

**NEW HAMPSHIRE CENTER FOR  
PUBLIC POLICY STUDIES**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

## TABLE OF CONTENTS

Independent auditor's report.....	1
Statements of financial position.....	3
Statements of activities.....	4
Statements of functional expenses.....	5
Statements of cash flows .....	6
Notes to financial statements .....	7



HESSION & PARE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

62 Stark Street, Manchester, New Hampshire 03101  
603-669-5477 FAX 603-669-0197

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
New Hampshire Center for Public Policy Studies  
Concord, New Hampshire

We have reviewed the accompanying financial statements of New Hampshire Center for Public Policy Studies (the "Center") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

To the Board of Directors  
New Hampshire Center for Public Policy Studies

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Report on 2015 Financial Statements**

The 2015 financial statements were audited by other auditors, and they expressed an unmodified opinion on them in their report dated July 26, 2016. They have not performed any auditing procedures since that date.

HESSION V. PARR, P.C.

Manchester, New Hampshire  
June 21, 2017

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Assets		
Current assets		
Cash- unrestricted	\$ 173,842	\$ 261,644
Prepaid expenses	5,805	4,462
Sponsored project grant receivables	38,522	27,214
Pledge receivables, current	<u>9,600</u>	<u>12,600</u>
Total current assets	227,769	305,920
Property, plant and equipment		
Equipment and furnishings	21,120	21,120
Less accumulated depreciation	<u>(18,870)</u>	<u>(17,845)</u>
Net depreciated value	2,250	3,275
Other assets		
Pledge receivables- long term	2,600	13,600
Security deposits	<u>1,738</u>	<u>1,738</u>
Total other assets	<u>4,338</u>	<u>15,338</u>
Total assets	<u>\$ 234,357</u>	<u>\$ 324,533</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 1,444	\$ 654
Payroll liabilities	10,735	13,405
Unearned grant revenue	<u>20,000</u>	<u>64,115</u>
Total current liabilities	<u>32,179</u>	<u>78,174</u>
Net assets		
Unrestricted		
Operating	(28,910)	(6,279)
Board designated reserve	218,888	218,888
Temporarily restricted	<u>12,200</u>	<u>33,750</u>
Total net assets	<u>202,178</u>	<u>246,359</u>
Total liabilities and net assets	<u>\$ 234,357</u>	<u>\$ 324,533</u>

See notes to financial statements.

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2016 and 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
Public support				
Sponsored project grant income	\$ 122,092	\$ -	\$ 122,092	\$ 215,004
Contributions	140,541	2,700	143,241	197,270
Net assets released from restrictions	<u>24,250</u>	<u>(24,250)</u>	<u>-</u>	<u>-</u>
Total public support	<u>286,883</u>	<u>(21,550)</u>	<u>265,333</u>	<u>412,274</u>
Other revenue				
Dividend and interest income	<u>276</u>	<u>-</u>	<u>276</u>	<u>333</u>
Total revenue	<u>287,159</u>	<u>(21,550)</u>	<u>265,609</u>	<u>412,607</u>
Expenses				
Public engagement and media	114,842	-	114,842	158,839
Research	81,848	-	81,848	134,483
Management and general	88,447	-	88,447	84,795
Fundraising	<u>24,653</u>	<u>-</u>	<u>24,653</u>	<u>29,160</u>
Total expenses	<u>309,790</u>	<u>-</u>	<u>309,790</u>	<u>407,277</u>
(Decrease) increase in net assets from operations	(22,631)	(21,550)	(44,181)	5,330
Net assets, beginning of year	<u>212,609</u>	<u>33,750</u>	<u>246,359</u>	<u>241,029</u>
Net assets, end of year	<u>\$ 189,978</u>	<u>\$ 12,200</u>	<u>\$ 202,178</u>	<u>\$ 246,359</u>

See notes to financial statements.

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2016 and 2015

	Public		Support		2016	2015
	Engagement & Media	Research	Services Management & General	Fundraising		
Salaries	\$ 66,612	\$ 47,475	\$ 51,302	\$ 14,303	\$ 179,692	\$ 259,875
Employee benefits	13,969	9,956	10,758	2,999	37,682	52,056
Payroll taxes	5,048	3,598	3,888	1,084	13,618	17,405
Total salaries and related expenses	85,629	61,029	65,948	18,386	230,992	329,336
Occupancy	10,418	7,425	8,023	2,237	28,103	27,676
Consultants & contract	4,963	3,537	3,823	1,066	13,389	3,584
Technology/network support	4,111	2,930	3,166	882	11,089	12,914
Accounting expense	2,002	1,427	1,542	429	5,400	3,400
Telephone	1,928	1,374	1,485	413	5,200	5,874
Travel and meals	1,350	962	1,040	291	3,643	5,482
Printing	1,044	744	804	225	2,817	4,563
Bad debt expense	977	696	752	210	2,635	-
Miscellaneous	536	382	413	114	1,445	2,034
Supplies	396	282	305	80	1,063	2,020
Postage	384	274	296	82	1,036	1,996
Depreciation	380	271	293	81	1,025	4,076
Insurance	311	221	239	67	838	2,025
Library/reference material	190	135	146	41	512	919
Payroll service fees	130	92	100	28	350	235
Bank service charges	50	36	39	11	136	208
Conferences	43	31	33	10	117	935
Total expenses	\$ 114,842	\$ 81,848	\$ 88,447	\$ 24,653	\$ 309,790	\$ 407,277

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (44,181)	\$ 5,330
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities		
Depreciation	1,025	4,076
(Increase) decrease in prepaid expenses	(1,343)	964
(Increase) decrease in sponsored project grant receivables	(11,308)	5,541
Decrease (increase) in pledge receivables	14,000	(8,000)
Increase (decrease) in accounts payable	790	(1,322)
(Decrease) in accounts payable	(2,670)	(150)
(Decrease) increase in deferred income	<u>(44,115)</u>	<u>64,115</u>
Net cash (used in) provided by operating activities	<u>(87,802)</u>	<u>70,554</u>
Cash, beginning of year	<u>261,644</u>	<u>191,090</u>
Cash, end of year	<u><u>\$ 173,842</u></u>	<u><u>\$ 261,644</u></u>

See notes to financial statements.



## NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. NATURE OF ACTIVITIES

The New Hampshire Center for Public Policy Studies (the "Center") is a New Hampshire nonprofit corporation that pursues data-based research on public policy matters, develops options, informs policy makers and advises them about choices for action. The Center's revenue is derived from philanthropic contributions and project specific grants.

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

##### Significant accounting policies

The Center prepares its financial statements on the accrual basis of accounting. The following accounting policies are presented to facilitate the understanding of information presented in the financial statements.

##### Net assets

The Center is required to report information regarding its financial position and activities according to three classes of net assets. 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. There are no permanently restricted net assets.

##### Use of estimates

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

**NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES**

**NOTES TO FINANCIAL STATEMENTS**

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

**Comparative totals**

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**Cash and cash equivalents**

The Center considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Sponsored project grant receivables**

Sponsored project grant receivables consist of amounts due from grantors to underwrite specific research projects. Amounts are carried at cost. The Center does not record an allowance for doubtful accounts since amounts are based on awarded grants. The Center does not accrue interest on sponsored project grant receivables.

**Pledge receivables**

Contributions are recognized when the donor promises to give an amount to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrecognized net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Property, plant and equipment**

Property, plant and equipment is stated at cost. Depreciation expense is computed on a straight-line method based on the estimated useful lives of the assets over 3 to 7 years. All items over \$1,000 are capitalized.

Expenditures from maintenance, repairs, renewals and improvements, which do not materially extend the useful lives of the assets, are expensed.

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

NOTES TO FINANCIAL STATEMENTS

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

**Board designated funds**

In 2004, the Board of Directors voted to designate a specific purpose fund. This fund cannot be used without the approval of the Board of Directors. The amount of the designated reserve is based on covering operating expenses for a six to nine month period.

<u>Fund balance reserve account</u>	<u>2016</u>	<u>2015</u>
This fund is designated to sustain operations in the event of loss of funding	<u>\$ 218,888</u>	<u>\$ 218,888</u>

**Support services management and general**

These expenses include all administrative support staff and all project development expenses, and some limited staff time which can be considered direct program expenditures.

**Expense allocation**

The allocation of all expenses is based on time spent on specific projects.

**Note 3. FAIR VALUE MEASUREMENT**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs in the fair value hierarchy are described as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

NOTES TO FINANCIAL STATEMENTS

**Note 3. FAIR VALUE MEASUREMENT (concluded)**

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**Note 4. PLEDGE RECEIVABLES**

At December 31, 2016 and 2015, pledge receivables included the following:

	<u>2016</u>	<u>2015</u>
Payable within one year	\$ 9,600	\$ 12,600
Payable in two to five years	<u>2,600</u>	<u>13,600</u>
Total pledge receivables	<u>\$ 12,200</u>	<u>\$ 26,200</u>

Pledge receivables are reported at fair value, which is estimated as the net present value of expected future cash inflows on a non-recurring basis. As discussed in Note 3, the valuation technique used by the Center is a Level 3 measure because there are no observable market transactions.

**Note 5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent amounts received in current and prior years restricted by donors for specific purposes and years. A summary as of December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Restricted for future use	<u>\$ 12,200</u>	<u>\$ 33,750</u>

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES

NOTES TO FINANCIAL STATEMENTS

**Note 6. INCOME TAXES**

The Center is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Center is also exempt from state income taxes by virtue of its ongoing exemption from federal income taxes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Center complies with the *Accounting for Uncertainty in Income Taxes* standard. Accordingly, management has evaluated its tax positions and has concluded that the Center has maintained its tax exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment or disclosure in its financial statements. With few exceptions, the Center is no longer subject to income tax examination by U.S. Federal or State tax authorities for years before 2014.

**Note 7. OPERATING LEASE**

The Center leases space under an operating lease from an unrelated party on a month to month basis. For the years ended December 31, 2016 and 2015, rent expense was \$28,103 and \$27,676, respectively.

**Note 8. EMPLOYEE BENEFIT PLANS**

The Center has a 403(b) Plan to provide retirement and incidental benefits for its employees. Employees may contribute 3% or 6% of their annual compensation to the plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Center matches employee contributions at a rate of 5.5% and 11% for employee contributions of 3% and 6%, respectively. In 2016 and 2015, matching contributions to the Plan totaled \$13,868 and \$24,313, respectively.

**Note 9. CONCENTRATIONS**

In 2016, approximately 44% of the Center's funding was provided by sponsored project grants, where the Center is under contract with another Center for performing specific research services.

Philanthropic contributions consisted of 57% funding. These general contributions allow the Center flexibility in selecting subjects for their independent research work.

**NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. SUBSEQUENT EVENTS**

The Center has evaluated subsequent events through June 21, 2017, 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 December 31, 2016.