

To the Board of Directors of
Wentworth Economic Development Corporation
Wolfeboro, New Hampshire

We have audited the financial statements of Wentworth Economic Development Corporation (the Organization) for the year ended December 31, 2022, and have issued our report thereon dated June 9, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated April 4, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wentworth Economic Development Corporation are described in Note 1 to the financial statements. As described in Note 1, as of January 1, 2022, the Organization changed accounting policies related to in-kind contributions by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), as amended. Additionally, as of January 1, 2022, the Organization changed accounting policies related to leases by adopting FASB ASU 2016-02, Leases (Topic 842), as amended. Accordingly, the accounting changes have been retrospectively applied to prior periods presented as if the policies had always been used.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for doubtful accounts relating to notes receivable is based on the performance and collectability of each individual note. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts relating to notes receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include the following:

- Footnote 1 – Summary of Significant Accounting Policies
- Footnote 4 – Notes Receivable
- Footnote 8 – Net Assets
- Footnote 9 – Net Assets Restricted in Perpetuity
- Footnote 11 – Financial Intermediary Donations, Support, and Expenses
- Footnote 14 – Intermediary Relending Programs

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Misstatements related to accrued expenses were identified during our audit and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 9, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We have discussed a variety of matters, including the application of accounting principles and auditing standards, with management. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Wentworth Economic Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

*Leane McDermott ; Partner
Professional Associate*

Wolfeboro, New Hampshire
June 9, 2023

Financial Statements

**WENTWORTH ECONOMIC
DEVELOPMENT CORPORATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORTS**

WENTWORTH ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Wentworth Economic Development Corporation

Opinion

We have audited the accompanying financial statements of Wentworth Economic Development Corporation (a New Hampshire nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wentworth Economic Development Corporation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wentworth Economic Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wentworth Economic Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wentworth Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wentworth Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 7, 2023, on our consideration of Wentworth Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Wentworth Economic Development Corporation's internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of financial position for the Intermediary Relending Programs and Rural Microenterprise Assistance Program, components of Wentworth Economic Development Corporation, as of December 31, 2022 and 2021 and the related statements of activities and cash flows for the years then ended on pages 28 through 38 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lane McDermott & Roberts
Professional Association*

Wolfeboro, New Hampshire
June 9, 2023

WENTWORTH ECONOMIC DEVELOPMENT CORPORATION

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash, unrestricted	\$ 78,357	\$ 99,778
Cash, restricted	747,106	796,706
Grants receivable	32,757	36,453
Current portion of notes receivable	69,887	54,600
Loan deposit	-	32,500
Prepaid expenses	<u>8,384</u>	<u>6,957</u>
Total current assets	<u>936,491</u>	<u>1,026,994</u>
EQUIPMENT		
Office equipment	15,757	15,757
Furniture and fixtures	11,262	11,262
Leasehold improvements	<u>4,825</u>	<u>4,825</u>
Total equipment	31,844	31,844
Less accumulated depreciation	<u>(29,324)</u>	<u>(25,856)</u>
Equipment, net	<u>2,520</u>	<u>5,988</u>
OTHER ASSETS		
Notes receivable, net of current portion	627,539	527,323
Right-of-Use Asset	<u>20,478</u>	<u>5,581</u>
Total other assets	<u>648,017</u>	<u>532,904</u>
TOTAL ASSETS	<u>\$ 1,587,028</u>	<u>\$ 1,565,886</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of note payable	\$ 18,828	\$ 18,640
Current portion of operating lease liability	6,765	5,581
Accounts payable and accrued expenses	<u>20,524</u>	<u>24,371</u>
Total current liabilities	46,117	48,592
LONG-TERM LIABILITIES		
Promissory notes payable	163,460	125,000
Note payable, net of current portion	217,556	236,418
Operating lease liability, net of current portion	<u>13,713</u>	<u>-</u>
Total long-term liabilities	<u>394,729</u>	<u>361,418</u>
Total liabilities	<u>440,846</u>	<u>410,010</u>
NET ASSETS		
Without donor restrictions		
Undesignated	95,360	99,035
Net investment in equipment	<u>2,520</u>	<u>5,988</u>
Total without donor restrictions	97,880	105,023
With donor restrictions	<u>1,048,302</u>	<u>1,050,853</u>
Total net assets	<u>1,146,182</u>	<u>1,155,876</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,587,028</u>	<u>\$ 1,565,886</u>

See Notes to Financial Statements

WENTWORTH ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Other grants and public support	\$ 96,435	\$ -	\$ 96,435
Microenterprise grant	4,292	-	4,292
IRP income	-	26,726	26,726
RMAP income	-	20,632	20,632
Explore Moose Mountains income	-	27,702	27,702
Cotton Valley Rail Trail income	-	11,145	11,145
Interest income and fees	26,615	9	26,624
Administration and application fees	23,806	-	23,806
CNPP Income	16,690	-	16,690
Other revenue and support	<u>1,523</u>	<u>-</u>	<u>1,523</u>
Total revenue and support	169,361	86,214	255,575
Net assets released from restrictions	<u>88,765</u>	<u>(88,765)</u>	<u>-</u>
Totals	<u>258,126</u>	<u>(2,551)</u>	<u>255,575</u>
EXPENSES			
Program services	218,682	-	218,682
Management and general	44,898	-	44,898
Fundraising	<u>1,689</u>	<u>-</u>	<u>1,689</u>
Total expenses	<u>265,269</u>	<u>-</u>	<u>265,269</u>
CHANGE IN NET ASSETS	(7,143)	(2,551)	(9,694)
NET ASSETS, BEGINNING OF YEAR	<u>105,023</u>	<u>1,050,853</u>	<u>1,155,876</u>
NET ASSETS, END OF YEAR	<u>\$ 97,880</u>	<u>\$ 1,048,302</u>	<u>\$ 1,146,182</u>

See Notes to Financial Statements

WENTWORTH ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Other grants and public support	\$ 115,851	\$ 36,000	\$ 151,851
Microenterprise grant	2,434	40,330	42,764
IRP income	-	29,478	29,478
RMAP income	-	17,690	17,690
Explore Moose Mountains income	-	25,405	25,405
Cotton Valley Rail Trail income	-	4,267	4,267
Wolfeboro Charette income	-	3,500	3,500
Interest income and fees	27,665	-	27,665
Administration and application fees	21,907	-	21,907
Other revenue and support	3,278	-	3,278
	<u>171,135</u>	<u>156,670</u>	<u>327,805</u>
Total revenue and support	171,135	156,670	327,805
Net assets released from restrictions	<u>126,817</u>	<u>(126,817)</u>	<u>-</u>
Totals	<u>297,952</u>	<u>29,853</u>	<u>327,805</u>
EXPENSES			
Program services	219,840	-	219,840
Management and general	68,470	-	68,470
Fundraising	1,379	-	1,379
	<u>289,689</u>	<u>-</u>	<u>289,689</u>
Total expenses	289,689	-	289,689
CHANGE IN NET ASSETS	8,263	29,853	38,116
NET ASSETS, BEGINNING OF YEAR	<u>96,760</u>	<u>1,021,000</u>	<u>1,117,760</u>
NET ASSETS, END OF YEAR	<u>\$ 105,023</u>	<u>\$ 1,050,853</u>	<u>\$ 1,155,876</u>

See Notes to Financial Statements

WENTWORTH ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Costs				
Wages	\$ 54,205	\$ 21,682	\$ 1,548	\$ 77,435
Payroll taxes and fees	4,945	1,978	141	7,064
Employee benefits	-	1,923	-	1,923
Other professional fees	24,589	-	-	24,589
Explore Moose Mountains expenses	20,665	-	-	20,665
Scholarship expense	20,000	-	-	20,000
Cotton Valley Rail Trail expenses	16,404	-	-	16,404
RMAP expenses	16,149	-	-	16,149
IRP expenses	13,228	-	-	13,228
Accounting services	-	12,830	-	12,830
Advertising	8,617	50	-	8,667
Microenterprise grant expense	7,600	-	-	7,600
Rent	6,918	-	-	6,918
CNPP expenses	6,812	-	-	6,812
Dues and subscriptions	3,791	111	-	3,902
Depreciation	-	3,468	-	3,468
IRP interest expense	3,301	-	-	3,301
Telephone and communications	3,055	-	-	3,055
Insurance	217	2,804	-	3,021
Office supplies and expense	1,674	52	-	1,726
RMAP interest expense	1,581	-	-	1,581
Repairs	880	-	-	880
Events expense	817	-	-	817
Training and education	760	-	-	760
Wolfeboro Charette expenses	620	-	-	620
Travel and entertainment	485	-	-	485
Printing and reproduction	427	-	-	427
Legal services	369	-	-	369
Postage	277	-	-	277
Bank service charges and credit bureau	194	-	-	194
Other expenses	102	-	-	102
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 218,682</u>	<u>\$ 44,898</u>	<u>\$ 1,689</u>	<u>\$ 265,269</u>

See Notes to Financial Statements

WENTWORTH ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Costs				
Wages	\$ 35,489	\$ 47,570	\$ 1,066	\$ 84,125
Payroll taxes and fees	2,355	3,157	71	5,583
Employee benefits	561	753	17	1,331
Microenterprise grant expense	34,132	-	-	34,132
Scholarship expense	32,000	-	-	32,000
Other professional fees	28,007	-	-	28,007
RMAP expenses	19,688	-	-	19,688
Explore Moose Mountains expenses	12,992	-	-	12,992
IRP expenses	11,410	-	-	11,410
Accounting services	-	10,014	-	10,014
Cotton Valley Rail Trail expenses	6,720	-	-	6,720
Rent	5,922	-	-	5,922
Depreciation	-	4,194	-	4,194
Dues and subscriptions	3,856	111	-	3,967
Other expenses	3,878	-	-	3,878
Insurance	1,314	2,533	-	3,847
IRP interest expense	3,399	-	-	3,399
Telephone and communications	2,984	-	-	2,984
Advertising	2,852	-	-	2,852
Wolfeboro Charette expenses	1,921	-	-	1,921
Legal services	1,899	-	-	1,899
Repairs	1,299	-	-	1,299
Events expense	1,294	-	-	1,294
Office supplies and expense	1,121	138	-	1,259
Printing and reproduction	1,006	-	143	1,149
CNPP expenses	925	-	-	925
RMAP interest expense	910	-	-	910
Training and education	785	-	-	785
Travel and entertainment	419	-	-	419
Postage	298	-	82	380
Wolfeboro Energy Conservation Committee expenses	250	-	-	250
Bank service charges and credit bureau	154	-	-	154
	<u>\$ 219,840</u>	<u>\$ 68,470</u>	<u>\$ 1,379</u>	<u>\$ 289,689</u>
Total				

See Notes to Financial Statements

WENTWORTH ECONOMIC DEVELOPMENT CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,694)	\$ 38,116
Adjustments to reconcile change in net assets to net cash from operating activities:		
Acquisition of right-of-use asset	(21,645)	-
Increase in operating lease liability	21,645	-
Amortization of right of use asset	6,748	6,266
Reduction of operating lease liability	(6,748)	(6,266)
Depreciation	3,468	4,194
Decrease (increase) in assets:		
Grants receivable	3,696	(15,622)
Prepaid expenses	(1,427)	(4,143)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(3,847)	14,400
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(7,804)</u>	<u>36,945</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan deposit	32,500	(32,500)
Receipts on revolving loan fund notes receivable	186,697	408,716
Disbursements on revolving loan fund notes receivable	(302,200)	(134,750)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(83,003)</u>	<u>241,466</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(18,674)	(18,489)
Proceeds from borrowings	40,000	125,000
Principal payments on promissory notes payable	(1,540)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>19,786</u>	<u>106,511</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(71,021)	384,922
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>896,484</u>	<u>511,562</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 825,463</u>	<u>\$ 896,484</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 3,301</u>	<u>\$ 3,399</u>
CASH BALANCES		
Cash, unrestricted	\$ 78,357	\$ 99,778
Cash, restricted	<u>747,106</u>	<u>796,706</u>
Total cash and restricted cash	<u>\$ 825,463</u>	<u>\$ 896,484</u>

See Notes to Financial Statements