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Virginia M. Barry, Ph.D.
Commissioner of Education
Tel. 603-271-3144

Paul Leather
Deputy Commissioner of Education
Tel. 603-271-3801

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, N.H. 03301
FAX 603-271-1953
Citizens Services Line 1-800-339-9900

February 28, 2013

Her Excellency Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, New Hampshire 03301

*Sole Source
100% Federal Fund*

Requested Action

Authorize the New Hampshire Department of Education to enter into a sole source contract with Strafford Learning Center, Somersworth, NH (Vendor Code 155286) to develop and provide training and technical assistance to local education agencies in their region under the State Personnel Development Grant (SPDG). This grant will be in effect from date of Governor and Council approval through June 30, 2014 in an amount not to exceed \$100,500.00. These are 100% Federal funds.

Funding is available as with the authority to adjust encumbrances in each of the State fiscal years through the Budget office if needed and justified.

Funding for this request is available as follows:	FY2013	FY2014
06-056-56-5625210-41070000-102--500731	\$33,500.00	\$67,000.00

Authorize the Department of Education to exercise a renewal option on this contract for up to three additional fiscal years, pending legislative approval of the next two (2) successive biennial budgets, in accordance with the grant award, subject to contractor's acceptable performance of the terms therein, and subject of Governor and Council approval.

Explanation

The New Hampshire Department of Education received a \$3.85 million (\$770,000.00 per year for 5 years) State Personnel Development Grant from the U.S. Department of Education, Office of Special Education Programs. The SPDG proposal is targeted to increase the number of students with disabilities graduating from high school who are college and career ready, through the implementation of evidence based transition

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And the Honorable Council
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practices. Our ambitious proposal targets four strategies to achieve this goal: (1) increasing student competency through increased use of Extended Learning Opportunities (ELOs), (2) enhanced transition planning and increased transition planning opportunities/practices, (3) greater family – school engagement, and (4) sustaining practices through our state Institutes of Higher Education (IHEs), regional education intermediaries, a transition Community of Practice, and the use of technology. These strategies are aimed at school districts, parents, regional professional development intermediaries, Vocational Rehabilitation, IHEs, and other community members.

The Office of Special Education Programs requires a comprehensive evaluation detailed within the grant that measures the short-term, intermediate and long-term outcomes and impacts of the grant initiatives. The Evaluation assesses the degree to which the NH SPDG meets its goals and objectives, as well as the established federal performance goals and objectives. The evaluation will be ongoing and formative to provide for data-based decision making and planning mid-course corrections.

New Hampshire was awarded this grant with the provision that the partners identified in our proposal would be funded to assist the Department of Education to meet the goals and objectives of the grant. These partners were required to be highly qualified entities already engaged in professional development in the grant areas and in agreement to expand these services. The OSEP required partners and their services as detailed in the grant include Evergreen Evaluation and Consulting Inc., Strafford Learning Center, Monadnock Developmental Services, North Country Education Services, Granite State Independent Living, Parent Information Center, Keene State College, Institute on Disability, and QED. Therefore, no competitive bid process was established.

Strafford Learning Center is a private, non-profit organization committed to offering high quality special education and training to over thirty school districts throughout the seacoast region. Strafford Learning Center provided secondary transition training to districts under the NH State Improvement Grant II and thus is highly qualified to continue this work under the SPDG. Therefore, Strafford Learning Center, as a SPDG partner will bring to this grant the research, knowledge and expertise to conduct the following grant activities:

- Increase capacity of regional transition infrastructure for Professional Development (PD)
- Participate in the NH Leadership Team (LT) and Evaluation Work Group
- Develop and provide training and coaching on Extended Learning Opportunities (ELOs) and evidenced-based transition practices
- Assist NH LT with the LEA recruitment
- Attend Participatory Adult Learning Styles training
- Support family engagement training

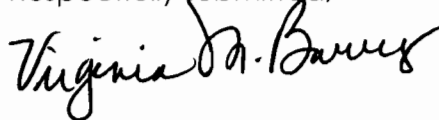
Her Excellency Governor Margaret Wood Hassan
And the Honorable Council
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- Coordination of PD training and coaching at regional intermediary
- Serve as coaches to LEAs implementing ELOs and transition planning/parent engagement strategies
Support LEAs in developing their PD plans
- Collect training and coaching implementation data, and intervention fidelity data
- Assist in the development of coaching fidelity instrument
- Contribute training and coaching material, evaluation instruments and assessments, and resource materials to Transition Resource Portal
- Participate in training on how to use the Transition Resource Portal for training and coaching with LEAs

The grant was awarded to the New Hampshire Department of Education for five years. Therefore, we are including an option for renewal for three additional fiscal years to cover this grant commitment to accomplish the approved goals, objectives and activities.

In the event that the Federal funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Virginia M. Barry, Ph.D.
Commissioner of Education

VMB/alj

Attachments

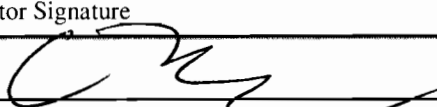

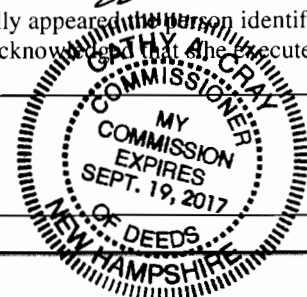
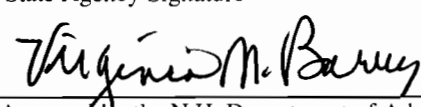
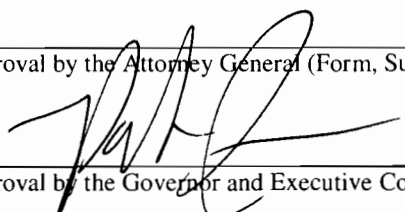
Subject: NH SPDG Grant Regional Intermediary to Provide Training and TA to LEAs **FORM NUMBER P-37 (version 1/09)**

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name <u>Department of Education</u>		1.2 State Agency Address <u>101 Pleasant Street, Concord NH 03301</u>	
1.3 Contractor Name <u>Strafford Learning Center</u>		1.4 Contractor Address <u>317 Main Street, Somersworth, NH 03878</u>	
1.5 Contractor Phone Number <u>(603) 692-4411</u>	1.6 Account Number <u>See Exhibit B</u>	1.7 Completion Date <u>June 30, 2014</u>	1.8 Price Limitation <u>100,500.00</u>
1.9 Contracting Officer for State Agency <u>Santina Thibedeau, Administrator, Special Education</u>		1.10 State Agency Telephone Number <u>(603) 271-6693</u>	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory <u>Kevin J. Murphy, Executive Director</u>	
1.13 Acknowledgement: State of <u>N.H.</u> , County of <u>Strafford</u> On <u>1/24/13</u> , before the undersigned officer, personally appeared the person <u>Cathy A. Cray</u> , identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that she executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] 			
1.13.2 Name and Title of Notary or Justice of the Peace <u>Cathy A. Cray</u>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory <u>Virginia, M. Barry, Ph. D., Commissioner of Education</u>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By:  On: <u>3/5/13</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

Contractor Initials KLM
Date 1/24/13

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

EXHIBIT A

Scope of Services

Stafford Learning Center ,as a regional intermediary, will develop and provide training and technical assistance to Local Education Agencies (LEAs) in their region under the NH State Personnel Development Grant (SPDG) to accomplish the grant goals, objectives, activities and outcomes over the course of the 5-year grant period.

The contractor will:

- Increase capacity of regional transition infrastructure for Professional Development (PD)
- Participate in the NH Transition CoP
- Participate in the NH Leadership Team (LT) monthly meetings
- As part of NH LT, participate in Evaluation WG by attending monthly state-level coaching meetings.
- Develop and provide training and coaching on Extended Learning Opportunities (ELOs) and evidenced-based transition practices
- Assist NH LT with the LEA recruitment
- Attend Participatory Adult Learning Styles training
- Participate in NH LT and the Transition Planning work group to review LEA current transition practices, and develop and implement a PD plan that will impact the local need
- Support family engagement training
- Coordination of PD training and coaching at regional intermediary
- Serve as coaches to LEAs implementing ELOs and transition planning/parent engagement strategies
- Support LEAs in developing their PD plans
- Meet with LEA transition liaisons to review the LEA PD plans once months, as well as fostering ongoing contact to stay in close communication
- Collect training and coaching implementation data, and intervention fidelity data
- Assist in the development of coaching fidelity instrument
- Contribute training and coaching material, evaluation instruments and assessments, and resource materials to be posted on Transition Resource Portal
- Participate in training on how to use the Transition Resource Portal for training and coaching with LEAs


Initials: 
Date: 1/24/13

EXHIBIT B

Estimated Budget

Budget (through June 30, 2014)

Account Number: 06-056-56-562510-41070000-102-500731

	<u>FY2013</u>	<u>FY2014</u>
<u>Other</u>		
Supplies	\$ 456.34	\$ 810.00
Contractual (4 Trainers/Coaches @ 515.20(FY13); @\$524.98(FY14))	\$29,366.40	\$57,222.82
Other (mileage reimbursement)	<u>\$ 1,200.00</u>	<u>\$ 4,000.00</u>
Total Other	\$31,022.74	\$62,032.82
Total Direct Costs	\$ 31,022.74	\$62,032.82
Indirect costs 8.0% of total direct costs	<u>\$ 2,481.82</u>	<u>\$ 4,962.62</u>
Total Contract	\$ 33,504.55	\$66,995.44

Limitation of Price: This contract will not exceed \$100,500.00

Method of Payment

Payment will be made upon receipt of monthly invoices as described above, which are supported by a summary of activities that have taken place in accordance with the terms of the contract. If otherwise, correct and acceptable, payment will be made for 100% of the expenditures. Line items in this budget may be adjusted, one to the other, within +/- 10% of the indicated amount but in no case can the total budget exceed the price limitation. Invoices with summary of activities will be submitted to:

Mary Steady, SPDG Director
Department of Education
Bureau of Special Education
SPDG
101 Pleasant Street
Concord, NH 03301

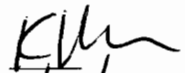
Initials: 
Date: 1/24/13

EXHIBIT C
Special Provisions

none

Initials: *KW*
Date: *1/21/13*

Principal Staff

Heidi Wyman, Lead Regional PD Intermediary Trainer/Coach

Richard Boardman, Regional PD Intermediary Trainer/Coach

Kimberly Corey, Regional PD Intermediary Trainer/Coach

Jill Heath, Regional PD Intermediary Trainer/Coach

Resolution

Be it resolved that Kevin J. Murphy, Executive Director of Strafford Learning Center, is authorized to sign all agreements required to execute a contract with the New Hampshire Department of Education.

Be it further resolved that Strafford Learning Center is authorized to enter into contracts with the State of New Hampshire and the New Hampshire Department of Education.

Jeni A. Mosca
Jeni Mosca, Chairperson

1/24/13
Date

STATE OF NEW HAMPSHIRE
COUNTY OF STRAFFORD

On this 24 day of January, 2013, before the undersigned officer, personally appeared the person identified in the foregoing certificate, known to me to be the Chairperson of the corporation identified in the foregoing certificate, and acknowledge that she executed the foregoing certificate.

In witness whereof, I hereunto set my hand and official seal.

Katie Krauss
Commissioner of Deeds
My Commission Expires: _____

KATIE KRAUSS, Notary Public
My Commission Expires December 8, 2015

Certificate of Authority

I, Jeni Mosca, Chairperson of Strafford Learning Center, do hereby certify that:

1. I maintain and have custody of and am familiar with the seal and minute books of the corporation.
2. The attached is a true and complete copy of the resolution adopted by the Executive Committee of the corporation at a meeting of that Committee of January 17, 2013, which meeting was held in accordance with the law of the state of incorporation and the by-laws of the corporation:

Resolved: That the Executive Director, Kevin J. Murphy, is hereby authorized on behalf of this corporation to enter into the said contract with the State.

3. The following is a true and complete copy of a by-law adopted at a meeting on June 21, 2012.
4. The foregoing resolution and by-law are in full force and effect, unamended, as of the date hereof, and;
5. The following persons lawfully occupy the offices indicated below:

Jeni Mosca, Chairperson
Gail Kushman, Vice-Chairperson
Jean Briggs-Badger, Assistant Treasurer

IN WITNESS WHEREOF, I have hereunto set my hand as the Chairperson of the corporation this 24th day of January, 2013.



Jeni Mosca, Chairperson

STATE OF NEW HAMPSHIRE

COUNTY OF STRAFFORD

On this 24 day of January, 2013, before the undersigned officer, personally appeared Jeni Mosca, known to me to be the Chairperson of the corporation identified in the foregoing certificate, and acknowledged that she executed the foregoing certificate.

In witness whereof, I hereunto set my hand and official seal.



Commissioner of Deeds

My Commission Expires:

KATIE KRAUSS, Notary Public
My Commission Expires **December 8, 2015**

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that STRAFFORD LEARNING CENTER is a New Hampshire nonprofit corporation formed June 8, 1973. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 28th day of January A.D. 2013

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Strafford Learning Center

Board of Directors 2012-2013 School Year

No Board member receives compensation for serving on the Board of Directors

Kevin Murphy, SLC Executive Director

Jim Morse, SAU #5 Superintendent

Ann Lane, SAU #5 Representative

Jean Briggs-Badger, SAU #11 Superintendent

Rocky D'Andrea, SAU #11 Representative

Michael Ludwell, SAU #44 Superintendent

Tim Jandebour, SAU #44 Representative

Jeni Mosca, SAU #56 Superintendent

Paula Woolley, SAU #56 Representative

Steve Welford, SAU #61 Superintendent

Penny Morin, SAU #61 Representative

Jay McIntire, SAU #64 Superintendent

Mark Currier, SAU #64 Representative

Gail Kushner, SAU #74 Superintendent

Moira Taylor, SAU #74 Representative



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/22/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Infantine Insurance P. O. Box 5125 Manchester NH 03108		CONTACT NAME: Pauline Proulx PHONE (A/C No. Ext.): (603) 669-0704 E-MAIL ADDRESS: pproulx@infantine.com FAX (A/C No.):	
INSURED Strafford Learning Center 317 Main Street Somersworth NH 03878		INSURER(S) AFFORDING COVERAGE INSURER A: Philadelphia Insurance NAIC # 23850 INSURER B: First Comp Underwriters INSURER C: Philadelphia Indemnity Ins Co 18058 INSURER D: INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: 12/13 Master REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			PHPK942746	11/1/2012	11/1/2013	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO JECT <input type="checkbox"/> LOC						
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			PHPK942746	11/1/2012	11/1/2013	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			PHUB401823	11/1/2012	11/1/2013	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	WC012908302	10/3/2012	10/3/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER E L EACH ACCIDENT \$ 500,000 E L DISEASE - EA EMPLOYEE \$ 500,000 E L DISEASE - POLICY LIMIT \$ 500,000
C	Directors and Officers			PHSD776866	11/1/2012	11/1/2013	Each Policy Period \$1,000,000 Aggregate \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Confirmation of coverage

CERTIFICATE HOLDER**CANCELLATION**

State of New Hampshire Department of Education Div. of Career Technology and Adult Learn 101 Pleasant St. Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Sherry Harvey/PP1 <i>Sherry E. Harvey</i>
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STRAFFORD LEARNING CENTER

FINANCIAL REPORT

JUNE 30, 2012

STRAFFORD LEARNING CENTER

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JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Strafford Learning Center
Somersworth, New Hampshire

We have audited the accompanying statements of financial position of Strafford Learning Center (a nonprofit corporation) as of June 30, 2012 and 2011, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audit provides 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 Strafford Learning Center as of June 30, 2012 and 2011, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

October 29, 2012

*Plodzik & Sanderson
Professional Association*

PLODZIK & SANDERSON

Professional Association / Accountants & Auditors

FINANCIAL STATEMENTS

*STRAFFORD LEARNING CENTER
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011*

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 451,918	\$ 427,829
Accounts receivable	263,539	229,250
Prepaid expenses	15,760	14,120
Total current assets	\$ 731,217	\$ 671,199
PROPERTY AND EQUIPMENT		
Land	\$ 5,000	\$ 5,000
Buildings and improvements	643,433	605,581
Equipment	93,706	93,706
	\$ 742,139	\$ 704,287
Less accumulated depreciation	359,066	342,874
Total property and equipment	\$ 383,073	\$ 361,413
INVESTMENTS	\$ 122,733	\$ 150,101
TOTAL ASSETS	\$ 1,237,023	\$ 1,182,713
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,125	\$ 9,593
Accrued expenses	61,879	61,518
Total current liabilities	\$ 83,004	\$ 71,111
NET ASSETS		
Unrestricted		
Net investment in property and equipment	\$ 383,073	\$ 361,413
Designated for miscellaneous purposes	21,679	24,017
Undesignated	749,267	726,172
	\$ 1,154,019	\$ 1,111,602
TOTAL LIABILITIES AND NET ASSETS	\$ 1,237,023	\$ 1,182,713

The notes to financial statements are an integral part of this statement.

*STRAFFORD LEARNING CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011*

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS		
REVENUE		
Program service revenue	\$ 4,930,556	\$ 4,584,358
Donations	1,080	21,501
Investment income	1,976	(857)
TOTAL REVENUE	<u>\$ 4,933,612</u>	<u>\$ 4,605,002</u>
EXPENSES		
Program services:		
John Powers School	\$ 920,192	\$ 917,560
Occupational Therapy	631,585	684,588
Other programs	134,845	366,647
Speech Program	798,984	773,925
Physical Therapy	176,830	153,623
Preschool Education Program #5	218,889	256,068
Early Childhood Assessment Team	27,230	32,268
North Star	112,133	165,493
Transition Resource Network	-	57,716
Vision Services	249,793	258,223
Deaf and Hard of Hearing	121,814	121,409
English for Speakers of Other Languages	151,176	59,832
Charles Ott Academy	284,354	274,221
Rochester Learning Academy	324,460	-
Consultants	320,007	-
	<u>\$ 4,472,293</u>	<u>\$ 4,121,573</u>
Support Services:		
Administrative and general	\$ 391,713	\$ 358,218
Property and equipment depreciation	27,189	23,256
	<u>\$ 418,902</u>	<u>\$ 381,474</u>
TOTAL EXPENSES	<u>4,891,195</u>	<u>4,503,047</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 42,417	\$ 101,955
NET ASSETS - BEGINNING	<u>1,111,602</u>	<u>1,009,647</u>
NET ASSETS - ENDING	<u>\$ 1,154,019</u>	<u>\$ 1,111,602</u>

The notes to financial statements are an integral part of this statement.

*STRAFFORD LEARNING CENTER
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011*

	Net Investment in Property and Equipment	Board Designation		Total
		Miscellaneous Purposes	Undesignated	
NET ASSETS - June 30, 2010	\$ 353,969	\$ 28,940	\$ 626,738	\$ 1,009,647
Increase (decrease) in net assets	(23,256)	(4,923)	130,134	101,955
Transfers:				
Property and equipment acquisitions	30,700	-	(30,700)	-
Designations completed or expired	-	-	-	-
New designations	-	-	-	-
NET ASSETS - June 30, 2011	\$ 361,413	\$ 24,017	\$ 726,172	\$ 1,111,602
Increase (decrease) in net assets	(27,568)	(7,038)	77,023	42,417
Transfers:				
Property and equipment acquisitions	49,228	-	(49,228)	-
Designations completed or expired	-	-	-	-
New designations	-	4,700	(4,700)	-
NET ASSETS - June 30, 2012	\$ 383,073	\$ 21,679	\$ 749,267	\$ 1,154,019

The notes to financial statements are an integral part of this statement.

STRAFFORD LEARNING CENTER
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2012
 (WITH COMPARATIVE TOTALS FOR 2011)

	Program Services											English for Speakers of Other Languages
	John Powers School	Early										
		Occupational Therapy	Other Programs	Speech Therapy	Physical Therapy	Preschool Education Program #5	Childhood Assessment Team	North Star	Transition Resource Network	Vision	Deaf and Hard of Hearing	
Salaries and wages	\$ 603,394	\$ 480,573	\$ 100,218	\$ 591,683	\$ 117,825	\$ 151,488	\$ 17,274	\$ 76,895	\$ 182,110	\$ 103,195	\$ 101,775	
Pension plan contributions	24,956	21,715	3,550	21,871	5,572	5,321	711	1,154	8,950	4,426	2,438	
Other employee benefits	152,041	78,562	7,210	122,394	3,713	37,174	5,601	7,558	30,948	2,854	28,576	
Payroll taxes	43,899	35,575	7,562	42,424	8,978	10,971	1,177	6,490	13,619	7,577	7,327	
Legal and accounting fees	-	-	-	-	-	-	-	-	-	-	-	
Materials and supplies	10,642	3,182	3,241	2,722	445	8,515	322	381	499	80	242	
Telephone	1,140	280	-	-	540	698	86	763	-	-	-	
Postage	-	-	-	-	-	-	-	-	-	-	-	
Occupancy	10,497	-	-	-	-	-	-	-	-	-	-	
Equipment costs	6,744	1,932	814	2,366	927	662	1,060	-	1,377	-	1,808	
Travel	24,325	2,283	4,857	4,630	3,102	621	599	3,124	9,479	2,327	7,614	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	
Advertising	138	160	-	30	-	30	60	-	-	-	-	
Consultants	13,751	660	6,494	3,550	167	647	86	9,200	835	-	398	
Contracted services	16,926	-	-	-	33,875	-	-	2,156	-	-	-	
Insurance	9,513	6,663	899	7,314	1,686	2,762	254	688	1,976	1,355	998	
Miscellaneous	2,226	-	-	-	-	-	-	3,724	-	-	-	
Totals -	\$ 920,192	\$ 631,585	\$ 134,845	\$ 798,984	\$ 176,830	\$ 218,889	\$ 27,230	\$ 112,133	\$ 249,793	\$ 121,814	\$ 151,176	
Totals -	\$ 917,560	\$ 684,588	\$ 366,647	\$ 773,925	\$ 153,623	\$ 256,068	\$ 32,268	\$ 165,493	\$ 258,223	\$ 121,409	\$ 59,832	

(Continued)

STRAFFORD LEARNING CENTER
 STATEMENTS OF FUNCTIONAL EXPENSES (Continued)
 FOR THE YEAR ENDED JUNE 30, 2012
 (WITH COMPARATIVE TOTALS FOR 2011)

	Program Services (continued)				Support Services			Total for Year Ended June 30, 2011
	Charles Ott Academy	Rochester Learning Academy	Consultants	Total Program Services	General and Administrative	Land and Building	Total Support Services	
Salaries and wages	\$ 177,934	\$ 194,801	\$ 234,482	\$ 3,133,647	\$ 204,516	\$ -	\$ 204,516	\$ 3,011,950
Pension plan contributions	7,789	4,573	9,050	122,076	(3,142)	-	(3,142)	126,073
Other employee benefits	60,229	43,333	39,351	619,544	54,404	-	54,404	711,902
Payroll taxes	12,399	14,381	16,158	228,537	14,809	-	14,809	218,110
Legal and accounting fees	3,508	5,937	6,669	46,385	9,086	-	9,086	8,662
Materials and supplies	723	2,118	1,270	7,618	16,940	-	16,940	52,944
Telephone	-	-	-	-	2,731	-	2,731	6,055
Postage	-	-	-	-	4,067	-	4,067	4,073
Occupancy	16,744	40,614	777	67,855	32,560	-	32,560	57,717
Equipment costs	826	17,539	777	36,832	10,225	-	10,225	38,892
Travel	171	453	8,153	71,738	4,334	-	4,334	56,562
Depreciation	-	-	-	-	-	27,189	27,189	23,256
Advertising	-	-	-	418	453	-	453	1,809
Consultants	1,586	605	1,281	39,260	17,930	-	17,930	54,969
Contracted services	-	75	-	53,032	15,011	-	15,011	61,916
Insurance	2,445	31	2,816	39,400	7,670	-	7,670	54,382
Miscellaneous	-	-	-	5,950	119	-	119	13,775
Totals -	\$ 284,354	\$ 324,460	\$ 320,007	\$ 4,472,293	\$ 391,713	\$ 27,189	\$ 418,902	\$ 4,891,195
Totals -	\$ 274,221	\$ -	\$ -	\$ 4,121,573	\$ 358,218	\$ 23,256	\$ 381,474	\$ 4,503,047

*STRAFFORD LEARNING CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011*

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,417	\$ 101,955
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,189	23,256
(Gain)/loss on disposal of assets	379	-
Unrealized (gain)/loss on investments	(83)	3,060
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(34,289)	57,206
(Increase) decrease in prepaid expenses	(1,640)	70,901
Increase (decrease) in accounts payable	11,532	(5,703)
Increase (decrease) in accrued expenses	361	(12,450)
Net cash provided by (used in) operating activities	<u>\$ 45,866</u>	<u>\$ 238,225</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (49,228)	\$ (30,700)
Change in cash and cash equivalents in investments	<u>27,451</u>	<u>(153,161)</u>
Net cash provided by (used in) operating activities	<u>\$ (21,777)</u>	<u>\$ (183,861)</u>
Net increase in cash and cash equivalents	\$ 24,089	\$ 54,364
Cash and cash equivalents:		
Beginning	<u>427,829</u>	<u>373,465</u>
Ending	<u>\$ 451,918</u>	<u>\$ 427,829</u>

*STRAFFORD LEARNING CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Strafford Learning Center (“the Center”) is a voluntary, not-for-profit corporation, incorporated under the laws of the State of New Hampshire. The purpose of the Center is to provide for the establishment of special educational resource services and the coordination of resources and services to be available to students and individuals with short- and long-term disabilities in Strafford County and the surrounding areas. Substantially all revenue is derived from tuitions, fees, and contracts awarded by member and non-member school administrative units and school districts.

Accounting Method

Assets, liabilities, revenue, and expenses are reported on the accrual basis of accounting.

Basis of Presentation

Net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Center and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Center considers all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Based upon a favorable history over a substantial period of time, the Center considers all accounts receivable as of June 30, 2012 and 2011 to be fully collectible. Therefore, no allowance for doubtful accounts has been established.

Investments

The Center carries investments in marketable equity securities with readily determinable fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

STRAFFORD LEARNING CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost when purchased and fair market value when donated. It is the Center's policy to generally capitalize expenses for these items in excess of \$2,000. Lesser amounts are generally expensed. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	10-40
Equipment	5-7

Deferred Revenues

The Center receives revenues in advance of services performed. Revenues from such services are recognized in the reporting period to which they relate.

Revenue and Support

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Advertising

The Center expenses advertising as incurred.

Income Taxes

The Center is a non-profit organization determined to be exempt from Federal income tax under the Internal Revenue Code, Section 501(c)(3), and not a private foundation within the meaning of Section 509(a).

Comparative Financial Information

The financial statements include certain prior-year comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such amounts should be read in conjunction with the Center's financial statements for the year ended June 30, 2010, from which the comparative total amounts were derived.

Accounting for Income Taxes

The Center considers the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 740-10 (*Accounting for Uncertainty in Income Taxes*). The purpose of this topic is to clarify whether non-profit organizations may include tax benefits from uncertain tax positions in their financial statements. The Center records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. The Center recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Center is no longer subject to U.S. federal and state informational return examinations by tax authorities for years before 2008. The Center has evaluated its tax positions and concludes that there are no tax positions it has taken which if challenged would result in a material effect on the financial statements.

STRAFFORD LEARNING CENTER
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012 AND 2011

NOTE 2 – PROGRAM SERVICES

John Powers School – alternative learning environment for students with behavioral/emotional disabilities in grades 1-9.

Preschool Education Program – special education program for ages 3-5.

Early Childhood Assessment Team – evaluation services for ages 3-6.

North Star – negotiates alternative pathways to high school completion.

Charles Ott Academy – project based learning program for grades 9-12.

Rochester Learning Academy – alternative learning environment for students with behavioral/emotional disabilities in grades 7-12.

NOTE 3 - INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are carried at fair value.

Investments at June 30, 2012 and 2011 were comprised of the following:

	2012	2011
Cash - Money Market	\$ 104,820	\$ 75,517
Equity - Guggenheim Bulletshares 2015	31,479	30,371
Equity - Guggenheim Bulletshares 2014	30,971	30,365
Equity - Guggenheim Bulletshares 2013	30,415	30,044
Equity - Guggenheim Bulletshares 2012	29,868	29,875
Equity - Guggenheim Bulletshares 2011	-	29,446
<u>Total</u>	<u>\$ 227,553</u>	<u>\$ 225,618</u>

Investment return at June 30, 2012 is summarized as follows:

Investment income, dividends and interest	\$ 2,272
Unrealized gains (losses)	83
	<u>\$ 2,355</u>
Withdrawals in accordance with spending policy	<u>\$ 2,272</u>

Investment return at June 30, 2011 is summarized as follows:

Investment income, dividends and interest	\$ 2,203
Unrealized gains (losses)	(3,061)
	<u>\$ (858)</u>
Withdrawals in accordance with spending policy	<u>\$ 2,203</u>

STRAFFORD LEARNING CENTER
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012 AND 2011

NOTE 3 – INVESTMENTS (Continued)

Investment Assets

FASB Accounting Standards Codification Topic 820-10 *Fair Value Measurements* was effective for fiscal year ended March 31, 2010. Topic 820-10 defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving 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 measurement). In February 2008, the FASB issued Topic 820-10, *Effective Date for FASB Statement*, which delays the effective date for Topic 820-10 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities. The Center does not expect that the adoption of Topic 820-10 will have a material impact on its financial statements.

Under Topic 820-10, the three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Center's investments reported at fair value are summarized within the fair value hierarchy in accordance with Topic 820-10 as follows:

	Fair Value Hierarchy Level	2012	2011
Cash equivalents	1	\$ 104,820	\$ 75,517
Equities	1	122,733	150,101
		\$ 227,553	\$ 225,618

The Center's direct investments consist of cash and cash equivalents, and equity securities. Accordingly these direct investments are Level 1 investments. None of the Center's investments are Level 2 or Level 3 investments.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Operating cash for the years ending June 30, 2012 and 2011 is deposited in one bank account. The daily balance in the account is swept into a repurchase agreement at the end of each day. These repurchase agreements are not classified as deposits insured by the Federal Deposit Insurance Corporation (FDIC). The repurchase agreements are collateralized by securities of the U.S. government or agency thereof. These securities are subject to market risks. Uninsured balances at June 30, 2012 and 2011 were \$375,969 and \$272,689, respectively.

For the years ended June 30, 2012 and 2011, the Center maintained additional cash equivalents with an investment brokerage. Balances at the brokerage are not covered by the FDIC. Securities in accounts custodied by the brokerage are protected by the Securities Investor Protection Corporation up to \$500,000 including up to \$100,000 in cash, in the event of the brokerage's liquidation. Additional coverage is purchased by the brokerage from an insurance company. These coverages do not protect against market fluctuations. At June 30, 2012 and 2011, these cash equivalents balances were \$104,818 and \$75,516, respectively.

*STRAFFORD LEARNING CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011*

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) ASC 825-10 *Disclosures about Fair Value Instruments* requires disclosure of fair value information about financial instruments whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 825-10 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Center.

Cash and cash equivalents: The carrying amounts reported in the balance sheets for cash and cash equivalents approximate those assets fair values because of the short maturity of those items.

Receivables: The carrying amounts reported in the balance sheets for receivables approximate those assets fair values because of the short maturity of those items.

Prepaid expenses: The carrying amounts reported in the balance sheets for prepaid expenses approximate those assets fair values because of the short maturity of those items.

Accounts payable and accrued expenses: The carrying amounts reported in the balance sheets for accounts payable and accrued expenses approximate those liabilities fair values because of the short maturity of those items.

Financial Accounting Standards Board (FASB) ASC 820-10, Fair Value Measurements provides for a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. *FASB ASC 820-10* also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Center considers fair value concepts to test various long-lived assets for impairment. The Center has determined that the adoption of *FASB ASC 820-10* does not have a material impact on its financial statements.

NOTE 6 - CREDIT ARRANGEMENT

The Center has available a line of credit with a bank for \$100,000. The unpaid principal balance under the loan is secured by a first lien on all corporate assets of the Center and shall bear interest at a fluctuating rate equal to the Wall Street Journal Prime Rate plus 1% adjusted daily. Interest payments are due monthly. Any principal outstanding is payable on demand. This agreement is subject to an annual review on October 29, 2012. At June 30, 2012 the Center had drawn \$-0- on the line of credit.

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NOTE 7 - BOARD DESIGNATED NET ASSETS

Amounts in the unrestricted net assets may be comprised of encumbrances and designations of funds by the Board of Directors and/or management for specified purposes, comprised as follows:

	<u>2012</u>	<u>2011</u>
Board approved designations:		
Revenue offset	\$ -	\$ 13,030
Other operating designations:		
PEP 5 Program	16,979	10,987
UNH Assistive Technology Team	4,700	-
<u>Total</u>	<u>\$ 21,679</u>	<u>\$ 24,017</u>

NOTE 8 - 403(B) TAX SHELTERED ANNUITY PROGRAM

The Center has a 403(b) tax sheltered annuity (TSA) program for the benefit of its employees. Employees are eligible to participate in the plan if they work a minimum number of hours per week. The Center is obligated to match 100% of employee contributions up to 4-6% of each participant's base pay, depending on the employee's length of employment. The contributions made by the Center for the years ended June 30, 2012 and 2011 were \$118,936 and \$126,074, respectively.

NOTE 9 - UNEMPLOYMENT COMPENSATION

The Center has elected not to participate in the New Hampshire Unemployment Compensation Fund. As such, the Center is liable to pay any benefits to terminated employees who would have otherwise been eligible for unemployment benefits from the State of New Hampshire. Included in accrued expenses for the years ended June 30, 2012 and 2011 were \$9,430 and \$14,786, respectively, representing the Center's estimate of unemployment claims liability.

NOTE 10 - LEASE COMMITMENT

The Center rents several facilities as office and program service space under month-to-month and one three year lease. Monthly rent is \$8,640. Total rent expense for the years ended June 30, 2012 and 2011 was \$59,053 and \$30,000, respectively.

The Center leases two copier machines at \$401 per month for 48 months. The terms of the leases are September 2011 through July 2016.

Future minimum lease payments under these leases as of June 30, 2012 are as follows:

2013	\$ 102,088
2014	92,652
2015	63,055
2016	43,380
2017	38,400
	<u>\$ 339,575</u>

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NOTE 11 – ACCRUED EXPENSES

Accrued expenses are comprised as follows:

	<u>2012</u>	<u>2011</u>
Employee withholding	\$ 30,557	\$ 32,116
Accrued payroll	7,761	-
Accrued vacation	12,575	13,577
Accrued payroll taxes	1,556	1,039
Unemployment compensation liability	9,430	14,786
	<u>\$ 61,879</u>	<u>\$ 61,518</u>

NOTE 12 – RECLASSIFICATIONS

Certain amounts in the prior year financial report have been reclassified for comparative purposes to conform to the current year presentation.

NOTE 13 – CONTINGENCY

The Center occasionally is involved in certain claims incidental to its services. Based on consultation with legal counsel, management is of the opinion that any claims, either individually or in the aggregate, to which the Center is a party will not have a material adverse effect on the Center's financial position or results of its activities.

NOTE 14 – SUBSEQUENT EVENT

The Center did not have any recognized or unrecognized subsequent events after June 30, 2012, the date of the statement of financial position. Subsequent events have been evaluated through October 29, 2012, the date the financial statements were available to be issued.