

**NEW HAMPSHIRE CENTER FOR NONPROFITS  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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## ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
New Hampshire Center for Nonprofits and Subsidiary  
Concord, New Hampshire

We have reviewed the accompanying consolidated statements of financial position of New Hampshire Center for Nonprofits and Subsidiary as of June 30, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management of New Hampshire Center for Nonprofits and Subsidiary.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, 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 reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with generally accepted accounting principles.

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying consolidating statements is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

November 4, 2010

HESSION & PARE, P.C.

NEW HAMPSHIRE CENTER FOR NONPROFITS  
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 281,255	\$ 227,284
Accounts receivable	28,184	22,821
Grants receivable	63,332	5,000
Prepaid expenses	6,079	10,535
Deposits	<u>7,164</u>	<u>7,164</u>
Total assets	<u>\$ 386,014</u>	<u>\$ 272,804</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 6,981	\$ 2,948
Accrued expenses	26,275	31,879
Fiscal agent funds	42,909	-
Other deferred revenue	<u>36,948</u>	<u>48,873</u>
Total liabilities	<u>113,113</u>	<u>83,700</u>
Net assets		
Unrestricted	151,178	115,512
Temporary restricted	<u>121,723</u>	<u>73,592</u>
Total net assets	<u>272,901</u>	<u>189,104</u>
Total liabilities and net assets	<u>\$ 386,014</u>	<u>\$ 272,804</u>

See accompanying notes and accountants' review report.

NEW HAMPSHIRE CENTER FOR NONPROFITS  
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2010 and 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010	2009
Revenues and support					
Membership dues	\$ 141,743	\$ -	\$ -	\$ 141,743	\$ 142,167
Grant income	178,260	189,031	-	367,291	198,861
Fundraising and contributions	79,717	-	-	79,717	77,092
Commissions	58,991	-	-	58,991	59,228
Fees and registrations	86,748	-	-	86,748	58,599
Support and other fees	15,448	-	-	15,448	14,623
In-kind donations	2,150	-	-	2,150	2,500
Interest income	662	-	-	662	1,429
Revenue and support	563,719	189,031	-	752,750	554,499
Net assets released from restrictions	140,900	(140,900)	-	-	-
Total revenue and support	704,619	48,131	-	752,750	554,499
Expenses					
Program services	497,445	-	-	497,445	421,395
Supporting services	87,338	-	-	87,338	76,222
Unrelated business expense	61,044	-	-	61,044	48,904
Fundraising	22,294	-	-	22,294	22,986
General and administrative expenses	832	-	-	832	(487)
Total expenses	668,953	-	-	668,953	569,020
Increase (decrease) in net assets	35,666	48,131	-	83,797	(14,521)
Net assets, beginning of year, as originally stated	115,512	73,592	-	189,104	83,316
Prior period restatement (Note 9)	-	-	-	-	120,309
Net assets, beginning of year, as restated	115,512	73,592	-	189,104	203,625
Net assets, end of year	\$ 151,178	\$ 121,723	\$ -	\$ 272,901	\$ 189,104

NEW HAMPSHIRE CENTER FOR NONPROFITS  
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 83,797	\$ (14,521)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
(Increase) in accounts receivable	(5,363)	(6,240)
(Increase) in grants receivable	(58,332)	(5,000)
Decrease (increase) in prepaid expenses and deposits	4,456	(8,700)
Increase (decrease) in accounts payable	4,033	(4,909)
(Decrease) increase in accrued expenses	(5,604)	3,873
Increase in fiscal agent funds	42,909	-
(Decrease) in other deferred revenue	(11,925)	(12,802)
Net cash provided (used) by operating activities	53,971	(48,299)
Cash, beginning of year	<u>227,284</u>	<u>275,583</u>
Cash, end of year	<u>\$281,255</u>	<u>\$ 227,284</u>
 Supplemental disclosure of cash flow information		
State taxes paid in cash	<u>\$ 3,722</u>	<u>\$ -</u>

See accompanying notes and accountants' review report.

**NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. NATURE OF ACTIVITIES**

New Hampshire Center for Nonprofits (the Center) is a nonprofit organization under the laws of New Hampshire. The Center is an association of nonprofit organizations who have joined together to strengthen the State's nonprofit sector. The Center serves as an advocate, information, educational and networking resource for these New Hampshire nonprofits as well as serves the citizens of New Hampshire.

NHCN Insurance Services, LLC (its wholly-owned "subsidiary") provides certain insurance services to members of the Center and operates as a for-profit entity.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of consolidation**

The consolidated financial statements include the accounts of the Center and its subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

**Basis of presentation**

The accompanying financial statements have been prepared on the accrual basis and as required by 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. The categories, unrestricted, temporarily restricted, and permanently restricted net assets 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 Center.

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.

**NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of accounting**

The Center's financial statements are presented in accordance with accounting principles generally accepted in the United States on an accrual basis. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Estimates and assumptions**

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.

**Contributions**

In accordance with the Not-for-Profit Entities Topic of the ASC 958-605 and subsections, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions of non-cash assets are recognized as in-kind contribution income at their estimated fair value when received.

**Other deferred revenue**

Other deferred revenue primarily results from registration fees and sponsorships received for future seminars hosted by the Center. Accordingly, income received for the upcoming fiscal year is deferred until the seminars occur.

**NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and equipment**

Property and equipment are recorded at cost or fair market value at the date of the gift if donated, and are being depreciated using the straight-line method over estimated useful lives as follows:

	<u>Years</u>
Equipment	5
Furniture and fixtures	3-5

Repairs, maintenance and small equipment expenditures are charged to operations as incurred, whereas significant improvements and equipment purchased are capitalized. There was no provision for depreciation expense for the years ended June 30, 2010 and 2009.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Center considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Advertising**

The Center follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$6,845 and \$2,334 for the years ended June 30, 2010 and 2009, respectively.

**Taxes**

The Center is a not-for-profit organization exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation; however, certain unrelated business income is subject to federal taxation. There is no tax liability on unrelated business income for the years ended June 30, 2010 and June 30, 2009.

NHCN Insurance Services, LLC is subject to both federal and state income taxes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. There is no tax liability for the years ended June 30, 2010 and June 30, 2009.

**NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 3. TEMPORARY RESTRICTED NET ASSETS**

Temporary restricted net assets at June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Board Network	\$ 40,497	\$ -
Nonprofit Resource Platform	26,000	-
Scholarships	13,960	6,010
Strengthening Communities	12,945	-
Advocacy Initiative	10,152	32,536
CCAT Scholarships	6,100	2,700
North Country Programs	5,000	-
Lakes Region Programs	3,200	3,840
Sustainability Initiative	2,267	27,546
NH Funders Coordinator Services	962	-
Manchester/Amherst Programs	<u>640</u>	<u>960</u>
Total temporary restricted net assets	<u>\$121,723</u>	<u>\$ 73,592</u>

**Note 4. LEASE**

The Center leases office space located in Concord, NH under a non-cancelable lease agreement commencing on August 1, 2010 and terminating July 31, 2012, with a right to extend the lease term for one additional two year term. Future minimum lease payments under the lease are as follows:

<u>June 30,</u>	<u>Amount</u>
2011	\$ 22,414
2012	22,488
2013	<u>1,874</u>
Total	<u>\$ 46,776</u>

**NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. LEASE (concluded)**

Rent expense paid in connection with this office and a prior office lease was \$21,687 and \$24,123 for the years ended June 30, 2010 and 2009, respectively.

**Note 5. CONTRACTUAL AGREEMENTS**

On November 3, 2005, the Center appointed E&S Insurance Services, LLC of Gilford, New Hampshire, the exclusive provider of all insurance products and services, along with the use of its trade name. Under the terms of the agreement, there are provisions for payment to the Center at 25% of commissions earned through members of the New Hampshire Center for Nonprofits, as well as detailed reference for the duration of this relationship. The agreement does not provide for a termination date, either party is able to terminate this agreement with appropriate notice as outlined in the agreement. This arrangement with E&S Insurance Services, LLC was negotiated by an individual in the insurance industry on behalf of the Center and NHCN Insurance Services, LLC. As part of this arrangement, this individual also receives commissions directly from E&S Insurance Services, LLC. Subsequent to June 30, 2006, this individual joined the Board of NHCN Insurance Services, LLC.

**Note 6. RETIREMENT PLANS**

The Center maintains a defined contribution retirement plan (the "plan"), under Section 403(b) of the Internal Revenue Code, for eligible employees. Employees are eligible upon employment to make contributions to the Plan. Employer contributions are available to all employees who are at least 21 years of age with a least one year of service to the Center. Pursuant to the Plan, eligible employees may contribute a portion of their compensation, subject to a maximum amount per year as specified by law. The Plan allows the Center to make profit-sharing contributions as determined on an annual basis by the Board of Directors.

For years ended June 30, 2010 and 2009, the Center's expense for contributions to the above retirement plan amounted to \$8,354 and \$9,852, respectively.

**Note 7. FISCAL AGENT FUNDS**

During 2010, the Center became a fiscal agent for a specific organization. At June 30, 2010, the Center maintained a cash balance of \$42,909 on behalf of the organization.

**NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 8. LINE OF CREDIT**

The Center has available a \$75,000 line of credit with a bank. Any amounts drawn on the line of credit are payable on demand with the bank's prime interest rate, plus 1%, as published by the Wall Street Journal. At June 30, 2010 and 2009, there was no outstanding balance on the line of credit.

**Note 9. RECLASSIFICATIONS**

Certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. A restatement of the beginning temporarily restricted net assets in the amount of \$120,309 for June 30, 2009 is reflected in the consolidated statement of activities.

**Note 10. SUBSEQUENT EVENTS**

New Hampshire Center for Nonprofits and Subsidiary has evaluated subsequent events through November 4, 2010, 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, 2010.

NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2010

	NH Center for Nonprofits	NHCN Insurance Services, LLC	Consolidating Entries	Consolidated Totals
<b>ASSETS</b>				
Cash	\$ 260,702	\$ 20,553	\$ -	\$ 281,255
Accounts receivable	38,790	19,394	(30,000)	28,184
Grants receivable	63,332	-	-	63,332
Investment in NHCN Insurance Services, LLC	13,101	-	(13,101)	-
Prepaid expenses	2,925	3,154	-	6,079
Deposits	7,164	-	-	7,164
Total assets	<u>\$ 386,014</u>	<u>\$ 43,101</u>	<u>\$ (43,101)</u>	<u>\$ 386,014</u>
<b>LIABILITIES AND NET ASSETS</b>				
Accounts payable	\$ 6,981	\$ 30,000	\$ (30,000)	\$ 6,981
Accrued expenses	26,275	-	-	26,275
Fiscal agent funds	42,909	-	-	42,909
Other deferred revenue	36,948	-	-	36,948
Total current liabilities	<u>113,113</u>	<u>30,000</u>	<u>(30,000)</u>	<u>113,113</u>
Net assets				
Unrestricted	151,178	-	-	151,178
Temporary restricted	121,723	-	-	121,723
Total net assets	<u>272,901</u>	<u>-</u>	<u>-</u>	<u>272,901</u>
Member's equity				
Dividends, cumulative	-	43,101	(43,101)	-
Total member's equity	<u>-</u>	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 386,014</u>	<u>\$ 43,101</u>	<u>\$ (43,101)</u>	<u>\$ 386,014</u>

See accompanying notes and accountants' review report.

NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2009

	NH Center for Nonprofits	NHCN Insurance Services, LLC	Consolidating Entries	Consolidated Totals
<b>ASSETS</b>				
Cash	\$ 206,385	\$ 20,899	\$ -	\$ 227,284
Accounts receivable	29,324	13,497	(20,000)	22,821
Grants receivable	5,000	-	-	5,000
Investment in NHCN Insurance Services, LLC	14,906	-	(14,906)	-
Prepaid expenses	10,025	510	-	10,535
Deposits	7,164	-	-	7,164
Total assets	<u>\$ 272,804</u>	<u>\$ 34,906</u>	<u>\$ (34,906)</u>	<u>\$ 272,804</u>
<b>LIABILITIES AND NET ASSETS</b>				
Accounts payable	\$ 2,948	\$ 20,000	\$ (20,000)	\$ 2,948
Accrued expenses	31,879	-	-	31,879
Other deferred revenue	48,873	-	-	48,873
Total current liabilities	<u>83,700</u>	<u>20,000</u>	<u>(20,000)</u>	<u>83,700</u>
Net assets				
Unrestricted	115,512	-	-	115,512
Temporary restricted	73,592	-	-	73,592
Total net assets	<u>189,104</u>	<u>-</u>	<u>-</u>	<u>189,104</u>
Member's equity	-	44,906	(44,906)	-
Dividends, cumulative	-	(30,000)	30,000	-
Total member's equity	<u>-</u>	<u>14,906</u>	<u>(14,906)</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 272,804</u>	<u>\$ 34,906</u>	<u>\$ (34,906)</u>	<u>\$ 272,804</u>

See accompanying notes and accountants' review report.

NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

	NH Center for Nonprofits	NHCN Insurance Services, LLC	Consolidating Entries	Consolidated Totals
Revenues and support				
Membership dues	\$ 141,743	\$ -	\$ -	\$ 141,743
Grant income	367,291	-	-	367,291
Fundraising and contributions	79,717	-	-	79,717
Commissions	-	58,991	-	58,991
Fees and registrations	86,748	-	-	86,748
Unrelated business income	60,000	-	(60,000)	-
Support and other fees	15,448	-	-	15,448
In-kind donations	2,150	-	-	2,150
Interest income	626	36	-	662
	<u>753,723</u>	<u>59,027</u>	<u>(60,000)</u>	<u>752,750</u>
Total revenues and support				
Expenses				
Program services	497,445	-	-	497,445
Supporting services	87,338	-	-	87,338
Unrelated business expense	61,044	-	-	61,044
Fundraising	22,294	-	-	22,294
General and administrative expenses	-	60,832	(60,000)	832
	<u>668,121</u>	<u>60,832</u>	<u>(60,000)</u>	<u>668,953</u>
Total expenses				
Equity in earnings of wholly-owned subsidiary	<u>1,805</u>	<u>-</u>	<u>(1,805)</u>	<u>-</u>
Total expenses	<u>669,926</u>	<u>60,832</u>	<u>(61,805)</u>	<u>668,953</u>
Increase (decrease) in net assets	<u>83,797</u>	<u>(1,805)</u>	<u>1,805</u>	<u>83,797</u>
Net assets, beginning of year	<u>189,104</u>	<u>14,906</u>	<u>(14,906)</u>	<u>189,104</u>
Net assets, end of year	<u>\$ 272,901</u>	<u>\$ 13,101</u>	<u>\$ (13,101)</u>	<u>\$ 272,901</u>

NEW HAMPSHIRE CENTER FOR NONPROFITS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

	NH Center for Nonprofits	NHCN Insurance Services, LLC	Consolidating Entries	Consolidated Totals
Revenues and support				
Membership dues	\$ 142,167	\$ -	\$ -	\$ 142,167
Grant income	198,861	-	-	198,861
Fundraising and contributions	77,092	-	-	77,092
Commissions	-	59,228	-	59,228
Fees and registrations	58,599	-	-	58,599
Unrelated business income	48,000	-	(48,000)	-
Support and other fees	14,623	-	-	14,623
In-kind donations	2,500	-	-	2,500
Interest income	1,392	37	-	1,429
	<u>543,234</u>	<u>59,265</u>	<u>(48,000)</u>	<u>554,499</u>
Total revenues and support				
Expenses				
Program services	421,395	-	-	421,395
Supporting services	76,222	-	-	76,222
Unrelated business expense	48,904	-	-	48,904
Fundraising	22,986	-	-	22,986
General and administrative expenses	-	47,513	(48,000)	(487)
	<u>569,507</u>	<u>47,513</u>	<u>(48,000)</u>	<u>569,020</u>
Total expenses				
Equity in earnings of wholly-owned subsidiary	(11,752)	-	11,752	-
	<u>557,755</u>	<u>47,513</u>	<u>(36,248)</u>	<u>569,020</u>
Total expenses				
(Decrease) increase in net assets	(14,521)	11,752	(11,752)	(14,521)
Net assets, beginning of year, as originally stated	83,316	3,154	(3,154)	83,316
Prior period restatement	120,309	-	-	120,309
Net assets, beginning of year, as restated	<u>203,625</u>	<u>3,154</u>	<u>(3,154)</u>	<u>203,625</u>
Net assets, end of year	<u>\$ 189,104</u>	<u>\$ 14,906</u>	<u>\$ (14,906)</u>	<u>\$ 189,104</u>

See accompanying notes and accountants' review report.