC, the Foundation accepted a gift of 100% of the outstanding shares of a multi-national corporation that is in the process of liquidating its assets and settling its liabilities. Significant uncertainties exist relative to the ultimate resolution to the realizability of assets and settlement of liabilities of this entity. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The Statement of Expenses schedule has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes
Limited Liability Company

Manchester, New Hampshire
July 10, 2015

NEW HAMPSHIRE CHARITABLE FOUNDATION AND AFFILIATED ORGANIZATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	2014	2013
ASSETS		
Assets:		
Cash and cash equivalents	$ 24,363,082	$ 34,404,300
Restricted cash	143,315	790,000
Investments, at fair value (note 3)	582,698,053	554,505,136
Investments held in trust (note 3)	4,108,628	3,959,472
Accrued investment income	25,147	23,453
Receivable from trusts	2,455,912	2,381,112
Contributions receivable (note 4)	620,576	1,661,818
Grants receivable (note 4)	1,710,000	1,460,000
Notes receivable, less allowance for uncollectible amounts of $142,997 in 2014 and $153,230 in 2013	3,056,037	3,241,147
Assets held for sale (note 8)	4,429,066	4,628,525
Other assets	539,817	656,975
Property, plant and equipment:		
Land	307,000	307,000
Building and improvements	1,680,113	1,650,680
Equipment and furniture	1,297,929	1,257,050
	3,285,042	3,214,730
Less accumulated depreciation	2,157,481	2,047,945
Net property, plant and equipment	1,127,561	1,166,785
Total assets	$ 625,277,194	$ 608,878,723
LIABILITIES AND NET ASSETS		
Liabilities:		
Grants payable	$ 5,614,922	$ 4,740,817
Income beneficiaries payable	1,172,294	1,135,894
Unearned contributions	3,990,758	3,629,018
Accounts payable and accrued expenses	521,194	453,138
Funds held as agency funds	35,588,754	33,581,772
Other liabilities (note 8)	11,485,792	11,435,456
Total liabilities	58,373,714	54,976,095
Net assets (notes 5 and 6):		
Unrestricted	462,949,673	446,880,719
Temporarily restricted	43,412,878	46,837,636
Permanently restricted	60,540,929	60,184,273
Total net assets	566,903,480	553,902,628
Total liabilities and net assets	$ 625,277,194	$ 608,878,723

See accompanying notes.

NEW HAMPSHIRE CHARITABLE FOUNDATION AND AFFILIATED ORGANIZATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31, 2014 and 2013

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and investment gains (losses):				
Contributions	$ 30,563,172	$ 62,340	$ 236,888	$ 30,862,400
Interest and dividend income (note 3)	3,887,143	863,225	–	4,750,368
Net unrealized and realized gains on investments (note 3)	13,287,263	4,141,378	–	17,428,641
Change in value of split interest agreements	(8,064)	(101,617)	114,589	4,908
Other	31,884	–	–	31,884
Total revenues and investment gains	47,761,398	4,965,326	351,477	53,078,201
Net assets released resulting from satisfaction of donor restrictions and other transfers	7,490,530	(7,495,709)	5,179	–
Total revenues, gains and other support	55,251,928	(2,530,383)	356,656	53,078,201
Expenses:				
Grants, scholarships and program initiatives	32,002,307	–	–	32,002,307
Administrative expenses (note 7):				
Program service expenses	2,492,204	–	–	2,492,204
Management and general expenses	2,131,442	–	–	2,131,442
Fundraising expenses	1,399,079	–	–	1,399,079
Total administrative expenses	6,022,725	–	–	6,022,725
Investment management fees (note 2)	1,146,333	248,921	–	1,395,254
Provision for uncollectible notes receivable	11,609	–	–	11,609
Total expenses	39,182,974	248,921	–	39,431,895
Increase (decrease) in net assets before effects of discontinued operations	16,068,954	(2,779,304)	356,656	13,646,306
Loss from discontinued operations (note 8)	–	(645,454)	–	(645,454)
Total increase (decrease) in net assets	16,068,954	(3,424,758)	356,656	13,000,852
Net assets at beginning of year	446,880,719	46,837,636	60,184,273	553,902,628
Net assets at end of year	$ 462,949,673	$43,412,878	$60,540,929	$ 566,903,480

See accompanying notes.

2013			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$36,419,545	$12,524,139	$ 2,388,008	$ 51,331,692
3,246,603	694,757	–	3,941,360
55,481,871	10,449,327	–	65,931,198
(8,084)	59,507	152,496	203,919
64,162	–	–	64,162
95,204,097	23,727,730	2,540,504	121,472,331
2,431,549	(2,431,549)	–	–
97,635,646	21,296,181	2,540,504	121,472,331
32,285,553	–	–	32,285,553
2,493,870	–	–	2,493,870
1,966,020	–	–	1,966,020
1,308,949	–	–	1,308,949
5,768,839	–	–	5,768,839
866,884	193,674	–	1,060,558
12,487	–	–	12,487
38,933,763	193,674	–	39,127,437
58,701,883	21,102,507	2,540,504	82,344,894
–	(108,191)	–	(108,191)
58,701,883	20,994,316	2,540,504	82,236,703
388,178,836	25,843,320	57,643,769	471,665,925
$446,880,719	$46,837,636	$60,184,273	$ 553,902,628

NEW HAMPSHIRE CHARITABLE FOUNDATION AND AFFILIATED ORGANIZATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase in net assets	$ 13,000,852	$ 82,236,703
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Net loss from discontinued operations	645,454	108,191
Depreciation	120,489	121,396
Net unrealized and realized investment gains	(17,428,641)	(65,931,198)
Contributions of securities and real estate	(9,278,504)	(6,924,219)
Proceeds from temporarily restricted contributions	(62,340)	(12,524,139)
Proceeds from permanently restricted contributions	(236,888)	(2,388,008)
Changes in:		
Restricted cash	646,685	(790,000)
Investments held in trust	(149,156)	(59,277)
Accrued investment income	(1,694)	171,376
Receivable from trusts	(74,800)	(198,543)
Contributions receivable	1,041,242	(1,352,936)
Grant receivable	(250,000)	(1,460,000)
Other assets	117,158	(15,453)
Grants payable	874,105	1,461,204
Income beneficiaries payable	36,400	(41,733)
Unearned contributions	361,740	1,398,708
Accounts payable, accrued expenses and other liabilities	118,392	51,150
Funds held as agency funds	2,006,982	4,179,678
Net cash used by operating activities	(8,512,524)	(1,957,100)
Cash flows from investing activities:		
Proceeds from sale of investments	46,879,923	39,340,605
Purchase of investments	(48,811,690)	(35,585,333)
Principal collected from notes receivable	248,110	390,585
Principal disbursed for notes receivable	(63,000)	(70,500)
Purchases of property, plant and equipment, net	(81,265)	(29,230)
Net cash (used) provided by investing activities	(1,827,922)	4,046,127
Cash flows from financing activities:		
Proceeds from temporarily restricted contributions	62,340	19,222,879
Proceeds from permanently restricted contributions	236,888	2,388,008
Net cash provided by financing activities	299,228	21,610,887
Net (decrease) increase in cash and cash equivalents	(10,041,218)	23,699,914
Cash and cash equivalents at beginning of year	34,404,300	10,704,386
Cash and cash equivalents at end of year	$ 24,363,082	$ 34,404,300

Supplemental non-cash investing and financing activities:

The cash flows from operating activities in 2013 do not include the contribution of certain items as there is no impact to cash flows. These activities include contributions of fixed assets of $4,362,310, accounts receivable of $266,215 and other liabilities assumed of $11,435,456. See note 8 for additional disclosure.

See accompanying notes.

1. Organization

The New Hampshire Charitable Foundation (the Foundation) is a nonprofit community foundation that provides grant and loan assistance to nonprofit organizations primarily in New Hampshire and to students who are residents of the State. The Foundation is comprised of 1,698 individual funds, including unrestricted, field of interest, designated, agency, scholarship, donor advised, annuities, trusts and pooled income funds. Resources for various purposes are classified into funds established according to their nature and purpose.

In 2013, the Foundation created a wholly-owned LLC (the LLC) for the purposes of managing potential risks and exposures related to a gift of 100% of the outstanding shares of a multi-national and diverse corporation (the Corporation). See note 8 for more information.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Foundation include the accounts of the Foundation and its wholly-owned LLC, which consolidates its 100% owned corporate subsidiary. Operating results for the corporate subsidiary (which are accounted for as discontinued operations) have been consolidated from the date of acceptance of the corporate stock. Significant intercompany accounts and transactions have been eliminated in consolidation.

Concentration of Credit Risk

Financial instruments which subject the Foundation to credit risk consist of cash equivalents, notes and contributions receivable and investments. The risk with respect to cash equivalents is minimized by the Foundation's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Foundation's cash and cash equivalents are currently held at seven institutions. To further secure balances, the Foundation's cash accounts are collateralized by U.S. Treasuries and other securities totaling over $23 million held at Bank of New York Mellon. The Foundation's notes and contributions receivable are presented net of estimated uncollectible amounts. The Foundation's investment portfolio consists of diversified investments, which are subject to market risk, but are not subject to concentrations in any sector. At December 31, 2014, investment concentrations of 5% or greater of the investment portfolio (excluding investments held in trust) were as follows:

Adage Capital Partners, L.P.	$ 54,414,060	9.2%
Forester Partners, L.P.	49,974,096	8.6
Harris Associates L.P.	36,156,744	6.2

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents includes investments in liquid debt instruments. The carrying value of cash and cash equivalents approximates market value.

2. Summary of Significant Accounting Policies (Continued)

During 2014, the Foundation was awarded three grants from unaffiliated charitable organizations, to be paid in 2014 and in the following two years (assuming certain benchmarks are met). The grants are to be used for specific programs as outlined in the grant awards. At December 31, 2014, the Foundation had received $102,500 and expended $45,315 from these grants. The Foundation has recorded the remaining $250,000 of the grants in grants receivable and unearned contributions at December 31, 2014. In addition, the remaining cash of $57,185 is recorded as restricted cash.

During 2013, the Foundation was awarded a grant totaling $2,250,000 to be paid over 3 years (assuming certain benchmarks are met). The grant award is to be used to support broad adoption of adolescent substance use Screening, Brief Intervention and Referral to Treatment (SBIRT) in New Hampshire. At December 31, 2013, the Foundation had received $790,000 from this grant which is reflected as a temporarily restricted contribution and in restricted cash. In addition, the Foundation has recorded the remaining $1,460,000 of the grant award in grant receivable and unearned contributions at December 31, 2014 and 2013. At December 31, 2014, the Foundation had expended $715,870 of this grant. The remaining cash of $74,130 is recorded as restricted cash. The second payment from this grant was received during the first quarter of 2015.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, restricted cash, grant receivable, and accounts payable and accrued expenses approximates fair value due to the short-term nature of these instruments. Investments approximate fair value based on the descriptions under Fair Value Measurements in note 3. The fair value of contributions receivable and grants payable is determined as the present value of expected future cash flows using a discount rate. Income beneficiaries payable are reported at fair value based on the life expectancy of the beneficiaries and the present value of expected cash flows using a discount rate established at the time of the gift. The carrying amount of all other financial instruments approximates fair value.

Investments

Investment securities are stated at fair value. The fair value of debt securities and marketable equity securities are based on quoted market prices. The Foundation carries alternative investments at estimated fair value as determined by management based upon valuations provided by the respective fund managers or general partners. Alternative investments include private equity, venture capital, hedge funds, natural resources, and real estate. The Foundation invests in various investment classes, including international capital markets and alternative investments. The Foundation's investments are subject to various risks, such as interest rate, credit and overall market volatility, which may substantially impact the value of such investments at any given time.

The Foundation's management is responsible for the fair value measurement of investments reported in the financial statements. The Foundation has implemented policies and procedures to assess the reasonableness of the fair values provided. Because of the inherent uncertainty of valuation for these investments, the estimate of the fund manager or general partner may differ from actual values, and the differences could be significant. The Foundation believes that reported fair values of its alternative investments at the balance sheet dates are reasonable.

2. Summary of Significant Accounting Policies (Continued)

Investment income is allocated to the various funds within the unrestricted and temporarily restricted fund groups based upon fair value.

The Foundation has commitments to thirty limited partnerships that draw down capital as the partnerships make investments. As the commitments are called, the Foundation reallocates resources from current investments to fulfill the commitment, thus the capital calls are asset allocation shifts within the investment portfolio. As of December 31, 2014, the Foundation had approximately $32 million of uncalled capital commitments through 2019, of which it is estimated approximately $8 million will be called in 2015.

Subsequent to December 31, 2014, the Foundation decided in the first quarter of 2015 to redeem approximately $5 million from a US equity manager and to invest the proceeds equally between two existing global equity managers. The Foundation decided to redeem approximately $16 million from a fixed income manager and to invest the proceeds equally between two existing fixed income managers. The Foundation also decided to commit $5 million to a private equity non-marketable alternative manager and to commit $5 million to an inflation hedging non-marketable alternative manager.

Receivable from Trusts

The Foundation is the sole or partial beneficiary of charitable remainder trusts. The Foundation does not act as trustee and has recorded an asset at the present value of the estimated revenue to be received from the trusts using a discount rate ranging from 2.4% to 9.4%.

Notes Receivable

The Foundation provides low-interest rate loans, currently ranging from 0% to 4%, to students and certain nonprofit organizations. The interest rates range from 0% to 7% on outstanding loans. Interest on student loans is recognized for financial statement purposes when amounts are received which does not significantly differ from the accrual basis. The Foundation evaluates collectibility of its notes receivable and provides reserves for uncollectible amounts based upon specific requirements and historical write offs for loans which are deemed uncollectible. The student loan default rate was 1.51% for 2014 and 1.54% for 2013.

Property, Plant and Equipment

Property, plant and equipment is stated at cost or, if donated, at fair market value determined at the date of donation, less accumulated depreciation. The Foundation's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures that do not extend the lives of the related assets. Depreciation is provided by the straight-line method in a manner which is intended to amortize the cost of the assets over their estimated useful lives.

Unearned Contributions and Income Beneficiaries Payable

The Foundation has recorded a liability for grants awarded but not earned and for the amount due to income beneficiaries of pooled income funds (unearned contributions) and charitable gift annuities (income beneficiaries payable). For charitable gift annuities, the present value of the estimated future payments to be distributed during the beneficiary's expected life is recorded as a liability using a discount rate ranging from 1.0% to 8.2%.

2. Summary of Significant Accounting Policies (Continued)

Agency Funds

Agency funds are funds that are established and funded by a not-for profit organization for its own benefit. In exchange, the Foundation agrees to provide periodic distributions to the not-for-profit organization. Accounting rules require the Foundation to account for transfers of assets from not-for-profit organizations into agency funds as an asset with a corresponding liability.

Classification of Net Assets

The State of New Hampshire adopted *Uniform Prudent Management of Institutional Funds Act of 2006* (UPMIFA) effective July 1, 2008. The Foundation has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to its bylaws and most contributions are subject to the terms of the bylaws. Certain contributions are received subject to other gift instruments.

The Foundation maintains the following types of funds within its net assets:

Agency funds are established by 501(c)(3) organizations that transfer ownership of funds to the Foundation. Nonprofit organizations establish agency funds to ensure they will be able to fulfill their missions now and in the future. The agency fund is owned by the Foundation and is held as an asset on its statement of financial position with a corresponding liability.

Designated funds are established by a donor(s) to support specific nonprofit organizations. The Foundation has the ongoing fiduciary responsibility to make grants to the nonprofit organizations donor(s) have selected. If the selected nonprofit organization ceases to exist, the Foundation's Board of Directors will identify another nonprofit that most closely resembles the original charitable intent.

Donor Advised funds are established to fulfill the donor's charitable goals, which may vary over time. The donor may recommend grants from the fund to any 501(c)(3) organization(s) or may partner with Foundation staff to identify opportunities for grant making.

Field of Interest funds are established to provide grants in a particular field of charitable interest but not to specific charitable organizations. Examples of field of interest include arts, education, environment, and health.

Scholarship funds are established to help students meet their educational or career goals. They provide access to educational opportunities for a wide variety of students. A scholarship fund may benefit a particular community, a particular educational institution, or a particular field of study.

Unrestricted funds are established to provide broad charitable support for community well-being in a wide variety of areas of interest. They provide the most flexibility in meeting the changing needs of our communities by allowing the Foundation to direct grants where they will have the greatest impact.

2. Summary of Significant Accounting Policies (Continued)

Under the terms of the Foundation's bylaws, the Board has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes. In general, the bylaws of the Foundation provide for variance power which allows the redirection of spending and the reduction of principal, if necessary.

Net assets are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation considers contributions to be temporarily restricted if they are received with donor stipulations that restrict the timing or purpose of expending the donated assets. All such contributions are reported as permanently restricted or temporarily restricted depending upon specific language in the gift instrument. The Board has interpreted UPMIFA as requiring the preservation of the value of the original gift only where there is explicit donor stipulation. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the endowment as well as subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by 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 fund
2) The purpose of the Foundation and the donor-restricted endowment fund
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 Foundation
7) The investment policies of the Foundation

The following provides a description of the net asset classifications represented in the Foundation's assets:

- Permanently restricted net assets includes the portion of donor-restricted endowment funds that are deemed to be permanently restricted by explicit donor stipulation. The amount classified as permanently restricted includes the original gift value of the initial gift and any subsequent gifts. Investment returns from the investment of these assets are classified as temporarily restricted.

- Temporarily restricted net assets includes irrevocable charitable trusts, contributions receivable, and the portion of donor-restricted endowment funds that are deemed to be restricted over the donor-specified period of the endowment by explicit donor stipulation. In addition, investment returns from permanently and temporarily restricted net assets are classified as temporarily restricted until appropriated for expenditure. Once appropriated, temporarily restricted assets are released to unrestricted assets. Such transfers are reported in the statement of activities as "net assets released resulting from satisfaction of donor restrictions."

2. Summary of Significant Accounting Policies (Continued)

- Unrestricted net assets include amounts appropriated for expenditure from temporarily restricted net assets, deficiencies in the fair value of assets in donor-restricted endowment funds that fall below required balances, as well as all other funds not classified as endowment because there are no donor-imposed restrictions in the gift instrument. Income derived from the unrestricted assets is classified as unrestricted.

Investment Policies

The Foundation has adopted investment and spending policies for its investments that attempt to provide a stream of funding to support programs defined by its component funds while seeking to maintain the purchasing power of the assets. The Foundation's spending and investment policies work together to achieve this objective. Under the investment policy, as approved by the Board, the assets are invested in a manner that is intended to produce results that exceed the spending policy plus the rate of inflation while assuming a moderate level of investment risk. The Foundation expects its investments, over time, to provide an average rate of return of approximately 8.25% annually. Actual returns in any given year may vary from this amount. To satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on achieving its long-term return objectives within prudent risk constraints.

Spending Policy for Appropriation of Assets for Expenditure

The spending policy calculates the amount of money distributed annually from the Foundation's various funds for grant making and administration. The spending policy for 2014 was 5.08% of the investment fund's average market value over the prior 20 quarters, consisting of 4.03% for charitable disbursement and approximately 1.05% for Foundation fees (ranging from 0.2% – 2.0%). The spending policy for 2013 was 5.00%, consisting of 4.03% for charitable disbursement and approximately 0.97% for Foundation fees. The Board adopted a spending rate of 5.25% for 2015, consisting of 4.20% for charitable disbursement and approximately 1.05% for Foundation fees. The fee varies based on the fund type, and in some cases, the fund size. Effective in 2011, the Board adopted a sliding scale spending policy to address underwater funds, defined as those endowment funds with balances below historic gift value. The rate varies based on the percentage that the endowment fund is below historic gift value. The table below illustrates the spending policy for charitable disbursements for endowment funds with balances that are under historic gift value.

Amount Underwater	Reduction in Spending	Charitable Disbursement Rate		
		2015	2014	2013
10% or less	No reduction	4.20%	4.03%	4.03%
Over 10% up to and including 15%	33.3% reduction	2.80	2.69	2.69
Over 15% up to and including 20%	66.7% reduction	1.40	1.34	1.34
Over 20%	100% reduction	0.00	0.00	0.00

In establishing this policy, the Foundation considered the long-term expected return on its investments. Over the long term, the Foundation's objective is to maintain the purchasing power of its investments as well as to provide growth through new gifts and investment return.

2. Summary of Significant Accounting Policies (Continued)

Investment Fees

The Foundation invests in commingled funds and limited partnerships. Most of these funds and partnerships report investment results net of fees and the Foundation follows the same practice. As a result, some of the fees paid to investment managers are reflected as a reduction of investment income and not shown on the investment management fees line.

Income Taxes

The Foundation and its wholly-owned LLC are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The consolidated Corporation accounts for income taxes under the liability method in accordance with provisions of Accounting Standards Codification Topic 740, *Income Taxes* (ASC 740). Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The consolidated Corporation maintains a valuation allowance for deferred tax assets for which recovery is uncertain.

The Corporation also accounts for uncertain income tax positions under ASC 740. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. Generally, the Corporation's preceding three years are open for examination by federal and state taxing agencies. In addition to being subject to U.S. and various state taxes, the Corporation is also subject to tax in foreign jurisdictions. The affiliated corporation accounts for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors that include, but are not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position.

Management has evaluated the Foundation's tax positions and concluded that the Foundation has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment to 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 years before 2011. See note 8 in regard to uncertain tax positions of the Corporation.

2. Summary of Significant Accounting Policies (Continued)

Retirement Plans and Deferred Compensation Agreements

The Foundation has a defined contribution 403(b) thrift plan covering substantially all of its employees. Under this plan, the Foundation annually contributes 10% of each eligible employee's annual salary. The total cost of the plan charged to operations amounted to $319,708 in 2014 and $294,957 in 2013. Contributions are used to purchase group annuity contracts with life insurance companies in order to fund future benefit payments. Such employer contributions are 100% vested.

The plan also includes supplemental employee "Taxable and Tax-Deferred Annuity Plan" provisions designed to afford eligible employees the opportunity to make contributions to the plan not to exceed amounts legislated under *Employee Retirement Income Security Act of 1974*. Such employee contributions are 100% vested.

The Foundation adopted a 457(b) deferred compensation plan during 2010 covering the Chief Executive Officer. The purpose of the plan is to provide supplemental retirement income and the retention of a key employee by offering benefits comparable with similar organizations. The plan calls for annual contributions of $12,000 and $11,500 for 2014 and 2013, respectively. The cost is expensed when each contribution is made. The total cost of the plan charged to operations amounted to $12,000 and $11,500 in 2014 and 2013, respectively. At December 31, 2014 and 2013, $74,287 and $54,223, respectively was accrued for this obligation.

Total compensation including the deferred compensation plan is evaluated and approved annually by the Board. This process is documented in the Board minutes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncement

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)*. The amendments change the criteria for reporting discontinued operations while enhancing disclosures in this area. It also addresses sources of confusion and inconsistent application related to financial reporting of discontinued operations guidance in accounting principles generally accepted in the United States. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The guidance of the ASU will be effective for the Foundation for the year-ending December 31, 2015, and the Foundation does not expect significant changes as a result of adoption.

2. Summary of Significant Accounting Policies (Continued)

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through July 10, 2015, which is the date the financial statements were available to be issued.

3. Investments

The major categories of investments, at fair value, at December 31 are as follows:

	2014		2013	
	Amount	Percent	Amount	Percent
Equity:				
Domestic	$ 129,460,130	22.2%	$ 123,528,837	22.3%
Global (excluding U.S.)	105,689,962	18.1	106,574,840	19.2
Total equity	235,150,092	40.3	230,103,677	41.5
Fixed income	53,419,634	9.2	50,783,269	9.2
Marketable alternatives	120,985,036	20.8	119,297,738	21.5
Inflation hedging	52,031,818	8.9	50,363,477	9.1
Non-marketable alternatives	60,176,805	10.3	58,321,958	10.5
Cash equivalents	60,934,668	10.5	45,635,017	8.2
	$ 582,698,053	100.0%	$ 554,505,136	100.0%

The major categories of investments held in trust at December 31, are as follows:

	2014		2013	
	Amount	Percent	Amount	Percent
Equity – domestic	$ 297,080	7.2%	$ 297,141	7.5%
Balanced funds	3,800,106	92.5	3,633,165	91.8
Cash equivalents	11,442	0.3	29,166	0.7
	$4,108,628	100.0%	$3,959,472	100.0%

3. Investments (Continued)

The tables below set forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category at December 31, 2014 and 2013:

	Fair value as of December 31, 2014	Unfunded Commit-ments	Redemption Frequency	Redemption Notice Period
Equity investments	$ 68,424,835	$ –	Daily	0 – 6 days
Equity investments	72,049,920	–	Monthly	10 – 60 days
Equity investments	65,863,655	–	Quarterly	60 – 90 days
Equity investments	28,811,682	–	Annually	60 days
Total equity investments	235,150,092	–		
Fixed income investments	53,419,634	–	Daily	N/A
Total fixed income investments	53,419,634	–		
Marketable alternative investments	16,324,604	–	Monthly	17 days
Marketable alternative investments	33,735,691	–	Quarterly	45 – 65 days
Marketable alternative investments	61,090,084	–	Annually	45 – 65 days
Marketable alternative investments	9,736,974	–	Biennially	60 days
Marketable alternative investments	97,683	–	Illiquid	N/A
Total marketable alternative investments	120,985,036	–		
Inflation hedging investments	19,935,865	–	Daily	N/A
Inflation hedging investments	6,362,335	–	Monthly	60 days
Inflation hedging investments	25,733,618	10,994,920	Illiquid	N/A
Total Inflation hedging investments	52,031,818	10,994,920		
Non-marketable alternative investments	60,176,805	20,900,080	Illiquid	N/A
Cash equivalents	52,751,694	–	Daily	N/A
Cash equivalents	8,182,974	–	Monthly	N/A
Total cash equivalents	60,934,668	–		
	$ 582,698,053	$31,895,000		

3. Investments (Continued)

	Fair value as of December 31, 2013	Unfunded Commit-ments	Redemption Frequency	Redemption Notice Period
Equity investments	$ 78,089,280	$ –	Daily	0 – 6 days
Equity investments	68,091,789	–	Monthly	7 – 60 days
Equity investments	56,247,726	–	Quarterly	60 – 90 days
Equity investments	27,674,882	–	Annually	60 days
Total equity investments	230,103,677	–		
Fixed income investments	50,783,269	–	Daily	N/A
Total fixed income investments	50,783,269	–		
Marketable alternative investments	15,309,074	–	Monthly	17 days
Marketable alternative investments	31,737,598	–	Quarterly	14 – 65 days
Marketable alternative investments	62,141,763	–	Annually	45 – 65 days
Marketable alternative investments	9,928,572	–	Biennially	60 days
Marketable alternative investments	180,731	–	Illiquid	N/A
Total marketable alternative investments	119,297,738	–		
Inflation hedging investments	21,823,192	–	Daily	N/A
Inflation hedging investments	5,795,487	–	Monthly	60 days
Inflation hedging investments	22,744,798	11,146,346	Illiquid	N/A
Total Inflation hedging investments	50,363,477	11,146,346		
Non-marketable alternative investments	58,321,958	19,178,262	Illiquid	N/A
Cash equivalents	43,842,344	–	Daily	N/A
Cash equivalents	1,792,673	–	Monthly	N/A
Total cash equivalents	45,635,017	–		
	$ 554,505,136	$30,324,608		

3. Investments (Continued)

The illiquid investments noted above generally are investments which require a long-term investment commitment, are not publicly traded, and are intended to be held for the life of the investment fund or partnership. Accordingly, any attempt to sell these investments before the end of their investment period could result in the Foundation realizing less than fair value at the time of any early redemptions. The Foundation intends to hold the investments until maturity.

Equity Investments

The purpose of the equity allocation (broadly defined to include domestic stocks and foreign stocks) is to provide appreciation of principal that more than offsets inflation over the long run. It is recognized that pursuit of this objective could entail the assumption of greater return variability and risk within individual asset classes. However, the diversification benefits of combining various equity components should enhance the overall portfolio risk-return profile.

Fixed Income Investments

The purpose of the fixed income allocation is to provide a hedge against deflation, to increase current income relative to an all-equity fund, and to reduce overall volatility of the Fund. The purpose of including opportunistic fixed income assets such as, but not limited to, global and high yield securities in the portfolio is to enhance the overall risk-return characteristics of the Fund. Global fixed income managers may hold domestic, international and non-dollar fixed income securities.

Marketable Alternative Investments

The role of marketable alternative (MALT) investments, often referred to as "hedge funds," is to increase portfolio diversification through offering sources of return that are not generally correlated with traditional equity and fixed income markets. Also, MALT investments provide relatively consistent returns and principal protection in significantly down equity markets, while reducing overall volatility of the portfolio. Investments in the MALT program may take the form of direct investment in a single manager or fund-of-funds manager. MALT managers may engage in the use of derivatives (options/futures/forwards) as part of their investment strategy. MALT investments are generally less liquid than their traditional equity counterparts as most MALT managers have entry/exit terms and capital lockup periods that range from monthly to three years.

Inflation Hedging Investments

The purpose of inflation hedging investments such as, but not limited to, private real estate, real estate investment trusts (REITs), oil and gas partnerships, TIPS, and commodities is to protect the purchasing power of the Fund against unexpected or severe inflation. Inflation hedging investments in REITs, TIPS and commodities are significantly more liquid than investments in oil and gas partnerships and private real estate.

3. Investments (Continued)

Non-Marketable Alternative Investments

The purpose of "alternative" assets such as, but not limited to, venture capital, private equity, and distressed securities investments is to provide increased return potential and to reduce overall volatility of the Fund through greater diversification. These investments can be made either in the form of direct investment, partnerships, fund-of-funds or with an investment manager. These assets are less liquid and require a longer investment horizon. Most require a multi-year commitment of capital.

The principal components of investment earnings include:

	2014	2013
Interest and dividend income	$ 4,750,368	$ 3,941,360
Net unrealized and realized gains on investments	17,428,641	65,931,198
Return on investments	$22,179,009	$69,872,558

The Foundation classifies its investments into Level 1, which refers to investments traded in an active market; Level 2, which refers to investments not traded in an active market but for which observable market inputs are readily available; and Level 3, which refers to investments not traded in an active market and for which no significant observable market inputs are available. Generally, Level 3 investments are valued based upon information provided by fund managers or general partners, including audited financial statements of the investment funds. The levels relate to valuation only and do not necessarily indicate a measure of risk. At December 31, 2014 and 2013, the Foundation's investments were classified as follows, based on fair values:

	2014			
Description	Level 1	Level 2	Level 3	Total
Domestic equity	$ 46,657,875	$ 29,388,190	$ 53,414,065	$ 129,460,130
Global equity	18,010,870	83,384,636	4,294,456	105,689,962
Fixed income	53,115,343	304,291	–	53,419,634
Marketable alternatives – long/short	–	–	50,098,140	50,098,140
Marketable alternatives – absolute return	–	–	70,886,896	70,886,896
Inflation hedging – natural resources	127,200	122,258	19,553,535	19,802,993
Inflation hedging – real estate	–	160,000	6,020,084	6,180,084
Inflation hedging – marketable	19,686,406	–	6,362,335	26,048,741
Non-marketable alternatives	–	–	60,176,805	60,176,805
Cash equivalents	42,384,747	18,549,921	–	60,934,668
Total investments	$ 179,982,441	$ 131,909,296	$ 270,806,316	$ 582,698,053
Investments held in trust	$ 4,108,628	$ –	$ –	$ 4,108,628

3. Investments (Continued)

	2013			
Description	Level 1	Level 2	Level 3	Total
Domestic equity	$ 42,682,310	$ 29,031,712	$ 51,814,815	$ 123,528,837
Global equity	28,175,991	73,961,073	4,437,776	106,574,840
Fixed income	50,236,489	546,780	–	50,783,269
Marketable alternatives – long/short	–	–	47,497,016	47,497,016
Marketable alternatives – absolute return	–	–	71,800,722	71,800,722
Inflation hedging – natural resources	76,711	–	17,190,171	17,266,882
Inflation hedging – real estate	–	696,250	4,492,779	5,189,029
Inflation hedging – marketable	21,746,481	–	6,161,085	27,907,566
Non-marketable alternatives	–	–	58,321,958	58,321,958
Cash equivalents	32,840,223	12,794,794	–	45,635,017
Total investments	$ 175,758,205	$ 117,030,609	$ 261,716,322	$ 554,505,136
Investments held in trust	$ 3,959,472	$ –	$ –	$ 3,959,472

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

	Equity	Marketable Alternatives	Inflation Hedging	Non-Marketable Alternatives	Total
Ending balance, December 31, 2012	$37,426,525	$ 106,908,872	$31,900,718	$47,990,450	$ 224,226,565
Total net gains (losses) (realized/unrealized)	14,396,201	12,902,830	(466,950)	12,274,940	39,107,021
Purchases	4,500,000	18,153,125	4,169,366	5,272,659	32,095,150
Settlements	(70,135)	(18,667,089)	(7,759,099)	(7,216,091)	(33,712,414)
Ending balance, December 31, 2013	56,252,591	119,297,738	27,844,035	58,321,958	261,716,322
Total net gains (realized/unrealized)	8,960,795	1,324,070	1,938,259	5,735,181	17,958,305
Purchases	–	10,000,000	3,942,757	5,393,932	19,336,689
Settlements	(7,504,865)	(9,636,772)	(1,789,097)	(9,274,266)	(28,205,000)
Ending balance, December 31, 2014	$57,708,521	$ 120,985,036	$31,935,954	$60,176,805	$ 270,806,316

3. Investments (Continued)

The amount of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets still held at the reporting date is as follows:

Year Ending December 31,	Equity	Marketable Alternatives	Inflation Hedging	Non-Marketable Alternatives	Total
2014	$ 8,960,795	$1,069,221	$ 1,837,818	$10,647,759	$22,515,593
2013	$14,396,201	$8,734,330	$ 2,299,976	$11,238,888	$36,669,395

4. Contributions and Grant Receivable

Contributions receivable (which are recorded at net present value) consist of $620,576 and $1,661,818 at December 31, 2014 and 2013, respectively and are all due in less than one year.

The Foundation was awarded three grants in 2014 and one grant in 2013 as described in note 2. Future cash receipts of these grant awards are anticipated as follows:

2015	$ 1,080,000
2016	630,000
	$ 1,710,000

5. Changes in Endowment Net Assets

In the year 2014, the Foundation had the following endowment-related activities:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$3,591,812	$31,972,357	$60,184,273	$95,748,442
Investment return:				
Investment income	–	854,838	–	854,838
Change in value of split interest agreements	–	–	114,589	114,589
Net appreciation (realized and unrealized)	–	4,066,399	–	4,066,399
Investment fees	–	(267,295)	–	(267,295)
Total net investment return	–	4,653,942	114,589	4,768,531
Contributions	10,000	–	236,888	246,888
Transfers between asset classes and releases from endowment net assets including maturing pooled income funds	–	–	5,179	5,179
Appropriated for expenditure	(87,795)	(3,464,916)	–	(3,552,711)
Endowment net assets, end of year	$3,514,017	$33,161,383	$60,540,929	$97,216,329

5. Changes in Endowment Net Assets (Continued)

In the year 2013, the Foundation had the following endowment-related activities:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$3,711,345	$24,383,712	$57,643,769	$85,738,826
Investment return:				
Investment income	–	688,024	–	688,024
Change in value of split interest agreements	–	–	152,496	152,496
Net appreciation (realized and unrealized)	–	10,299,221	–	10,299,221
Investment fees	–	(181,276)	–	(181,276)
Total net investment return	–	10,805,969	152,496	10,958,465
Contributions	–	–	2,388,008	2,388,008
Transfers between asset classes and releases from endowment net assets including maturing pooled income funds	–	–	–	–
Appropriated for expenditure	(119,533)	(3,217,324)	–	(3,336,857)
Endowment net assets, end of year	$3,591,812	$31,972,357	$60,184,273	$95,748,442

The Foundation reclasses certain funds between permanently restricted and unrestricted to reflect donor intent when funds are released from restrictions or additional information surrounding intent is obtained.

6. Net Asset Composition by Type of Fund

The major categories of endowment funds at December 31, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Agency	$ –	$ 2,633,764	$ 3,101,365	$ 5,735,129
Designated	300,436	5,943,520	9,535,312	15,779,268
Donor advised	217,396	2,477,988	5,315,639	8,011,023
Field of interest	609,816	5,315,842	15,607,946	21,533,604
Scholarship	2,253,415	15,246,179	22,687,411	40,187,005
Unrestricted	132,954	1,544,090	2,420,186	4,097,230
Other	–	–	1,873,070	1,873,070
Total endowment net assets	$3,514,017	$33,161,383	$60,540,929	$97,216,329

6. Net Asset Composition by Type of Fund (Continued)

The major categories of endowment funds at December 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Agency	$ –	$ 2,084,431	$ 3,101,365	$ 5,185,796
Designated	302,612	5,764,421	9,390,559	15,457,592
Donor advised	154,699	2,400,582	5,307,184	7,862,465
Field of interest	581,468	5,209,441	15,602,010	21,392,919
Scholarship	2,460,638	14,990,220	22,674,247	40,125,105
Unrestricted	92,395	1,523,262	2,311,179	3,926,836
Other	–	–	1,797,729	1,797,729
Total endowment net assets	$3,591,812	$31,972,357	$60,184,273	$95,748,442

Non-Endowment Net Asset Composition by Type of Fund

In addition to endowment net assets, the Foundation also maintains non-endowed funds. The major categories of non-endowment funds at December 31, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Total Non-Endowment Net Assets
Agency	$ (2,808,718)	$ (2,926,424)	$ (5,735,142)
Designated	58,158,571	–	58,158,571
Donor advised	237,315,224	–	237,315,224
Field of interest	77,930,008	74,130	78,004,138
Scholarship	40,705,631	–	40,705,631
Unrestricted	38,786,324	–	38,786,324
Other	9,348,616	13,103,789	22,452,405
Total non-endowment net assets	$ 459,435,656	$10,251,495	$ 469,687,151

6. Net Asset Composition by Type of Fund (Continued)

The major categories of non-endowment funds at December 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Total Non-Endowment Net Assets
Agency	$ (3,038,848)	$ (2,146,959)	$ (5,185,807)
Designated	55,850,657	–	55,850,657
Donor advised	220,525,773	599,500	221,125,273
Field of interest	77,800,481	790,000	78,590,481
Scholarship	39,098,599	–	39,098,599
Unrestricted	44,955,297	–	44,955,297
Other	8,096,948	15,622,738	23,719,686
Total non-endowment net assets	$ 443,288,907	$ 14,865,279	$ 458,154,186

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of permanent duration. Deficiencies of this nature are reported in unrestricted net assets. The aggregate deficiency between the fair value of the investments of the endowment fund at December 31, 2014 and 2013 and the level required by donor stipulation is $22,239 and $26,185, respectively. In addition, the aggregate deficiency between the fair value of the Foundation's charitable gift annuities at December 31, 2014 and 2013 and the level required for contracted payouts totaled $241,266 and $184,046, respectively. These deficiencies resulted from unfavorable market fluctuations as well as continued appropriation for expenditures that were deemed prudent by the Board under the currently adopted spending policy.

The organizational components of net assets at December 31 are as follows:

	2014		2013	
	Amount	Percent	Amount	Percent
New Hampshire Charitable Foundation, excluding regions	$ 293,962,163	51.9%	$ 299,738,972	54.1%
Regions:				
Piscataqua	63,425,305	11.2	57,357,166	10.4
North Country	35,540,909	6.3	34,672,956	6.3
Manchester	35,312,154	6.2	32,691,590	5.9
Upper Valley	34,322,625	6.1	33,836,472	6.1
Monadnock	33,972,839	6.0	32,598,385	5.9
Lakes	29,021,871	5.1	25,346,054	4.5
Nashua	22,861,875	4.0	20,453,850	3.7
Capital	18,483,739	3.2	17,207,183	3.1
	$ 566,903,480	100.0%	$ 553,902,628	100.0%

7. Allocation of Joint Costs

The Foundation's activities include program, management, and fund raising components. The Financial Accounting Standards Board requires the Foundation to allocate all costs to one of these three categories. Most costs can be directly attributed to one of these categories, but some costs associated with joint activities cannot be allocated accurately and fully between the three activities. It would be impractical and cost prohibitive to track the individual usage of costs such as telephone, supplies, photocopying, utilities, etc. These costs are referred to as joint costs. The Foundation allocates joint costs to program, management and fundraising based on time spent on the activities by various personnel. There are no personnel costs included in joint costs because all personnel costs are directly attributable to either program, management or fund raising. Joint costs totaled $758,505 in 2014 and $619,579 in 2013 and were allocated as follows:

	2014	2013
Program	$330,034	$282,407
Management and general	225,399	188,273
Fundraising	203,072	148,899
	$758,505	$619,579

8. Affiliated Organization

OCG, LLC is a wholly-owned nonprofit affiliated entity which was formed under the laws in the State of Minnesota for the purpose of managing risk associated with a gift of the outstanding shares of Tillotson Corporation and subsidiaries. On August 8, 2013, the Foundation's Board of Directors accepted a gift of 100% of the outstanding shares of Tillotson Corporation, a multi-national and diverse corporation formerly in the latex and luxury and resort businesses, but now undergoing liquidation of its remaining assets and settlements of its remaining liabilities. All activity in relation to Tillotson Corporation has been recorded as discontinued operations within the consolidated statement of activities.

Given the 100% ownership of the LLC and in turn its ownership of 100% of Tillotson Corporation, the Corporation's assets, liabilities and results of operations have been consolidated within the accompanying 2014 and 2013 financial statements of the Foundation from the date of acceptance of the gift. The net assets contributed at the date of donation totaled $11,884,640, based on management's estimates which were supported by independent appraisals and third party valuations. The gift has been recorded as a temporarily restricted contribution until future contingencies are resolved.

8. Affiliated Organization (Continued)

Condensed aggregate information related to the LLC and Tillotson Corporation follows as of and for the years ended December 31, 2014 and 2013:

	2014	2013
Cash	$ 211,325	$17,883,148
Investments, at fair value	16,476,396	–
Assets held for sale, at estimated fair value:		
Property, plant and equipment	4,056,236	4,339,246
Prepaid expenses	359,927	249,752
Other receivables	12,903	16,463
Total assets held for sale	4,429,066	4,605,461
Total assets	$21,116,787	$22,488,609
Other liabilities:		
Accounts payable and accrued expenses	$ 1,009,447	$ 949,310
Estimated taxes payable	4,268,922	4,278,646
Estimated environmental liabilities	6,207,500	6,207,500
Total liabilities	11,485,869	11,435,456
Net assets (reflected in temporarily restricted net assets)	9,630,918	11,053,153
Total liabilities and net assets	$21,116,787	$22,488,609

The property, plant and equipment held for sale at December 31, 2014 and 2013 consist of buildings, land and equipment that were recorded at fair value as of the date of contribution. The taxes payable liability is made up of potential interest and penalties as well as a liability relating to uncertainties relating to foreign and state taxes. The environmental liabilities consist of estimated potential remediation liabilities for properties still owned by the Corporation as well as the estimated potential liability for properties no longer owned by the Corporation but for which the Corporation retained potential environmental liability. The Foundation has obtained independent appraisals of the potential liability relating to these contingencies.

A summary of the Corporation's operations for 2014 and from the date of contribution to December 31, 2013 is as follows:

	2014	2013
Net sales	$ 127,387	$ 58,683
Cost of sales	(63,871)	(23,557)
Operating expenses	(1,241,518)	(719,086)
Other income and expense	508,394	547,468
Provision for income taxes	24,154	28,301
Net loss from discontinued operations	$ (645,454)	$(108,191)

SCHEDULE

NEW HAMPSHIRE CHARITABLE FOUNDATION AND AFFILIATED ORGANIZATION

STATEMENTS OF EXPENSES

December 31, 2014 and 2013

	2014	2013
Compensation	$3,290,892	$3,137,792
Benefits and payroll taxes	1,023,200	984,498
Legal and accounting fees	116,078	204,958
Consulting	257,657	280,045
Office expenses (printing, copying, telephone, postage)	99,272	92,165
Technology	310,735	257,806
Occupancy (utilities, rent, maintenance)	186,149	176,052
Travel and conferences	145,822	120,480
Meetings	87,760	108,626
Depreciation	120,489	121,397
Insurance	29,659	30,173
Communications	272,483	178,792
Dues, subscriptions, publications	75,048	67,603
Miscellaneous	7,481	8,452
Total expenses	$6,022,725	$5,768,839