

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

NEW HAMPSHIRE LAKES ASSOCIATION, INC.

Financial Statements and Other Financial Information

March 31, 2015 and 2014

<u>Financial Statements</u>	<u>Page</u>
Independent Accountants' Review Report	2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-7
 <u>Other Financial Information</u>	
Schedule I - Schedules of Program Services Expenses, Management and General Expenses, and Fundraising Expenses	8



Edward C. David & Company CPAs PLLC
3 West Road • PO Box 925 • Hampstead • New Hampshire 03841

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of New Hampshire Lakes Association, Inc. (a non-profit corporation) as of March 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended. 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 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Edward C. David & Company CPAs PLLC

July 15, 2015

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

MARCH 31	2015	2014
ASSETS		
Cash and cash equivalents	\$ 99,174	\$ 97,926
Accounts receivable	1,666	1,000
Prepaid expenses and deposits	22,940	26,711
Property and equipment, net	839	1,038
Intangible asset, net	2,078	2,735
TOTAL ASSETS	\$ 126,697	\$ 129,410
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 143	\$ 1,630
Accrued payroll	10,968	9,687
Accrued vacation	15,573	14,290
Deferred revenue	119,242	126,098
TOTAL LIABILITIES	145,926	151,705
NET ASSETS		
Unrestricted	(19,229)	(22,295)
TOTAL NET ASSETS	(19,229)	(22,295)
TOTAL LIABILITIES AND NET ASSETS	\$ 126,697	\$ 129,410

See accompanying notes and accountants' review report.

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

FOR THE YEARS ENDED MARCH 31	2015	2014
REVENUE AND OTHER SUPPORT		
Public and private grants	\$ 543,708	\$ 527,740
Membership dues and contributions	183,515	185,634
Program service revenue	8,592	99,409
Fee for service	-	6,457
Other Income	1,174	-
	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	736,989	819,240
EXPENSES		
Program services	545,475	626,507
Management and general	140,548	128,321
Fundraising	32,313	27,756
Special events, net of revenue	15,587	31,759
TOTAL EXPENSES	<hr/> 733,923 <hr/>	<hr/> 814,343 <hr/>
CHANGE IN NET ASSETS	3,066	4,897
NET ASSETS AT BEGINNING OF YEAR	<hr/> (22,295) <hr/>	<hr/> (27,192) <hr/>
NET ASSETS AT END OF YEAR	<hr/> <u>\$ (19,229)</u> <hr/>	<hr/> <u>\$ (22,295)</u> <hr/>

See accompanying notes and accountants' review report.

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

FOR THE YEARS ENDED MARCH 31	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,066	\$ 4,897
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	856	856
Increase (decrease) in cash arising from changes in operating assets and liabilities:		
Accounts receivable	(666)	44,328
Grants receivable	-	179,479
Prepaid expenses and deposits	3,771	(19,322)
Accounts payable	(1,487)	632
Accrued payroll	1,281	(1,729)
Accrued vacation	1,283	(10,527)
Deferred revenue	(6,856)	(208,113)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,248</u>	<u>(9,499)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,248	(9,499)
Cash and cash equivalents at beginning of year	<u>97,926</u>	<u>107,425</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 99,174</u>	<u>\$ 97,926</u>

See accompanying notes and 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, 2015 and 2014. 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.

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, 2015 and 2014, 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	2015	2014
Furniture and fixtures	\$ 1,464	\$ 1,464
Office equipment	17,974	17,974
	<u>19,438</u>	<u>19,438</u>
Less accumulated depreciation	18,599	18,400
	<u>\$ 839</u>	<u>\$ 1,038</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 each of the years ended March 31, 2015 and 2014, was \$199.

Intangible Asset: Intangible assets represent the cost of a logo which is being amortized on a straight-line basis over ten years. Amortization expense for each of the years ended March 31, 2015 and 2014 was \$657. Accumulated amortization at March 31, 2015 and 2014 was \$4,488 and \$3,831, respectively. Aggregate amortization expense for the years ended March 31, 2016 through March 31, 2020 is estimated to be \$2,078.

Deferred Revenue: During the years ended March 31, 2015 and 2014, the Corporation collected sponsorship and registration revenues for a future event. 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, 2015 and 2014 amounted to \$119,242 and \$126,098, 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, 2015 and 2014 amounted to \$543,708 and \$527,740, respectively .

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.

NOTES TO FINANCIAL STATEMENTS

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, 2015 and 2014 were \$15,573 and \$14,290, 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 2011. At March 31, 2015, the Corporation is not under examination by any taxing authority.

Date of Management's Review: Subsequent events have been evaluated through July 15, 2015, 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. Rent expense for the years ended March 31, 2015 and 2014 was \$10,725 and \$10,400, respectively. The Corporation also rents facilities for its events on an at-will basis. Total rent expense for the years ended March 31, 2015 and 2014 was \$10,783 and \$12,109, respectively.

Future minimum annual rental payments are as follows:

March 31, 2016	\$ 10,800
2017	2,700
	<u>\$ 13,500</u>

3. 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. Company contributions for the years ended March 31, 2015 and 2014 were \$3,522 and \$2,731, respectively.

4. SPECIAL EVENTS

During the fiscal year ended March 31, 2015, the Corporation held the following special events:

	Revenue	Expenses	Net Profit (Loss)
LakeFest	\$ 27,825	\$ 45,396	\$ (17,571)
Lakes Congress	7,663	9,213	(1,550)
Other	3,534	-	3,534
	<u>\$ 39,022</u>	<u>\$ 54,609</u>	<u>\$ (15,587)</u>

LakeFest 2014: Raft-a-Palooza: the Corporation held a single-day public festival in Laconia, NH at Endicott Rock Park, WeirsBeach. The goal for this event was two-fold: to attempt the Guinness World Record for the most canoes and kayaks in a free-floating raft and to educate the paddling public how to *clean, drain and dry* their canoes and kayaks to help prevent the spread of aquatic invasive species. During the year ended March 31, 2015, New Hampshire Lakes successfully set the Guinness World Record for the largest simultaneous launch of canoes and kayaks.

Lakes Congress is an annual day-long workshop focusing on topics of lake stewardship. This is open to the general public.

During the fiscal year ended March 31, 2014, the Corporation held the following special events:

	Revenue	Expenses	Net Profit (Loss)
LakeFest	\$ 11,747	\$ 45,939	\$ (34,192)
Lakes Congress	5,146	5,433	(287)
Other	2,720	-	2,720
	<u>\$ 19,613</u>	<u>\$ 51,372</u>	<u>\$ (31,759)</u>

LakeFest 2013: Hands Across the Water: the Corporation held a single-day public festival in Laconia, NH on the shore of Lake Winnepesaukee. The goal for this event was two-fold: to attempt the Guinness World Record for the most canoes and kayaks in a free-floating raft and to educate the paddling public how to *clean, drain and dry* their canoes and kayaks to help prevent the spread of aquatic invasive species.

5. MAJOR GRANTORS

During the years ended March 31, 2015 and 2014, three grantors and one grantor, respectively, accounted for more than 10% of total grants received.

6. SUBSEQUENT EVENTS

Subsequent to the year ended March 31, 2015, the Corporation has been approved for a \$50,000 line of credit. The Corporation was also awarded a grant in the amount of \$230,000 to be used to fund projects during the summer of 2015.

**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

2015

2014

PROGRAM SERVICES EXPENSES

Salaries and wages	\$ 452,932	\$ 422,404
Payroll taxes	42,397	39,809
Office supplies and expenses	16,297	26,878
Honoraria, consulting and entertainment	12,431	-
Printing and publications	8,861	10,866
Professional fees	4,705	7,169
Travel and conferences	3,508	6,327
Insurance	2,346	6,700
Postage and delivery	1,752	4,604
Miscellaneous	188	909
Rent	58	1,709
Exotic species control expenses	-	99,132

TOTAL PROGRAM SERVICES EXPENSES

\$ 545,475 \$ 626,507

MANAGEMENT AND GENERAL EXPENSES

Salaries and wages	\$ 73,674	\$ 69,814
Rent	10,725	10,400
Insurance	9,875	10,157
Equipment expense	8,747	1,547
Professional fees	6,197	8,386
Repairs and maintenance	4,663	744
Utilities	4,547	4,782
Employee benefits	4,000	7,553
Pension	3,522	2,731
Payroll taxes	3,490	2,365
Printing and publications	2,120	1,867
Bank and credit card fees	1,897	1,483
Postage and delivery	1,709	908
Office supplies and expenses	1,118	980
Professional development	1,000	1,830
Bad debt expense	1,000	-
Depreciation and amortization	856	856
Hospitality and recognition	626	807
Dues and subscriptions	626	555
Travel and conferences	156	556

TOTAL MANAGEMENT AND GENERAL EXPENSES

\$ 140,548 \$ 128,321

FUNDRAISING EXPENSES

Salaries and wages	\$ 22,938	\$ 16,550
Postage and delivery	3,023	3,045
Printing and publications	2,966	4,152
Payroll taxes	2,594	2,116
Travel and conferences	491	412
Miscellaneous	209	146
Office supplies and expenses	92	235
Repairs and maintenance	-	600
Professional fees	-	500

TOTAL FUNDRAISING EXPENSES

\$ 32,313 \$ 27,756

See accountants' review report.