

**SOCIETY FOR THE PROTECTION OF  
NEW HAMPSHIRE FORESTS**

**FINANCIAL STATEMENTS**

**APRIL 30, 2008**

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HESSION & PORE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

62 Stark Street, Manchester, New Hampshire 03101

603-669-5477 FAX 603-669-0197

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Society for the Protection  
of New Hampshire Forests  
Concord, New Hampshire

We have audited the accompanying statements of financial position of the Society for the Protection of New Hampshire Forests as of April 30, 2008 and 2007, and the related statements of activities, cash flows, and functional expenses, for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society for the Protection of New Hampshire Forests as of April 30, 2008 and 2007 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Hession & Pore PC*

Manchester, New Hampshire  
July 2, 2008

**SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS**

**STATEMENTS OF FINANCIAL POSITION**

**As of April 30, 2008 and 2007**

<b>ASSETS</b>		
	<u><b>2008</b></u>	<u><b>2007</b></u>
Current assets		
Cash and cash equivalents (Note 2)	\$ 1,680,071	\$ 2,548,759
Receivables		
Pledges receivable, current portion (Note 3)	965,475	87,048
Other receivables	33,802	48,298
Grant receivable (Note 4)	1,025,000	-
Inventories (Note 1)	54,834	79,943
Prepaid expenses	75,415	55,865
	<hr/>	<hr/>
Total current assets	3,834,597	2,819,913
	<hr/>	<hr/>
Investments (Notes 1 and 5)	16,199,548	16,494,364
	<hr/>	<hr/>
Pledges receivable (less current maturities) (Note 3)	36,567	37,751
	<hr/>	<hr/>
Land (Note 1)	46,893,452	44,092,170
Less allowance for restrictions	(1,190,039)	(1,190,039)
	<hr/>	<hr/>
Land, net	45,703,413	42,902,131
	<hr/>	<hr/>
Property and equipment (Note 1)		
Buildings and land improvements	5,378,400	5,116,420
Equipment	897,325	839,937
	<hr/>	<hr/>
	6,275,725	5,956,357
Less accumulated depreciation	(2,612,729)	(2,431,146)
	<hr/>	<hr/>
Property and equipment, net	3,662,996	3,525,211
	<hr/>	<hr/>
Other assets		
Inventories (Note 1)	535,744	431,854
Other long-term assets	234,199	234,199
	<hr/>	<hr/>
Total other assets	769,943	666,053
	<hr/>	<hr/>
Total assets	\$ 70,207,064	\$ 66,445,423
	<hr/>	<hr/>

See notes to financial statements.



**SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS**

**STATEMENT OF ACTIVITIES**

**Year Ended April 30, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	<u>Total</u>
Support and revenues				
Annual fund	\$ 512,019	\$ -	\$ -	\$ 512,019
Contributions	124,997	143,677	3,159,684	3,428,358
Bequests	338,944	-	-	338,944
Endowment gifts	-	30,908	119,935	150,843
Grants	142,903	116,938	-	259,841
Contributions of land	120,730	-	1,035,607	1,156,337
Investment income	816,928	55,385	304,206	1,176,519
Realized gain on investments	(28,791)	311,297	517,049	799,555
Unrealized gain on investments	(223,715)	(276,672)	(573,649)	(1,074,036)
Loss on sale of land	(29,034)	-	-	(29,034)
Gain on disposal of assets	1,500	-	-	1,500
Dues	413,056	-	-	413,056
Rental	224,851	-	-	224,851
Forest operations	355,596	-	-	355,596
Reimbursement for services	192,852	-	-	192,852
Sale of materials	318,281	-	-	318,281
Satisfaction of restrictions: payments	823,469	(632,912)	(190,557)	-
<b>Total public support</b>	<b>4,104,586</b>	<b>(251,379)</b>	<b>4,372,275</b>	<b>8,225,482</b>
Functional expenses				
Property management	1,213,150	-	-	1,213,150
Land protection	1,183,622	-	-	1,183,622
Education	85,577	-	-	85,577
Research	172,411	-	-	172,411
Communications	270,639	-	-	270,639
Membership	283,897	-	-	283,897
Policy	168,434	-	-	168,434
<b>Total</b>	<b>3,377,730</b>	<b>-</b>	<b>-</b>	<b>3,377,730</b>
Fundraising	402,657	-	-	402,657
Finance and administration	659,742	-	-	659,742
<b>Total</b>	<b>1,062,399</b>	<b>-</b>	<b>-</b>	<b>1,062,399</b>
<b>Total functional expenses</b>	<b>4,440,129</b>	<b>-</b>	<b>-</b>	<b>4,440,129</b>
(Decrease) increase in net assets	(335,543)	(251,379)	4,372,275	3,785,353
Net assets, beginning of year	13,646,769	2,807,429	49,502,440	65,956,638
Transfer to conform to donor intent (Note 11)	(377,736)	-	377,736	-
Adjusted assets, beginning of year	13,269,033	2,807,429	49,880,176	65,956,638
Net assets, end of year	\$ 12,933,490	\$ 2,556,050	\$ 54,252,451	\$ 69,741,991

See notes to financial statements.

**SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS**

**STATEMENT OF ACTIVITIES**

**Year Ended April 30, 2007**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues				
Annual fund	\$ 395,985	\$ -	\$ -	\$ 395,985
Contributions	195,304	81,811	1,029,219	1,306,334
Bequests	215,418	-	-	215,418
Endowment gifts	-	-	89,175	89,175
Grants	134,229	79,045	-	213,274
Contributions of land	19,000	-	5,739,545	5,758,545
Investment income	452,446	60,799	141,853	655,098
Realized gain on investments	20,078	222,101	370,466	612,645
Unrealized gain (loss) on investments	462,528	(83,013)	51,478	430,993
Dues	408,716	-	-	408,716
Rental	222,555	-	-	222,555
Forest operations	192,550	-	-	192,550
Reimbursement for services	199,469	-	-	199,469
Sale of materials	310,335	-	-	310,335
Satisfaction of restrictions: payments	677,709	(485,227)	(192,482)	-
Total public support	3,906,322	(124,484)	7,229,254	11,011,092
Functional expenses				
Property management	1,234,071	-	-	1,234,071
Land protection	1,008,698	-	-	1,008,698
Education	82,758	-	-	82,758
Research	169,791	-	-	169,791
Communications	225,123	-	-	225,123
Membership	268,087	-	-	268,087
Policy	205,088	-	-	205,088
Total	3,193,616	-	-	3,193,616
Fundraising	297,347	-	-	297,347
Finance and administration	596,463	-	-	596,463
Total	893,810	-	-	893,810
Total functional expenses	4,087,426	-	-	4,087,426
(Decrease) increase in net assets	(181,104)	(124,484)	7,229,254	6,923,666
Net assets, beginning of year	13,827,873	2,931,913	42,273,186	59,032,972
Net assets, end of year	\$ 13,646,769	\$ 2,807,429	\$ 49,502,440	\$ 65,956,638

See notes to financial statements.

**SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS**

**STATEMENTS OF CASH FLOWS**

**Years Ended April 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Increase in net assets	\$ 3,785,353	\$ 6,923,666
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	196,066	179,233
Net realized (gain) on investment transactions	(799,555)	(612,645)
Net unrealized loss (gain) on investments	1,074,036	(430,993)
Increase in present value of annuities	35,139	44,851
Contributions of land received	(1,156,337)	(5,739,545)
Loss on sale of land	29,034	-
(Gain) on disposal of assets	(1,500)	(40)
(Increase) decrease in pledges receivable	(877,243)	21,380
Decrease in receivables	14,496	62,379
(Increase) decrease in grant receivable	(1,025,000)	1,000,000
(Increase) decrease in prepaid expenses	(19,550)	9,693
(Increase) in inventories	(78,781)	(41,916)
Increase (decrease) in accounts payable	24,598	(64,975)
Increase in accrued liabilities	11,608	34,408
	<u>1,212,364</u>	<u>1,385,496</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Net cash flows from investment activities	20,335	116,080
Cash paid for land	(2,140,279)	(991,658)
Cash paid for property and equipment	(334,851)	(443,360)
Cash proceeds from sale of land	466,300	-
Cash proceeds from sale of fixed assets	2,500	500
	<u>(1,985,995)</u>	<u>(1,318,438)</u>
Net cash (used) by investing activities		
Cash flows from financing activities		
Net cash paid on annuities	(45,057)	(44,854)
Net cash received from (paid on) line of credit	-	(800,000)
Net cash paid on note payable	(50,000)	-
Net cash received from note receivable	-	125,000
	<u>(95,057)</u>	<u>(719,854)</u>
Net cash (used) provided by financing activities		
(Decrease) in cash and cash equivalents	(868,688)	(652,796)
Cash and cash equivalents, beginning of year	2,548,759	3,201,555
Cash and cash equivalents, end of year	<u>\$ 1,680,071</u>	<u>\$ 2,548,759</u>
Supplemental disclosure of cash flow information		
Interest paid in cash	<u>\$ -</u>	<u>\$ 32,857</u>
Income taxes paid in cash	<u>\$ 8,513</u>	<u>\$ 3,833</u>

See notes to financial statements.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2008  
(With comparative totals for 2007)

	Property Management	Land Protection	Education	Research	Communications	Membership	Policy	Fundraising	Administration	2008	2007
Expenses									Finance and		
Salaries	\$ 377,528	\$ 583,181	\$ 62,535	\$ 105,945	\$ 127,634	\$ 116,190	\$ 65,812	\$ 219,669	\$ 342,326	\$ 2,000,820	\$ 1,855,956
Employee benefits	107,101	155,477	11,423	29,253	31,833	34,391	22,252	48,755	98,685	539,170	479,454
Salaries and related expenses	484,629	738,658	73,958	135,198	159,467	150,581	88,064	268,424	441,011	2,539,990	2,335,410
Supplies and postage	8,678	13,364	1,173	2,732	20,167	22,408	715	23,041	30,009	122,287	123,266
Buildings and grounds	200,284	23,899	3,027	5,495	4,169	9,121	6,810	5,021	17,008	274,834	322,541
Travel, conferences and dues	46,577	36,914	1,470	3,116	2,838	275	5,283	3,262	14,692	114,427	104,240
Subscriptions and documents	1,727	7,471	36	260	11,416	769	158	434	1,698	23,969	15,162
Advertising and printing	9,661	6,338	224	26	35,080	29,011	750	16,671	50	97,811	91,849
Professional services	100,060	261,382	640	9,988	33,218	31,732	65,541	18,652	114,918	636,131	495,838
Program/event expenses	50,092	19,209	4,454	9,554	3,686	16,116	118	38,268	15,599	157,096	142,060
Interest	-	-	-	-	-	-	-	-	-	-	32,857
Investment and bank fees	1,581	-	-	-	-	1,207	-	10,899	1,393	15,080	10,644
Change in present value of annuities	-	-	-	-	-	-	-	-	7,217	7,217	44,852
Miscellaneous	-	-	-	-	-	1,343	-	-	3,990	5,333	-
Contract and grant expense	-	70,820	-	-	-	-	-	-	-	70,820	-
Cost of sales	158,522	-	-	-	-	20,546	-	-	-	179,068	189,474
Total expenses before depreciation	1,061,811	1,178,055	84,982	166,369	270,041	283,109	167,439	384,672	647,585	4,244,063	3,908,193
Depreciation	151,339	5,567	595	6,042	598	788	995	17,985	12,157	196,066	179,233
Total expenses	\$ 1,213,150	\$ 1,183,622	\$ 85,577	\$ 172,411	\$ 270,639	\$ 283,897	\$ 168,434	\$ 402,657	\$ 659,742	\$ 4,440,129	\$ 4,087,426

See notes to financial statements.

**SOCIETY FOR THE PROTECTION OF  
NEW HAMPSHIRE FORESTS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the society**

The Society for the Protection of New Hampshire Forests (the Society) is a non-profit membership organization founded in 1901 to protect the State's most important landscapes and promote wise use of its renewable natural resources.

**Basis of accounting**

The financial statements of the Society have been prepared on the accrual basis of accounting which necessitates the inclusion of various non-cash revenues and expenses in the statements of financial position and the statement of activities. The effect of this generally accepted accounting method is to make the latter statement a modified presentation of the Society's cash support and expenditures. Included in the accompanying financial statements is a statement of cash flows presenting a cash analysis of all funds for the fiscal year.

**Non-profit organization**

The Society applied for and has been granted recognition of exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholders or individuals.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SOCIETY FOR THE PROTECTION OF  
NEW HAMPSHIRE FORESTS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Inventories**

Inventories are valued at the lower of cost (first-in, first-out) or market.

Inventory consists of the following:

	<u>2008</u>	<u>2007</u>
Current:		
Gift Shop	\$ 14,834	\$ 11,973
Christmas trees expected to be sold within one year	<u>40,000</u>	<u>68,000</u>
Total current	54,834	79,973
Long-term:		
Christmas trees not expected to be sold within the next year	<u>535,744</u>	<u>431,854</u>
Total inventory	<u><u>\$590,578</u></u>	<u><u>\$511,827</u></u>

**Investments**

The Society carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets in the accompanying statement of activities.

**Property and equipment**

Property and equipment are recorded at cost or, in the case of donated assets, at fair market value. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and land improvements	10-40 years
Equipment	3-20 years

