NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM
AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2012
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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
New Hampshire Land and Community Heritage Investment Program Authority
Concord, New Hampshire

We have audited the accompanying statements of financial position of the New Hampshire Land and Community Heritage Investment Program Authority (a New Hampshire nonprofit organization), a component unit of the State of New Hampshire, as of June 30, 2012, and the related statements of activities, functional expenses and cash flows, for the year then ended. These financial statements are the responsibility of the New Hampshire Land and Community Heritage Investment Program Authority’s management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the New Hampshire Land and Community Heritage Investment Program Authority as of June 30, 2011 were audited by other auditors. The auditors expressed an unqualified opinion on those statements in their report dated September 2, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 The New Hampshire Land and Community Heritage Investment Program Authority as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Manchester, New Hampshire
September 10, 2012
NEW HAMPSHIRE LAND AND COMMUNITY HERITAGE INVESTMENT PROGRAM AUTHORITY

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2012 and 2011

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 597,644</td>
<td>$ 392,030</td>
</tr>
<tr>
<td>Due from the State of New Hampshire</td>
<td>-</td>
<td>1,881</td>
</tr>
<tr>
<td>Prepaid expense</td>
<td>935</td>
<td>2,601</td>
</tr>
<tr>
<td>Security deposit</td>
<td>1,250</td>
<td>1,250</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>2,517</td>
<td>4,033</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 602,346</strong></td>
<td><strong>$ 401,795</strong></td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 607</td>
<td>$ 1,892</td>
</tr>
<tr>
<td>Accrued payroll and related liabilities</td>
<td>13,439</td>
<td>12,647</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>14,046</strong></td>
<td><strong>14,539</strong></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>588,300</td>
<td>387,256</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>588,300</strong></td>
<td><strong>387,256</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$ 602,346</strong></td>
<td><strong>$ 401,795</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2012 and 2011

<table>
<thead>
<tr>
<th>Support and revenues</th>
<th>Temporarily</th>
<th>Permanently</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Restricted</td>
</tr>
<tr>
<td>State of New Hampshire</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation plate revenue</td>
<td>$ 200,000</td>
<td>$ -</td>
</tr>
<tr>
<td>Administration fees</td>
<td>253,920</td>
<td>$ -</td>
</tr>
<tr>
<td>Interest on appropriations</td>
<td>6,631</td>
<td>$ -</td>
</tr>
<tr>
<td>Interest income</td>
<td>795</td>
<td>$ -</td>
</tr>
<tr>
<td>Other income</td>
<td>586</td>
<td>$ -</td>
</tr>
<tr>
<td>Total support and revenues</td>
<td>461,932</td>
<td>$ -</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>202,752</td>
<td>$ -</td>
</tr>
<tr>
<td>General and administrative</td>
<td>58,136</td>
<td>$ -</td>
</tr>
<tr>
<td>Total expenses</td>
<td>260,888</td>
<td>$ -</td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>201,044</td>
<td>$ -</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>387,256</td>
<td>$ -</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 588,300</td>
<td>$ -</td>
</tr>
</tbody>
</table>

See notes to financial statements.
NEW HAMPSHIRE LAND AND COMMUNITY HERITAGE INVESTMENT PROGRAM AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$201,044</td>
<td>$78,878</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,516</td>
<td>10,728</td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>1,881</td>
<td>(1,005)</td>
</tr>
<tr>
<td>Decrease in prepaid expenses</td>
<td>1,666</td>
<td>320</td>
</tr>
<tr>
<td>(Decrease) increase in accounts payable</td>
<td>(1,285)</td>
<td>908</td>
</tr>
<tr>
<td>Increase (decrease) in accrued expenses</td>
<td>792</td>
<td>(1,069)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>205,614</td>
<td>88,760</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>205,614</td>
<td>88,760</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>392,030</td>
<td>303,270</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$597,644</td>
<td>$392,030</td>
</tr>
</tbody>
</table>

Supplemental disclosures

|                                |       |       |
| Interest paid                  | $      | $40   |

See notes to financial statements.
NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. NATURE OF ACTIVITIES

The New Hampshire Land and Community Heritage Investment Program Authority’s (the “Authority”) intent is to conserve and preserve this state’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. This is accomplished through matching grants in partnership with the state’s municipalities and private non-profit groups, for the primary purpose of protecting and ensuring the perpetual contribution of these resources to the state’s economy, environment and overall quality of life. The Authority is a New Hampshire nonprofit corporation with its office located in Concord, NH.

The State of New Hampshire (the “State”) funds operations of the Authority through conservation license plate fees and interest income earned on appropriations made to the Trust Fund (used for grant making) and through administration fees drawn from the Trust Fund for administration of each grant round. The State has placed a maximum amount of revenue to be earned by the Authority from the conservation license plate fees of $200,000 each year and from interest income earned on Trust Fund appropriations of $135,000 each year.

The Authority is a public instrumentality of the State. The Governor and Executive Council of the State appoints the Executive Director of the Authority, the eight public members of the Authority’s Board of Directors (the “Board”) and the heads of six state agencies who are also (non-voting) members of the Board. The public and the heads of the state agencies compose the majority of the Authority’s Board. The four other members of the Board are appointed by the leaders of the two chambers of the state Legislature. The level of Trust Fund appropriations that provide the basis for both grant funding and the interest income earned by the Authority can be changed by the State through its budget process. The State’s Treasury department controls the investments of the Trust Fund. Only the funds and account groups of the Authority are included herein, and these financial statements, therefore, do not purport to represent the financial position or results of operations of the State of New Hampshire.
NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (ASC) 958-205 and subsections. This Topic establishes standards for general-purpose external financial statements of not-for-profit organizations, including a statement of financial position, a statement of activities and a statement of cash flows. This Topic further requires classification of net assets and its revenues, expenses, gains and losses into three categories, based on the existence or absence of externally imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The categories are defined as follows:

**Unrestricted** — Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Temporarily Restricted** — Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Authority.

**Permanently Restricted** — Reflects the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

The financial statements include certain prior-year’s summarized comparative information in total. 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 Authority’s audited financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Use of 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.
Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Income taxes

The Authority is a nonprofit corporation under New Hampshire RSA 292. As such, the Authority is exempt from federal income tax under Section 115 of the Internal Revenue Code. Accordingly, the Authority has not made any provision for income taxes.

Cash

For the purpose of the statement of cash flows, cash consists of demand deposits and highly liquid investments with an initial maturity of three months or less.

Property, equipment and depreciation

Property and equipment are stated at cost. It is the Authority's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed. Expenditures for maintenance and repairs are charged to expense as incurred. The various classes of property and equipment are depreciated using the straight-line method over a period of three to ten years.

Note 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>$33,748</td>
<td>$33,748</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>9,308</td>
<td>9,308</td>
</tr>
<tr>
<td>Office furniture</td>
<td>2,427</td>
<td>2,427</td>
</tr>
<tr>
<td></td>
<td>45,483</td>
<td>45,483</td>
</tr>
</tbody>
</table>

Accumulated depreciation

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>(42,966)</td>
<td></td>
<td>(41,450)</td>
</tr>
<tr>
<td>$2,517</td>
<td>$4,033</td>
<td></td>
</tr>
</tbody>
</table>

For the years ended June 30, 2012 and 2011, depreciation expense was $1,516 and $10,728, respectively.
NEW HAMPSHIRE LAND AND COMMUNITY HERITAGE INVESTMENT PROGRAM AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 4. LEASES

The Authority leases a copier under a noncancelable operating lease and office space under an annual lease. Rent expense on office space amounted to $15,000 for the years ended June 30, 2012 and 2011.

The following is a schedule of the future minimum lease payments required under the operating lease:

<table>
<thead>
<tr>
<th>Year ended June 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$16,908</td>
</tr>
<tr>
<td>2014</td>
<td>1,908</td>
</tr>
<tr>
<td>2015</td>
<td>1,749</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20,565</strong></td>
</tr>
</tbody>
</table>

Note 5. EMPLOYEE BENEFITS

The employees of the Authority are not classified as 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, is 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. Effective March 28, 2008, all full time 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*

The Authority has one employee electing to participate in the State of New Hampshire Retirement System (NHRS), a cost sharing, multiple-employer defined benefit public employee retirement system (PERS). NHRS is divided into two employee groups: Group I, which includes all employees except firefighters and police officers and Group II, which is for firefighters and police officers. The Authority’s employees are Group I employees.
Note 5. EMPLOYEE BENEFITS (concluded)

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.

NHRS also provides death and disability benefits. The State Legislature has periodically granted cost of living increases to retirees.

NHRS is funded by contributions from both the employees and the Authority. Group I employees are required by State statute to contribute 5% of gross earnings up to the Social Security taxable wage limit. Amounts in excess of the limit are at 9.2%. The employer must, under the same statute, contribute monthly at an actuarially determined rate. Effective July 1, 2009 through June 30, 2012, the contribution rate was set at 11.05% of covered payroll. For the years ended June 30, 2012 and 2011, the Authority’s contributions to the NHRS were $5,204 and $8,049, respectively.

401A Plan

During September 2008, the Authority established a 401A plan to replace its Simple IRA plan. The only employees eligible to participate in the plan are appointed employees who do not elect to participate in NHRS. As of June 30, 2012, the Executive Director is the only employee eligible to participate in the plan. The Authority matches participating employee contributions dollar for dollar up to 3% annually. There were no contributions made for the years ended June 30, 2012 and 2011.
NEW HAMPSHIRE LAND AND COMMUNITY HERITAGE INVESTMENT PROGRAM AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 6. ACCRUED PAYROLL

The Authority’s accrued payroll at June 30, 2012 and 2011 was $6,000 and $6,175, respectively.

The Authority’s stated policy regarding employee time off is that employees may carry over a maximum of five earned days off at the end of a fiscal year. The accrued employee time off balance at June 30, 2012 and 2011 was $7,439 and $6,300, respectively.

Note 7. CONCENTRATIONS OF RISK

The Authority provides grants for conservation of natural, historical and cultural resources in the State of New Hampshire. Since 2009, surcharges on some documents filed at County Registry of Deeds have been the intended source of funding for the Trust Fund for grants. The surcharges generated $4,167,422 in state funding in fiscal year 2011 and $3,901,065 in fiscal year 2012. At the end of fiscal year 2011, the State transferred 50% of the funds paid into the Trust Fund to the State’s General Fund. The State’s biennial budget for fiscal years 2012 and 2013 assigns all of the recording surcharge revenue that was designed for the Authority’s Trust Fund to the General Fund, except for $120,000 per year for administrative expenses. This substantially reduced the amount of money available to grant in FY 12 and provides no money for grant funding in FY 13. Part of the Authority’s operating revenue is based on interest on the grant funds and fees drawn from the grant funds, so when there is less grant money, there is less administrative money. The level of State funding through the end of FY 2013 allows for the continuation of normal administrative operations for the Authority. Further decreases in the level of State funding could impact the financial viability of the entity to continue normal operations. These changes, if material, could adversely impact the ability of the Authority to conduct normal business operations in the near future.
NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INvestMENT PROGRAM AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. SELF-INSURANCE

The Authority acts as a self-insurer for unemployment claims. For the years ended June 30, 2012 and 2011, the Authority paid claims totaling $6,444 and $5,652, respectively.

Note 9. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 10, 2012, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended June 30, 2012.
NEW HAMPSHIRE LAND AND COMMUNITY HERITAGE INVESTMENT PROGRAM AUTHORITY

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012
(with comparative totals for the Year Ended June 30, 2011)

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$112,935</td>
<td>$24,221</td>
<td>$137,156</td>
<td>$166,706</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>35,998</td>
<td>10,753</td>
<td>46,751</td>
<td>44,704</td>
</tr>
<tr>
<td>Professional fees</td>
<td>19,963</td>
<td>4,994</td>
<td>24,957</td>
<td>35,013</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>11,544</td>
<td>3,456</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>8,098</td>
<td>2,419</td>
<td>10,517</td>
<td>8,956</td>
</tr>
<tr>
<td>Unemployment compensation</td>
<td>-</td>
<td>6,444</td>
<td>6,444</td>
<td>5,652</td>
</tr>
<tr>
<td>Office expense</td>
<td>6,094</td>
<td>1,820</td>
<td>7,914</td>
<td>8,360</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>3,132</td>
<td>936</td>
<td>4,068</td>
<td>3,915</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>2,096</td>
<td>626</td>
<td>2,722</td>
<td>3,493</td>
</tr>
<tr>
<td>Insurance</td>
<td>404</td>
<td>2,118</td>
<td>2,522</td>
<td>3,060</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,167</td>
<td>349</td>
<td>1,516</td>
<td>10,728</td>
</tr>
<tr>
<td>Project signage</td>
<td>1,321</td>
<td>-</td>
<td>1,321</td>
<td>113</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$202,752</strong></td>
<td><strong>$58,136</strong></td>
<td><strong>$260,888</strong></td>
<td><strong>$305,700</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM
AUTHORITY

INTERNAL CONTROL LETTER

JUNE 30, 2012
To the Board of Directors
New Hampshire Land and Community Heritage
Investment Program Authority
Concord, New Hampshire

Dear Board Members:

In planning and performing our audit of the financial statements of New Hampshire Land and Community Heritage Investment Program Authority (the “Authority”) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, others within the Authority, and regulatory agencies requesting such information, and is not intended to be and should not be used by anyone other than these specified parties.
To the Board of Directors  
New Hampshire Land and Community Heritage Investment Program Authority  
Concord, New Hampshire

In planning and performing our audit of the financial statements of New Hampshire Land and Community Heritage Investment Program Authority (the “Authority”) for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control. However, during our audit, we became aware of matters to consider for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarized our comments and suggestions regarding those matters. This letter does not affect our report dated September 10, 2012, on the financial statements of the Authority.

CURRENT YEAR COMMENTS

Credit Card Payments

While performing our audit, it was determined that the payment on the credit card which the Executive Director uses is not being reviewed by someone other than the Executive Director for approval prior to payment. We recommend that the Authority has a board member review and approve the credit card activity used by the Executive Director for processing and payment.
Management response:

Management recognizes this lack of review and intends to institute a review of the credit card purchases of the Executive Director by a member of the Board of Directors early in 2013, likely coinciding with the election of new Board officers.

**Bank Reconciliation**

While performing our audit, it was determined that after the bookkeeper reconciles the cash accounts, they are not reviewed by the Executive Director or a member of the board. We recommend that after the reconciliation is prepared, the Executive Director or member of the board review the reconciliation and compare the balance to the balance sheet to make sure they agree and sign off and approve the reconciliation.

Management response:

Management agrees and will implement this process as recommended.

**Personnel Files**

While performing our audit, it was determined that the personnel information is kept in one folder and does not contain the appropriate and/or complete documentation. In order to ensure that all employee personnel records contain accurate and complete information that is authorized by management and where applicable, the employee, it is recommended that a comprehensive checklist is utilized for all employees. We have provided the entity with a checklist that should be used as a guide to maintain personnel files.

Management response:

Management agrees to review the information provided against existing LCHIP personnel checklists and to update current personnel files so that all will contain complete and appropriate information.

**General Financial Oversight**

While performing our audit, we found that the Board of Directors has chosen to delegate the position of Treasurer to the Executive Director, as is allowed by the Board’s by-laws. While this is a satisfactory and expeditious arrangement in many ways, additional oversight or guidance from the Board in the form of a Finance Committee or similar structure might be useful to provide further expertise and perspective on financial management issues.
Management response:

Management will bring this concern to the Executive Committee and Board of Directors for their consideration. The draft financial management document includes a related recommendation and will be reviewed by the Board of Directors once suggestions from this audit are incorporated.

Petty Cash Reconciliations

Petty cash is not being reconciled, although it is not being used. Despite its lack of use, since petty cash is in the office, it should be reconciled at least quarterly.

Management response:

Petty cash is once again being used, although at a very modest scale. A reconciliation policy and procedure will be implemented.

Monthly Accounting Close

There are no written records documenting the monthly accounting close process. A formal monthly accounting close process and checklist should be put into place with sign off by the Executive Director to help ensure that the monthly financial statements are not materially misstated.

Management response:

Management will implement a monthly close process and checklist.

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We wish to express our appreciation for the courtesies and cooperation extended us during the course of our audit. We would be pleased to discuss these recommendations in greater detail or assist in their implementation.

This accompanying comments and recommendations are intended solely for the information and use of the audit committee, management and the Board of Directors and should not be used by anyone other than these specified parties.

Hession & Parks, P.C.
September 10, 2012

The Board of Directors
New Hampshire Land and Community Heritage
    Investment Program Authority
Concord, New Hampshire 03301

We have audited the financial statements of New Hampshire Land and Community Heritage
Investment Program Authority (the “Authority”) for the year ended June 30, 2012, and have
issued our report thereon dated September 10, 2012. Professional standards require that we
provide you with information about our responsibilities under generally accepted auditing
standards, as well as certain information related to the planned scope and timing of our audit. We
have communicated such information in our letter to you dated July 2, 2012. Professional
standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The
significant accounting policies used by the Authority are described in Note 2 to the financial
statements. No new accounting policies were adopted and the application of existing policies was
not changed during 2012. We noted no transactions entered into by the Authority during the year
for which there is a lack of authoritative guidance or consensus. All significant transactions have
been recognized in the financial statements in a proper period.

Accounting estimates are an integral part of the financial statements prepared by management
and are based on management’s knowledge and experience about past and current events and
assumptions about future events. Certain accounting estimates are particularly sensitive because
of their significance to the financial statements and because of the possibility that future events
affecting them may differ significantly from those expected. The most sensitive estimate
affecting the financial statements was depreciation:

We believe the Authority’s estimates of depreciation constitute an accounting estimate
related to the June 30, 2012 financial statements. We have reviewed the basis for these
estimates and have satisfied ourselves of their reasonableness in relation to the financial
statements taken as a whole.
Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 10, 2012. (see attached)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the New Hampshire Land and Community Heritage Investment Program Authority and is not intended to be and should not be used by anyone other than these specified parties.

Manchester, New Hampshire