

NEW HAMPSHIRE LAKES ASSOCIATION, INC.
(NH LAKES)

FINANCIAL REPORT

MARCH 31, 2026

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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 financial statements of New Hampshire Lakes Association, Inc., which comprise the statement of financial position as of March 31, 2026, 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, 2026, 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.

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, 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Wechsler & Company

Concord, New Hampshire
October 1, 2026

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2026 and 2025

ASSETS		2026	2025
CURRENT ASSETS			
Cash and cash equivalents	\$	955,873	\$ 615,620
Accounts receivable		1,950	2,050
Contributions receivable, current, net		140,834	-
Inventories		4,952	6,310
Prepaid expenses		10,668	7,132
<i>Total current assets</i>		<u>1,114,277</u>	<u>631,112</u>
LONG-TERM ASSETS			
Deposits		2,812	2,812
Contributions receivable, less current portion, net		370,330	-
Intangible assets, net		33,774	22,863
Operating lease right-of-use asset		85,980	129,022
Property and equipment, net		7,469	6,196
<i>Total assets</i>	\$	<u><u>1,614,642</u></u>	\$ <u><u>792,005</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	22,186	\$ 2,992
Accrued expenses		68,345	80,014
Current portion of operating lease liability		48,482	47,266
Contract liabilities - deferred revenues		118,216	129,658
<i>Total current liabilities</i>		<u>257,229</u>	<u>259,930</u>
LONG-TERM LIABILITIES			
Long-term portion of operating lease liability		<u>40,895</u>	<u>85,321</u>
<i>Total liabilities</i>		<u>298,124</u>	<u>345,251</u>
NET ASSETS			
Without donor restrictions		475,372	394,149
With donor restrictions (Note 6)		841,146	52,605
<i>Total net assets</i>		<u>1,316,518</u>	<u>446,754</u>
<i>Total liabilities and net assets</i>	\$	<u><u>1,614,642</u></u>	\$ <u><u>792,005</u></u>

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended March 31, 2026 and Comparative Totals for Year Ended March 31, 2025

	Without Donor Restrictions	With Donor Restrictions	2026 Total	2025 Total
OPERATING				
Support and Revenues				
Public and private grants	\$ 1,112,906	\$ 329,982	\$ 1,442,888	\$ 928,383
Campaign contributions	52,535	511,164	563,699	-
Membership dues and contributions	773,051	-	773,051	747,057
Program service revenue	82,694	-	82,694	63,657
<i>Total support and revenues</i>	2,021,186	841,146	2,862,332	1,739,097
Net assets released from restrictions:				
For satisfaction of program restrictions	52,605	(52,605)	-	-
<i>Total support, revenues, and net assets released from restriction</i>	2,073,791	788,541	2,862,332	1,739,097
Operating expenses:				
Program expenses:				
Conservation	1,274,894	-	1,274,894	915,957
Advocacy	49,145	-	49,145	37,142
Outreach	276,847	-	276,847	247,247
<i>Total program expenses</i>	1,600,886	-	1,600,886	1,200,346
Supporting services and general expenses:				
Management and general	194,634	-	194,634	331,118
Fundraising	208,434	-	208,434	119,205
<i>Total operating expenses</i>	2,003,954	-	2,003,954	1,650,669
NON-OPERATING ACTIVITIES				
Investment income	11,386	-	11,386	12,785
Credit loss expense	-	-	-	(8,362)
<i>Income from non-operating activities</i>	11,386	-	11,386	4,423
<i>Total increase in net assets</i>	81,223	788,541	869,764	92,851
Net assets, beginning of year	394,149	52,605	446,754	353,903
<i>Net assets, end of year</i>	\$ 475,372	\$ 841,146	\$ 1,316,518	\$ 446,754

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended March 31, 2026 and Comparative Totals for Year Ended March 31, 2025

	Management and General					2026 Total	2025 Total
	Conservation	Advocacy	Outreach	Fundraising			
Salaries and wages	\$ 244,664	\$ 35,937	\$ 167,704	\$ 101,820	\$ 53,905	\$ 604,030	\$ 538,353
Salaries and wages - seasonal	658,191	-	-	-	-	658,191	603,636
Payroll taxes and benefits	61,969	9,383	43,837	28,402	14,196	157,787	141,275
Payroll taxes and benefits - seasonal	53,318	-	-	-	-	53,318	49,252
<i>Total personnel costs</i>	1,018,142	45,320	211,541	130,222	68,101	1,473,326	1,332,516
ARPA Cyanobacteria mitigation expenses	152,694	-	-	-	-	152,694	-
Printing	8,201	29	4,299	710	61,837	75,076	72,503
Professional fees and contract services	19,226	219	9,202	26,952	9,161	64,760	61,254
Supplies	13,002	56	2,814	5,955	42,583	64,410	12,662
Occupancy	30,335	1,611	8,054	13,097	3,758	56,855	54,932
Postage	2,427	127	2,439	845	17,510	23,348	17,733
Facility rental	-	-	22,969	-	-	22,969	18,610
IT and equipment	9,749	925	5,042	3,991	2,369	22,076	22,778
Insurance	5,388	245	1,223	1,129	571	8,556	7,324
Travel	5,651	137	2,432	54	160	8,434	11,396
Credit card fees	1	-	7	7,898	29	7,935	7,142
Hospitality/recognition	1,119	144	2,546	1,702	733	6,244	2,673
Educational	3,518	-	-	-	-	3,518	-
Marketing	637	35	2,213	357	230	3,472	12,889
Professional development	1,409	140	1,073	500	175	3,297	5,265
Dues and subscriptions	430	5	232	37	827	1,531	1,785
Bank charges	175	-	-	171	35	381	409
<i>Total expenses before depreciation and amortization</i>	1,272,104	48,993	276,086	193,620	208,079	1,998,882	1,641,871
Depreciation and amortization	2,790	152	761	1,014	355	5,072	8,798
<i>Total expenses</i>	\$ 1,274,894	\$ 49,145	\$ 276,847	\$ 194,634	\$ 208,434	\$ 2,003,954	\$ 1,650,669

See Notes to Financial Statements.

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NEW HAMPSHIRE LAKES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 869,764	\$ 92,851
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,072	8,798
Amortization of right-of-use asset - operating lease	43,042	41,503
Decrease in accounts receivable	100	13,582
Increase in contributions receivable	(511,164)	-
(Increase) decrease in inventory	1,358	(2,951)
(Increase) decrease in prepaid expenses	(3,536)	595
Increase (decrease) in accounts payable	19,194	(1,777)
Increase (decrease) in accrued expenses	(11,669)	13,466
Decrease in deferred revenues	(11,442)	(6,584)
Decrease in operating lease liability	(43,210)	(40,490)
	357,509	118,993
<i>Net cash provided by operating activities</i>		
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment and intangible asset	(17,256)	(13,281)
	340,253	105,712
<i>Net increase in cash</i>		
Cash and cash equivalents, beginning of year	615,620	509,908
	\$ 955,873	\$ 615,620
<i>Cash and cash equivalents, end of year</i>		

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. NH LAKES' mission is to restore and preserve the health of New Hampshire's lakes.

During 2024 and 2025, NH LAKES conducted a strategic direction planning process to assess the organization's role in addressing the increasingly complex threats facing New Hampshire's lakes. As a result of this process, NH LAKES committed to increasing the organization's capacity and impact through a multi-year Growth Initiative. To support this planned growth and strengthen the organization's long-term sustainability, NH LAKES is conducting a \$5 million comprehensive fundraising campaign.

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, 2026 and 2025, NH LAKES received approximately 8,760 and 8,348 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: Certain contributions may have an exchange element based on the value benefits provided in return. NH LAKES recognizes the exchange portion over a period of time, 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, 2026 and 2025.

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, 2026 and 2025, there were no securities on hand.

Accounts receivable and allowance for credit losses: Accounts receivable consist principally of unpaid membership dues and are stated at the amount management expects to collect. NH LAKES maintains an allowance for expected credit losses for accounts receivable based on historical collection experience, current conditions, reasonable and supportable forecasts, and specific information concerning individual account balances. Accounts receivable that do not share similar risk characteristics are evaluated individually, while receivables with similar risk characteristics are evaluated collectively. Receivables are written off against the allowance when management determines that collection is unlikely and collection efforts have been exhausted.

Management determined that no allowance for credit losses was necessary at March 31, 2026 or 2025. Credit-loss expense for the years ended March 31, 2026 and 2025 was \$- and \$8,362, respectively.

NOTES TO FINANCIAL STATEMENTS

Contributions and grants: NH LAKES recognizes transactions in which the resource provider does not receive commensurate value as contributions. Contributions, including unconditional promises to give, are recognized as revenue when received or unconditionally promised.

A contribution is conditional when the agreement includes both a barrier that must be overcome and either a right of return of assets transferred or a right of release of the promisor from its obligation. Conditional contributions are not recognized as revenue until the conditions on which they depend have been substantially met. Amounts received before the conditions are substantially met are reported as refundable advances.

Contributions are reported as increases in net assets with donor restrictions when donor stipulations limit their use to a specific purpose or future period. When a donor restriction is satisfied, the applicable amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported as a release from restriction. NH LAKES reports donor-restricted contributions whose restrictions are satisfied in the same reporting period as contributions without donor restrictions.

Unconditional promises to give that are due in future periods are reported as increases in net assets with donor restrictions unless the donor's explicit stipulations or circumstances surrounding the promise clearly indicate that the contribution is intended to support activities of the current period.

Contributions receivable: Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises expected to be collected beyond one year are initially recorded at the present value of estimated future cash flows using a discount rate of 4.0%. The resulting discount is amortized over the collection period and recognized as contribution revenue.

NH LAKES evaluates contributions receivable for collectability based on historical collection experience, individual donor circumstances, subsequent collections, current conditions, and other relevant factors. An allowance for uncollectible contributions receivable is established when management determines that amounts may not be collected. Contributions receivable are written off against the allowance when determined to be uncollectible. At March 31, 2026, the allowance for uncollectible contributions receivable was \$48,000. There were no contributions receivable or related allowance at March 31, 2025.

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. Intangible assets are amortized on a straight-line basis over the estimated useful lives of 5 to 15 years.

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

Leases: NH LAKES determines whether an arrangement is or contains a lease at the inception of the arrangement. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of fixed lease payments over the lease term.

NH LAKES has elected to use a risk-free discount rate for all classes of underlying assets. The lease term includes renewal options that NH LAKES is reasonably certain to exercise and termination options that NH LAKES is reasonably certain not to exercise.

NOTES TO FINANCIAL STATEMENTS

NH LAKES has elected not to separate lease and nonlease components for its real estate leases and accounts for each lease and its associated nonlease components as a single lease component.

Operating lease right-of-use assets are initially measured at the amount of the related lease liability, adjusted for lease payments made at or before commencement, lease incentives received, and initial direct costs, as applicable. Operating lease expense is recognized on a straight-line basis over the lease term. Variable lease payments that are not included in the measurement of the lease liability are recognized as expense when incurred.

NH LAKES has elected not to recognize right-of-use assets and lease liabilities for leases with an initial term of 12 months or less. Expense associated with these leases is recognized on a straight-line basis over the lease term.

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 2023.

Advertising costs: Advertising costs are expensed as incurred. Advertising expense for the years ended March 31, 2026 and 2025 amounted to \$3,472 and \$12,889, respectively.

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.

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 deposits in excess of federally insured limits at March 31, 2026.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Demand Note Payable

At March 31, 2026 and 2025, 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, 2026 and 2025, there was no outstanding balance.

Note 5. Property and Equipment

March 31,	2026	2025
Leasehold improvements	\$ 1,947	\$ 1,947
Furniture and fixtures	35,068	35,068
Program equipment	35,407	35,407
Office equipment	16,899	12,925
<i>Total property and equipment</i>	<u>89,321</u>	<u>85,347</u>
Less accumulated depreciation	81,852	79,151
<i>Total property and equipment, net</i>	<u><u>\$ 7,469</u></u>	<u><u>\$ 6,196</u></u>

Depreciation expense for the years ended March 31, 2026 and 2025 was \$2,701 and \$3,820, respectively.

Note 6. Net Assets with Donor Restrictions

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

March 31,	2026	2025
Subject to expenditure for specified purpose or period:		
Lake Host program	43,636	21,653
Lake-Friendly Boating initiative	5,000	-
Lake Leaders seasonal conservation staff	25,000	-
ARPA Fund: Cyanobacteria Prevention and Remediation	256,346	30,952
Time restricted contributions receivable	511,164	-
<i>Total net assets with donor restrictions</i>	<u><u>\$ 841,146</u></u>	<u><u>\$ 52,605</u></u>

Note 7. 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 \$305,000 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.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

March 31,	2026
Cash and cash equivalents	\$ 955,873
Accounts receivable	1,950
Current contributions receivable	140,834
<i>Financial assets, at year-end</i>	<u>1,098,657</u>
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	<u>(400,330)</u>
<i>Financial assets available to meet cash needs for general expenditures within one year</i>	<u><u>\$ 698,327</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 4, 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 8. Fair Value Measurements

The Fair Value Measurements topic of the FASB Accounting Standards Codification (FASB ASC 820-10) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – inputs are observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3 – inputs are unobservable and reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

NH LAKES held no investments at March 31, 2026 or 2025. The only asset measured at fair value on a recurring basis is contributions receivable, which is classified as Level 3 because the valuation is based on the expected timing of future payments and a discount rate of 4.0%.

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Assets measured at fair value on recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2026:

	Contributions Receivable, net
Balance, beginning of year	\$ -
New pledges	691,000
Payments received	(74,000)
Allowance for uncollectible contributions receivable	(48,000)
Present value discount	(57,836)
Balance, end of year	<u><u>\$ 511,164</u></u>

Unconditional promises to give that are expected to be collected in future years are initially measured at fair value using the present value of estimated future cash flows. The valuation uses significant unobservable inputs, including the expected timing of collections and a discount rate of 4.0%. Accordingly, the initial valuation is classified within Level 3 of the fair value hierarchy. After initial recognition, contributions receivable are carried at amortized cost and are not remeasured at fair value on a recurring basis. Additional information concerning contributions receivable is presented in Note 9.

GAAP requires disclosure of an estimate of fair value for certain financial instruments. NH LAKES' significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Note 9. Contributions Receivable

Unconditional promises to give are recognized as contribution revenue, with or without donor restrictions, as applicable, in the period the promises are received. Contributions receivable expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are recorded at the present value of their estimated future cash flows using a discount rate of 4.0%, compounded annually. The discount is amortized over the collection period and recognized as contribution revenue.

Management evaluates the collectability of contributions receivable based on historical collection experience, specific donor information, subsequent collections, current conditions, and other relevant factors. Based on this evaluation, management established an allowance for uncollectible contributions receivable of \$48,000 at March 31, 2026. There were no contributions receivable or related allowance at March 31, 2025.

Unconditional promises to give are expected to be collected as follows:

March 31,	2026
In one year or less	\$ 140,834
Between one year and five years	476,166
Less: allowance for uncollectible contributions receivable	(48,000)
Less: present value discount	(57,836)
<i>Total</i>	<u><u>\$ 511,164</u></u>

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. 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, 2026 and 2025 totaled \$18,667 and \$14,417, respectively.

Note 11. Leases

NH LAKES leases office space and office equipment under operating lease arrangements.

In February 2023, NH LAKES entered into an extension of its office lease. The agreement requires monthly base rent of \$3,166 for the first year, with annual increases of 3%, and is scheduled to expire on January 31, 2028. NH LAKES is also responsible for certain utilities, repairs, maintenance, janitorial services, and insurance associated with the leased premises.

The office lease permits NH LAKES to terminate the agreement upon 90 days' written notice and provides renewal options for additional five-year periods, one of which remains available. Management has determined that NH LAKES is reasonably certain that it will not exercise the termination option before January 31, 2028. The remaining renewal option is not included in the recognized lease term because NH LAKES is not reasonably certain that it will exercise the option.

NH LAKES also leases a copier under an operating lease that commenced in February 2024. The agreement has a term of 63 months and requires monthly payments of \$188.

The components of lease cost were as follows:

Years Ended March 31,		2026		2025
Operating lease cost	\$	47,098	\$	47,098

Other Information

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows from operating leases	\$	47,266	\$	46,084
Weighted-average remaining lease term in years for operating leases		1.92		2.91
Weighted-average discount rate for operating leases		3.73%		3.72%

The future minimum lease payments due as of March 31, 2026 are as follows:

Year Ending March 31,		
2027		\$ 48,482
2028		41,636
2029		2,256
2030		188
<i>Total undiscounted cash flows</i>		92,562
Less: present value discount		(3,185)
<i>Total operating lease liabilities</i>		<u>\$ 89,377</u>

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Events

NH LAKES has evaluated subsequent events through October 1, 2026 the date which the financial statements were issued and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended March 31, 2026.