

NEW HAMPSHIRE LAKES ASSOCIATION, INC.
(NH LAKES)

FINANCIAL REPORT

MARCH 31, 2023

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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, 2023, 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, 2023, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in the year ended March 31, 2023, New Hampshire Lakes Association, Inc. adopted FASB ASC 842, Leases. Our opinion is not modified with respect to this matter.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Hampshire 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Nicholas & Company

Concord, New Hampshire
October 20, 2023

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2023 and 2022

ASSETS		2023	2022
CURRENT ASSETS			
Cash and cash equivalents	\$	508,953	\$ 541,997
Accounts receivable		18,442	19,122
Grant receivable		20,000	40,000
Inventories		3,359	2,358
Prepaid expenses		11,954	5,695
<i>Total current assets</i>		562,708	609,172
LONG-TERM ASSETS			
Deposits		2,812	3,612
Intangible assets		7,560	4,060
Operating lease right-of-use asset		199,129	-
Property and equipment, net		12,475	25,942
<i>Total assets</i>	\$	784,684	\$ 642,786
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	6,922	\$ 9,735
Accrued expenses		62,955	57,139
Current portion of operating lease liability		42,682	-
Contract liabilities - deferred revenues		98,230	83,816
<i>Total current liabilities</i>		210,789	150,690
LONG-TERM LIABILITIES			
Long-term portion of operating lease liability		156,838	-
<i>Total liabilities</i>		367,627	150,690
NET ASSETS			
Without donor restrictions		370,169	419,847
With donor restrictions (Note 7)		46,888	72,249
<i>Total net assets</i>		417,057	492,096
<i>Total liabilities and net assets</i>	\$	784,684	\$ 642,786

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended March 31, 2023 and Comparative Totals for Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
OPERATING				
Support and Revenues				
Public and private grants	\$ 849,056	\$ -	\$ 849,056	\$ 779,227
Membership dues and contributions	546,096	-	546,096	558,107
Program service revenue	56,428	-	56,428	47,641
<i>Total support and revenues</i>	1,451,580	-	1,451,580	1,384,975
Net assets released from restrictions:				
For satisfaction of program restrictions	25,361	(25,361)	-	-
<i>Total support, revenues, and net assets released from restriction</i>	1,476,941	(25,361)	1,451,580	1,384,975
Operating expenses:				
Program expenses:				
Member services	5,042	-	5,042	17,938
Conservation	896,082	-	896,082	831,171
Advocacy	79,022	-	79,022	114,338
Outreach	180,438	-	180,438	180,470
<i>Total program expenses</i>	1,160,584	-	1,160,584	1,143,917
Supporting services and general expenses:				
Management and general	272,603	-	272,603	156,408
Fundraising	89,589	-	89,589	106,044
<i>Total operating expenses</i>	1,522,776	-	1,522,776	1,406,369
NON-OPERATING ACTIVITIES				
Investment income	1,457	-	1,457	650
Bad debt expense	(5,300)	-	(5,300)	-
Gain on debt extinguishment related to Paycheck Protection Program (Note 11)	-	-	-	118,697
<i>Income (loss) from non-operating activities</i>	(3,843)	-	(3,843)	119,347
<i>Total increase (decrease) in net assets</i>	(49,678)	(25,361)	(75,039)	97,953
Net assets, beginning of year	419,847	72,249	492,096	394,143
Net assets, end of year	\$ 370,169	\$ 46,888	\$ 417,057	\$ 492,096

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended March 31, 2023 and Comparative Totals for Year Ended March 31, 2022

	Member Services	Conservation	Advocacy	Outreach	Management and General	Fundraising	2023 Total	2022 Total
Salaries and wages	\$ -	\$ 138,553	\$ 54,363	\$ 117,649	\$ 147,878	\$ 17,946	\$ 476,389	\$ 485,903
Salaries and wages - seasonal	-	571,683	-	-	-	-	571,683	493,222
Payroll taxes and benefits	-	27,628	4,558	10,385	84,904	1,585	129,060	122,742
Payroll taxes and benefits - seasonal	-	52,801	-	-	-	-	52,801	49,273
<i>Total personnel costs</i>	-	790,665	58,921	128,034	232,782	19,531	1,229,933	1,151,140
Printing	-	13,544	2,130	2,753	35	31,721	50,183	51,205
Occupancy	4,992	24,351	4,600	4,929	6,243	2,957	48,072	48,116
Supplies	-	9,893	2,335	1,593	2,208	-	16,029	25,864
IT and equipment	-	12,299	4,719	2,097	-	-	19,115	22,565
Postage	-	1,254	4,015	2,537	207	27,823	35,836	22,331
Professional fees and contract services	-	14,113	450	5,418	20,528	30	40,539	21,421
Professional development	-	1,999	89	6,168	1,145	6,208	15,609	15,406
Marketing	-	5,630	86	1,772	125	-	7,613	8,613
Credit card fees	-	-	-	-	5,831	-	5,831	7,255
Insurance	-	5,830	-	-	-	-	5,830	5,380
Hospitality / recognition	-	1,317	388	5,863	478	432	8,478	5,217
Travel	-	4,662	507	1,825	-	-	6,994	5,089
Bank charges	-	309	-	-	144	-	453	689
Dues and subscriptions	-	1,348	-	-	180	-	1,528	514
Facility rental	-	-	-	15,663	-	-	15,663	-
<i>Total expenses before depreciation</i>	4,992	887,214	78,240	178,652	269,906	88,702	1,507,706	1,390,805
Depreciation	50	8,868	782	1,786	2,697	887	15,070	15,564
<i>Total expenses</i>	\$ 5,042	\$ 896,082	\$ 79,022	\$ 180,438	\$ 272,603	\$ 89,589	\$ 1,522,776	\$ 1,406,369

See Notes to Financial Statements.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
Years Ended March 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (75,039)	\$ 97,953
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	15,070	15,564
Gain on debt extinguishment related to PPP	-	(118,697)
Amortization of right-of-use asset - operating lease	6,290	-
Decrease in accounts receivable	680	6,238
(Increase) decrease in grant receivable	20,000	(40,000)
(Increase) decrease in inventory	(1,001)	2,380
(Increase) decrease in prepaid expenses	(6,259)	229
Decrease in deposits	800	-
Increase (decrease) in accounts payable	(2,813)	7,081
Increase in accrued expenses	5,816	9,649
Increase (decrease) in deferred revenues	14,414	(5,902)
Decrease in operating lease liability	(5,899)	-
	<u>(27,941)</u>	<u>(25,505)</u>
<i>Net cash used in operating activities</i>		
	<u>(27,941)</u>	<u>(25,505)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment and intangible asset	<u>(5,103)</u>	-
	<u>(5,103)</u>	<u>(5,103)</u>
<i>Net decrease in cash</i>		
	<u>(33,044)</u>	<u>(25,505)</u>
Cash and cash equivalents, beginning of year	541,997	567,502
	<u>541,997</u>	<u>567,502</u>
<i>Cash and cash equivalents, end of year</i>		
	<u>\$ 508,953</u>	<u>\$ 541,997</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Operating lease right-of-use asset	\$ 205,419	\$ -
Right-of-use asset lease liability assumed	(205,419)	-
<i>Cash paid to acquire operating lease right-of-use asset</i>	<u>\$ -</u>	<u>\$ -</u>

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 statement 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, 2023 and 2022, NH LAKES received approximately 9,933 and 12,850 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.

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, 2023 and 2022.

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, 2023 and 2022, 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 made 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%.

NOTES TO FINANCIAL STATEMENTS

Intangible assets: Intangible assets represent legal expenses involving the trademark of the LakeSmart program and initial expenses relating to the NH LAKES timesheet program development.

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

Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued guidance Accounting Standards Codification (ASC) 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NH LAKES has adopted the standard effective April 1, 2022 and recognized and measured leases existing at, or entered into after, April 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended March 31, 2022 are made under prior lease guidance in FASB ASC 840.

NH LAKES includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain NH LAKES will exercise the option. NH LAKES has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on NH LAKES' statements of financial position.

For leases with a lease term greater than one year, NH LAKES recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. NH LAKES determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in NH LAKES' statements of financial position at March 31, 2023.

Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, NH LAKES uses a risk-free rate of a period comparable with that of the lease term. NH LAKES considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if NH LAKES is reasonably certain to exercise the option, (2) terminate the lease if NH LAKES is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

NH LAKES has elected the practical expedient to combine leases and non-lease components in a contract. NH LAKES has elected to apply this practical expedient to all classes of underlying assets.

NH LAKES has elected the practical expedient to apply the risk-free rate as the discount rate for all classes of underlying assets.

NOTES TO FINANCIAL STATEMENTS

The standard had a material impact on NH LAKES' statements of financial position but did not have an impact on the statement of activities and changes in net assets, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Contract balances – deferred revenue: Contract liabilities include deferred revenue from payments received from various lake associations for the Lake Host Program. This revenue is deferred and recognized when the expenses 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 2020.

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 principle: On April 1, 2022, NH LAKES adopted ASU 2016-02 "Leases (Topic 842)" and subsequent amendments thereto, which requires NH LAKES to recognize most leases on the statements of financial position.

Adopting the leasing standard resulted in the recognition of an operating right-of-use asset of \$199,129 and an operating lease liability of \$199,520 as of March 31, 2023. These amounts were determined based on the present value of remaining lease payments, discounted using the NH LAKES' risk-free rate as of the date of adoption. There was no material impact to the timing of expense or income recognition in NH LAKES' statement of activities and changes in net assets. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosures about NH LAKES' leasing activities are presented in Note 10.

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. NH LAKES had no amounts in excess of federally insured limits at March 31, 2023.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Grant Receivable

Grant receivable consists of the following:

March 31,	2023	2022
Promise to give expected to be collected in:		
In one year or less	\$ 20,000	\$ 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, 2023.

Note 5. Demand Note Payable

At March 31, 2023 and 2022, 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, 2023 and 2022, there was no outstanding balance.

Note 6. Property and Equipment

March 31,	2023	2022
Leasehold improvements	\$ 1,947	\$ 1,947
Furniture and fixtures	35,068	35,068
Program equipment	35,407	35,407
Office equipment	7,000	5,397
<i>Total property and equipment</i>	79,422	77,819
Less accumulated depreciation	66,947	51,877
<i>Total property and equipment, net</i>	\$ 12,475	\$ 25,942

Depreciation expense for the years ended March 31, 2023 and 2022 was \$15,070 and \$15,564, respectively.

Note 7. Net Assets with Donor Restrictions

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

March 31,	2023	2022
Subject to expenditure for specified purpose or period:		
Time restricted grant receivable	\$ 20,000	\$ 40,000
Lakes Congress	4,950	-
Lake Host program	21,938	32,249
<i>Total net assets with donor restrictions</i>	\$ 46,888	\$ 72,249

NOTES TO FINANCIAL STATEMENTS

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 \$295,000 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,	2023	2022
Cash and cash equivalents	\$ 508,953	\$ 541,997
Accounts receivable	18,442	19,122
Grant receivable	20,000	40,000
<i>Financial assets, at year-end</i>	<u>547,395</u>	<u>601,119</u>
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	<u>(46,888)</u>	<u>(72,249)</u>
<i>Financial assets available to meet cash needs for general expenditures within one year</i>	<u><u>\$ 500,507</u></u>	<u><u>\$ 528,870</u></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, 2023 and 2022 totaled \$13,038 and \$13,304, respectively.

Note 10. Leases

NH LAKES has adopted Accounting Standards Codification ASC 842, Leases. Refer to Note 2 for all policy elections related to leases.

NH LAKES has the following lease arrangements:

NH LAKES rents office space from an unrelated party. During the year ended March 31, 2023, NH LAKES entered into a five-year lease extension agreement that requires a monthly payment of \$3,166 from February 2023 to January 2024, increasing 3% annually. NH LAKES is required to cover costs related to repairs and maintenance of the leased space, including regular janitorial services and insurance. An additional utility expense of \$375 is due on the first of each month, as stated in the lease agreement.

NOTES TO FINANCIAL STATEMENTS

The lease terminates on January 31, 2028. NH LAKES may terminate the lease with 90 days' written notice by NH LAKES to the lessor of its intention to terminate. Per the lease agreement, NH LAKES has two options to extend the lease term by five years by giving the lessor no less than three months' prior written notice. NH LAKES has one of these options remaining that can be exercised at the end of the current five-year term ended January 31, 2028. The lease term is for five years and is discounted at an annual rate of 3.6%.

The future minimum lease payments due as of March 31, 2023 are as follows:

<u>Year Ending March 31,</u>	
2024	\$ 42,682
2025	43,828
2026	45,010
2027	46,226
2028	39,380
<i>Total undiscounted cash flows</i>	<u>217,126</u>
Less: present value discount	17,606
<i>Total lease liability operating right-of-use asset obligation</i>	<u><u>\$ 199,520</u></u>

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 were made for both years ended March 31, 2023 and 2022. As this lease is considered immaterial, it has not been included in the right-of-use asset and liability on the statements of financial position.

Note 11. COVID-19

In January 2021, NH LAKES received \$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.

Note 12. Subsequent Events

NH LAKES has evaluated subsequent events through October 20, 2023 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, 2023.