

**NEW HAMPSHIRE  
LAND & COMMUNITY HERITAGE  
INVESTMENT PROGRAM AUTHORITY**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2008 AND 2007**

## INDEX TO FINANCIAL STATEMENTS

### Financial Statements

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of New Hampshire  
Land & Community Heritage Investment Program Authority

We have audited the accompanying statements of financial position of New Hampshire Land & Community Heritage Investment Program Authority (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Land & Community Heritage Investment Program Authority as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Carew + Wells, PLLC*

Carew & Wells, PLLC  
Concord, New Hampshire

August 22, 2008

NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY  
**STATEMENTS OF FINANCIAL POSITION**  
AS OF JUNE 30, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 575,229	\$ 447,999
Due from State of New Hampshire	21,745	31,197
Prepaid assets	<u>2,250</u>	<u>531</u>
<i>Total Current Assets</i>	<u>599,224</u>	<u>479,727</u>
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment	40,401	26,834
Accumulated depreciation	<u>(9,303)</u>	<u>(7,051)</u>
<i>Net Depreciated Property and Equipment</i>	<u>31,098</u>	<u>19,783</u>
<b>TOTAL ASSETS</b>	<u>\$ 630,322</u>	<u>\$ 499,510</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,504	\$ 1,933
Accrued payroll and related liabilities	5,309	3,971
Due to State of New Hampshire	<u>139,314</u>	<u>17,992</u>
<i>Total Current Liabilities</i>	<u>147,127</u>	<u>23,896</u>
<b>NET ASSETS</b>		
Unrestricted net assets, as restated	<u>483,195</u>	<u>475,614</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 630,322</u>	<u>\$ 499,510</u>

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

NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY  
**STATEMENTS OF ACTIVITIES**  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUES</b>		
Conservation plate revenue, State of New Hampshire	\$ 200,000	\$ 200,000
Interest on appropriations, State of New Hampshire	135,000	135,000
Grants	-	27,000
Interest income	3,348	1,761
<i>Total Support and Revenues</i>	<u>338,348</u>	<u>363,761</u>
<b>EXPENSES</b>		
Program services	239,234	210,445
Management and general	89,685	86,788
<i>Total Expenses</i>	<u>328,919</u>	<u>297,233</u>
<b>OTHER INCOME (EXPENSES)</b>		
Loss on disposal of fixed assets	<u>(1,848)</u>	<u>-</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	7,581	66,528
<i>Net Assets, beginning of year as restated</i>	<u>475,614</u>	<u>409,086</u>
<i>Net Assets, end of year</i>	<u>\$ 483,195</u>	<u>\$ 475,614</u>

*The accompanying notes are an integral part of these financial statements.*

NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2008

	Program Services	Management and General	Total
Advertising	\$ -	\$ 1,234	\$ 1,234
Benefits	7,218	2,532	9,750
Depreciation	3,455	1,212	4,667
Dues and subscriptions	-	815	815
Insurance, medical	31,578	11,080	42,658
Insurance, general	-	927	927
Office expenses	5,145	1,805	6,950
Payroll taxes	9,942	3,488	13,430
Professional fees	21,242	5,950	27,192
Rent	9,594	3,366	12,960
Office equipment & maintenance	4,724	1,657	6,381
Salaries, officers	24,749	37,124	61,873
Salaries and wages	106,540	8,475	115,015
Supplies	2,494	875	3,369
Telephone	2,889	1,014	3,903
Travel and entertainment	5,145	4,115	9,260
Utilities	2,854	1,001	3,855
Other expenses	1,665	3,015	4,680
	<u>\$ 239,234</u>	<u>\$ 89,685</u>	<u>\$ 328,919</u>

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NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**(CONTINUED)**  
FOR THE YEAR ENDED JUNE 30, 2007

	Program Services	Management and General	Total
Advertising	\$ -	\$ 345	\$ 345
Benefits	5,856	2,505	8,361
Depreciation	2,303	985	3,288
Dues and subscriptions	-	1,269	1,269
Insurance, medical	26,913	11,509	38,426
Insurance, general	-	547	547
Office expenses	3,739	1,600	5,339
Payroll taxes	8,809	3,769	12,577
Professional fees	19,514	6,127	25,641
Rent	9,147	3,914	13,060
Office equipment & maintenance	847	363	1,210
Salaries, officers	27,609	41,415	69,024
Salaries and wages	88,634	7,847	96,481
Supplies	1,878	802	2,681
Telephone	1,804	772	2,576
Travel and entertainment	6,796	1,723	8,519
Utilities	3,022	1,293	4,315
Other expenses	3,574	-	3,574
	<u>\$ 210,445</u>	<u>\$ 86,788</u>	<u>\$ 297,233</u>

*The accompanying notes are an integral part of these financial statements.*

NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>		
<b>INCREASE IN NET ASSETS</b>	<u>\$ 7,581</u>	<u>\$ 66,528</u>
<i>Adjustments to Reconcile Net Income to Net Cash from Operating Activities:</i>		
Depreciation	4,667	3,288
Loss on disposal of fixed assets	1,848	
 (Increase) Decrease in Operating Assets:		
Due from State of New Hampshire	9,452	28,730
Prepaid expenses	(1,719)	(531)
 Increase (Decrease) in Operating Liabilities:		
Accounts payable	571	444
Accrued payroll and related liabilities	1,338	1,086
Due to State of New Hampshire	<u>121,322</u>	<u>8,427</u>
<b>Total Adjustments</b>	<u>137,481</u>	<u>41,443</u>
 <i>Net Cash Provided (Used) by Operating Activities</i>	 <u>145,062</u>	 <u>107,971</u>
 <b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>		
Acquisition of capital assets	(18,056)	(14,898)
Cash received from disposal of fixed assets	<u>225</u>	<u>-</u>
 <i>Net Cash Provided (Used) by Investing Activities</i>	 <u>(17,831)</u>	 <u>(14,898)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>		
	127,231	93,073
 <i>Cash, Beginning of year</i>	 <u>447,999</u>	 <u>354,926</u>
 <i>Cash, End of year</i>	 <u>\$ 575,229</u>	 <u>\$ 447,999</u>

*The accompanying notes are an integral part of these financial statements.*



NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS**

**A | PURPOSE**

The New Hampshire Land & Community Heritage Investment Authority (the "Authority") is a body corporate and politic established by Chapter 227-M of the New Hampshire Revised Statutes Annotated. The Authority is constituted a public instrumentality of the state to conserve and preserve New Hampshire's most important natural, cultural and historical resources through the acquisition of lands, and cultural and historical resources, or interests therein, of local, regional, and statewide significance, in partnership with the state's municipalities and the private sector, for the primary purposes of protecting and ensuring the perpetual contribution of these resources to the state's economy, environment and overall quality of life. The Authority accomplishes its mission by overseeing and directing the expenditure of funds deposited in the trust fund of the New Hampshire Land & Community Heritage Investment Program (the "Trust Fund").

The State of New Hampshire funds the Authority through conservation license plate fees and interest income on appropriations made to the Trust Fund. Revenues from these sources exceeding \$335,000 for each fiscal year shall be credited to the Trust Fund. The Authority receives 59% of its support from conservation license plate fees from the State of New Hampshire. Another 40% of its support is derived from interest earned on the unexpended funds in the Trust Fund held by the State of New Hampshire.

**B | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Authority is presented to assist in understanding the financial statements. These accounting policies conform to United States generally accepted accounting principles.

***Basis of Presentation***

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Authority is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

***Basis of Accounting***

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

***Estimates***

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

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NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

***Income Tax Status***

The Authority was organized as a nonprofit corporation under New Hampshire RSA 292. As such, the Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Authority qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, the Authority has not made any provision for income taxes.

***Cash and Cash Equivalents***

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Property & Equipment***

Property and equipment are stated at cost or at their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Software and database integration	3 years
Furniture and equipment	5-10 years

Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

***Accrued Employee Compensation***

As of July 1, 2001, the Authority does not accrue a liability for leave time. Prior to July 1, 2001, the Authority's employees were considered employees of the State of New Hampshire and accrued vacation at the rate of State employees.

***Designation of Unrestricted Net Assets***

It is the policy of the Board of Directors of the Authority to review its plans for future projects from time to time and to designate appropriate sums of unrestricted net assets to ensure adequate financing of such projects. As of June 30, 2008 and 2007, the board had designated \$24,500 for the investment in a community project related to covered bridges or smaller projects that may not otherwise be funded.

***Expense Allocation***

Directly identifiable expenses are charged to programs and management and general services. Expenses related to more than one function are charged to programs and management and general services on the basis of time spent on each activity. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Authority.

NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS**

**C | CONCENTRATIONS OF CREDIT RISK**

The Authority maintains its cash balances in one financial institution located in Concord, New Hampshire. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2008, the Authority's uninsured cash balances total \$476,101.

**D | AMOUNTS DUE TO/FROM THE STATE OF NEW HAMPSHIRE**

*Due from State of New Hampshire*

The amounts due from the State of New Hampshire consists of receivables for interest earned on the trust fund appropriations, as well as conservation plate fees recognized by not yet received from the state. All amounts are expected to be collected; accordingly, no allowance for uncollectible amounts has been recorded.

*Due to State of New Hampshire*

Pursuant to RSA 227-M:7-a, revenue generated from conservation plate fees and interest earned on trust fund appropriations in excess of the \$335,000 per year shall be credited to the Trust Fund. Following is a summary of the excess revenue which is to be credited to the Trust Fund:

<u>Fiscal year ended June 30,</u>	<u>2007</u>	<u>2006</u>
Due to State of New Hampshire, beginning balance	\$ <u>17,992</u>	\$ <u>9,566</u>
Conservation plate fees pursuant to RSA 261:97-b, I-a (\$200,000 statutory limit)	200,000	200,000
Interest earned on the Land & Community Heritage Investment Trust Fund pursuant to RSA 227-M:7	<u>256,322</u>	<u>143,426</u>
	456,322	343,426
Statutory limit on funding of the Authority	<u>335,000</u>	<u>335,000</u>
Excess revenue to be credited to the Trust Fund	<u>121,322</u>	<u>8,426</u>
Due to State of New Hampshire, ending balance	\$ <u>139,314</u>	\$ <u>17,992</u>

**E | CONCENTRATION OF REVENUE RISK**

The Authority derived 99% of its revenue from the State of New Hampshire in 2008. This revenue is comprised of New Hampshire State conservation license plate fees and interest earned on trust fund appropriations. The Authority's revenue is directly tied to the balance of the State appropriations, which are intended to be expended for land and community heritage investment projects, as well as the interest earned on balances. In addition, the Authority does not have control over rate of return on these appropriations. The return on the balance of appropriations was 2.05% in June 2008 and 4.79% in June 2007.

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NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

**F | OPERATING LEASES**

***Office Space***

The Authority leased its office space under an operating lease agreement through September 30, 2005. As of June 30, 2007, the Authority is continuing on a month to month basis under the terms of its original lease. Lease payments are currently \$1,080 per month.

***Office Equipment***

The Organization has a non-cancelable operating lease for office equipment from unrelated parties. Lease payments are \$137 per month and the lease expires in July 2010.

Future minimum lease payments under this operating lease are as follows:

<u>Fiscal years ending June 30,</u>	
2009	\$ 1,644
2010	1,644
2011	<u>137</u>
Total	<u>\$ 3,425</u>

**G | EMPLOYEE BENEFITS**

The employees of the Authority are not classified employees of the state within the meaning of RSA 21-I:49. Notwithstanding that provision, any individual employed by the authority whose employment calls for 30 hours or more work in a normal calendar week, and whose position is anticipated to have a duration of 6 months or more shall be entitled to elect to receive such health, dental, life insurance, deferred compensation, and retirement benefits as are afforded to classified employees of the state if such election is made within 30 days of the start of employment. Upon such election, the Authority pays from its revenues the state's share of such benefits. Effective March 28, 2008, all employees, with the exception of the Executive Director who is appointed by the Governor, are required to participate in the New Hampshire Retirement System.

***State of New Hampshire Retirement System***

Plan Description

The Authority has three employees electing to participate in the State of New Hampshire Retirement System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). The System is divided into two employee groups: Group I which includes all employees except fire fighters and police officers and Group II which is for fire fighters and police officers. The Authority's employees are Group I employees. The New Hampshire Retirement System issues annually a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord New Hampshire.

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NEW HAMPSHIRE LAND & COMMUNITY  
HERITAGE INVESTMENT PROGRAM AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS**

*State of New Hampshire Retirement System (Continued)*

*Group I Employees*

Employees who retire at or after age 60 are entitled to retirement benefits equal to 1.667% of the average of their three highest paid years of compensation, multiplied by their years of service. Earlier retirement allowances at reduced rates are available after age 50 and 1 year of service. Benefits fully vest upon reaching 20 years of service or attaining age 60.

The System also provides death and disability benefits. The State Legislature has periodically granted cost-of-living increase to retirees.

Funding Policy

The System is funded by contributions from both the employees and the Authority. Group I Employees are required by State statute to contribute five (5.0%) of gross earnings up to the Social Security taxable wage limit. Amounts in excess of the limit are at nine and two-tenths percent (9.2%). The employer must, under the same statute, contribute monthly at an actuarially determined rate. Effective July 1, 2007 through June 30, 2009, the rate increased to eight and seventy four-hundredths (8.74%) of covered payroll. The rate in effect for fiscal year ended June 30, 2007 was six and eight-tenths (6.81%) of covered payroll. The Authority's contributions to the System for the year ended June 30, 2008 and 2007 were \$3,703 and \$2,675 respectively, which is equal to the amount required under State statute to be contributed for the period.

*Simple IRA Plan*

During the year ended June 30, 2002, the Authority established a Simple IRA plan. As of June 30, 2008, the Executive Director is the only employee eligible to participate in the plan. The Authority matches employees' contributions dollar-for-dollar up to 3% annually. Contributions for the years ended June 30, 2008 and 2007 were \$4,051 and \$3,846, respectively.

**H | PRIOR PERIOD ADJUSTMENT**

During the current year, it came to our attention that previously reported revenue was overstated by the interest earned on appropriations in excess of statutory limitations. This excess is to be credited to the Trust Fund. Accordingly, for the years ended June 30, 2007 and 2006, an adjustment of \$8,426 and \$9,566, respectively, was made to reduce previously reported interest on appropriations and to increase the amount due to the State of New Hampshire. A corresponding entry was made to reduce previously reported net assets.