

NEW HAMPSHIRE CENTER FOR
PUBLIC POLICY STUDIES

FINANCIAL STATEMENT

FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

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Burnham & Malmborg

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INDEPENDENT ACCOUNTANTS REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of New Hampshire Center for Public Policy Studies as of December 31, 2014, and the related statements of activities and functional expenses, and cash flows for the year then ended. 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 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no 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 report.

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 conformity with the accounting principles generally accepted in the United States of America

The financial statements for the year ended December 31, 2013, were audited by us, in our report dated September 7, 2014, and are presented for comparative purposes.

Burnham & Malmborg

Burnham & Malmborg, PA
Concord, New Hampshire
July 11, 2015

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash - Unrestricted	\$ 191,090	\$ 368,066
Prepaid Expenses	5,426	2,320
Sponsored Project Grant Receivables	32,755	32,000
Pledge Receivables, Current	<u>6,600</u>	<u>-0-</u>
Total Current Assets	235,871	402,386
 PROPERTY, PLANT AND EQUIPMENT		
Equipment & Furnishings	21,120	17,166
Less Accumulated Depreciation	<u>(13,769)</u>	<u>(10,088)</u>
Net Depreciated Value	7,351	7,078
 OTHER ASSETS		
Pledge Receivables - Long Term	11,600	-0-
Security Deposits	<u>1,738</u>	<u>1,738</u>
TOTAL OTHER ASSETS	<u>13,338</u>	<u>3,738</u>
TOTAL ASSETS	<u>\$ 256,560</u>	<u>\$ 411,202</u>

The Accompanying Notes are an Integral Part of These Financial Statements

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
 STATEMENTS OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,976	\$ 12,393
Payroll Liabilities	13,555	27,153
Unearned Grant Revenue	<u>-0-</u>	<u>61,333</u>
TOTAL CURRENT LIABILITIES	15,531	100,879
NET ASSETS		
Unrestricted		
Operating	(31,059)	3,150
Board Designated Reserve (Note B)	218,888	288,533
Temporarily Restricted (Note F)	<u>53,200</u>	<u>18,640</u>
TOTAL NET ASSETS	<u>241,029</u>	<u>310,323</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 256,560</u>	<u>\$ 411,202</u>

The Accompanying Notes are an Integral Part of These Financial Statements

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT		
Sponsored Project Grant Income	\$ 153,617	\$ 235,599
Contributions	<u>192,290</u>	<u>171,750</u>
Total Public Support	345,907	407,349
OTHER REVENUES (EXPENSES)		
Dividend and Interest Income	850	1,882
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of Time Restriction	8,640	27,000
FUNCTIONAL EXPENSES		
Total Functional Expenses	(459,251)	(467,065)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(103,854)</u>	<u>(30,834)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	43,200	18,640
Expiration of Time Restrictions	<u>(8,640)</u>	<u>(27,000)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>34,560</u>	<u>(8,360)</u>
INCREASE (DECREASE) IN NET ASSETS	(69,294)	(39,194)
NET ASSETS, BEGINNING OF YEAR	<u>310,323</u>	<u>349,517</u>
NET ASSETS, END OF YEAR	<u>\$ 241,029</u>	<u>\$ 310,323</u>

The Accompanying Notes are an Integral Part of These Financial Statements

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Public Engagement And Media	Research	Support Services Management And General	Fundraising	Total
			(Note B)		
Salaries	\$108,093	\$ 95,824	\$ 46,833	\$ 22,487	\$273,237
Payroll Taxes	7,664	6,794	3,321	1,594	19,373
Employee Benefits	21,862	19,380	9,472	4,548	55,262
Bank Service Charges	166	147	72	35	420
Miscellaneous	643	570	279	133	1,625
Consultants & Contract	13,836	12,265	5,995	2,878	34,974
Accounting Expense	2,136	1,894	926	444	5,400
Supplies	1,044	926	452	217	2,639
Occupancy	11,187	9,917	4,847	2,327	28,278
Printing	2,224	1,971	963	463	5,621
Postage	489	433	212	101	1,235
Telephone	2,748	2,436	1,191	571	6,946
Library/Reference Material	494	438	214	102	1,248
Insurance	1,191	1,056	516	247	3,010
Travel and Meals	2,578	2,285	1,117	536	6,516
Conferences	476	422	206	100	1,204
Payroll Service Fees	99	88	43	21	251
Technology/Network Support	3,296	2,922	1,428	685	8,331
Depreciation	<u>1,456</u>	<u>1,291</u>	<u>631</u>	<u>303</u>	<u>3,681</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$181,682</u>	<u>\$161,059</u>	<u>\$ 78,718</u>	<u>\$ 37,792</u>	<u>\$459,251</u>

The Accompanying Notes are an Integral Part of These Financial Statements

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Public Engagement <u>And Media</u>	<u>Research</u>	Support Services Management <u>And General</u>	<u>Fundraising</u>	<u>Total</u>
			(Note B)		
Salaries	\$116,486	\$102,281	\$ 48,299	\$ 17,047	\$284,113
Payroll Taxes	9,024	7,924	3,742	1,320	22,010
Employee Benefits	24,370	21,398	10,105	3,566	59,439
Bank Service Charges	507	445	210	75	1,237
Miscellaneous	5,330	4,680	2,210	781	13,001
Consultants & Contract	7,839	6,883	3,250	1,148	19,120
Accounting Expense	1,394	1,224	578	204	3,400
Supplies	2,416	2,121	1,002	354	5,893
Occupancy	8,741	7,675	3,624	1,280	21,320
Printing	3,658	3,212	1,517	534	8,921
Postage	768	674	318	112	1,872
Telephone	2,697	2,368	1,118	394	6,577
Library/Reference Material	265	233	110	38	646
Insurance	961	843	398	141	2,343
Travel and Meals	2,414	2,120	1,001	353	5,888
Conferences	580	509	240	85	1,414
Payroll Service Fees	94	83	39	14	230
Technology/Network Support	2,608	2,290	1,081	382	6,361
Depreciation	<u>1,345</u>	<u>1,181</u>	<u>558</u>	<u>196</u>	<u>3,280</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$191,497</u>	<u>\$168,144</u>	<u>\$ 79,400</u>	<u>\$ 28,024</u>	<u>\$467,065</u>

The Accompanying Notes are an Integral Part of These Financial Statements

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (69,294)	\$ (39,194)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	3,681	3,280
(Increase)Decrease in Operating Assets		
Sponsored Project Grant Receivables	(755)	(25,459)
Pledge Receivables	(18,200)	3,500
Prepaid Expenses	(3,106)	1,591
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(10,418)	5,963
Payroll Liabilities	(13,598)	1
Deferred Income	<u>(61,333)</u>	<u>30,068</u>
Total Adjustments	<u>(103,729)</u>	<u>(20,250)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(173,023)	(18,062)
CASH USED BY INVESTING ACTIVITIES		
Acquisition of equipment	<u>(3,953)</u>	<u>(1,172)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(3,953)</u>	<u>(1,172)</u>
NET INCREASE (DECREASE) IN CASH	(176,976)	(21,422)
CASH, BEGINNING OF YEAR	<u>368,066</u>	<u>389,488</u>
CASH, END OF YEAR	<u>\$ 191,090</u>	<u>\$ 368,066</u>

The Accompanying Notes are an Integral Part of These Financial Statements

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
NOTES TO THE FINANCIAL STATEMENTS

A. - NATURE OF ORGANIZATION

Nature of Activities

The New Hampshire Center for Public Policy Studies (the “Organization”) 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 Organization’s revenue is derived from philanthropic contributions and project specific grants.

B. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization 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.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 Organization does not record an allowance for doubtful accounts since amounts are based on awarded grants. The Organization does not accrue interest on sponsored project grant receivables.

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

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.

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
NOTES TO THE FINANCIAL STATEMENTS

Cash and Cash Equivalent

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

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>2014</u>	<u>2013</u>
This fund is designed to sustain operations in the event of loss of funding.	<u>\$218,888</u>	<u>\$284,910</u>

Expense Allocation

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

Pledge Receivables

Contributions are recognized when the donor promises to give an amount to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted 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.

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 THE FINANCIAL STATEMENTS

C. – OPERATING LEASE

The Organization leases space under an operating lease from an unrelated party. On July 16, 2013 the lease was amended to extend the lease to December 31, 2016.

Minimum future rental expense for the remaining years under this lease agreement is as follows:

<u>Years Ending</u> <u>December 31,</u>	<u>2014</u>	<u>2013</u>
2014	-0-	25,020
2015	25,368	25,368
2016	<u>25,715</u>	<u>25,715</u>
Total	<u>\$ 51,083</u>	<u>\$ 76,103</u>

Rent expense for the years ended December 31, 2014 and 2013 was \$28,278 and \$21,320, respectively.

D. – PLEDGE RECEIVABLES

At December 31, 2014 AND 2013, Pledge Receivables included the following:

	<u>2014</u>	<u>2013</u>
Payable Within One Year	\$ 6,600	\$ -0-
Payable in Two to Five Years	<u>\$ 11,600</u>	<u>\$ -0-</u>
Total Pledge Receivables	<u>\$ 18,200</u>	<u>\$ -0-</u>

E. – 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 the U.S. Federal or State tax authorities for years before 2012.

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
NOTES TO THE FINANCIAL STATEMENTS

F. – RESTRICTED NET ASSETS

Restricted balances represent amounts received in current and prior years restricted by donors for specific purposes and years and are reported as temporarily restricted net assets. This amount is reported as Temporarily Restricted Net Assets. A summary as of December 31, 2014 and 2013 follows:

Temporarily Restricted Net Assets	<u>2014</u>	<u>2013</u>
Restricted for Future Use	<u>\$ 53,200</u>	<u>\$ 18,640</u>

G. – EMPLOYEE BENEFIT PLANS

The Organization 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 Organization matches employee contributions at a rate of 5.5% and 11% for employee contributions of 3% and 6%, respectively. Organization matching contributions to the Plan totaled \$28,543 and \$26,764 in 2014 and 2013, respectively.

H. – CONCENTRATIONS

In 2014, approximately 54% of the Organization’s funding was provided from sponsored project grants, where the Center is under contract with another organization for performing specific research services.

Philanthropic contributions consisted of 46% funding. These general contributions allow the Center flexibility in selecting subjects for the Center’s independent research work.

I. – SUBSEQUENT EVENTS

The Center has evaluated events through the date the financial statements were available to be issued, July 11, 2015. The Center determined that there were no material subsequent events that require disclosure.

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
NOTES TO THE FINANCIAL STATEMENTS

J. – 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.

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.

The following tables set forth by level, within the fair value hierarchy, the Center’s assets and liabilities at fair value as of December 30, 2014 and 2013:

	Fair Value as of December 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Institutional money market funds	\$ 84,523	-0-	-0-	\$ 84,523

	Fair Value as of December 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Institutional money market funds	\$112,499	-0-	-0-	\$112,499

The institutional money market funds are reported with cash and cash equivalents on the statements of financial position.

K. – GOING CONCERN

The Center has had net operating losses for the last four years. The Center’s ability to continue as a going concern is dependent on the success of management’s plans. The accompany financial statements do not include any adjustments that might be necessary related to the recoverability or classification of recorded assets or the amounts or classification of liabilities in the event management’s plans are not successful.