

NEWFOUND LAKE REGION ASSOCIATION

AUDITED FINANCIAL STATEMENTS

September 30, 2022 and 2021

## Table of Contents

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position, September 30, 2022 With Comparative Totals for September 30, 2021	3
Statement of Activities, September 30, 2022 With Comparative Totals for September 30, 2021	4
Statement of Functional Expenses, September 30, 2022 With Comparative Totals for September 30, 2021	5
Statement of Cash Flows, Years Ended September 30, 2022 and 2021	6
Notes to Financial Statements	7-18

# ROWLEY & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
46 N. STATE STREET  
CONCORD, NEW HAMPSHIRE 03301  
TELEPHONE (603) 228-5400  
FAX # (603) 226-3532

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF THE PRIVATE  
COMPANIES PRACTICE SECTION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Newfound Lake Region Association

### **Opinion**

We have audited the accompanying financial statements of Newfound Lake Region Association (a nonprofit corporation), which comprise the statements of financial position as of September 30, 2022 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newfound Lake Region Association as of September 30, 2022 and the statements of activities and changes in its net assets, functional expenses 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Newfound Lake Region Association 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 these 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.

## **Auditors' 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 auditors' 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgement 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 Newfound Lake Region Association'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Newfound Lake Region Association'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 Newfound Lake Region Association's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
\_\_\_\_\_

Rowley & Associates, P.C.  
Concord, New Hampshire  
December 28, 2022

**NEFOUND LAKE REGION ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022**  
**WITH COMPARATIVE TOTAL FOR SEPTEMBER 30, 2021**  
**See Independent Auditors' Report**

ASSETS	2022			2021 Total
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	
<b>CURRENT ASSETS</b>				
Cash, and cash equivalents	\$ 395,488	\$ 3,054	\$ 398,542	\$ 357,411
Investments	658,160	191,604	849,764	730,534
Grant receivable	-	-	-	2,000
Prepaid expenses	2,789	-	2,789	2,707
	<u>1,056,437</u>	<u>194,658</u>	<u>1,251,095</u>	<u>1,092,652</u>
<b>NONCURRENT ASSETS:</b>				
Investments	-	247,645	247,645	315,509
Conservation easements	-	2	2	-
Property and equipment, net	11,743	220,000	231,743	226,883
	<u>11,743</u>	<u>467,647</u>	<u>479,390</u>	<u>542,392</u>
 Total Assets	 <u>1,068,180</u>	 <u>662,305</u>	 <u>1,730,485</u>	 <u>1,635,044</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	6,423	-	6,423	3,770
Accrued expenses and other liabilities	8,603	-	8,603	4,347
	<u>15,026</u>	<u>-</u>	<u>15,026</u>	<u>8,117</u>
<b>NET ASSETS</b>				
Without donor restrictions:				
Undesignated	416,241	-	416,241	355,081
Board-designated	636,913	-	636,913	497,202
With donor restrictions:				
Time or purpose restricted	-	194,658	194,658	239,135
Perpetual in nature	-	467,647	467,647	535,509
	<u>1,053,154</u>	<u>662,305</u>	<u>1,715,459</u>	<u>1,626,927</u>
 Total Liabilities and Net Assets	 <u>\$ 1,068,180</u>	 <u>\$ 662,305</u>	 <u>\$ 1,730,485</u>	 <u>\$ 1,635,044</u>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2022**  
**WITH COMPARATIVE TOTAL FOR YEAR ENDED SEPTEMBER 30, 2021**  
**See Independent Auditors' Report**

	<b>2022</b>			<b>2021</b> <b>Total</b>
	<b>Net Assets Without Donor Restriction</b>	<b>Net Assets With Donor Restriction</b>	<b>Total</b>	
<b>OPERATING ACTIVITIES</b>				
<b>SUPPORT AND REVENUE</b>				
Support				
Contributions	\$ 497,963	\$ 10,325	\$ 508,288	\$ 265,219
Grants	11,391	-	11,391	1,800
In-kind donations	12,274	-	12,274	11,245
Membership dues	157,046	-	157,046	144,187
Revenue				
Eco tours	11,628	-	11,628	9,042
Other revenue	7,366	-	7,366	11,960
Total support and revenue	<u>697,668</u>	<u>10,325</u>	<u>707,993</u>	<u>443,453</u>
Net Assets Released From Restriction	<u>24,565</u>	<u>(24,565)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program services	120,690	-	120,690	149,358
Management and general	175,938	-	175,938	121,854
Fundraising and development	74,156	-	74,156	79,113
Total expenses	<u>370,784</u>	<u>-</u>	<u>370,784</u>	<u>350,325</u>
Change in Net Assets From Operations	351,449	(14,240)	337,209	93,128
<b>NON-OPERATING ACTIVITIES</b>				
SBA Paycheck Protection Program loan forgiveness	-	-	-	47,613
Net investment gain (loss)	<u>(150,578)</u>	<u>(98,099)</u>	<u>(248,677)</u>	<u>181,366</u>
Total Non-operating activities	<u>(150,578)</u>	<u>(98,099)</u>	<u>(248,677)</u>	<u>228,979</u>
Change in Net Assets	200,871	(112,339)	88,532	322,107
Net Assets, Beginning of Year	<u>852,283</u>	<u>774,644</u>	<u>1,626,927</u>	<u>1,304,820</u>
Net Assets, End of Year	<u>\$ 1,053,154</u>	<u>\$ 662,305</u>	<u>\$ 1,715,459</u>	<u>\$ 1,626,927</u>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2022 WITH**  
**COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2021**

	<u>2022</u>				<u>2021</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>	<u>Total</u>
Personnel expense:					
Salaries and wages	\$ 81,629	\$ 76,063	\$ 27,828	\$ 185,520	\$218,242
Employee benefits	1,550	13,059	529	15,138	13,794
Payroll taxes	8,063	7,513	2,749	18,325	17,778
Contracted and professional services:					
Accounting	-	12,713	-	12,713	13,479
Marketing	-	435	-	435	1,500
Other expenses	17,662	5,113	6,280	29,055	20,213
Depreciation	-	2,184	-	2,184	1,953
Dues and subscriptions	4,436	4,005	100	8,541	7,376
Equipment, repairs, and maintenance	1,849	888	-	2,737	627
Insurance	-	5,742	-	5,742	4,927
Merchandise	-	3,259	-	3,259	1,443
Miscellaneous	1,108	3,345	4,707	9,160	14,057
Occupancy	4,560	4,320	3,120	12,000	12,000
Office expenses	-	550	-	550	1,025
Postage and shipping	1,317	1,344	4,246	6,907	5,525
Printing	3,093	390	7,920	11,403	11,652
Professional fees	17,867	17,276	-	35,143	-
Supplies	5,625	1,055	148	6,828	996
Telephone, cable and internet	-	2,209	-	2,209	1,896
Training and development	664	624	-	1,288	562
Travel	1,370	277	-	1,647	1,280
Total expenses	<u>\$ 150,793</u>	<u>\$ 162,364</u>	<u>\$ 57,627</u>	<u>\$ 370,784</u>	<u>\$ 350,325</u>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION  
STATEMENT OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2022 and 2021  
See Independent Auditors' Report**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 88,532	\$322,107
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,184	1,953
Forgiveness of SBA Paycheck Protection Program loan	-	(47,613)
Realized and unrealized (gain) loss on investments	284,885	(181,338)
Changes in operating asseets and liabilities:		
Grants receivable	2,000	(2,000)
Prepaid expenses	(84)	1,224
Accounts payable	2,653	3,239
Accrued payroll and related liabilities	4,256	(2,650)
Net cash provided by operating activities	<u>384,426</u>	<u>94,922</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	116,248	-
Purchase of property and equipment	(7,044)	-
Purchase of Investments	(452,499)	(74,913)
Net cash used by investing activities	<u>(343,295)</u>	<u>(74,913)</u>
Net Change in Cash and Cash Equivalents	41,131	20,009
Cash and Cash Equivalents, Beginning of Year	<u>357,411</u>	<u>337,402</u>
Cash, and Cash Equivalents at End of Year	<u>\$398,542</u>	<u>\$357,411</u>
 <b>SUPPLEMENTAL INFORMATON ON NON-CASH ACTIVITIES</b>		
In-kind contributions	<u>\$ 12,274</u>	<u>\$ 11,245</u>
Forgiveness of SBA Payroll Protection Program loan	<u>\$ -</u>	<u>\$ 47,613</u>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 1. Nature of Organization**

Newfound Lake Region Association (the Association) was incorporated in the State of New Hampshire in 1971. It is dedicated to the conservation and preservation of Newfound Lake and the surrounding region. Its primary function is to provide programs and services that protect the Newfound watershed, including water monitoring, invasive species prevention, storm water mitigation, regulatory assistance, land-use planning, experiential education, land conservation, communication, and community outreach. The Association's primary sources of revenue are contributions from the public and investment income.

**NOTE 2. Summary of Significant Accounting Policies**

The following is a summary of significant account policies used in preparing and presenting the accompanying financial statements.

**Significant Accounting Policies**

The financial statements of the Association have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to not-for-profits. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing accounting and financial reporting principles for not-for-profits. The more significant of the FASB's generally accepted accounting principles applicable to the Association, and the Association's conformity with such principles, are described below. These disclosures are an integral part of the Association's financial statements.

**Basis of Presentation**

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services raising contributions, and performing administrative functions.

Net assets with donor restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

**Basis of Accounting**

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 2. Summary of Significant Accounting Policies (continued)**

**Grants Receivable and Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Revenue and Revenue Recognition**

The Association 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 are those with a measurable performance or other restrictions on use until the conditions of the restrictions have been met.

Revenue from EcoTours is recognized when the performance obligation of providing the tour of Newfound Lake is met. The performance obligation of providing the tour is simultaneously received and consumed by registrants and, therefore, the revenue is recognized when the tour occurs.

**Non-cash Contributions and Contributed Services**

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by Generally Accepted Accounting Principles (GAAP). GAAP allow recognition of contributed services only if the services create or enhance nonfinancial assets and/or the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated professional services are recorded at the respective fair values of the services received. Contributed goods are recorded at fair value at the date of donation and as expenses when placed in service or distributed. Donated use of facilities is reported as a contribution and as an expense at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the amount is reported as a contribution and an unconditional promise to give at the date of the gift, and the expense is reported over the term of use.

During the Years Ended September 30, 2022 and 2021, the value of contributed professional services were \$12,274 and \$11,245 respectively.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association; these amounts have not been recognized in the accompanying statement of activities because the criteria for recognition as contributed services has not been met.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 2. Summary of Significant Accounting Policies (Continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates that are based on their relationship to those activities. Those expenses include payroll and payroll related expenses and occupancy costs. Occupancy costs are allocated based on square footage. Payroll and payroll related expenses are based on estimates of time and effort. Other cost allocations are based on the relationship between the expenditure and the activities benefited.

**Property and Equipment**

It is the Association’s policy to capitalize property and equipment over \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that prolong the useful lives of assets. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method. The ranges of useful lives are as follows:

Improvements	39 Years
Equipment	3-7 Years

	<u>2022</u>	<u>2021</u>
Land	\$ 220,000	\$ 220,000
Equipment	<u>45,918</u>	<u>38,875</u>
Subtotal	265,918	258,875
Less accumulated depreciation	<u>(34,175)</u>	<u>(31,992)</u>
Total	<u>\$ 231,743</u>	<u>\$ 226,883</u>

Depreciation expense recorded by the Association for the years ended September 30, 2022 and 2021 was \$2,184 and \$1,953, respectively.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 2. Summary of Significant Accounting Policies (Continued)**

**Income taxes**

The Association has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. The Association is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the Association are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Association follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition of tax positions taken or expected to be taken in a tax return.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Association considers all highly liquid investments (short-term investments such as certificates of deposits and money market accounts) with an initial maturity of three months or less to be cash equivalents. As of September 30, 2022 and 2021 the Association had no cash equivalents.

**Advertising and Marketing Costs**

The Association follows the policy of charging the production costs of advertising and marketing to expense as incurred. Marketing expense at September 30, 2022 and 2021 was \$435 and \$1,500 respectively.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

**Financial Instruments**

The carrying value of cash and cash equivalents, grants receivable, prepaid expenses, accounts payable, accrued expenses and other liabilities are stated at carrying cost at September 30, 2022 and 2021, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year-end are investments, which are stated at fair value.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 2. Summary of Significant Accounting Policies (Continued)**

**Subsequent Event**

Management has evaluated subsequent events through December 28, 2022, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. It has been determined that no other subsequent events matching this criterion occurred during this period.

**Newly Adopted Accounting Pronouncements**

In the year ended September 30, 2021 the Association adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958)—Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Analysis of the provision of these standards resulted in no significant changes in the way the Association recognizes revenue and, therefore, no changes to the previously issued audited financial statements (presented in these financial statements as comparative financial information) were required on a retrospective basis. The adoption of this ASU did not have a significant impact on the financial statements.

In the year ended September 30, 2021 the Association adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2014-09, Revenue Recognition (Topic 606)—Revenue from Contracts with Customers. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Analysis of the provision of these standards resulted in no significant changes in the way the Association recognizes revenue and, therefore, no changes to the previously issued audited financial statements (presented in these financial statements as comparative financial information) were required on a retrospective basis. The adoption of this ASU did not have a significant impact on the financial statements.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 2. Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements**

In February, 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of financial position—the new ASU will require both types of leases to be recognized on the statement of financial position. This standard is effective for annual reporting periods beginning after December 15, 2021.

Revenue Recognition: The Association has adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, and ASU No. 2018-08, *Not-for-profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. ASU 2014-09 and 2018-08 have been implemented in fiscal year September 30, 2020. Analysis of various provisions of these standards resulted in no significant changes in the way the Association recognizes revenue.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. The net realized and unrealized gains (losses) on investments are reflected in the Statement of Activities.

**Concentration and Credit Risk**

The Association maintains cash balances in several accounts at a local bank. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the year, the Association may have cash balances at the financial institution that exceed the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Association. At September 30, 2022 and 2021 the Association had \$148,539 and \$107,411 in uninsured cash balances, respectively.

**Compensated Absences**

There was no accrued vacation earned, but unpaid as of September 30, 2022 and 2021, respectively.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, are comprised of the following at September 30, 2022 and 2021:

Financial assets at fiscal year-end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 398,542	\$ 357,411
Grants receivable	-	2,000
Investments	<u>1,097,409</u>	<u>1,046,043</u>
Total financial assets	1,495,951	1,405,454
Less amounts not available to be used within one year:		
Net assets with donor restrictions:		
Time and purpose restrictions not expected to be met in less than one year	194,658	239,135
Perpetual investment endowment	<u>467,647</u>	<u>315,509</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 833,646</u>	<u>\$ 850,810</u>

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted perpetual endowment funds are not available for general expenditure.

**NOTE 4. Fair Value Measurements**

FASB Accounting Standards Codification Topic 820-10 *Fair Value Measurements* defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement).

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 4. Fair Value Measurements (Continued)**

Under Topic 820-10, the three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

All investments are measured at Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Association is required to disclose certain information about its financial assets and liabilities. Fair values of assets measured on a recurring basis at September 30 were as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)
<u>2022</u>		
Cash and cash equivalents	\$ 398,542	\$ 398,542
Investments	<u>1,097,409</u>	<u>1,097,409</u>
	<u>\$1,495,951</u>	<u>\$1,495,951</u>
<u>2021</u>		
Cash and cash equivalents	\$ 357,411	\$ 357,411
Investments	<u>1,046,043</u>	<u>1,046,043</u>
	<u>\$ 1,403,454</u>	<u>\$ 1,403,454</u>

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions.

**NOTE 5. Investments**

Investments, measured at fair value on a recurring basis and categorized in the fair value hierarchy as Level 1, consist of mutual funds at September 30, 2022 and 2021. As of September 30, 2022 and 2021, the Association recognized (\$284,885) and \$181,338, respectively, of unrealized gains and losses on investments on equity securities.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 6. Endowment Funds**

**Types of Funds**

The Association has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Trustees of the Association has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted is classified as purpose restricted until those amounts are appropriated for expenditure by the Association.

The Association's endowment consists of funds restricted by donors and by resources set aside by the Board of Trustees to function as endowments (referred to as board-designated endowment funds). Donor endowment funds with restrictions are divided into those that provide a perpetual source of support for the Association's activities (referred to as perpetual endowments) and those that are restricted by donors for a specified term or purpose (referred to as time or purpose restricted). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Investment and Spending Policies**

The Association has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution, with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes mutual funds, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible.

The Association's Board of Trustees has approved a policy whereby the Board may annually appropriate for expenditure, for the uses and purposes for which the endowment was established, 4% of the endowment's 13-quarter moving average calculated on the endowment funds full fair market value. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 6. Endowment Funds (Continued)**

**Funds with Deficiencies**

Due to market conditions, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. There were no deficiencies at September 30, 2022 and 2021.

Changes in endowment net assets for the years ended September 30, 2022 and 2021, are as follows:

	Without Donor Restrictions (Board Designated)	With Donor Restrictions			Total Endowment Net Assets
		Time or Purpose Restricted	Perpetually Restricted	Total With Donor Restrictions	
Balance, September 30, 2020	\$ 359,290	\$ 164,066	\$ 266,436	\$ 430,502	\$ 789,792
Contributions	-	31,066	-	31,066	31,066
Transfers In	43,819	-	-	-	43,819
Investment return	82,217	38,200	60,949	99,149	181,366
Released from restriction	11,876	-	(11,876)	(11,876)	-
Balance, September 30, 2021	<u>\$ 497,202</u>	<u>\$ 233,332</u>	<u>\$ 315,509</u>	<u>\$ 548,841</u>	<u>\$ 1,046,043</u>
Balance, September 30, 2021	\$ 497,202	\$ 233,332	\$ 315,509	\$ 548,841	\$ 1,046,043
Contributions	300,044	-	-	-	300,044
Transfers In	-	-	-	-	-
Investment return	(150,579)	(41,728)	(56,371)	(98,099)	(248,678)
Released from restriction	11,493	-	(11,493)	(11,493)	-
Balance, September 30, 2022	<u>\$ 658,160</u>	<u>\$ 191,604</u>	<u>\$ 247,645</u>	<u>\$ 439,249</u>	<u>\$ 1,097,409</u>

**NOTE 7. Net Assets**

**Board-Designated Net Assets**

Net assets without donor restrictions which the Board of Trustees has placed self-imposed limits on, are comprised of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Rob Moore Fund	\$ 238,298	\$ -
Endowment earnings	-	11,876
Endowment	398,615	485,326
Total	<u>\$ 636,913</u>	<u>\$ 497,202</u>

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 7. Net Assets (Continued)**

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are comprised of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time and purpose restricted:		
Endowment fund for program	\$ 191,604	\$ 233,332
NH Charitable Foundation	2,745	-
NH Environmental Educators	309	-
Lake host	-	4,803
PSU project	-	1,000
Total time and purpose restricted:	<u>194,658</u>	<u>239,135</u>
Perpetually restricted:		
Endowment fund for program	247,645	315,509
Land stewardship (Grey Rocks)	220,000	220,000
Conservation easements	<u>2</u>	<u>-</u>
Total perpetually restricted:	<u>467,647</u>	<u>535,509</u>
Total with donor restriction	<u>\$ 662,305</u>	<u>\$ 774,644</u>

**NOTE 8. Grants**

The Association has been awarded cost-reimbursable grants that have been fully recognized at September 30, 2021 because qualifying expenditures have been incurred. No amounts have been received in advance and, accordingly, no amounts are reported in the Statement of Financial Position as refundable advances.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Association expects such amounts, if any, to be immaterial.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021**

**NOTE 9. Operating License**

The Association rents office space located in Bristol, New Hampshire under a non-cancellable license agreement that expired in August 2021. In August 2021, the Association extended the license for an additional two-year term. Monthly license payments are \$150. Rent expense under this agreement, which is included in occupancy costs in the Statement of Functional Expenses, totaled \$1,800 and \$1,800 for the years ended September 30, 2022 and 2021, respectively. In-kind revenue of \$10,200 and \$10,200 for the years ended September 30, 2022 and 2021, respectively, related to this agreement has been recorded in order to reflect below-market rent. Future minimum rental payments for the year ended September 30, 2023 are \$1,800.

**NOTE 10. Risks and Uncertainties: Covid-19**

As a result of the spread of the Covid-19 coronavirus, economic uncertainties have arisen which may negatively impact future financial performance. The potential impact of these uncertainties is unknown and cannot be estimated at the present time.

**NOTE 11. Paycheck Protection Program**

On April 21, 2020 the Association received approval of a loan from The U.S. Small Business Administration as part of the Paycheck Protection Program in the amount of \$47,613. On March 31, 2021, the full amount of the loan was forgiven under the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136).