

NEWFOUND LAKE REGION ASSOCIATION

AUDITED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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## 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 December 31, 2023 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newfound Lake Region Association as of December 31, 2023 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.

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 Newfound Lake Region Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 presented certain summarized amounts as of and for the three months ended December 31, 2022 for comparative purposes only. This was due to the Association changing its fiscal year end to a calendar year from September 30 beginning in 2023. We did audit the statements of financial position as of September 30, 2022, and the related statement of activities and change in net assets, functional expenses, and cash flows for the twelve months then ended, which report was presented separately. The accompanying statements of financial position of Newfound Lake Region Association as of December 31, 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 were not audited, reviewed, or compiled by us, and accordingly, we do not express an opinion or any other form of assurance on them.

  
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Rowley & Associates, P.C.  
Concord, New Hampshire  
February 14, 2024

**NEWFOUND LAKE REGION ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**  
**WITH COMPARATIVE TOTAL FOR DECEMBER 31, 2022**  
**See Independent Auditors' Report**

ASSETS	2023			2022
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	Total
<b>CURRENT ASSETS</b>				
Cash, and cash equivalents	\$ 835,258	\$ 20,000	\$ 855,258	\$ 496,054
Investments, endowment	1,006,360	232,394	1,238,754	958,276
Pledges receivable, due less than one year	707,173	-	707,173	-
Prepaid expenses	1,521	-	1,521	1,593
	<u>2,550,312</u>	<u>252,394</u>	<u>2,802,706</u>	<u>1,455,923</u>
<b>NONCURRENT ASSETS:</b>				
Investments, endowment	-	263,601	263,601	247,645
Pledges receivable, less current portion	134,862	-	134,862	-
Conservation easements	-	2	2	2
Facility construction	44,985	-	44,985	-
Property and equipment, net	13,182	220,000	233,182	231,743
	<u>193,029</u>	<u>483,603</u>	<u>676,632</u>	<u>479,390</u>
 Total Assets	 <u>2,743,341</u>	 <u>735,997</u>	 <u>3,479,338</u>	 <u>1,935,313</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	3,897	-	3,897	3,309
Accrued expenses and other liabilities	4,936	-	4,936	-
	<u>8,833</u>	<u>-</u>	<u>8,833</u>	<u>3,309</u>
<b>NET ASSETS</b>				
Without donor restrictions:				
Undesignated	1,821,285	-	1,821,285	524,275
Board-designated	913,223	-	913,223	731,267
With donor restrictions:				
Time or purpose restricted	-	252,394	252,394	208,815
Perpetual in nature	-	483,603	483,603	467,647
	<u>2,734,508</u>	<u>735,997</u>	<u>3,470,505</u>	<u>1,932,004</u>
 Total Liabilities and Net Assets	 <u>\$ 2,743,341</u>	 <u>\$ 735,997</u>	 <u>\$ 3,479,338</u>	 <u>\$ 1,935,313</u>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2023**  
**WITH COMPARATIVE TOTAL FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2022**  
**See Independent Auditors' Report**

	<u>2023</u>			<b>Three Months Ended December 31 2022 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	\$ 277,018	\$ 20,600	\$ 297,618	\$ 218,531
Grants	66,349	-	66,349	-
In-kind donations	13,432	-	13,432	2,550
Non-cash donations	10,568	-	10,568	-
Annual raffle, less non-cash expenses of \$10,568	4,735	-	4,735	-
Membership dues	168,083	-	168,083	8,332
Capital campaign	1,206,684	-	1,206,684	-
Revenue				
Eco tours	7,823	-	7,823	427
Other revenue	4,892	-	4,892	149
Total support and revenue	<u>1,759,584</u>	<u>20,600</u>	<u>1,780,184</u>	<u>229,989</u>
Net Assets Released From Restriction	<u>40,917</u>	<u>(40,917)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program services	188,830	-	188,830	37,471
Management and general	187,640	-	187,640	45,461
Fundraising and development	76,647	-	76,647	11,464
Total expenses	<u>453,117</u>	<u>-</u>	<u>453,117</u>	<u>94,396</u>
Change in Net Asseets From Operations	1,347,384	(20,317)	1,327,067	135,593
<b>NON-OPERATING ACTIVITIES</b>				
Net investment return	<u>131,582</u>	<u>79,852</u>	<u>211,434</u>	<u>80,952</u>
Total Non-operating activities	<u>131,582</u>	<u>79,852</u>	<u>211,434</u>	<u>80,952</u>
Change in Net Assets	1,478,966	59,535	1,538,501	216,545
Net Assets, Beginning of Year	<u>1,255,542</u>	<u>676,462</u>	<u>1,932,004</u>	<u>1,715,459</u>
Net Assets, End of Year	<u>\$ 2,734,508</u>	<u>\$ 735,997</u>	<u>\$ 3,470,505</u>	<u>\$ 1,932,004</u>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023 WITH  
COMPARATIVE TOTAL FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2022**

	<u>2023</u>				<b>Three Months Ended December 31 2022 Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising and Development</b>	<b>Total</b>	
Salaries and wages	\$ 119,732	\$ 84,810	\$ 44,900	\$ 249,442	\$ 53,422
Employee benefits	-	36,491	-	36,491	6,178
Payroll taxes	12,741	9,024	4,778	26,543	4,607
Accounting	-	12,664	-	12,664	4,121
Marketing	-	200	-	200	-
Other expenses	17,246	-	6,415	23,661	6,394
Depreciation	-	1,575	-	1,575	-
Dues and subscriptions	1,739	4,806	138	6,683	437
Equipment, repairs, and maintenance	1,964	2,228	-	4,192	1,238
Insurance	-	6,372	-	6,372	1,617
Merchandise	-	1,854	-	1,854	-
Miscellaneous	717	2,936	5,210	8,863	621
Occupancy	4,560	4,320	3,120	12,000	3,000
Office expenses	-	1,100	-	1,100	285
Postage and shipping	1,712	1,272	5,964	8,948	2,322
Printing	3,960	456	8,178	12,594	4,629
Professional fees	19,924	5,051	-	24,975	2,478
Supplies	6,038	1,932	1,064	9,034	980
Telephone, cable and internet	-	2,407	-	2,407	1,478
Training and development	828	175	-	1,003	-
Travel	2,229	287	-	2,516	589
<b>Total expenses</b>	<b>\$ 193,390</b>	<b>\$ 179,960</b>	<b>\$ 79,767</b>	<b>\$ 453,117</b>	<b>\$ 94,396</b>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023 AND  
THE THREE MONTH PERIOD ENDED DECEMBER 31, 2022**

**See Independent Auditors' Report**

	<u>2023</u>	<u>Three Months Ended December 31 2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$1,538,501	\$ 216,544
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,575	-
Realized and unrealized (gain) on investments	(180,992)	(61,712)
Changes in operating asseets and liabilities:		
Pledges receivable	(842,035)	-
Prepaid expenses	71	1,197
Accounts payable	588	(3,114)
Accrued payroll and related liabilities	4,936	(8,603)
Net cash provided by operating activities	<u>522,644</u>	<u>144,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	1,491	25,300
Purchase of property and equipment	(3,014)	-
Purchase of facility construction	(44,985)	-
Purchase of Investments	(116,932)	(72,100)
Net cash used by investing activities	<u>(163,440)</u>	<u>(46,800)</u>
Net Change in Cash and Cash Equivalents	359,204	97,512
Cash and Cash Equivalents, Beginning of Year	<u>496,054</u>	<u>398,542</u>
Cash, and Cash Equivalents at End of Year	<u>\$ 855,258</u>	<u>\$ 496,054</u>
 <b>SUPPLEMENTAL INFORMATON ON NON-CASH ACTIVITIES</b>		
In-kind contributions	<u>\$ 13,432</u>	<u>\$ 2,550</u>
Non-cash contributions	<u>\$ 10,568</u>	<u>\$ -</u>

See Notes to Financial Statements

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**

**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 DECEMBER 31, 2023 AND DECEMBER 31, 2022**

**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 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.

The Association has received promises to contribute to the capital campaign which are not recognized as revenue and are not included in pledges receivable since these commitments are for future grants from supporters' donor advised funds. These commitments for future contributions will be recognized as revenue when received. As of December 31, 2023, they totaled \$137,500.

**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.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**

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

During the year ended December 31, 2023 and three months ended December 31, 2022, the value of contributed services and rent totaled \$13,432 and \$2,550 respectively.

During the year ended December 31, 2023 there was \$10,568 of non-cash goods contributed.

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.

**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.

**Fiscal Year Change**

Effective the calendar year beginning January 1, 2023 the Association changed from a fiscal year end of September 30 to December 31. A three-month fiscal transition period from October 1, 2022 through December 31, 2022, precedes the start of the new calendar-year cycle.

**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 December 31, 2023 and 2022 was \$200 and \$0 respectively.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**

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

**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>2023</u>	<u>2022</u>
Land	\$ 220,000	\$ 220,000
Equipment	<u>48,932</u>	<u>45,918</u>
Subtotal	268,932	265,918
Less accumulated depreciation	<u>(35,750)</u>	<u>(34,175)</u>
Total	\$ <u>233,182</u>	\$ <u>231,743</u>

**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 December 31, 2023 and 2022 the Association had no cash equivalents.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**

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

**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. These amounts are the responsibility of management and we did not audit or review these amounts and accordingly do not express an opinion, a conclusion, nor provide any form of assurance on these amounts.

**Financial Instruments**

The carrying value of cash and cash equivalents, pledges receivable, prepaid expenses, accounts payable, accrued expenses and other liabilities are stated at carrying cost at December 31, 2023 and 2022, 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.

**Subsequent Event**

Management has evaluated subsequent events through February 14, 2024, 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.

**Leases**

The Association has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Therefore, the adoption did not have an impact on the Association's financial statements.

**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.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**

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

**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 December 31, 2023 and 2022 the Association had \$0 and \$219,054 in uninsured cash balances, respectively.

**Compensated Absences**

There was no accrued vacation earned, but unpaid as of December 31, 2023 and 2022, respectively.

**Pledges Receivable**

The Association's pledges receivable is made up of short-term and long-term pledges. Management considered pledges receivable to be fully collectible, and, accordingly, no allowance for doubtful accounts had been established. Pledges receivable that was collectable as of December 31 were:

2024	\$	707,173
2025		127,614
2026		<u>7,248</u>
Total	\$	<u>842,035</u>

**NOTE 3. Contingencies**

The Association holds 2 conservation easements covering 408 acres of land. There may be future costs associated with maintaining these properties in accordance with the conservation commitment the easements were acquired to uphold. Because there is no reasonable basis for estimating the potential future cost of defending these easements no liability has been recognized in these financial reports. In conformity with the accepted industry practice followed by many land conservation organizations, conservation easements purchased or donated are recorded as assets at the nominal value of \$1 on the statement of financial position. All easements acquired by purchase are recorded as conservation activities expenses in the statement of activities and changes in net assets.

**NEWFOUND LAKE REGION ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**

**NOTE 4. 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 December 31, 2023 and 2022:

Financial assets at year-end:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 855,258	\$ 496,054
Pledges receivable, due less than 1 year	707,173	-
Investments	<u>1,238,754</u>	<u>958,276</u>
Total financial assets	2,801,185	1,454,330
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	252,394	208,815
Perpetual investment endowment	<u>483,603</u>	<u>467,647</u>
Financial assets available to meet general expenditures over the next year	<u>\$2,065,188</u>	<u>\$ 777,868</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 5. 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 DECEMBER 31, 2023 AND DECEMBER 31, 2022**

**NOTE 5. 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 December 31 were as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
<u>2023</u>			
Cash and cash equivalents	\$ 855,258	\$ 855,258	\$ -
Pledges receivable	842,035	-	842,035
Investments and endowment	<u>1,502,355</u>	<u>1,502,355</u>	<u>-</u>
	<u>\$3,199,648</u>	<u>\$2,357,613</u>	<u>\$ 842,035</u>
<u>2022</u>			
Cash and cash equivalents	\$ 496,054	\$ 496,054	\$ -
Investments and endowment	<u>1,205,921</u>	<u>1,205,921</u>	<u>-</u>
	<u>\$1,701,975</u>	<u>\$1,701,975</u>	<u>\$ -</u>

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of pledges receivable are estimated at the present value of expected future cash flows.

**NOTE 6. 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 December 31, 2023 and 2022. As of December 31, 2023 and 2022, the Association recognized \$180,992 and \$61,712, respectively, of unrealized gains and losses on investments on equity securities.

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**NOTE 7. Investments and Endowments, Endowment**

**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.

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**NOTE 7. Investments and Investments, Endowment (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 December 31, 2023 and 2022.

Changes in endowment net assets for the years ended December 31, 2023 and 2022, 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, 2022	\$ 658,160	\$ 191,604	\$ 247,645	\$ 439,249	\$ 1,097,409
Contributions	27,560	-	-	-	27,560
Transfers In	-	-	-	-	-
Investment return	48,388	14,157	18,407	32,564	80,952
Released from restriction	15,353	-	(15,353)	(15,353)	-
Balance, December 31, 2022	<u>\$ 749,461</u>	<u>\$ 205,761</u>	<u>\$ 250,699</u>	<u>\$ 456,460</u>	<u>\$ 1,205,921</u>
Balance, December 31, 2022	\$ 749,461	\$ 205,761	\$ 250,699	\$ 456,460	\$ 1,205,921
Contributions	25,000	-	-	-	25,000
Transfers In	60,000	-	-	-	60,000
Investment return	131,582	35,420	44,432	79,852	211,434
Released from restriction	40,317	(8,787)	(31,530)	(40,317)	-
Balance, December 31, 2023	<u>\$ 1,006,360</u>	<u>\$ 232,394</u>	<u>\$ 263,601</u>	<u>\$ 495,995</u>	<u>\$ 1,502,355</u>

**NOTE 8. 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 December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Rob Moore Fund	\$ 347,257	\$ 281,487
Endowment	565,966	449,780
Total	<u>\$ 913,223</u>	<u>\$ 731,267</u>

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**NOTE 8. Net Assets (Continued)**

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Time and purpose restricted:		
Endowment fund for program	\$ 232,394	\$ 205,761
NH Charitable Foundation	-	2,745
NH Environmental Educators	-	309
MGvW grant	<u>20,000</u>	<u>-</u>
Total time and purpose restricted:	<u>252,394</u>	<u>208,815</u>
Perpetually restricted:		
Endowment fund for program	263,601	247,645
Land stewardship (Grey Rocks)	220,000	220,000
Conservation easements	<u>2</u>	<u>2</u>
Total perpetually restricted:	<u>483,603</u>	<u>467,647</u>
Total with donor restriction	<u>\$ 735,997</u>	<u>\$ 676,462</u>

**NOTE 9. Operating License**

The Association rents office space located in Bristol, New Hampshire under a non-cancellable license agreement that expired in August 2023. In June 2023, 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 \$450 for the year ended December 31, 2023 and three months ended 2022, respectively. In-kind revenue of \$10,200 and \$2,550 for the years ended December 31, 2023 and 2022, respectively, related to this agreement has been recorded to reflect below-market rent. Future minimum rental expenses are:

2024:	\$1,800
2025:	<u>900</u>
Total:	<u>\$2,700</u>