

NEW HAMPSHIRE CENTER FOR
PUBLIC POLICY STUDIES

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014

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Burnham & Malmborg

Professional Association
Certified Public Accountants
155 Manchester Street
Concord New Hampshire 03301
(603) 225-7600

INDEPENDENT ACCOUNTANTS REVIEW REPORT

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

We have audited the accompanying financial statements of New Hampshire Center for Public Policy Studies (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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.

Auditor's 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. 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 auditor's 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 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 New Hampshire Center for Public Policy Studies as of December 31, 2015, 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 Comparative Information

The financial statements for the year ended December 31, 2014, were reviewed by us, in our report dated July 11, 2015 and are presented for comparative purposes.

Burnham & Malmberg

Burnham & Malmberg, PA
Concord, New Hampshire
July 26, 2016

NEW HAMPSHIRE CENTER FOR PUBLIC POLICY STUDIES
 STATEMENTS OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash - Unrestricted	\$ 261,644	\$ 191,090
Prepaid Expenses	4,462	5,426
Sponsored Project Grant Receivables	27,214	32,755
Pledge Receivables, Current	<u>12,600</u>	<u>6,600</u>
Total Current Assets	305,920	235,871
PROPERTY, PLANT AND EQUIPMENT		
Equipment & Furnishings	21,120	21,120
Less Accumulated Depreciation	<u>(17,845)</u>	<u>(13,769)</u>
Net Depreciated Value	3,275	7,351
OTHER ASSETS		
Pledge Receivables - Long Term	13,600	11,600
Security Deposits	<u>1,738</u>	<u>1,738</u>
TOTAL OTHER ASSETS	<u>15,338</u>	<u>13,338</u>
TOTAL ASSETS	<u>\$ 324,533</u>	<u>\$ 256,560</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 654	\$ 1,976
Payroll Liabilities	13,405	13,555
Unearned Grant Revenue	<u>64,115</u>	<u>-0-</u>
TOTAL CURRENT LIABILITIES	78,174	15,531
NET ASSETS		
Unrestricted		
Operating	(6,279)	(31,059)
Board Designated Reserve (Note B)	218,888	218,888
Temporarily Restricted (Note F)	<u>33,750</u>	<u>53,200</u>
TOTAL NET ASSETS	<u>246,359</u>	<u>241,029</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 324,533</u>	<u>\$ 256,560</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT		
Sponsored Project Grant Income	\$ 215,004	\$ 153,617
Contributions	<u>175,120</u>	<u>192,290</u>
Total Public Support	390,124	345,907
OTHER REVENUES (EXPENSES)		
Dividend and Interest Income	333	850
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of Time Restriction	41,600	8,640
FUNCTIONAL EXPENSES		
Total Functional Expenses	<u>(407,277)</u>	<u>(459,251)</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>24,780</u>	<u>(103,854)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	22,150	43,200
Expiration of Time Restrictions	<u>(41,600)</u>	<u>(8,640)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(19,450)</u>	<u>34,560</u>
INCREASE (DECREASE) IN NET ASSETS	5,330	(69,294)
NET ASSETS, BEGINNING OF YEAR	<u>241,029</u>	<u>310,323</u>
NET ASSETS, END OF YEAR	<u>\$ 246,359</u>	<u>\$ 241,029</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, 2015

	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	\$101,351	\$ 85,811	\$ 54,106	\$ 18,607	\$259,875
Payroll Taxes	6,788	5,747	3,624	1,246	17,405
Employee Benefits	20,302	17,189	10,838	3,727	52,056
Bank Service Charges	81	69	43	15	208
Miscellaneous	793	672	423	146	2,034
Consultants & Contract	1,398	1,183	746	257	3,584
Accounting Expense	1,326	1,123	708	243	3,400
Supplies	788	667	420	145	2,020
Occupancy	10,794	9,138	5,762	1,982	27,676
Printing	1,780	1,506	950	327	4,563
Postage	778	659	416	143	1,996
Telephone	2,291	1,940	1,223	420	5,874
Library/Reference Material	358	303	191	67	919
Insurance	790	669	422	144	2,025
Travel and Meals	2,138	1,810	1,141	393	5,482
Conferences	365	309	195	66	935
Payroll Service Fees	92	78	49	16	235
Technology/Network Support	5,036	4,264	2,689	925	12,914
Depreciation	<u>1,590</u>	<u>1,346</u>	<u>849</u>	<u>291</u>	<u>4,076</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$158,839</u>	<u>\$134,483</u>	<u>\$ 84,795</u>	<u>\$ 29,160</u>	<u>\$407,277</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 <u>And Media</u>	<u>Research</u>	Support Services Management <u>And General</u>	<u>Fundraising</u>	<u>Total</u>
			(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
 STATEMENTS OF CASH FLOWS
 AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 5,330	\$ (69,294)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,076	3,681
(Increase)Decrease in Operating Assets		
Sponsored Project Grant Receivables	5,541	(755)
Pledge Receivables	(8,000)	(18,200)
Prepaid Expenses	964	(3,106)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(1,322)	(10,418)
Payroll Liabilities	(150)	(13,598)
Deferred Income	<u>64,115</u>	<u>(61,333)</u>
Total Adjustments	<u>65,224</u>	<u>(103,729)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	70,554	(173,023)
CASH USED BY INVESTING ACTIVITIES		
Acquisition of equipment	<u>-0-</u>	<u>(3,953)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-0-</u>	<u>(3,953)</u>
NET INCREASE (DECREASE) IN CASH	70,554	(176,976)
CASH, BEGINNING OF YEAR	<u>191,090</u>	<u>368,066</u>
CASH, END OF YEAR	<u>\$ 261,644</u>	<u>\$ 191,090</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>2015</u>	<u>2014</u>
This fund is designed to sustain operations in the event of loss of funding.	<u>\$218,888</u>	<u>\$218,888</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>2015</u>	<u>2014</u>
2015	-0-	25,368
2016	<u>25,715</u>	<u>25,715</u>
Total	<u>\$ 25,715</u>	<u>\$ 51,083</u>

Rent expense for the years ended December 31, 2015 and 2014 was \$27,676 and \$28,278, respectively.

D. – PLEDGE RECEIVABLES

At December 31, 2015 and 2014, Pledge Receivables included the following:

	<u>2015</u>	<u>2014</u>
Payable Within One Year	\$ 12,600	\$ 6,600
Payable in Two to Five Years	<u>\$ 13,600</u>	<u>\$ 11,600</u>
Total Pledge Receivables	<u>\$ 26,200</u>	<u>\$ 18,200</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 2013.

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, 2015 and 2014 follows:

Temporarily Restricted Net Assets	<u>2015</u>	<u>2014</u>
Restricted for Future Use	<u>\$ 33,750</u>	<u>\$ 53,200</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 \$24,313 and \$28,543 in 2015 and 2014, respectively.

H. – CONCENTRATIONS

In 2015, approximately 55% 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 45% 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 26,2016. 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, 2015 and 2014:

	Fair Value as of December 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Institutional money market funds	\$ 119,055	-0-	-0-	\$ 119,055

	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

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