NEW HAMPSHIRE ASSOCIATION FOR THE BLIND

FINANCIAL REPORT

AUGUST 31, 2015

CONTENTS

NATHAN WECHSLER & COMPANY
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hampshire Association for the Blind
Concord, New Hampshire 03301

We have audited the accompanying statement of financial position of the New Hampshire Association for the Blind (the "Association") as of August 31, 2015, and the related statements of activities and changes in net assets, 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.

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 Association'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

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expressing an opinion on the effectiveness of the Association'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 the New Hampshire Association for the Blind as of August 31, 2015, and the results of its operations, changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Association's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Wechsler & Company

Concord, New Hampshire
November 19, 2015

NEW HAMPSHIRE ASSOCIATION FOR THE BLIND

STATEMENTS OF FINANCIAL POSITION
August 31, 2015 and 2014

ASSETS

		2015		2014
CURRENT ASSETS				
Cash	$	90,729	$	16,731
Accounts receivable, net		78,580		57,368
Interest and dividends receivable		18,482		14,259
Supplies inventory		28,890		42,825
Prepaid and reimbursable expenses		31,416		22,414
Total current assets		248,097		153,597
PROPERTY AND EQUIPMENT, net		639,098		689,989
OTHER ASSETS				
Other investment, charitable gift annuities		17,328		13,866
Beneficial interest in trusts		1,640,774		1,765,178
Investment - deferred compensation fund		316,587		363,948
Investment - endowment		6,206,327		5,396,759
		8,181,016		7,539,751
Total assets	**$**	**9,068,211**	**$**	**8,383,337**

LIABILITIES AND NET ASSETS

		2015		2014
CURRENT LIABILITIES				
Accounts payable	$	64,537	$	15,368
Accrued payroll and related taxes		66,481		51,514
Deferred revenue		100		4,441
Current portion of charitable gift annuities		4,357		8,607
Accrued deferred compensation		48,000		48,000
Total current liabilities		183,475		127,930
LONG-TERM LIABILITIES				
Accrued deferred compensation		104,099		141,739
Present value obligation of charitable gift annuities		10,486		9,592
Total liabilities		298,060		279,261
COMMITMENTS (See Notes)				
NET ASSETS				
Unrestricted, undesignated		466,176		445,970
Unrestricted, board designated		5,081,051		4,252,972
Total unrestricted		5,547,227		4,698,942
Temporarily restricted		475,008		532,814
Permanently restricted		2,747,916		2,872,320
Total net assets		8,770,151		8,104,076
Total liabilities and net assets	**$**	**9,068,211**	**$**	**8,383,337**

See Notes to Financial Statements.

NEW HAMPSHIRE ASSOCIATION FOR THE BLIND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended August 31, 2015 and Comparative Totals for Year Ended August 31, 2014

	Unrestricted Operating	Board Designated	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Support and revenues:						
Public support	$ 396,295	$ 1,311,662	$ 382,545	$ -	$ 2,090,502	$ 833,618
Service revenue	577,837	-	-	-	577,837	500,402
Endowment spending draw for operations (Note 12)	480,536	-	64,114	-	544,650	492,697
Total public support and revenue, including endowment draw for operations	1,454,668	1,311,662	446,659	-	3,212,989	1,826,717
Net assets released from restrictions for satisfaction of program restrictions and endowment spending draw	468,234	-	(468,234)	-	-	-
Expenses						
Program services	1,163,034	-	-	-	1,163,034	1,181,675
Public support	397,889	-	-	-	397,889	354,050
General and administration	444,135	-	-	-	444,135	387,686
Total expenses	2,005,058	-	-	-	2,005,058	1,923,411
Change in net assets prior to nonoperating activities and transfers	(82,156)	1,311,662	(21,575)	-	1,207,931	(96,694)
Nonoperating activities and transfers:						
Realized and unrealized gains, net of spending draw and investment fees of $38,437	(147)	(50,298)	(27,207)	-	(77,652)	663,070
Interest and dividend income	-	95,251	55,631	-	150,882	136,243
Change in value of charitable gift annuities	-	-	(3,125)	-	(3,125)	(3,939)
Investment income from trusts	57,937	-	2,584	-	60,521	61,751
Distribution of investments for operations (Note 12)	-	(480,536)	(64,114)	-	(544,650)	(492,697)
Change in value of beneficial interest in trusts	-	-	-	(124,404)	(124,404)	157,942
Transfer of funds for deferred compensation	48,000	(48,000)	-	-	-	-
Gain (loss) on disposal of property and equipment	(3,428)	-	-	-	(3,428)	1,300
Total nonoperating activities and transfers	102,362	(483,583)	(36,231)	(124,404)	(541,856)	523,670
Increase in unrestricted net assets	20,206	828,079	-	-	848,285	162,600
Increase (decrease) in temporarily restricted net assets	-	-	(57,806)	-	(57,806)	106,434
Increase (decrease) in permanently restricted net assets	-	-	-	(124,404)	(124,404)	157,942
Net increase (decrease) in net assets	20,206	828,079	(57,806)	(124,404)	666,075	426,976
Net assets, beginning of year	445,970	4,252,972	532,814	2,872,320	8,104,076	7,677,100
Net assets, end of year	**$ 466,176**	**$ 5,081,051**	**$ 475,008**	**$ 2,747,916**	**$ 8,770,151**	**$ 8,104,076**

NEW HAMPSHIRE ASSOCIATION FOR THE BLIND

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2015 and Comparative Totals for Year Ended August 31, 2014

	Program Services	Public Support	General and Administration	Total 2015	Total 2014
Direct expenses:					
Personnel expenses	$ 810,041	$ 228,998	$ 347,049	$ 1,386,088	$ 1,348,404
Client aids and program supplies	76,377	-	-	76,377	52,328
Client programs and transportation	10,775	-	-	10,775	12,791
Professional fees	3,368	20,639	37,402	61,409	32,134
Staff training and development	2,421	119	95	2,635	14,821
Office equipment and supplies	14,104	20,359	4,719	39,182	40,754
Telephone	2,585	-	674	3,259	19,065
Postage and shipping	13	26,454	-	26,467	22,340
Travel	69,540	3,289	3,080	75,909	70,600
Events and activities	1,120	24,657	3,580	29,357	35,198
Printing and publications	8,072	30,879	246	39,197	30,814
Dues and subscriptions	3,016	408	6,209	9,633	21,658
Miscellaneous	1,239	7,630	1,090	9,959	2,691
Bad debt	14,043	-	-	14,043	13,868
Indirect expenses:					
Occupancy	74,191	17,471	20,277	111,939	86,786
Information technology	44,769	10,543	12,236	67,548	78,544
General office	27,360	6,443	7,478	41,281	40,615
Total functional expenses	**$ 1,163,034**	**$ 397,889**	**$ 444,135**	**$ 2,005,058**	**$ 1,923,411**

NEW HAMPSHIRE ASSOCIATION FOR THE BLIND

STATEMENTS OF CASH FLOWS
Years Ended August 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 666,075	$ 426,976
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	76,801	84,694
Bad debt expense and provision for doubtful accounts	14,043	13,868
(Increase) decrease in value of beneficial interest in trusts (Note 4)	124,404	(157,942)
(Gain) loss on disposal of property and equipment	3,428	(1,300)
Net realized and unrealized (gain) loss on investments net of fees	77,652	(663,070)
Change in value of charitable gift annuities, net	3,125	3,939
(Increase) decrease in accounts receivable	(35,255)	11,762
Decrease in supplies inventory	13,935	5,029
Increase in prepaid and reimbursable expenses	(9,003)	(7,670)
Increase (decrease) in accounts payable	49,169	(12,198)
Increase (decrease) in deferred revenue	(4,341)	4,441
Increase (decrease) in accrued payroll and related taxes	14,968	(958)
Decrease in accrued deferred compensation	(37,640)	(35,453)
Net cash provided by (used in) operating activities	**957,361**	**(327,882)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and redemption of investments	571,403	639,838
Purchase of investment securities	(1,425,429)	(269,378)
Proceeds from disposal of property and equipment	-	1,300
Purchase of property and equipment	(29,337)	(61,247)
Net cash provided by (used in) investing activities	**(883,363)**	**310,513**
Net increase (decrease) in cash	**73,998**	**(17,369)**
Cash, beginning of year	16,731	34,100
Cash, end of year	**$ 90,729**	**$ 16,731**

Note 1. Nature of Activities

The New Hampshire Association for the Blind (the "Association") is a private, nonprofit organization established in 1912 and incorporated in 1933 under the laws of the state of New Hampshire. The primary mission of the Association is to provide social and rehabilitation services on a year-round, statewide basis to meet the special needs of New Hampshire's residents with severe vision loss. The Association is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required.

The Association utilizes a team approach to the rehabilitation process encompassing individual and family counseling, orientation and mobility training, rehabilitation teaching (daily living skills), low vision clinics, and educational services. In addition, the Association maintains an active speakers' bureau and engages in public education and prevention activities disseminating information statewide, via direct mail and the media, concerning blindness, eye conditions and diseases, eye health care and safety, availability of rehabilitation services and related subject matters to promote greater awareness to the general public of the importance of eye care.

The Association's central headquarters is located in Concord, New Hampshire. The Association cooperates and collaborates with other New Hampshire human service organizations and health care providers for informational and referral purposes. It performs low vision examinations and prescribes and trains clients in the use of low vision aids and rehabilitation devices.

The Association is dependent, to a significant extent, upon contributions from the general public for annual support of its operations and services. Contributions are obtained through a year-round direct mail program as well as ongoing initiatives encompassing foundations, corporations, and planned giving and related development program activities which generate public support.

Note 2. Significant Accounting Policies

Basis of accounting: The financial statements of the Association have been prepared on the accrual basis. Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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Estimates and assumptions: The Association prepares its financial statement in accordance with generally accepted accounting principles. 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 may differ from those estimates.

Basis of presentation: The Association accounts for contributions received in accordance with the FASB Accounting Standards Codification topic for revenue recognition (FASB ASC 958-605) and contributions made in accordance with FASB ASC 958-720-25 and FASB ASC 958-310. In accordance with FASB ASC 958-605-25, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. In addition, FASB ASC 958-310 requires that unconditional promises to give (pledges) be recorded as receivables and recognized as revenues.

The Association adheres to the Presentation of Financial Statements for Not-for-Profit Organizations topic of FASB ASC 958-205. Under FASB ASC 958-205, the Association 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. Descriptions of the three net asset categories are as follows:

Unrestricted net assets include both undesignated and designated net assets, which include revenues, expenses and contributions pledged which are not subject to any donor-imposed restrictions or time restrictions and revenues designated by the Board of Directors for special purposes and their related expenses.

Temporarily restricted net assets include contributions and gifts for which donor-imposed restrictions will be met either by the passage of time or the actions of the Association and also includes the accumulated appreciation related to permanently restricted endowment gifts, which is a requirement of FASB ASC 958-205-45.

Permanently restricted net assets include gifts which require, by donor restriction, that the corpus be invested in perpetuity and only the income or a portion thereof be made available for program operations in accordance with donor restrictions.

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Comparative financial information: The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended August 31, 2014, from which the summarized information was derived.

Contributions and contributions receivable: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions are recognized when the donor makes a promise to give to the Association 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 unconditional donor-restricted contributions are reported as increases in temporarily 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.

The Association is the recipient of contributions which contain donor-imposed restrictions as to the use of funds and also contain the condition that the funds must be used within a specified period of time or be returned to the donor at the end of the specified period. When the future events that will meet the conditions imposed are uncertain, the Association treats the contribution as a conditional promise to give. These conditional promises to give are recognized when the conditions are satisfied. Any assets contributed before the conditions are met are recorded as deferred revenue.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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Cash and cash equivalents: For purposes of reporting cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. As of August 31, 2015 the Association had no cash equivalents.

Temporary cash positions held within the investment portfolio have been excluded from cash on the statement of financial position and are included in investment balances.

Accounts receivable: The Association utilizes the allowance method of recording bad debt expense whereby the Association records an allowance for doubtful accounts based on a review of outstanding balances and past history. The accounts receivable balance is shown net of an allowance for doubtful accounts of $4,129 at August 31, 2015.

Supplies inventory: Inventories are stated at the lower of cost (first-in, first-out) or market and consist of aids, program supplies and development supplies.

Legacies in process: The Association is the beneficiary under various wills and trust agreements. The total realizable amount of these wills and trusts was not determinable as of August 31, 2015 and therefore, has not been recorded in the financial statements. The amounts will be recorded when clear title is established and the proceeds are measurable.

Functional allocation of expenses: Direct expenses are charged to their specific program as incurred. Any expenditures not directly chargeable are allocated among the programs benefited or based on the proportion of time spent on each program by the staff.

Advertising: The Association follows the policy of charging the costs of advertising to expense as incurred with the exception of certain development supplies that are included in inventory and expensed when utilized. Advertising expense for the year ended August 31, 2015 amounted to $5,018.

Property and equipment: The Association follows the policy of charging to functional expenses annual amounts of depreciation which allocates the cost of buildings, furniture, fixtures and vehicles over their estimated useful lives.

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Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

	Years
Buildings	33
Building improvements	3-33
Furniture and office equipment	5-20
Software	3

Additions and betterments of $1,000 or more are capitalized. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Contributed goods and services: The Association receives various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The Association received donated materials, supplies and professional services amounting to $12,428 for the year ending August 31, 2015 which has been reflected as public support and expensed to the various expense accounts.

In addition, a number of unpaid volunteers have made contributions of their time and talent to develop the Association's programs. Although these donated services are of great intangible value to the Association, they are not reflected in the financial statements since they did not meet the criteria for recognition.

Income taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association 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.

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The Association has adopted the provisions of FASB ASC 740, Accounting for Uncertainty in Income Taxes. Accordingly, management has evaluated the Association's tax positions and concluded the Association had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Association is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for years before 2012.

Note 3. Investments

Investments are presented in the financial statements in the aggregate at fair value. Investments were composed of the following at August 31, 2015:

	Cost Value	Fair Value	Unrealized Appreciation
Short term investments	$ 150,787	$ 150,787	$ -
Equities	3,351,565	4,447,364	1,095,799
Fixed Income	1,931,480	1,924,763	(6,717)
Total	$ 5,433,832	$ 6,522,914	$ 1,089,082

Charitable gift annuities are presented in the financial statements in the aggregate at fair value. These investments were composed of the following at August 31, 2015:

	Cost Value	Fair Value	Unrealized Appreciation
Short term investments	$ 951	$ 951	$ -
Equities	8,485	10,527	2,042
Fixed Income	5,698	5,850	152
Total	$ 15,134	**$ 17,328**	$ 2,194

Total investment income (interest and dividends) on the above investments amounted to $150,648 for the year ended August 31, 2015.

Note 4. Beneficial Interest in Trusts

The Association is the beneficiary of several irrevocable perpetual trusts, managed by independent financial institutions. The Association receives distributions from six trusts based on the income earned and annual distributions made by the trust. The Association received $60,521 from these trusts in 2015. This amount is recorded as unrestricted investment income. The Association's portion of the fair value of the trusts, which approximates the present value of future benefits expected to be received, amounted to $1,640,774 at August 31, 2015.

In accordance with FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the Association has recorded the change in these investments on the statement of activities and changes in net assets.

Note 5. Fair Value Measurements

The Fair Value Measurements Topic of FASB ASC 820-10 establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at the level 1 fair value generally are securities listed in active markets, certificates of deposit and certain money market accounts.

Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option-pricing models, discounted cash flow models, and similar techniques.

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The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Financial assets and (liabilities) carried at fair value on a recurring basis consist of the following at August 31, 2015:

	Level 1	Level 2	Level 3
Money market fund	$ -	$ 150,787	$ -
U.S. Government agencies	-	509,569	-
Corporate and foreign bonds	-	1,415,195	-
Equities:			
Small Cap	1,107	-	-
Mid Cap	327,653	-	-
Large Cap	238,844	-	-
International	359,017	-	-
Technology	724,428	-	-
Finance	604,610	-	-
Energy	557,608	-	-
Healthcare	437,561	-	-
Capital Goods	379,554	-	-
Consumer Cyclical	339,795	-	-
Consumer Staples	210,411	-	-
Other	266,775	-	-
Other investment, charitable gift annuities	17,328	-	-
Present value obligation of charitable gift annuities	-	(14,843)	-
Beneficial interest in perpetual trusts	-	-	1,640,774
Total	$ 4,464,691	$ 2,060,708	$ 1,640,774

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Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended August 31, 2015:

	Beneficial interest in perpetual trusts
Balance, beginning of year	$ 1,765,178
Total realized and unrealized gains, net of fees, included in changes in net assets	(124,404)
Balance, end of year	$ 1,640,774
Amount of realized and unrealized gains attributable to assets still held at the reporting date, included in changes in net assets	$ (124,404)

All assets and liabilities have been valued using a market or income approach and have been consistently applied. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

The income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Note 6. Property and Equipment

Property and equipment, at cost, were composed of the following at August 31, 2015:

Land	$ 66,000
Building	91,900
Building improvements	1,180,423
Furniture and office equipment	520,660
Total property and equipment	1,858,983
Less accumulated depreciation	(1,219,885)
Total property and equipment, net	**$ 639,098**

Total depreciation expense for the year ended August 31, 2015 amounted to $76,801.

Note 7. Conditional Promise to Give

The Association received a conditional promise to give which is conditioned upon incurring certain qualifying expenses under the grant programs. During the year ended August 31, 2015 the Association received an additional conditional promise to give and an extension of one-year to the grant. Qualifying expenses include those for the expansion of the Manchester Senior Women services. The Association recognized $85,000 of revenue related to this conditional promise to give for the year ended August 31, 2015. At August 31, 2015, the balance of this conditional promise to give totaled $42,500 for the remaining term of the grant, which is conditioned upon (a) the grantor's availability of funds for the grant purpose in future years, (b) mutual agreement to proceed with the grant project, and (c) satisfactory performance under the agreement, all of which are to be reassessed on an annual basis.

Note 8. Charitable Gift Annuities

The Association has established a program under which donors may set up charitable gift annuities. Under this program, donors can contribute assets to the Association and in return receive a guaranteed fixed income for life. The Association recognizes contribution revenue for the difference between the fair value of the assets received and the annuity liability.

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Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using current interest rates and actuarial assumptions for those annuities. The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced as payments are made to the donor. The present value of future payment liabilities of charitable gift annuities was $14,843 at August 31, 2015.

Under Chapter 403-E of New Hampshire Revised Statutes Annotated, charitable gift annuities are exempt from insurance regulation. To qualify for exemption, a charity must have been in continuous operation for at least 3 years and have at least $300,000 in unrestricted cash, cash equivalents or publicly traded securities, not counting the annuity gift. The Association has complied with these requirements.

New Hampshire requires a charity to retain 100 percent of the contributions received for gift annuities, increased by earnings and decreased by annuity payments and properly allocated expenses. Such gifts must be invested in accordance with the general standards of prudent investment (RSA 564-A:3-b) therefore these contributions have been included as temporarily restricted for the remaining life of the donor.

Note 9. Legacies and Bequests

The Association adopted the policy of adding all proceeds from unrestricted legacies and bequests to the board-designated investment funds. In the current year, the Association received $1,311,662 in proceeds from bequests, which has been invested in accordance with the Association's policy.

Note 10. Retirement Plan

The Association offers a 403(b) tax deferred annuity retirement plan based on the Association's maximum contributions of 5.0% of employee's annual salary and covers all full time employees who have completed a minimum of six months of service and attained the age of 20 ½. Total pension expense for the year ended August 31, 2015 amounted to $36,074 and is included in personnel expense in the accompanying financial statements. Voluntary employee contributions are permitted to the maximum allowed by law.

Note 11. Deferred Compensation Commitment

The Association entered into a Selective Management Compensation Plan (SMCP) whereby the Association recognizes the need to provide additional retirement funding to its key employees in exchange for commitments by these key employees to continue their valued management and leadership. Under the various agreements, if the key employees continued to work for the Association for specified terms, the Association is obligated to make monthly retirement payments. Key employees participating in the plan have met these terms and the Association is obligated to make payments of $4,000 a month through September 14, 2017 and then decreasing monthly amounts until June 23, 2020. Liabilities accrued under these plans amounted to $152,099 at August 31, 2015. The compensation expense under these plans was recorded in prior years corresponding to the years of service provided. The Association has funded this liability with a separate deferred compensation investment account.

Note 12. Endowment Funds and Net Assets

The Association adheres to the Other Presentation Matters section of the Presentation of Financial Statements for Not-for-Profit Organizations topic of FASB ASC 958-205-45. FASB ASC 958-205-45 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FASB ASC 958-205-45 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New Hampshire enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Association has adopted FASB ASC 958-205-45 for the year ending August 31, 2009. The Association's endowment consists of approximately 12 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the investment policies of the Association.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occur after the investment of new permanently restricted contributions and continued appropriation for certain programs as directed by the donor. There were no such deficiencies as of August 31, 2015.

Investment Return Objectives, Risk Parameters and Strategies: The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to provide

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annual distributions, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Association has a policy of appropriating for distribution each year 5% of its permanently restricted endowment fund's average fair value of the trailing twelve quarters ending during the calendar year proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity based on donor restrictions, and the possible effects of inflation. The Association expects the current spending policy to allow its endowment funds to grow at a nominal average rate consistent with the Association's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

The board-designated funds contains funds which have no donor restrictions but which the Board of Directors has designated to spending based upon a formula which considers both earnings and the amount of annual bequests received.

The Association has elected to transfer from the board-designated funds to the operating account annually an amount equal to the sum of (a) 70% of the average annual unrestricted bequest income plus gift annuity remainder for the previous five fiscal years, excluding the high and low years and (b) 6% of the average balance of the board-designated funds for the twelve quarters ending December 31 of the previous fiscal year. These transfers may exceed the 70% with proper Board approval.

Endowment net asset composition by type of fund as of August 31, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ -	$ 281,847	$ 1,107,142	$ 1,388,989
Board-designated endowment funds	4,763,974	-	-	4,763,974
Total	$ 4,763,974	$ 281,847	$ 1,107,142	$ 6,152,963

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Changes in endowment net assets as of August 31, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 3,889,028	$ 317,553	$ 1,107,142	$ 5,313,723
Investment return:				
Investment income	86,326	55,963	-	142,289
Net appreciation realized and unrealized, net of fees	(42,506)	(27,555)	-	(70,061)
Total investment return	43,820	28,408	-	72,228
Contributions	1,311,662	-	-	1,311,662
Appropriation of endowment assets for expenditure related to spending draw	(440,776)	(64,114)	-	(504,890)
Additional appropriation for expenditure	(39,760)	-	-	(39,760)
Endowment net assets, end of year	$ 4,763,974	$ 281,847	$ 1,107,142	$ 6,152,963
Due to operations from endowment investments	(206)	-	-	(206)
Other temporarily restricted net assets invested in endowment	-	53,570	-	53,570
Total	$ 4,763,768	$ 335,417	$ 1,107,142	**$** 6,206,327

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Temporary restricted net assets were comprised of the following at August 31, 2015:

Manchester area senior women	$	113,852
Staff education		13,787
Children's programs		5,434
Technology and client database upgrades		34,349
Various other programs		25,739
Portion of perpetual endowment funds subject to time restriction under UPMIFA		281,847
Total temporarily restricted net assets	**$**	**475,008**

Permanently restricted net assets represent original gift values of contributions to the Association's permanent endowment. The income is unrestricted for general operation. Permanently restricted net assets also include the Association's beneficial interest in trusts. The funds consisted of the following at August 31, 2015:

Principal restricted, 5% maximum distribution	$	770,183
Principal restricted, greater of income or 6%		336,959
Beneficial interest in trusts		1,640,774
Total permanently restricted net assets	**$**	**2,747,916**

Note 13. Fundraising

Sources of fundraising income include a walk-a-thon, charitable gaming nights and Dining in the Dark events. Gross revenues and expenses from special event fundraising activities amounted to the following at August 31, 2015:

Gross Revenue	$	111,892
Event expenses		61,788
Net	$	50,104

Note 14. Fiscal Agent Activity

The Association entered into a fiscal sponsorship agreement with 20/20 Vision Quest, founded by a board member of the Association. Under this agreement, which allows the Association to charge a nominal administration fee, the Association receives

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contributions solicited by the sponsoree and pays expenses from contributions collected on behalf and under the directive of the sponsoree. The Association has no variance power over the funds. The contributions and related expenses are not recorded in the accompanying statement of activities and changes in net assets. During the year ended August 31, 2015, the Association recognized $420 in service fees and $0 in contributions as a result of the fiscal sponsorship agreement. At August 31, 2015 the Association held $39,287 in funds from this fiscal sponsorship agreement payable to 20/20 Vision Quest which has been included in accounts payable.

Note 15. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Total net assets and change in net assets are unchanged due to these reclassifications.

Note 16. Subsequent Events

The Association has evaluated subsequent events through November 19, 2015, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would required disclosure in the financial statements for the year ended August 31, 2015.