

NEW HAMPSHIRE LAKES ASSOCIATION, INC.
(NH LAKES)

FINANCIAL REPORT

MARCH 31, 2022

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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

Opinion

We have audited the accompanying financial statements of New Hampshire Lakes Association, Inc., which comprise the statement of financial position as of March 31, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Hampshire Lakes Association, Inc. as of March 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Hampshire Lakes Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hampshire Lakes Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited New Hampshire Lakes Association, Inc.'s March 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Wechsle & Company

Concord, New Hampshire
December 8, 2022

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2022 and 2021

ASSETS		2022	2021
CURRENT ASSETS			
Cash and cash equivalents	\$	541,997	\$ 567,502
Accounts receivable		19,122	25,360
Grant receivable		40,000	-
Inventories		2,358	4,738
Prepaid expenses		5,695	5,924
<i>Total current assets</i>		609,172	603,524
LONG-TERM ASSETS			
Deposits		3,612	3,612
Intangible assets		4,060	4,060
Property and equipment, net		25,942	41,506
<i>Total assets</i>	\$	642,786	\$ 652,702
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current maturities of Paycheck Protection Program funds	\$	-	\$ 32,793
Accounts payable		9,735	2,654
Accrued expenses		57,139	47,490
Contract liabilities - deferred revenues		83,816	89,718
<i>Total current liabilities</i>		150,690	172,655
LONG-TERM LIABILITIES			
Paycheck Protection Program funds, less current maturities		-	85,904
<i>Total liabilities</i>		150,690	258,559
NET ASSETS			
Without donor restrictions		419,847	343,622
With donor restrictions (Note 7)		72,249	50,521
<i>Total net assets</i>		492,096	394,143
<i>Total liabilities and net assets</i>	\$	642,786	\$ 652,702

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended March 31, 2022 and Comparative Totals for Year Ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
OPERATING				
Support and Revenues				
Public and private grants	\$ 733,425	\$ 45,802	\$ 779,227	\$ 662,842
Membership dues and contributions	558,107	-	558,107	524,776
Program service revenue	47,641	-	47,641	45,918
<i>Total support and revenues</i>	1,339,173	45,802	1,384,975	1,233,536
Net assets released from restrictions:				
For satisfaction of program restrictions	24,074	(24,074)	-	-
<i>Total support, revenues, and net assets released from restriction</i>	1,363,247	21,728	1,384,975	1,233,536
Operating expenses:				
Program expenses:				
Member services	17,938	-	17,938	55,057
Conservation	831,171	-	831,171	743,657
Advocacy	114,338	-	114,338	58,916
Outreach	180,470	-	180,470	135,147
<i>Total program expenses</i>	1,143,917	-	1,143,917	992,777
Supporting services and general expenses:				
Management and general	156,408	-	156,408	200,961
Fundraising	106,044	-	106,044	103,619
<i>Total operating expenses</i>	1,406,369	-	1,406,369	1,297,357
NON-OPERATING ACTIVITIES				
Investment income	650	-	650	1,379
Bad debt expense	-	-	-	(2,000)
Gain on debt extinguishment related to Paycheck Protection Program (Note 11)	118,697	-	118,697	90,000
<i>Income from non-operating activities</i>	119,347	-	119,347	89,379
<i>Total increase in net assets</i>	76,225	21,728	97,953	25,558
Net assets, beginning of year	343,622	50,521	394,143	368,585
<i>Net assets, end of year</i>	<u>\$ 419,847</u>	<u>\$ 72,249</u>	<u>\$ 492,096</u>	<u>\$ 394,143</u>

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended March 31, 2022 and Comparative Totals for Year Ended March 31, 2021

	Member Services	Conservation	Advocacy	Outreach	Management and General	Fundraising	2022 Total	2021 Total
Salaries and wages	\$ 6,679	\$ 172,046	\$ 74,664	\$ 110,500	\$ 84,255	\$ 37,759	\$ 485,903	\$ 451,932
Salaries and wages - seasonal	-	492,747	-	-	475	-	493,222	482,513
Payroll taxes and benefits	208	29,586	22,282	25,031	42,989	2,646	122,742	90,382
Payroll taxes and benefits - seasonal	-	49,273	-	-	-	-	49,273	42,672
<i>Total personnel costs</i>	6,887	743,652	96,946	135,531	127,719	40,405	1,151,140	1,067,499
Printing	-	13,101	199	11,032	256	26,617	51,205	39,868
Occupancy	5,314	14,441	6,744	7,887	8,833	4,897	48,116	43,596
Supplies	59	19,919	312	3,728	1,367	479	25,864	17,808
IT and equipment	745	11,278	2,348	5,046	1,915	1,233	22,565	24,163
Postage	554	2,331	787	4,112	892	13,655	22,331	27,264
Professional fees and contract services	-	9,109	2,153	4,577	4,350	1,232	21,421	28,642
Professional development	-	936	1,407	343	637	12,083	15,406	5,346
Marketing	-	975	-	3,868	101	3,669	8,613	7,409
Credit card fees	-	-	-	-	7,255	-	7,255	5,133
Insurance	-	2,225	740	1,134	838	443	5,380	4,724
Hospitality/recognition	3,807	15	1,029	269	94	3	5,217	3,464
Travel	373	3,233	374	894	132	83	5,089	5,493
Bank charges	-	677	-	-	12	-	689	953
Dues and subscriptions	-	81	34	52	277	70	514	1,230
<i>Total expenses before depreciation</i>	17,739	821,973	113,073	178,473	154,678	104,869	1,390,805	1,282,592
Depreciation	199	9,198	1,265	1,997	1,730	1,175	15,564	14,765
<i>Total expenses</i>	\$ 17,938	\$ 831,171	\$ 114,338	\$ 180,470	\$ 156,408	\$ 106,044	\$ 1,406,369	\$ 1,297,357

See Notes to Financial Statements.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 97,953	\$ 25,558
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	15,564	14,765
Gain on debt extinguishment related to PPP	(118,697)	(90,000)
(Increase) decrease in accounts receivable	6,238	(24,224)
Increase in grant receivable	(40,000)	-
(Increase) decrease in inventory	2,380	(505)
Decrease in prepaid expenses	229	4,193
Decrease in contributions receivable	-	4,300
Increase (decrease) in accounts payable	7,081	(3,291)
Increase in accrued expenses	9,649	19,225
Increase (decrease) in deferred revenues	(5,902)	34,939
<i>Net cash used in operating activities</i>	<u>(25,505)</u>	<u>(15,040)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	-	(10,477)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from Paycheck Protection Program loan	-	208,697
<i>Net increase (decrease) in cash</i>	<u>(25,505)</u>	<u>183,180</u>
Cash and cash equivalents, beginning of year	567,502	384,322
<i>Cash and cash equivalents, end of year</i>	<u>\$ 541,997</u>	<u>\$ 567,502</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES		
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>\$ -</u>	<u>\$ 90,000</u>

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2022 and 2021, NH LAKES received approximately 12,850 and 10,850 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.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2022 and 2021.

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, 2022 and 2021, 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%.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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

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, 2022 and 2021, 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 2019.

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.

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

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard is intended to clarify the presentation and disclosure of contributed nonfinancial assets. This pronouncement will be effective for NH LAKES for the year ending March 31, 2023.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO 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 \$200 at March 31, 2022.

Note 4. Grant Receivable

Grant receivable consists of the following:

March 31,	2022	2021
Promise to give expected to be collected in:		
In one year or less	\$ 40,000	\$ -

Unconditional promises to give are included in the financial statements as grant receivable and revenue of the appropriate net asset category. The grant receivable is considered to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary at March 31, 2022.

Note 5. Demand Note Payable

At March 31, 2022 and 2021, 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, 2022 and 2021, there was no outstanding balance.

Note 6. Property and Equipment

March 31,	2022	2021
Leasehold improvements	\$ 1,947	\$ 1,947
Furniture and fixtures	35,068	35,068
Program equipment	35,407	35,407
Office equipment	5,397	5,397
<i>Total property and equipment</i>	<i>77,819</i>	<i>77,819</i>
Less accumulated depreciation	51,877	36,313
<i>Total property and equipment, net</i>	<i>\$ 25,942</i>	<i>\$ 41,506</i>

Depreciation expense for the years ended March 31, 2022 and 2021 was \$15,564 and \$14,765, 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,	2022	2021
Subject to expenditure for specified purpose or period:		
Time restricted grant receivable	\$ 40,000	\$ -
Lakes Congress	-	7,000
Lake Host program	32,249	26,447
LakeSmart program	-	17,074
<i>Total net assets with donor restrictions</i>	<u>\$ 72,249</u>	<u>\$ 50,521</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 \$292,000 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,	2022	2021
Cash and cash equivalents	\$ 541,997	\$ 567,502
Accounts receivable	19,122	25,360
Grant receivable	40,000	-
<i>Financial assets, at year-end</i>	<u>601,119</u>	<u>592,862</u>
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	<u>(72,249)</u>	<u>(50,521)</u>
<i>Financial assets available to meet cash needs for general expenditures within one year</i>	<u>\$ 528,870</u>	<u>\$ 542,341</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, 2022 and 2021 totaled \$13,304 and \$13,900, respectively.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Operating Leases

NH LAKES entered into a lease agreement for a copier in February 2021. The term is for 39 months with monthly lease payments of \$140. Total payments of \$1,680 and \$1,980 were made for the years ended March 31, 2022 and 2021, respectively.

NH LAKES has a non-cancelable operating lease for office space. The lease began February 1, 2018 and runs for 5 years. Total payments for the years ended March 31, 2022 and 2021 were \$33,803 and \$32,813 respectively.

The future minimum lease payments due as of March 31, 2022 are as follows:

<u>Year Ending March 31,</u>	
2023	\$ 30,702
2024	1,680
2025	420
<i>Total</i>	<u><u>\$ 32,802</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, 2022, NH LAKES had its PPP2 forgiven and the \$118,697 was recorded as revenue in the form of a gain on debt extinguishment.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Events

NH LAKES has evaluated subsequent events through December 8, 2022 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, 2022.