

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

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the New Hampshire Land and Community Heritage Investment Program Authority (a New Hampshire nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 the New Hampshire Land and Community Heritage Investment Program Authority as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the New Hampshire Land and Community Heritage Investment Program Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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.

Board of Directors
New Hampshire Land and Community
Heritage Investment Program Authority

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 the New Hampshire Land and Community Heritage Investment Program Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 the New Hampshire Land and Community Heritage Investment Program Authority'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Hampshire Land and Community Heritage Investment Program Authority's ability to continue as a going concern for a reasonable period of time.

Board of Directors
New Hampshire Land and Community
Heritage Investment Program Authority

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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about methods of preparing the information, and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and to other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Hession ; PARE, P.C.

Manchester, New Hampshire
April 4, 2022

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 888,577	\$ 1,020,177
Accounts receivable	-	88,100
Project grants receivable	4,169,392	3,468,434
CCE funds receivable	1,018,397	909,597
Prepaid expense	6,362	3,136
Property and equipment, net	<u>1,923</u>	<u>3,643</u>
Total assets	6,084,651	5,493,087
DEFERRED OUTFLOWS OF RESOURCES	<u>57,201</u>	<u>36,623</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,141,852</u>	<u>\$ 5,529,710</u>
LIABILITIES		
Accounts payable	\$ 4,487	\$ 1,800
Project grants payable	4,564,198	4,189,426
CCE funds payable	1,018,397	909,797
Accrued payroll and related liabilities	15,003	11,231
Accrued pension liability	<u>180,146</u>	<u>131,320</u>
Total liabilities	5,782,231	5,243,574
DEFERRED INFLOWS OF RESOURCES	<u>4,803</u>	<u>11,779</u>
NET ASSETS		
Without donor restrictions	354,818	274,357
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	354,818	274,357
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET ASSETS	<u>\$ 6,141,852</u>	<u>\$ 5,529,710</u>

See notes to financial statements.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Support and revenues				
State of New Hampshire				
Conservation plate revenue	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Administration fees	176,600	-	176,600	193,412
Project grants	4,173,740	-	4,173,740	3,439,043
Interest income	148,469	-	148,469	148,277
Total support and revenues	<u>4,698,809</u>	<u>-</u>	<u>4,698,809</u>	<u>3,980,732</u>
Expenses				
Program services	4,535,756	-	4,535,756	3,778,108
General and administrative	82,592	-	82,592	83,500
Total expenses	<u>4,618,348</u>	<u>-</u>	<u>4,618,348</u>	<u>3,861,608</u>
Increase in net assets	80,461	-	80,461	119,124
Net assets, beginning of year	<u>274,357</u>	<u>-</u>	<u>274,357</u>	<u>155,233</u>
Net assets, end of year	<u>\$ 354,818</u>	<u>\$ -</u>	<u>\$ 354,818</u>	<u>\$ 274,357</u>

See notes to financial statements.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021
(with comparative totals for the Year Ended June 30, 2020)

	Program Services	General and Administrative	<u>2021</u>	<u>2020</u>
Project grants	\$ 4,173,740	\$ -	\$ 4,173,740	\$ 3,439,043
Salaries and wages	210,634	47,132	257,766	247,972
Employee benefits	63,406	14,188	77,594	69,715
Professional fees	21,526	5,382	26,908	20,011
Rent and utilities	20,837	4,663	25,500	26,405
Payroll taxes	16,033	3,588	19,621	19,117
Office expense	6,723	1,504	8,227	12,813
Communication expenditures	6,617	-	6,617	6,404
Travel and entertainment	4,649	1,040	5,689	5,847
Project signage	5,663	-	5,663	2,112
Insurance	674	3,819	4,493	4,489
Telephone and internet	2,725	610	3,335	2,561
Depreciation	2,529	566	3,095	3,144
Professional development	-	100	100	1,975
Total expenses	<u>\$ 4,535,756</u>	<u>\$ 82,592</u>	<u>\$ 4,618,348</u>	<u>\$ 3,861,608</u>

See notes to financial statements.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$ 80,461	\$ 119,124
Adjustments to reconcile decrease in net assets to net cash used by operating activities		
Depreciation and amortization	3,095	3,144
Decrease (increase) in accounts receivable	88,100	(88,100)
(Increase) decrease in project grants receivable	(700,958)	1,423,324
(Increase) decrease in CCE funds receivable	(108,800)	35,059
Increase in prepaid expenses	(3,226)	(1,691)
Decrease in security deposit	-	526
Increase in accounts payable	2,687	769
Increase (decrease) in project grants payable	374,772	(1,683,660)
Increase (decrease) in CCE funds payable	108,600	(34,859)
Increase in accrued expenses	3,772	1,429
Increase in accrued pension liability	21,272	10,506
	<u>(130,225)</u>	<u>(214,429)</u>
Net cash used by operating activities		
Cash flows from investing activities		
Cash paid for equipment	<u>(1,375)</u>	<u>-</u>
Net cash used by investing activities	<u>(1,375)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(131,600)	(214,429)
Cash and cash equivalents, beginning of year	<u>1,020,177</u>	<u>1,234,606</u>
Cash and cash equivalents, end of year	<u>\$ 888,577</u>	<u>\$ 1,020,177</u>

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.

Operation of the Authority is funded by the State of New Hampshire (the "State") through conservation license plate fees and by interest income earned on Trust Fund appropriations. Under the terms of the law that created the conservation license plate program, RSA 261:97-b, the Authority receives no more than \$200,000 per year from the conservation license plate program. The Authority's own enabling legislation, RSA 227-M:7-a, limits the allocation of interest income from the Trust Fund for administration to \$135,000 a year. During 2021 and 2020, the Authority received \$135,000 in interest income from the Trust Fund. The Authority's Board of Directors has authority under RSA 227-M:5 IV to allocate money from the Trust Fund to administrative costs of the program. During 2021, the Authority received \$175,000 in income for administrative costs.

The Authority is a public instrumentality of the State. The Governor and Executive Council of the State appoint 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 members 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 accounting principles generally accepted in the United States of America.

Net assets

The financial statements report net assets and changes in net assets that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purpose by action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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.

**NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Concentration of credit risk

The Authority maintains its cash balances in several national financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2021, the Authority had an uninsured cash balance of \$298,880.

Property, equipment and depreciation

Property and equipment are recorded at cost, or if acquired by donation, at fair market value at the date of acquisition. 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.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Revenue recognition

The Authority has revenue streams that are accounted for as a reciprocal exchange transaction, including grant revenue.

Grant revenue is recognized in the period each service is provided that reflects the consideration the Authority expects to be entitled to in exchange for those services. All the Authority's revenue from contracts is from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because the Authority's performance obligations relate to contracts with a duration of less than one year, the Authority has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Employee benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan (the "Pension Plan") and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Income taxes

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

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of time spent and benefits derived.

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Accounting pronouncement adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Authority adopted this ASU on July 1, 2020.

Note 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, are:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 888,577	\$ 1,020,177
Grant receivable	4,169,392	3,468,434
CCE funds receivable	<u>1,018,397</u>	<u>909,597</u>
Total financial assets	<u>6,076,366</u>	<u>5,398,208</u>
Less financial assets held to meet donor-imposed restrictions:		
Grant receivable (Note 4)	(4,169,392)	(3,468,434)
CCE funds receivable (Note 4)	(1,018,397)	(909,597)
Grants received not yet disbursed	<u>(394,806)</u>	<u>(720,992)</u>
Amount available for general expenditures within one year	<u>\$ 493,771</u>	<u>\$ 299,185</u>

Operation of the Authority is funded by the State. In addition to the amounts available for general expenditures, the Authority can allocate money up to \$135,000 from the income earned on the Trust Fund appropriations (Note 1). For the year ended June 30, 2021, the full \$135,000 was allocated.

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

NOTES TO FINANCIAL STATEMENTS

Note 4. DUE FROM THE STATE OF NEW HAMPSHIRE

Effective July 1, 2015, Administrative Services approved changes relating to the encumbrance of Authority funds for grant awards and the business process for Authority grant award payments. Treasury encumbered the balance forward as of July 1, 2015 that had been awarded for projects in previous fiscal years. All grant payments will be made by Treasury directly to the Authority. The Authority will then issue checks to the specific grant recipients. At June 30, 2021 and 2020, the amount due from the State of New Hampshire consisted of project grants totaling \$4,169,392 and \$3,468,434, respectively, and CCE funds totaling \$1,018,397 and \$909,597, respectively.

Note 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Computer software	\$ 38,950	\$ 38,950
Computer equipment	26,918	25,543
Office furniture	<u>2,427</u>	<u>2,427</u>
	68,295	66,920
Accumulated depreciation	<u>(66,372)</u>	<u>(63,277)</u>
	<u>\$ 1,923</u>	<u>\$ 3,643</u>

For the years ended June 30, 2021 and 2020, depreciation expense was \$3,095 and \$3,144, respectively.

Note 6. ACCRUED PAYROLL

The Authority's accrued payroll at June 30, 2021 and 2020 was \$10,010 and \$7,816, respectively.

The Authority's stated policy regarding employee time-off is that employees may carry a maximum of ten unused days forward to the next benefit year. Upon resignation or layoff of employment, employees can be compensated for up to five accrued and unused vacation days. At June 30, 2021 and 2020, the accrued employee time-off balance was \$4,993 and \$3,415, respectively.

**NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS

Per RSA 227-M:6-a, 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 of work or more 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.

Single K plan

During 2014, the Authority established a Single K plan to replace its 401(a) 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, 2021, the Executive Director is the only employee eligible to participate in the plan. For the years ended June 30, 2021 and 2020, the Authority made contributions to the plan of \$10,505 and \$10,110, respectively.

State of New Hampshire Retirement System

The Authority follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (“NHRS”).

Plan Description

The Authority has two employees electing to participate in NHRS, a cost sharing, multiple-employer defined benefit public employee retirement system (the “Pension Plan”).

**NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Section 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the Pension Plan. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for the Pension Plan. That report may be obtained on the NHRS website.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members. The Authority's employees participate in Group I, which is further described below.

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service. Members may also qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions

NHRS is funded by contributions from both employees and the Authority. Group I employees are required by State statute to contribute 7% of gross earnings to the Pension Plan. The employer must, under the same statute, contribute monthly at an actuarially determined rate. Effective July 1, 2019 through June 30, 2021, the contribution rate was set at 11.93% of covered payroll. For the years ended June 30, 2021 and 2020, the Authority's contributions to NHRS were \$14,645 and \$13,836, respectively.

**NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2021, the Authority reported a liability of \$180,146 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Authority's proportion of the net pension liability was based on the projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Authority's proportion was 0.00282 percent.

At the most recent measurement date of June 30, 2020, the Authority's proportion was 0.00282 percent, which was an increase of 0.0001 percent from its previous year proportion.

For the year ended June 30, 2021, the Authority recognized pension expense of \$35,918 related to the Pension Plan. At June 30, 2021, the Authority reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expended and actual experience	\$ 4,865	\$ 1,934
Differences between expended and actual earnings	11,142	-
Changes in assumptions	17,820	-
Changes in proportion	8,729	2,869
Contributions subsequent to the measurement date	14,645	-
Total	<u><u>\$ 57,201</u></u>	<u><u>\$ 4,803</u></u>

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

The total of \$14,645 reported as deferred outflows of resources related to the Pension Plan resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized as an increase (reduction) in pension expense as follows:

Year ended <u>June 30,</u>	<u>Amount</u>
2021	\$ 8,970
2022	8,977
2023	10,673
2024	<u>9,133</u>
Total	<u>\$ 37,753</u>

Actuarial assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00% per year (previously 2.50%)
Wage inflation	2.75% per year (previously 3.25%)
Salary increases	5.60% percent average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation (previously 7.25%)

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50	4.15%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	3.96%
Emerging Int'l Equities	7.00	6.20%
Total international equities	20.00	
Core Bonds	9.00	0.42%
Global Multi-Sector Fixed Income	10.00	1.66%
Absolute Return Fixed Income	6.00	0.92%
Total fixed income	25.00	
Private equity	10.00	7.71%
Private debt	5.00	4.81%
Total alternative investments	15.00	
Real Estate	10.00	2.95%
Total	100.00 %	

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (concluded)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
June 30, 2021	\$ 233,216	\$ 180,146	\$ 136,781

Pension plan fiduciary net position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued NHRS financial report.

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 8. LEASES

The Authority leases office space under an annual lease through October 2023. For the years ended June 30, 2021 and 2020, rent expense on office space amounted to \$23,200 and \$22,600, respectively.

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

Year ended <u>June 30,</u>	<u>Amount</u>
2022	\$ 23,800
2023	24,000
2024	<u>8,000</u>
Total	<u>\$ 55,800</u>

Note 9. SELF-INSURANCE

The Authority acts as a self-insurer for unemployment claims. For the years ended June 30, 2021 and 2020, the Authority paid no claims.

Note 10. 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 state's biennial budget for fiscal years 2020 and 2021 assigned \$5,000,000 from the surcharge to the Authority for grant making and other costs. Through the fiscal approval process, the Authority was further allowed to retain additional income from the surcharge for a total of \$6,295,153. The budgeted amount of \$5,000,000 for FY 22 provides an assurance of the strength of the program in the current biennium. In fiscal year 21, the Authority received 64 grant applications seeking almost \$9,000,000 and was able to provide funding totaling almost \$4.2 million for 32 of them.

**NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through April 4, 2022, the date which the financial statements were available to be issued, and has 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, 2021.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

LAST 3 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>New Hampshire Retirement System:</u>			
Proportion of the net pension liability for the most recent measurement date	0.0028%	0.0027%	0.0026%
Proportionate share of the net pension liability for the most recent measurement date	\$ 180,146	\$ 131,320	\$ 126,322
Covered-employee payroll for the most recent measurement date	\$ 115,000	\$ 107,869	\$ 100,112
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.65%	121.74%	126.18%
Plan fiduciary net position as a percentage of the total pension liability	58.72%	65.59%	64.73%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

SCHEDULE OF PENSION CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

LAST 3 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>New Hampshire Retirement System:</u>			
Contractually required contribution for the current fiscal year	\$ 14,645	\$ 13,836	\$ 13,808
Contributions in relation to the contractually required contribution	<u>(14,645)</u>	<u>(13,836)</u>	<u>(13,808)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll for the current fiscal year	\$ 118,317	\$ 115,000	\$ 107,869
Contributions as a percentage of covered-employee payroll	12.38%	12.03%	12.80%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.