

NEW HAMPSHIRE
PRESERVATION ALLIANCE
CONCORD, NEW HAMPSHIRE

FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

JUNE 30, 2009

NEW HAMPSHIRE PRESERVATION ALLIANCE
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
New Hampshire Preservation Alliance
Concord, New Hampshire

We have reviewed the accompanying statements of financial position of New Hampshire Preservation Alliance (a not-for-profit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All of the information included in these financial statements is the representation of the management of New Hampshire Preservation Alliance.

A review consists principally of inquires of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, 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.

Concord, New Hampshire
September 10, 2009

See Accountants' Review Report

NEW HAMPSHIRE PRESERVATION ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 231,995
Accounts receivable	
Pledges receivable - net - current portion	91,233
Prepaid expense	1,500
	<u>324,728</u>

PROPERTY AND EQUIPMENT

Furniture and Fixtures	1,278
Software	9,655
Equipment	21,680
	<u>32,613</u>
Accumulated depreciation	(18,010)
	<u>14,603</u>

OTHER ASSETS

Investments	360,416
Long-term pledges receivable - net of current portion above	14,254
	<u>374,670</u>

TOTAL ASSETS \$ 714,001

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 8,914
Accrued payroll and related taxes	7,505
Deferred revenue	200
	<u>16,619</u>

TOTAL LIABILITIES 16,619

NET ASSETS

Unrestricted	(2,998)
Temporarily restricted	163,747
Permanently restricted	536,633
	<u>697,382</u>

TOTAL NET ASSETS 697,382

TOTAL LIABILITIES AND NET ASSETS \$ 714,001

The accompanying notes are an integral part of the financial statements.

See Accountants' Review Report

NEW HAMPSHIRE PRESERVATION ALLIANCE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
OPERATING REVENUE AND SUPPORT				
Contributions				
Foundation	\$ 78,250	\$ 35,500		\$ 113,750
Organizations	5,603			5,603
Corporate	51,397			51,397
Individual	92,544	3,230		95,774
Board	16,300			16,300
Special Events	14,970	7,150		22,120
Merchandise	2,266			2,266
Program management fees	12,050			12,050
Endowment contributions			8,375	8,375
Interest income	1,406			1,406
Investment allocation	17,500			17,500
	<u>292,286</u>	<u>45,880</u>	<u>8,375</u>	<u>346,541</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of restrictions	22,809	(22,809)		
TOTAL OPERATING REVENUE AND SUPPORT	<u>315,095</u>	<u>23,071</u>	<u>8,375</u>	<u>346,541</u>
EXPENSES				
Events	12,023			12,023
Preservation Services	189,061			189,061
Preservation Policy	37,898			37,898
Management and general	49,850			49,850
Fundraising	40,161			40,161
TOTAL OPERATING EXPENSES	<u>328,993</u>			<u>328,993</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(13,898)	23,071	8,375	17,548
NONOPERATING ITEMS				
Net investment return	(90,061)	2,759		(87,302)
CHANGE IN NET ASSETS	<u>(103,959)</u>	<u>25,830</u>	<u>8,375</u>	<u>(69,754)</u>
NET ASSETS - BEGINNING OF YEAR	<u>100,961</u>	<u>137,917</u>	<u>528,258</u>	<u>767,136</u>
NET ASSETS - END OF YEAR	<u>\$ (2,998)</u>	<u>\$ 163,747</u>	<u>\$ 536,633</u>	<u>\$ 697,382</u>

The accompanying notes are an integral part of the financial statements.

See Accountants' Review Report

NEW HAMPSHIRE PRESERVATION ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>EVENTS</u>	<u>SERVICES</u>	<u>POLICY</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND-RAISING</u>	<u>TOTAL</u>
PERSONNEL COST						
Salaries	\$ 929	\$ 79,054	\$ 12,816	\$ 26,505	\$ 23,689	\$ 142,993
Taxes and Benefits	250	18,484	3,005	13,221	5,556	40,516
TOTAL PERSONNEL COSTS	<u>1,179</u>	<u>97,538</u>	<u>15,821</u>	<u>39,726</u>	<u>29,245</u>	<u>183,509</u>
Independent contractor		1,721		112	1,123	2,956
Marketing	500	300				800
Printing	1,046	9,415	1,160	295	2,941	14,857
Postage and mailing	860	5,984	290	159	3,413	10,706
Website/internet		1,361		20		1,381
Miscellaneous		1,967				1,967
Occupancy expenses		15,236		2,060	1,715	19,011
Telephone	34	3,267	220	337	275	4,133
Equipment				691		691
Office expense	1,222	5,300	1,120	3,722	365	11,729
Grants		18,457				18,457
Workshops and events	4,257	5,236				9,493
Professional development		2,081	290	102		2,473
Professional services and consulting	2,554	16,298	18,615	957	934	39,358
Depreciation				1,574		1,574
Travel and meetings	371	4,900	382	95	150	5,898
TOTAL EXPENSES	<u>\$ 12,023</u>	<u>\$ 189,061</u>	<u>\$ 37,898</u>	<u>\$ 49,850</u>	<u>\$ 40,161</u>	<u>\$ 328,993</u>

The accompanying notes are an integral part of the financial statements.

See Accountants' Review Report

NEW HAMPSHIRE PRESERVATION ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (69,754)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,574
Decrease in accounts receivable	1,031
Decrease in pledges receivable	32,491
Increase in prepaid expenses	(1,500)
Increase In liabilities	6,203
Unrealized loss on investments	81,622
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	51,667
CASH FLOWS FROM INVESTING ACTIVITY	
Purchases of equipment and software	(10,292)
Purchases of investments	(11,819)
	<hr/>
NET CASH (USED) BY INVESTING ACTIVITY	(22,111)
NET INCREASE IN CASH	29,556
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<hr/> 202,439
CASH AND CASH EQUIVALENTS AT END OF YEAR	<hr/> <u>\$ 231,995</u>

The accompanying notes are an integral part of the financial statements.

NEW HAMPSHIRE PRESERVATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE A - ORGANIZATION

The New Hampshire Preservation Alliance (the "Alliance") is a voluntary, not-for-profit corporation incorporated under the laws of the State of New Hampshire. The purpose of this organization is to preserve historic landmarks, communities and landscapes in order to protect and revitalize the character of the state's communities and its economic vitality. This mission is accomplished through public policy education and outreach, coaching and mentoring, small grants, workshops and conferences, and publications.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the New Hampshire Preservation Alliance are prepared using the accrual basis of accounting. The Alliance has adopted Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Made, and SFAS No. 117, Financial Statements of Not-For-Profit Organizations. SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. SFAS No. 117 established standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Alliance and/or the passage of time.

Permanently restricted net assets – Contributions in which the donor has stipulated that the principal is to be maintained in perpetuity and only the income from the funds may be expended.

NEW HAMPSHIRE PRESERVATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Alliance considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions

The Alliance reports gifts of cash or other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Alliance does not have the right to invade the original principal, the assets are reported as permanently restricted. When a donor restriction expires (such as when a stipulated time restriction ends), temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets are released from donor restrictions when time restrictions or the intended purposes of the funds are satisfied.

Pledges

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Income Taxes

The Alliance is organized exclusively for tax-exempt charitable, educational or scientific purpose and is exempt from income taxes under IRS Code Section 501(c)(3).

NEW HAMPSHIRE PRESERVATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Expenses

Direct costs are allocated to program and supporting services as they are incurred. Other functional expenses have been allocated between program services and supporting services based on estimated personnel time and space utilized for the related activity.

NOTE C – PLEDGES RECEIVABLE

Unconditional pledges are included in the financial statements as pledges receivable and revenue of the appropriate net assets category. Pledges are recorded after discounting to the present value of the future cash flow. The pledges receivable are multi-year commitments by donors. Management feels that all the pledges are collectible and thus, no reserve has been booked.

Unconditional pledges are expected to be realized in the following periods:

Year ended June 30, 2010	\$ 91,233
Year ended June 30, 2011	10,100
Year ended June 30, 2012	3,000
Year ended June 30, 2013	3,000
	<u>107,333</u>
Discount to net present value	1,846
	<u>\$ 105,487</u>

Pledges receivable - current portion	\$ 91,233
Pledges receivable - long term	14,254
	<u>\$ 105,487</u>

NOTE D – DEFERRED REVENUE

As of June 30, 2009, the Alliance held the following funds as deferred revenue:

Deposit for future exhibition	\$200
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NEW HAMPSHIRE PRESERVATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE E – NET ASSETS

Temporarily restricted net assets as of June 30, 2009 were comprised of the following:

Dimond Hill Building	\$ 60,675
Community Engagement	5,000
Easement Funds	50,772
Seven to Save	1,721
North Country Field Service	25,000
Philbrook Farm	10,500
Directory	5,245
General Endowment	
Temporarily Restricted	4,834
	<u>\$ 163,747</u>

The permanently restricted net assets represent donor-restricted contributions. The restrictions are for the donated assets to remain in perpetuity, and the Alliance does not have the right to invade the original principal.

Permanently restricted net assets as of June 30, 2009 are as follows:

Endowment contributions	\$ 6,920
Dimond Hill Building Loan Fund	25,000
Irreplaceable Assets Endowment	
Endowment contributions	270,713
Preservation Policy	10,000
Preservation Services	209,000
New Ventures	15,000
	<u>\$ 536,633</u>

NOTE F – INVESTMENTS

The cost and estimated fair values of investments at June 30, 2009 were as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains/(Losses)</u>
Equities	<u>\$ 435,975</u>	<u>\$ 360,416</u>	<u>\$ (75,559)</u>

NEW HAMPSHIRE PRESERVATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE F – INVESTMENTS (CONTINUED)

Net unrealized losses on permanently restricted investment funds are classified as a reduction to unrestricted net assets until such time as the fair value equals or exceeds book value. Investment earnings on permanent contributions which were received for a specific program are reported as gains in temporarily restricted net assets until they are expended for the original purpose.

Investment return is summarized as follows:

Interest and dividends	\$ 11,819
Unrealized loss on investments	<u>(81,621)</u>
Total investment return	(69,802)
Amount attributable to operating revenue	
Board approved allocations to operations	<u>(17,500)</u>
	<u>\$ (87,302)</u>

NOTE H – LEASE COMMITMENT

The Alliance rents office space under a lease agreement which expires in January 2010. Monthly rent payments are \$1,458 plus an additional payment for common use shared expenses. Total rent expense for the year ended June 30, 2008 was \$18,107.

NOTE I - FAIR VALUE MEASUREMENTS

In September 2006 the Financial Accounting Standards Board (FASB) issued Statement on Financial Accounting Standards Number 157, "Fair -Value measurements" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair-value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 for all financial assets and liabilities and any other assets and liabilities that are recognized or disclosed at fair value on a recurring basis. For non-financial assets and liabilities, SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2008.

NEW HAMPSHIRE PRESERVATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE I - FAIR VALUE MEASUREMENTS

In addition to defining fair value, SFAS 157 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are:

Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing modes, discounted cash flow models, and similar techniques.

Financial assets carried at fair value on a recurring basis (to which SFAS 157 applies in 2008) consist of the following at June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments – Equity Securities	\$ 360,416	\$ 0	\$ 0

The fair value of investments in Equity Securities are based upon quoted prices in active markets for identical assets and are reflected as level 1.

NOTE J – SUBSEQUENT EVENTS

In accordance with Statement Number 165 of the Financial Accounting Standards Board, management has evaluated subsequent events to September 10, 2009, which is the issue date of the financial statements.