



Inspiring all girls
to be strong,
smart, and bold

GIRLS INCORPORATED OF NEW HAMPSHIRE

Financial Statements
For the Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Girls Incorporated of New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of Girls Incorporated of New Hampshire, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of New Hampshire as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Girls Incorporated of New Hampshire’s fiscal year 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021 on our consideration of Girls Incorporated of New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Girls Incorporated of New Hampshire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Girls Incorporated of New Hampshire’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
December 2, 2021

GIRLS INCORPORATED OF NEW HAMPSHIRE

Statement of Financial Position
June 30, 2021
(with summarized comparative totals as of June 30, 2020)

	2021		2021	2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 572,783	\$ 171,665	\$ 744,448	\$ 617,363
Contributions receivable, net	21,558	42,441	63,999	67,691
Grants receivable	43,009	-	43,009	4,214
Accounts receivable	21,431	-	21,431	9,739
Prepaid expenses	11,039	-	11,039	9,977
Total Current Assets	669,820	214,106	883,926	708,984
Noncurrent Assets:				
Investments	357,225	300,150	657,375	351,113
Contributions receivable	-	84,000	84,000	128,000
Property and equipment, net	2,924,545	-	2,924,545	3,023,599
Security deposits	5,710	-	5,710	5,710
Total Noncurrent Assets	3,287,480	384,150	3,671,630	3,508,422
TOTAL ASSETS	\$ 3,957,300	\$ 598,256	\$ 4,555,556	\$ 4,217,406
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Line of credit	\$ -	\$ -	\$ -	\$ 419,494
Current portion of long-term debt	32,488	-	32,488	19,247
Payroll Protection Program loan	-	-	-	63,172
Accounts payable	12,846	-	12,846	46,928
Accrued payroll and related liabilities	28,078	-	28,078	35,364
Contract liabilities	26,394	-	26,394	26,662
Total Current Liabilities	99,806	-	99,806	610,867
Long-term Debt, Net of Current Portion	70,823	-	70,823	37,435
Total Liabilities	170,629	-	170,629	648,302
Net Assets:				
Without donor restrictions:				
Undesignated	3,786,671	-	3,786,671	3,071,817
With donor restrictions:				
Purpose restrictions	-	217,106	217,106	115,137
Time restrictions	-	81,000	81,000	82,000
Perpetual endowment	-	300,150	300,150	300,150
Total Net Assets	3,786,671	598,256	4,384,927	3,569,104
TOTAL LIABILITIES AND NET ASSETS	\$ 3,957,300	\$ 598,256	\$ 4,555,556	\$ 4,217,406

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

GIRLS INCORPORATED OF NEW HAMPSHIRE

Statement of Activities
For the Year Ended June 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

	2021		2021	2020
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE				
Support:				
Contributions	\$ 478,894	\$ 315,539	\$ 794,433	\$ 681,455
Grants	579,297	-	579,297	653,962
Payroll Protection Program	303,672	-	303,672	176,828
Special events:				
Gross special events revenue	318,408	-	318,408	389,888
Less cost of special events	<u>(80,028)</u>	<u>-</u>	<u>(80,028)</u>	<u>(68,962)</u>
Net special events revenue	238,380	-	238,380	320,926
Revenue:				
Program service fees				
Gross program service fees	768,307	-	768,307	613,114
Less financial aid scholarships	<u>(240,813)</u>	<u>-</u>	<u>(240,813)</u>	<u>(272,070)</u>
Net program service fees	527,494	-	527,494	341,044
Rental income	84,558	-	84,558	30,029
Investment income	101,210	-	101,210	11,115
Net Assets Released From Restrictions	<u>214,570</u>	<u>(214,570)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	2,528,075	100,969	2,629,044	2,215,359
EXPENSES				
Program Services:				
Center programs	899,399	-	899,399	1,149,550
Outreach programs	50,172	-	50,172	195,770
Food programs	231,577	-	231,577	228,063
Other programs	<u>62,411</u>	<u>-</u>	<u>62,411</u>	<u>98,200</u>
Total Program Services	1,243,559	-	1,243,559	1,671,583
Supporting Services:				
Management and general	356,578	-	356,578	233,764
Fundraising and development	<u>213,084</u>	<u>-</u>	<u>213,084</u>	<u>267,322</u>
Total Supporting Services	569,662	-	569,662	501,086
Total Expenses	1,813,221	-	1,813,221	2,172,669
Change in Net Assets	714,854	100,969	815,823	42,690
Net Assets, Beginning of Year	<u>3,071,817</u>	<u>497,287</u>	<u>3,569,104</u>	<u>3,526,414</u>
Net Assets, End of Year	\$ <u>3,786,671</u>	\$ <u>598,256</u>	\$ <u>4,384,927</u>	\$ <u>3,569,104</u>

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

GIRLS INCORPORATED OF NEW HAMPSHIRE

Statement of Functional Expenses
For the Year Ended June 30, 2021
(with comparative totals for the Year Ended June 30, 2020)

	2021									
	Program Services					Supportive Services			2021 Total	2020 Total
	Center Programs	Outreach Programs	Food Programs	Other Programs	Total	Management and General	Fundraising and Development			
Personnel expense:										
Salaries and wages	\$ 350,029	\$ 35,966	\$ 85,740	\$ 48,544	\$ 520,279	\$ 240,834	\$ 144,664	\$ 905,777	\$ 1,086,192	
Employee benefits	17,655	5,513	11,478	2,542	37,188	28,244	23,520	88,952	95,487	
Payroll taxes	26,068	2,542	6,241	3,508	38,359	11,920	10,901	61,180	81,412	
Direct client assistance:										
Food	6,120	-	94,041	927	101,088	-	-	101,088	130,371	
Other	17,182	-	-	100	17,282	5,243	284	22,809	19,549	
Fees for services:										
Other	32,938	-	17	-	32,955	38,100	8,708	79,763	53,640	
Advertising and promotion	7,436	-	-	-	7,436	470	9,785	17,691	11,458	
Depreciation	118,337	2,593	16,853	2,593	140,376	2,270	2,270	144,916	142,958	
Grants	119,783	-	-	-	119,783	-	-	119,783	214,516	
Insurance	32,534	1,204	6,835	1,794	42,367	317	7,116	49,800	57,200	
Interest	-	-	-	-	-	8,134	-	8,134	20,751	
Licenses and fees	10,718	2,004	175	2,004	14,901	75	7,750	22,726	25,215	
Maintenance and repairs	61,047	42	2,027	-	63,116	234	-	63,350	57,896	
Miscellaneous	-	-	-	-	-	-	5,036	5,036	4,839	
Occupancy	54,533	-	-	-	54,533	8,536	8,536	71,605	58,008	
Scholarships	240,813	-	-	-	240,813	-	-	240,813	272,070	
Staff training	1,328	-	43	-	1,371	1,633	-	3,004	12,213	
Supplies	24,465	153	8,082	310	33,010	4,793	59,555	97,358	100,334	
Telephone and internet	5,955	-	-	-	5,955	1,852	1,141	8,948	10,069	
Travel	13,271	155	45	89	13,560	3,923	3,846	21,329	59,523	
Total Expenses By Function	1,140,212	50,172	231,577	62,411	1,484,372	356,578	293,112	2,134,062	2,513,701	
Less expenses included on the Statement of Activities:										
Cost of special events	-	-	-	-	-	-	(80,028)	(80,028)	(68,962)	
Scholarships	(240,813)	-	-	-	(240,813)	-	-	(240,813)	(272,070)	
Total Expenses Reported on the Statement of Activities	\$ 899,399	\$ 50,172	\$ 231,577	\$ 62,411	\$ 1,243,559	\$ 356,578	\$ 213,084	\$ 1,813,221	\$ 2,172,669	

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

GIRLS INCORPORATED OF NEW HAMPSHIRE

Statement of Cash Flows For the Year Ended June 30, 2021 (with comparative totals for the year ended June 30, 2020)

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 815,823	\$ 42,690
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	144,916	142,958
Realized and unrealized (gain) on investments	(99,285)	(1,856)
Changes in operating assets and liabilities:		
Contributions receivable	47,692	241,469
Grants receivable	(38,795)	4,214
Accounts receivable	(11,692)	15,739
Prepaid expenses	(1,062)	4,378
Accounts payable	(34,082)	(75,070)
Accrued payroll and related liabilities	(7,286)	(130)
Contract liabilities	(268)	(23,857)
Net Cash Provided By Operating Activities	815,961	350,535
Cash Flows From Investing Activities:		
Proceeds from sale of investments	54,739	93,729
Purchase of investments	(261,716)	(200,457)
Purchase of fixed assets	(45,862)	(30,416)
Net Cash Used By Investing Activities	(252,839)	(137,144)
Cash Flows From Financing Activities:		
Borrowings from lines of credit	-	145,000
Payments on lines of credit	(419,494)	(138,161)
Proceeds from long-term debt	88,639	-
Principal payments of long-term debt	(42,010)	(14,306)
Payroll Protection Program loan	(63,172)	63,172
Net Cash (Used) Provided By Financing Activities	(436,037)	55,705
Net Change in Cash and Cash Equivalents	127,085	269,096
Cash and Cash Equivalents, Beginning of Year	617,363	348,267
Cash and Cash Equivalents, End of Year	\$ 744,448	\$ 617,363
Supplemental Disclosures:		
Interest paid	\$ 8,134	\$ 20,751

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

GIRLS INCORPORATED OF NEW HAMPSHIRE

Notes to Financial Statements
For the Year Ended June 30, 2021

1. Organization

Girls Incorporated of New Hampshire (the Organization) is part of a national nonprofit organization where girls achieve their personal best. The Organization is a member-based organization for girls ages 5 to 18, dedicated to developing their confidence, intelligence, and leadership abilities. Our core values guide our decision making and drive the curriculum content that we offer. Our key organizational values are: to respect the dignity of each human being; recognize and support the strength in every girl; appreciate, embrace, and value diversity; drive for results anchored in accountability; and to operate collaboratively. Our mission is to inspire all girls to be Strong (through healthy choices), Smart (through education), and Bold (through Independence).

Girls Incorporated of New Hampshire operates two year-round girls centers in Nashua and Manchester where after-school and summer camp programming is implemented. In addition to center-based programs, Girls Incorporated of New Hampshire operates empowerment and prevention curriculum in schools throughout the entire state of New Hampshire and portions of Vermont and Maine. In keeping with our goal to empower girls to make healthy choices, our outreach programs also provide USDA approved meals through dinner clubs at two of our centers and through community partners in various locations in New Hampshire.

2. Summary of Significant Accounting Policies

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments invested for long-term purposes, are excluded from this definition.

Contributions Receivable

Unconditional contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities. The allowance for uncollectable contributions is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectable.

Grants Receivable

Grants receivable, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts recorded as grants receivable represent cost-reimbursable contracts and grants, which the incurrence of allowable qualifying expenses and/or the performance of certain requirements have been met or performed. The allowance for uncollectible grants receivable is based on historical experience and a review of subsequent collections. Management has determined that no allowance is necessary.

Accounts Receivable

Accounts receivable consist primarily of amounts for services and programs. The adequacy of the allowance for doubtful accounts is reviewed on an ongoing basis by the Organization's management and adjusted as required through the provision for doubtful accounts (bad debt expense). Management believes that no allowance is necessary.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return/(loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses. Investments include equity securities of public companies which are carried at fair value based on quoted market prices.

Property and Equipment

Property and equipment additions are recorded at cost, if purchased, and at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed, and any resulting gain or loss is included in the Statement of Activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment in fiscal years 2021 or 2020.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) 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 while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position. Grant revenue from contributions that were initially conditional, which became unconditional with restrictions during the reporting period, and for which those restrictions were met during the reporting period, is reported as net assets without donor restrictions.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Special events revenue is recognized equal to the fair value of direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

Program service fees are recognized over the program period. Payments are required at the start of the program period; amounts received in advance are deferred to the applicable period and reported as contract liabilities.

Rental income is recognized when the performance obligation of providing space is satisfied.

Donated Services and In-Kind Donations

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by Generally Accepted Accounting Principles. Generally Accepted Accounting Principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated professional services are recorded at the respective fair values of the services received. Contributed goods are recorded at fair value at the date of donation and as expenses when placed in service or distributed. Donated use of facilities is reported as a contribution and as an expense at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the amount is reported as a contribution and an unconditional promise to give at the date of the gift, and the expense is reported over the term of use.

Advertising Costs

Advertising costs are expensed as incurred and are reported in the Statement of Activities and Statement of Functional Expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes, which are allocated by direct time and on the basis of estimates of time and effort.

Income Taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for charitable contribution deductions, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, The Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. In fiscal years 2021 and 2020, the Organization was not subject to unrelated business income tax and did not file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and entities supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Board of Directors. Although the fair value of investments is subject to fluctuation on a year-to-year basis, the Board believes that its investment policies and guidelines are prudent for the long-term welfare of the Organization.

Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in

pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

New Accounting Standards to be Adopted in the Future

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash or other financial assets. It also requires certain disclosures for each category of contributed nonfinancial assets recognized. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. This ASU will be effective for the Organization for the year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The ASU requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This ASU will be effective for the Organization for the fiscal year ending June 30, 2024. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, are comprised of the following at June 30, 2021 and 2020:

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 744,448	\$ 617,363
Contributions receivable	147,999	195,691
Grants receivable	43,009	4,214
Accounts receivable	21,431	9,739
Investments	<u>657,375</u>	<u>351,113</u>
Total financial assets	1,614,262	1,178,120
Less amounts not available to be used within one year:		
Receivables in excess of one year	(84,000)	(128,000)
Perpetual restrictions	<u>(300,150)</u>	<u>(300,150)</u>
	<u>(384,150)</u>	<u>(428,150)</u>
Financial assets available to meet expenditures over the next year	\$ <u>1,230,112</u>	\$ <u>749,970</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As part of its liquidity management plan, the Organization also has a line of credit totaling \$230,000 that is available for operating purposes.

4. Contributions Receivable

The carrying amount of contributions receivable due in more than one year is based on the discounted net present value of the expected future cash receipts, and approximates fair value. Unconditional contributions receivables are estimated to be collected as follows at June 30, 2021 and 2020:

	<u>2021</u>			<u>2020</u>		
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Within one year	\$ 91,666	\$ (7,167)	\$ 84,499	\$ 67,691	\$ -	\$ 67,691
One to five years	63,500	-	63,500	123,000	-	123,000
More than five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total	\$ <u>155,166</u>	\$ <u>(7,167)</u>	\$ <u>147,999</u>	\$ <u>195,691</u>	\$ <u>-</u>	\$ <u>195,691</u>

No discount was applied to contributions receivable at June 30, 2021 and June 30, 2020 since it was determined to be immaterial.

5. Investments

Investments, measured at fair value on a recurring basis and categorized in the fair value hierarchy as Level 1, consist of the following at June 30, 2021 and 2020:

<u>Investment Type</u>	<u>2021</u>	<u>2020</u>
Money market funds	\$ 109,560	\$ 14,154
Mutual funds	537,280	333,311
Equities	<u>10,535</u>	<u>3,648</u>
Total	\$ <u>657,375</u>	\$ <u>351,113</u>

Unrealized gains recognized during fiscal years 2021 and 2020 on equity securities totaled \$99,285 and \$1,856, respectively.

6. Property and Equipment

Property and equipment is comprised of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 123,718	\$ 123,718
Building and improvements	3,311,261	3,293,971
Leasehold improvements	127,260	127,260
Equipment and furniture	231,750	203,178
Vehicles	<u>87,866</u>	<u>87,866</u>
Subtotal	3,881,855	3,835,993
Less accumulated depreciation	<u>(957,310)</u>	<u>(812,394)</u>
Total	<u>\$ 2,924,545</u>	<u>\$ 3,023,599</u>

7. Beneficial Interest

The Organization is a beneficiary of a designated fund (the Fund) at The New Hampshire Charitable Foundation (the Foundation). Pursuant to the terms of the resolution establishing this Fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Organization. In accordance with its spending policy, the Foundation makes distributions from the Fund to the Organization. The distributions are approximately 4% of the market value of the Fund per year. The Fund is not included in these financial statements, since all property in the Fund was contributed to the Foundation to be held and administered for the benefit of the Organization.

No contributions were made to the fund during the years ended June 30, 2021 and 2020. Distributions of \$9,775 and \$7,776 were made from the Fund during the years ended June 30, 2021 and 2020, respectively. The market value of Fund assets was approximately \$244,264 and \$189,000 on June 30, 2021 and 2020, respectively.

8. Line of Credit

At June 30, 2021 and 2020, the Organization had an operating line of credit with a bank, with a maximum credit available of \$230,000. Amounts borrowed on the credit line are payable on demand and carry an interest rate based on the Wall Street Journal Prime Rate plus 1.75% (5.00% at June 30, 2021). The credit line is secured by real property. The outstanding balance on this line was \$0 and \$220,855 at June 30, 2021 and 2020, respectively.

At June 30, 2020, the Organization also had a capital revolving line of credit with an outstanding balance of \$198,639. This line was paid in full during fiscal year 2021.

9. Long-Term Debt

Long-term debt consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Mortgage payable to New Hampshire Health and Education Facilities Authority, secured by four vehicles, due in monthly installments of \$1,644 including principal and interest at 1%, due February 2023.	\$ 37,434	\$ 56,682
Term loan to Eastern Bank, secured by all business assets, due in monthly installments of \$1,614, including principal and interest at 3.5%, due November 2025.	<u>65,877</u>	<u>-</u>
Total	103,311	56,682
Less amount due within one year	<u>(32,488)</u>	<u>(19,247)</u>
Long-term debt, net of current portion	<u>\$ 70,823</u>	<u>\$ 37,435</u>

Maturities of long-term debt are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 32,488
2023	35,931
2024	18,583
2025	12,041
2026	<u>4,268</u>
Total	<u>\$ 103,311</u>

10. Contract Liabilities

Upon receipt of a prepayment from a customer, the Organization recognizes a contract liability in the amount of the prepayment for its performance obligation to provide services or programs in the future. The Organization's recorded contract liabilities are expected to be recognized as revenue in the next fiscal year, when it provides those services and programs and, therefore, satisfies its performance obligations.

11. Payroll Protection Program

In April 2020 and February 2021, the Organization received loan proceeds of \$240,000 and \$240,500, respectively, under the Small Business Administration (SBA) Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020, provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses. The loan and accrued interest may be forgiven after twenty-four weeks providing the Organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the twenty-four week period. Any unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with deferral of payments for the first ten months. During fiscal years 2021 and 2020, the Organization used the proceeds for purposes consistent with the PPP requirements. The Organization has applied the conditional contribution model as described in FASB ASC 958-605 to recognize PPP loan proceeds as contribution income for the portion of the PPP loans where conditions have been substantially met by incurring qualifying expenses and other PPP loan requirements. As of June 30, 2021, the Organization has recognized the entire amount of the two PPP loans as contribution income. In February 2021, the Organization received full forgiveness of the first PPP loan totaling \$240,000. While the Organization currently believes that its use of the remaining loan proceeds will meet the conditions for forgiveness of the loan, the Organization cannot guarantee that the loan will be forgiven, in whole or in part.

12. Perpetual Endowment

The Organization's endowment policy is guided by the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and the applicable laws of the State of New Hampshire to which the Organization's endowment funds are subject. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, gifts retained in perpetuity include (a) the original value of initial and subsequent gift amounts (including promises to give, net of discount and allowance for doubtful accounts) and (b) any accumulations to the endowment required in accordance with the direction of the applicable donor gift instrument.

At June 30, 2021 and 2020 donor restricted net assets held in perpetuity totaled \$300,150. There were no endowment contributions during the current or prior fiscal years. All income generated on existing perpetual endowment was unrestricted and was available and appropriated for the Organization's exempt purpose, in accordance with donor gift instruments.

The Organization’s investment policy is intended to maximize return, while maintaining a high quality, short-to-intermediate term portfolio designed to minimize principal risk. The Organization’s endowment fund investment policy provides for an asset allocation of 60% investment in equities and 40% in bonds or other money instruments. Income generated by the endowment is used for general operations pursuant to the donor’s wishes.

13. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Capital campaign	\$ 45,442	\$ 110,137
Playground	171,664	-
Gym renovations	<u>-</u>	<u>5,000</u>
Subtotal purpose restrictions	217,106	115,137
Time restrictions	81,000	82,000
Perpetual restrictions	<u>300,150</u>	<u>300,150</u>
Total	\$ <u>598,256</u>	\$ <u>497,287</u>

Net assets were released from restrictions by incurring expenses that satisfy the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

14. Contributed Nonfinancial Assets

In fiscal years 2021 and 2020, the Organization received contributed auction items with an estimated value of approximately \$62,000 and \$41,000, respectively. In addition, the Organization received in-kind rent totaling \$12,600 and \$0 in fiscal years 2021 and 2020, respectively.

15. Retirement Plan

The Organization adopted a Simple Retirement Plan effective January 1, 2010. The plan covers substantially all employees. In general, the Organization can either make up to a 3% matching contribution to participating employee accounts or a 2% contribution for all employees. The Organization contributed \$14,772 to the plan for the year ended June 30, 2021 and \$19,126 for the year ended June 30, 2020.

16. Contingencies

The Organization receives funds from various state, county, and city grants. Under the terms of these grants, the Organization is required to use the money within the grant period for purposes specified in the grant proposal. If expenditures of the grant were found not to have been made in compliance with the proposal, the Organization might be required to repay the grantor's funds. Because specific amounts, if any, have not been determined by grantor agency audits or assessed as of June 30, 2021 and 2020, no provision has been made for these contingencies.

The Organization received funding totaling \$500,000 under a state grant from the Community Development Finance Authority (CDFA) for the purpose of renovating the Burke Street property in Nashua, New Hampshire. Under the terms of this grant, CDFA retains a secured interest on the Organization's Burke Street property for a period of ten years.

In the event that the property is sold to a third party without CDFA approval, the Organization is required to repay to CDFA an amount equal to the total funds disbursed by CDFA for the project, amortized over a ten-year period. Because the Organization does not plan to sell the property within the ten-year period, no provision has been made for these contingencies.

The Nashua Housing Authority (the Authority) donated the Burke Street property to the Organization as a requirement of the grant from CDFA. The property must be operated as community center for the next ten-year period and the Organization cannot convey, sublease or transfer the property without prior written approval of the Authority and HUD during this period.

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on those we serve, our funders, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

17. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

18. Subsequent Events

Subsequent events have been evaluated through December 2, 2021, the date the financial statements were available to be issued.