

NEW HAMPSHIRE LAKES ASSOCIATION, INC.  
(NH LAKES)

FINANCIAL REPORT

MARCH 31, 2021

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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
New Hampshire Lakes Association, Inc.  
Concord, New Hampshire 03301

***Report on the Financial Statements***

We have audited the accompanying financial statements of New Hampshire Lakes Association, Inc., which comprise the statement of financial position as of March 31, 2021, and the related statements 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.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 financial statements are free from material misstatement.

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

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

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### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Lakes Association, Inc. as of March 31, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited New Hampshire Lakes Association, Inc.'s March 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Wechsler & Company  
Concord, New Hampshire  
September 24, 2021

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2021 and 2020

ASSETS		2021	2020
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	567,502	\$ 384,322
Accounts receivable		25,360	1,136
Contributions receivable		-	4,300
Inventories		4,738	4,233
Prepaid expenses		5,924	10,117
<i>Total current assets</i>		603,524	404,108
<b>LONG-TERM ASSETS</b>			
Deposits		3,612	3,612
Intangible assets		4,060	-
Property and equipment, net		41,506	49,854
<i>Total assets</i>	\$	652,702	\$ 457,574
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current maturities of Paycheck Protection Program funds	\$	32,793	\$ -
Accounts payable		2,654	5,945
Accrued expenses		47,490	28,265
Contract liabilities - deferred revenues		89,718	54,779
<i>Total current liabilities</i>		172,655	88,989
<b>LONG TERM LIABILITIES</b>			
Paycheck Protection Program funds, less current maturities		85,904	-
<i>Total liabilities</i>		258,559	88,989
<b>NET ASSETS</b>			
Without donor restrictions		343,622	326,564
With donor restrictions (Note 7)		50,521	42,021
<i>Total net assets</i>		394,143	368,585
<i>Total liabilities and net assets</i>	\$	652,702	\$ 457,574

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended March 31, 2021 and Comparative Totals for Year Ended March 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>OPERATING</b>				
Support and Revenues				
Public and private grants	\$ 645,542	\$ 17,300	\$ 662,842	\$ 696,865
Membership dues and contributions	524,776	-	524,776	300,054
Program service revenue	45,918	-	45,918	41,178
<i>Total support and revenues</i>	1,216,236	17,300	1,233,536	1,038,097
Net assets released from restrictions:				
For satisfaction of program restrictions	4,500	(4,500)	-	-
For satisfaction of time restrictions	4,300	(4,300)	-	-
	8,800	(8,800)	-	-
<i>Total support, revenues, and net assets released from restriction</i>	1,225,036	8,500	1,233,536	1,038,097
Operating expenses:				
Program expenses:				
Member services	55,057	-	55,057	69,022
Conservation	743,657	-	743,657	687,821
Advocacy	58,916	-	58,916	66,732
Outreach	135,147	-	135,147	112,899
<i>Total program expenses</i>	992,777	-	992,777	936,474
Supporting services and general expenses:				
Management and general	200,961	-	200,961	180,878
Fundraising	103,619	-	103,619	68,206
<i>Total operating expenses</i>	1,297,357	-	1,297,357	1,185,558
<b>NON-OPERATING ACTIVITIES</b>				
Investment income	1,379	-	1,379	5,742
Bad debt expense	(2,000)	-	(2,000)	(9,000)
Gain on debt extinguishment related to Paycheck Protection Program (Note 11)	90,000	-	90,000	-
<i>Income (loss) from non-operating activities</i>	89,379	-	89,379	(3,258)
<i>Total increase (decrease) in net assets</i>	17,058	8,500	25,558	(150,719)
Net assets, beginning of year	326,564	42,021	368,585	519,304
<i>Net assets, end of year</i>	<u>\$ 343,622</u>	<u>\$ 50,521</u>	<u>\$ 394,143</u>	<u>\$ 368,585</u>

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended March 31, 2021 and Comparative Totals for Year Ended March 31, 2020

	Member Services	Conservation	Advocacy	Outreach	Management and General	Fundraising	2021 Total	2020 Total
Salaries and wages	\$ 30,735	\$ 128,490	\$ 34,559	\$ 89,773	\$ 135,131	\$ 33,244	\$ 451,932	\$ 387,725
Salaries and wages - seasonal	-	482,513	-	-	-	-	482,513	433,749
Payroll taxes and benefits	2,672	27,122	6,514	15,805	32,767	5,502	90,382	84,445
Payroll taxes and benefits - seasonal	-	42,672	-	-	-	-	42,672	36,126
<i>Total personnel costs</i>	<u>33,407</u>	<u>680,797</u>	<u>41,073</u>	<u>105,578</u>	<u>167,898</u>	<u>38,746</u>	<u>1,067,499</u>	<u>942,045</u>
Occupancy	6,045	12,763	6,045	6,520	8,337	3,886	43,596	43,669
Printing	5,876	2,350	242	6,270	1,340	23,790	39,868	31,841
Professional fees and contract services	2,030	8,056	5,680	4,711	4,454	3,711	28,642	41,248
Postage	2,423	1,497	485	1,475	790	20,594	27,264	13,183
IT and equipment	1,844	10,956	1,909	2,691	2,671	4,092	24,163	20,368
Supplies	317	14,936	474	1,034	435	612	17,808	26,005
Marketing	426	309	120	2,429	1,687	2,438	7,409	6,868
Travel	88	5,007	198	5	32	163	5,493	11,392
Professional development	392	908	482	1,615	702	1,247	5,346	3,963
Credit card fees	-	-	-	-	5,133	-	5,133	3,761
Insurance	599	1,689	598	641	812	385	4,724	6,579
Hospitality/recognition	19	69	19	474	71	2,812	3,464	7,544
Dues and subscriptions	85	175	85	91	620	174	1,230	1,229
Bank charges	-	679	-	-	274	-	953	942
Facility rental	-	-	-	-	-	-	-	11,671
<i>Total expenses before depreciation</i>	<u>53,551</u>	<u>740,191</u>	<u>57,410</u>	<u>133,534</u>	<u>195,256</u>	<u>102,650</u>	<u>1,282,592</u>	<u>1,172,308</u>
Depreciation	<u>1,506</u>	<u>3,466</u>	<u>1,506</u>	<u>1,613</u>	<u>5,705</u>	<u>969</u>	<u>14,765</u>	<u>13,250</u>
<i>Total expenses</i>	<u>\$ 55,057</u>	<u>\$ 743,657</u>	<u>\$ 58,916</u>	<u>\$ 135,147</u>	<u>\$ 200,961</u>	<u>\$ 103,619</u>	<u>\$ 1,297,357</u>	<u>\$ 1,185,558</u>

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

Year Ended March 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 25,558	\$ (150,719)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,765	13,250
Gain on debt extinguishment related to PPP	(90,000)	-
Increase in accounts receivable	(24,224)	(246)
Decrease in contributions receivable	4,300	161,990
Increase in inventory	(505)	(4,233)
Decrease in prepaid expenses	4,193	7,990
Increase (decrease) in accounts payable	(3,291)	3,569
Increase in accrued expenses	19,225	1,139
Decrease in agency obligation	-	(474)
Increase (decrease) in deferred revenues	34,939	(31,603)
<i>Net cash provided by (used in) operating activities</i>	<u>(15,040)</u>	<u>663</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(10,477)</u>	<u>(13,025)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from Paycheck Protection Program loan	<u>208,697</u>	<u>-</u>
<i>Net increase (decrease) in cash</i>	<b>183,180</b>	<b>(12,362)</b>
Cash and cash equivalents, beginning of year	<u>384,322</u>	<u>396,684</u>
<i>Cash and cash equivalents, end of year</i>	<u><b>\$ 567,502</b></u>	<u><b>\$ 384,322</b></u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES</b>		
Extinguishment of debt:		
Proceeds from PPP loan	\$ 208,697	\$ -
Less: amount not yet forgiven	118,697	-
<i>Net cash on forgiveness of debt</i>	<u><b>\$ 90,000</b></u>	<u><b>\$ -</b></u>



NOTES TO FINANCIAL STATEMENTS

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***Note 1. Nature of Activities***

The New Hampshire Lakes Association, Inc. (NH LAKES) was incorporated in 1992 under the laws of the State of New Hampshire. The mission of NH LAKES is to keep New Hampshire's lakes clean and healthy, now and in the future. NH LAKES works with partners, promotes clean water policies and responsible use, and inspires the public to care for our lakes.

NH LAKES conducted a strategic direction planning process in 2016-17, out of which came a commitment to increase the size and impact of NH LAKES. It then launched a successful fundraising campaign to implement this growth initiative. One aspect of the growth initiative was a branding project. As a result of that work, the New Hampshire Lakes Association, Inc. now does business as NH LAKES.

***Note 2. Summary of Significant Accounting Policies***

**Basis of accounting:** The financial statements of NH LAKES are prepared on the accrual basis; consequently, 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.

**Net assets:** NH LAKES reports information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions. Descriptions of these net asset categories are as follows:

*Net assets without donor restrictions:* Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board of Directors designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

*Net Assets with donor restrictions:* Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

NH LAKES reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**Volunteer Hours:** Many individuals volunteer their time to perform a variety of tasks that assist NH LAKES. During the years ended March 31, 2021 and 2020 NH LAKES received approximately 10,850 and 10,600 volunteer services hours, respectively. The value of these donated services, although clearly substantial does not meet the requirements for recognition and is not reflected in the financial statements.

**Compensated absences:** Employees of NH LAKES are entitled to paid vacations, sick days, and other time off depending on job classification, length and other factors.

NOTES TO FINANCIAL STATEMENTS

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**Estimates and assumptions:** Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from estimated amounts.

**Revenue and revenue recognition:** Membership dues, which are nonrefundable, are comprised of an exchange element based on the value benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. NH LAKES recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

NH LAKES recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right to return – are not recognized until the conditions on which they depend have been met.

**Property and equipment:** Property and equipment are recorded at cost, or in the case of donated assets, at fair value. Maintenance, repairs and minor renewals are expensed as incurred. Purchases, renewals and betterments in excess of \$1,500 are capitalized. Provision for depreciation is made using the straight-line method by annual charges calculated to absorb the costs over the following estimated useful lives:

	Years
Leasehold improvements .....	5
Program equipment.....	5
Furniture and fixtures .....	5
Office equipment.....	5

**Cash and cash equivalents:** NH LAKES considers cash in bank and all other highly liquid investments with an original maturity of less than three months to be cash and cash equivalents for purposes of the statements of cash flows. NH LAKES has no cash equivalents at March 31, 2021 and 2020.

**Investments:** Contributors to NH LAKES sometimes make donations of stock. It is the practice of NH LAKES to sell any shares of stock immediately. As of March 31, 2021 and 2020, there were no securities on hand.

**Accounts receivable and contributions receivable:** Accounts receivable and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for financial assistance and bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts

Balances that are still outstanding after management has used reasonable collection efforts are considered financial assistance for accounts receivable or bad debt expense for contributions receivable and are adjusted accordingly.

Contributions receivable expected to be received beyond one year are recognized at fair value using present value techniques and a discount rate of 4%.

**Intangible assets:** Intangible assets represent legal expenses involving the trademark of the LakeSmart program.

## NEW HAMPSHIRE LAKES ASSOCIATION, INC.

### NOTES TO FINANCIAL STATEMENTS

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**Inventories:** Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or net realizable value.

**Contract balances - deferred revenue:** During the years ended March 31, 2021 and 2020, NH LAKES collected sponsorship and registration revenues for future events. This revenue is deferred and recognized when the event takes place, or the expenses have been incurred. They had also collected grant income prior to the recognition of the expenses to which these grants have been incurred.

**Income taxes:** NH LAKES is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. NH LAKES is also exempt from state income taxes by virtue of its ongoing exemptions from federal income taxes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

NH LAKES adopted the provision of FASB ASC 740, Accounting for Uncertainty in Income Taxes. Accordingly, management evaluated NH LAKES tax positions and concluded NH LAKES had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, NH LAKES is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for years before 2018.

**Advertising costs:** Advertising costs are expensed as incurred.

**Functional allocation of expenses:** The costs of providing various programs and supporting services are summarized on a functional basis in the statement of activities and changes in net assets. Expenses are directly charged to the appropriate activity, where feasible. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, they may require allocation on a reasonable basis that is consistently applied. Depreciation and occupancy are allocated based on square-footage. Personnel costs are allocated based on the estimates of time and effort.

**Change in accounting principles:** In May 2014, the FASB issued, Revenue from Contracts with Customers (ASU 2014-09), which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles (U.S. GAAP). The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. NH LAKES adopted ASU 2014-09 with a date of initial application of April 1, 2020, using the modified- retrospective method. The adoption of ASU 2014-09 did not have a significant impact on NH LAKES's financial position, results of operations, or cash flows. Based on NH LAKES's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. Leases and the contributions are specifically excluded from the scope of ASU 2014-09, therefore, upon adoption, NH LAKES has determined the new standard did not have any impact on these revenue streams. No other changes were required to previously reported revenues as a result of the adoption.

**Recent accounting pronouncements:** In February 2016, the FASB issued, Leases, Topic 842 (ASU 2016-02), which will be effective for NH LAKES on April 1, 2022, with early adoption permitted. Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. Lessees (for capital and operating

# NEW HAMPSHIRE LAKES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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. NH LAKS is currently evaluating the impact this will have on its financial statements.

### *Note 3. Concentration of Credit Risk*

NH LAKES maintains its cash at local financial institutions. NH LAKES' accounts are insured up to \$250,000 per depositor at each financial institution. Amounts in excess of federally insured limits approximated \$500 at March 31, 2021.

### *Note 4. Contributions Receivable*

Contributions receivable consist of the following:

March 31,	2021	2020
Promise to give expected to be collected in:		
In one year or less	\$ -	\$ 4,300

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Contributions receivable are considered to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary at March 31, 2021 and 2020.

### *Note 5. Demand Note Payable*

At March 31, 2021 and 2020, NH LAKES had a \$50,000 revolving line of credit with a bank. Interest is payable monthly at 1.0% over the Wall Street Journal prime rate, and the note is unsecured, but NH LAKES must maintain the bank as its principal bank of deposit. At March 31, 2021 and 2020, the outstanding balance was zero.

### *Note 6. Property and Equipment*

March 31,	2021	2020
Leasehold improvements	\$ 1,947	\$ 1,947
Furniture and fixtures	35,068	35,068
Program equipment	35,407	33,328
Office equipment	5,397	1,059
<i>Total property and equipment</i>	77,819	71,402
Less accumulated depreciation	36,313	21,548
<i>Total property and equipment, net</i>	<u>\$ 41,506</u>	<u>\$ 49,854</u>

Depreciation expense for the years ended March 31, 2021 and 2020 was \$14,765 and \$13,250, respectively.

# NEW HAMPSHIRE LAKES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

March 31,	2021	2020
Subject to expenditure for specified purpose or period:		
Time restricted contributions receivable	\$ -	\$ 4,300
Lakes Congress	7,000	11,500
Lake Host program	26,447	26,221
LakeSmart program	17,074	-
<i>Total net assets with donor restrictions</i>	<u>\$ 50,521</u>	<u>\$ 42,021</u>

### Note 8. Liquidity and Availability of Resources

The following reflects NH LAKES' financial assets as of the statements of financial position date, reduced by amounts not available to meet cash needs for general expenditures within one year. NH LAKES' working capital and cash flows have seasonal variations during the year primarily due to the Lake Host Program during the summer months. The NH Department of Environmental Services (DES) grant in the amount of \$280,000 will be paid in three payments over the summer. NH LAKES also expects to receive matching funds from local groups over the summer to cover expenses related to the Lake Host Program at their lake.

March 31,	2021	2020
Cash and cash equivalents	\$ 567,502	\$ 384,322
Accounts receivable	25,360	1,136
Contributions receivable	-	4,300
<i>Financial assets, at year-end</i>		
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(50,521)	(37,721)
<i>Financial assets available to meet cash needs for general expenditures within one year</i>	<u>\$ 542,341</u>	<u>\$ 352,037</u>

NH LAKES maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. NH LAKES' financial assets are primarily made up of assets available to meet cash needs for general expenditures within one year. As more fully described in Note 5, NH LAKES has a \$50,000 revolving line of credit with a bank which it could draw upon in the event of an unanticipated liquidity need.

### Note 9. Retirement Benefits

NH LAKES maintains a Simple IRA plan for all eligible employees. Under the plan, NH LAKES matches up to 3% of employee contributions. NH LAKES contributions for the years ended March 31, 2021 and 2020 totaled \$13,900 and \$12,566, respectively.

## NEW HAMPSHIRE LAKES ASSOCIATION, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### *Note 10. Operating Leases*

NH LAKES entered into a lease agreement for a copier during April 2017. The term is for 48 months with monthly lease payments of \$165. Total payments of \$1,980 were made for both years ended March 31, 2021 and 2020.

NH LAKES has a non-cancelable operating lease for office space. The lease began in February 1, 2018 and runs for 5 years. Total payments for the years ended March 31, 2021 and 2020 were \$32,813 and \$32,025 respectively.

The future minimum lease payments due as of March 31, 2021 are as follows:

<u>Year Ending March 31,</u>	
2022	\$ 7,614
2023	35,954
2024	29,022
<i>Total</i>	<u><u>\$ 72,590</u></u>

#### *Note 11. COVID-19*

The COVID-19 pandemic has impacted and could further impact NH LAKES' operations and the operations of NH LAKES' donors and vendors. The extent of the impact of COVID-19 on the NH LAKES' operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on NH LAKES' donors, employees, and vendors, all of which are uncertain and cannot be predicted.

In April 2020, NH LAKES received \$90,000 in funds from the federal Paycheck Protection Program (PPP). The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for the specified period and the money is used for payroll, rent, mortgage interest, or utilities. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 5 years. The AICPA released guidance on recording options and NH LAKES has decided to record these funds under the government grant model (FASB ASC 958-605). The cash received under the PPP is recorded as a liability until the conditions are substantially met. When NH LAKES has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. As of March 31, 2021, NH LAKES had met conditions and incurred expenses in the amount of the loan and the \$90,000 was recorded as income.

In January 2021, NH LAKES received an additional \$118,697 in funds from the federal Paycheck Protection Program round 2 (PPP2). Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 2 years. The cash received under the PPP2 is recorded as a liability until the conditions are substantially met. When NH LAKES has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. As of March 31, 2021, NH LAKES had not yet met conditions on the \$118,697 which is recorded as a liability on the statements of financial position. NH LAKES expects to meet all conditions for forgiveness early in fiscal year 2022.

NOTES TO FINANCIAL STATEMENTS

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*Note 12. Subsequent Events*

NH LAKES has evaluated subsequent events through September 24, 2021 the date which the financial statements were issued, and have not evaluated subsequent events after that date. No other subsequent events were identified that would require disclosure in the financial statements for the year ended March 31, 2021.