

**NEW HAMPSHIRE LAKES ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017 AND 2016**

# NEW HAMPSHIRE LAKES ASSOCIATION, INC.

## Financial Statements and Other Financial Information

March 31, 2017 and 2016

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

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

### ***Report on the Financial Statements***

We have reviewed the accompanying statements of financial position of New Hampshire Lakes Association, Inc. (a non-profit corporation) as of March 31, 2017 and 2016 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

### ***Accountant's Responsibility***

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### ***Supplementary Information***

The supplementary information included in Schedules I is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

***Edward C. David & Company CPAs PLLC***

August 21, 2017

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**STATEMENTS OF  
FINANCIAL POSITION****NEW HAMPSHIRE LAKES  
ASSOCIATION, INC.**

MARCH 31	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 167,009	\$ 154,708
Accounts receivable	8,055	15,882
Prepaid expenses and deposits	7,154	24,580
Property and equipment, net	659	719
Intangible assets, net	1,401	1,421
<b>TOTAL ASSETS</b>	<b>\$ 184,278</b>	<b>\$ 197,310</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 875	\$ 11,932
Accrued payroll	4,487	5,341
Accrued vacation	7,617	10,352
Deferred revenue	144,417	170,122
<b>TOTAL LIABILITIES</b>	<b>157,396</b>	<b>197,747</b>
<b>NET ASSETS</b>		
Unrestricted	26,882	(437)
<b>TOTAL NET ASSETS</b>	<b>26,882</b>	<b>(437)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 184,278</b>	<b>\$ 197,310</b>

See accompanying notes and independent accountants' review report.

**STATEMENTS OF ACTIVITIES****NEW HAMPSHIRE LAKES  
ASSOCIATION, INC.**

FOR THE YEARS ENDED MARCH 31	2017	2016
REVENUE AND OTHER SUPPORT		
Public and private grants	\$ 614,473	\$ 530,423
Membership dues and contributions	217,573	203,202
Program service revenue	33,855	19,717
	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	865,901	753,342
EXPENSES		
Program services	627,060	553,966
Management and general	170,415	140,432
Fundraising	41,107	40,152
TOTAL EXPENSES	838,582	734,550
	<hr/>	<hr/>
CHANGE IN NET ASSETS	27,319	18,792
NET ASSETS AT BEGINNING OF YEAR	(437)	(19,229)
	<hr/>	<hr/>
NET ASSETS AT END OF YEAR	\$ 26,882	\$ (437)
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes and independent accountants' review report.

**STATEMENTS OF CASH FLOWS****NEW HAMPSHIRE LAKES  
ASSOCIATION, INC.**

FOR THE YEARS ENDED MARCH 31	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 27,319	\$ 18,792
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	775	777
<b>Increase (decrease) in cash arising from changes in operating assets and liabilities:</b>		
Accounts receivable	7,827	(14,216)
Prepaid expenses and deposits	17,426	(1,640)
Accounts payable	(11,057)	11,789
Accrued payroll	(854)	(5,627)
Accrued vacation	(2,735)	(5,221)
Deferred revenue	(25,705)	50,880
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>12,996</u>	<u>55,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(695)	-
NET CASH USED BY INVESTING ACTIVITIES	<u>(695)</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS	12,301	55,534
Cash and cash equivalents at beginning of year	<u>154,708</u>	<u>99,174</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 167,009</u>	<u>\$ 154,708</u>

See accompanying notes and independent accountants' review report.

**NOTES TO FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES AND NATURE OF OPERATIONS**

This summary of significant accounting policies of New Hampshire Lakes Association, Inc. is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity: New Hampshire Lakes Association, Inc. (a non-profit corporation) was incorporated in 1992 under the laws of the State of New Hampshire. The Corporation was organized for the purpose of promoting conservation and wise use of New Hampshire lakes and their watersheds by publishing newsletters, participating as appointed members of government committees, working with member associations and promoting legislation beneficial to lakes. Its programs include economic studies, education, advocacy and the Lake Host™ program which supports many lakes throughout the state. The Corporation is supported primarily through membership dues, donor contributions and grants.

Cash and Cash Equivalents: The Corporation 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 statement of cash flows. The Corporation has no cash equivalents at March 31, 2017 and 2016. The Corporation maintains its cash in bank deposit accounts with various banks, which at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk for cash and cash equivalents.

Financial Statement Presentation: Under generally accepted accounting principles, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Corporation is required to present a statement of cash flows.

A description of the three net asset categories is as follows:

- Unrestricted net assets represent the portion of net assets of the Corporation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations or government regulations.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Corporation is limited by donor imposed stipulations or government regulations that either expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation.

The Corporation currently has no temporarily or permanently restricted net assets.

Contributions: The Corporation accounts for contributions in accordance with generally accepted accounting principles, under which contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor-imposed restrictions. When restrictions are satisfied, revenues are reclassified and reported as net assets released from restrictions. If the restriction is satisfied in the same period the contribution is received, the contribution is reported as unrestricted.

Volunteer Hours: Many individuals volunteer their time to perform a variety of tasks that assist the Corporation. During the years ended March 31, 2017 and 2016, the Corporation received approximately 12,500 and 12,000 volunteer service 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.

Allowance for Doubtful Accounts: The Corporation uses the reserve method to account for uncollectable accounts receivable. The Corporation believes that it is not exposed to any significant credit risk for these receivables beyond the reserve. As of March 31, 2017 and 2016, management has determined that no allowance is necessary.

Property and Equipment: Property and equipment are stated at cost and consist of the following:

MARCH 31	2017	2016
Furniture and fixtures	\$ 1,464	\$ 1,464
Office equipment	17,974	17,974
	19,438	19,438
Less accumulated depreciation	18,779	18,719
	<u>\$ 659</u>	<u>\$ 719</u>

Depreciation is computed utilizing declining balance methods over the estimated useful lives of the assets. Expenditures for repairs and maintenance which do not extend the useful lives of the assets are charged to operations as incurred. Depreciation expense for the years ended March 31, 2017 and 2016, was \$60 and \$120, respectively.

Intangible Assets: Intangible assets represent the cost of logos which are being amortized on a straight-line basis over ten years. Amortization expense for the years ended March 31, 2017 and 2016 was \$715 and \$657 respectively. Accumulated amortization at March 31, 2017 and 2016 was \$5,860 and \$5,145, respectively. Aggregate amortization expense for the years ended March 31, 2018 through March 31, 2022 is estimated to be \$1,131.

Deferred Revenue: During the years ended March 31, 2017 and 2016, the Corporation collected sponsorship and registration revenues for future events. They had also collected grant income prior to the recognition of the expenses to which these grants relate. This revenue is deferred and recognized either when the event takes place or the expenses have been incurred. Deferred revenue as of March 31, 2017 and 2016 amounted to \$144,417 and \$170,122, respectively.

Grant Income: Grant income is accounted for as an exchange transaction as the amounts received are for services the Corporation will render. Grant income received prior to the recognition of the related expenses is deferred. Grant income recognized during the years ended March 31, 2017 and 2016 amounted to \$614,473 and \$530,423, respectively.

**NOTES TO FINANCIAL STATEMENTS**

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures on contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Although actual results could differ from those estimates, management believes that actual results will not materially differ from those estimates

Rent Expense: See Note 2.

Compensated Absences: Employees of the Corporation are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. Accrued expenses for compensated absences at March 31, 2017 and 2016 were \$7,617 and \$10,352, respectively.

Income Taxes: The Corporation is exempt from federal income tax in accordance with Section 501(c)(3) of the Internal Revenue Code.

The Corporation has adopted the provisions of *Accounting for Uncertainty in Income Taxes*. The Corporation has not identified any material uncertain tax positions as a result of the implementation of this accounting principle as management and the Board of Directors feel that the tax positions taken are supported by unambiguous tax laws. As such, there are no interest and penalties related to uncertain tax positions recognized in the statement of activities included with these financial statements. Management and the Board of Directors do not feel that their assessment of uncertain tax positions will change in the next twelve months. In the normal course of business, the Corporation is subject to examinations by taxing authorities. With few exceptions, the Corporation is no longer subject to Federal or state examinations for tax years before 2013. At March 31, 2017, the Corporation is not under examination by any taxing authority.

Date of Management's Review: Subsequent events have been evaluated through August 21, 2017, which is the date the financial statements were available to be issued.

**2. COMMITMENTS**

The Corporation is obligated under a one year noncancellable operating lease agreement which was renewed in June, 2017. Rent expense for the years ended March 31, 2017 and 2016 was \$10,800. The Corporation also rents facilities for its events on an at-will basis. Total rent expense for the years ended March 31, 2017 and 2016 was \$20,431 and \$17,894, respectively.

Future minimum annual rental payments are as follows:

March 31, 2018	\$	10,800
2019		2,700
		\$ 13,500

**3. DEMAND NOTE PAYABLE**

At March 31, 2017 and 2016, the Corporation 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 the Corporation must maintain the bank as its principal bank of deposit. At March 31, 2017 and 2016, the outstanding balance was zero.

As part of the note agreement, the Corporation is required to comply with certain covenants. These consist, primarily, of reporting and administrative requirements.

**4. RETIREMENT PLAN**

The Corporation maintains a 403(b) retirement plan for all eligible employees. Under the plan, the Corporation matches up to 2% of the participating employees' gross pay. Starting January 1<sup>st</sup>, 2017 the Corporation maintains a Simple IRA plan for all eligible employees. Under the plan the Corporation matches up to 3% of employee contributions. Company contributions for the years ended March 31, 2017 and 2016 were \$4,514 and \$3,581, respectively.

**5. SPECIAL EVENTS**

During the years ended March 31, 2017 and 2016, the Corporation held no special events.

**6. MAJOR GRANTORS**

During the years ended March 31, 2017 and 2016, four grantors and one grantor, respectively, accounted for more than 10% of total grants received.

**7. SUBSEQUENT EVENTS**

The Corporation was awarded a grant in the amount of \$261,000 to be used for the purpose of milfoil prevention activities.

**SCHEDULES OF PROGRAM SERVICES EXPENSES,  
MANAGEMENT AND GENERAL EXPENSES, AND  
FUNDRAISING EXPENSES**

**SCHEDULE I  
NEW HAMPSHIRE LAKES  
ASSOCIATION, INC.**

FOR THE YEARS ENDED MARCH 31	2017	2016
<b>PROGRAM SERVICES EXPENSES</b>		
Salaries and wages	\$ 486,690	\$ 460,509
Payroll taxes	37,733	43,251
Office supplies and expenses	27,071	11,278
Printing and publications	26,342	8,427
Honoraria, consulting and entertainment	10,368	5,888
Professional fees	10,283	4,699
Rent	9,631	7,094
Postage and delivery	8,760	4,762
Travel and conferences	5,663	3,546
Program equipment	2,662	-
Insurance	1,857	4,058
Miscellaneous	-	454
<b>TOTAL PROGRAM SERVICES EXPENSES</b>	<b>\$ 627,060</b>	<b>\$ 553,966</b>
<b>MANAGEMENT AND GENERAL EXPENSES</b>		
Salaries and wages	\$ 78,595	\$ 80,022
Professional fees	25,808	7,111
Rent	10,800	10,800
Employee benefits	10,665	8,308
Equipment expense	7,285	6,403
Payroll taxes	6,093	2,931
Insurance	4,974	7,378
Pension	4,514	3,581
Printing and publications	3,869	203
Postage and delivery	2,805	656
Utilities	2,723	2,625
Bank and credit card fees	2,602	2,255
Professional development	2,178	1,551
Repairs and maintenance	1,971	1,405
Hospitality and recognition	1,748	1,239
Dues and subscriptions	1,407	1,004
Office supplies and expenses	1,305	1,636
Depreciation and amortization	775	777
Travel and conferences	298	547
<b>TOTAL MANAGEMENT AND GENERAL EXPENSES</b>	<b>\$ 170,415</b>	<b>\$ 140,432</b>
<b>FUNDRAISING EXPENSES</b>		
Salaries and wages	\$ 28,618	\$ 29,777
Postage and delivery	3,702	2,804
Printing and publications	3,293	4,566
Professional Fees	2,501	-
Payroll taxes	2,219	1,801
Travel and conferences	458	746
Office supplies and expenses	267	294
Miscellaneous	49	164
<b>TOTAL FUNDRAISING EXPENSES</b>	<b>\$ 41,107</b>	<b>\$ 40,152</b>

See independent accountants' review report.