



CHRISTOPHER T. SUNUNU  
GOVERNOR

**STATE OF NEW HAMPSHIRE**  
**OFFICE OF ENERGY AND PLANNING**  
107 Pleasant Street, Johnson Hall  
Concord, NH 03301-3834  
Telephone: (603) 271-2155  
Fax: (603) 271-2615



June 21, 2017

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

1) Authorize the Office of Energy and Planning (OEP) to enter into a **SOLE SOURCE** contract with Southwestern Community Services, Inc. (VC #177511), Keene, NH, in the amount of \$166,701.00 for the federal Weatherization Assistance Program (WAP) effective July 19 2017, through June 30, 2018, upon approval of Governor and Executive Council. 100% Federal Funds.

Funding is available in the following account, Low Income Weatherization, contingent upon the availability and continued appropriation of funds in the FY2018 operating budget, as follows:

01-02-02-024010-77060000-500587	<u>FY 2018</u>
Grant for Pub. Assist & Relief	\$166,701.00

2) Further request authorization to advance to the vendor \$44,918.00 of the above-referenced contract amount.

**EXPLANATION**

This contract is **SOLE SOURCE** because of U.S. Department of Energy's (USDOE) grant guidance (10 CFR 440.15) giving Community Action Agencies preferred status for the Weatherization Assistance Program due to their non-profit status, their role providing a range of services to clients eligible for the Weatherization Assistance Program (WAP), and their historical performance delivering the weatherization program.

OEP is responsible for administering New Hampshire's statewide Weatherization Assistance Program, funded by a grant from USDOE. The objective of the program is to weatherize homes to reduce energy consumption and energy costs in eligible low income households. Priority is given to households that include elderly, disabled, or children, and households with high energy usage. OEP contracts with New Hampshire's Community Action Agencies to provide weatherization services at the local level. OEP estimates that approximately one hundred ninety-two (192) homes will be weatherized throughout the State as a result of the State's USDOE grant award.

The requested advance of funds will enable Southwestern Community Services, Inc. to operate the program between monthly reimbursements from the State, and may only be used for allowable program expenses as detailed in Exhibit B.

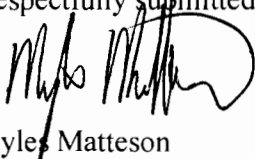
His Excellency, Governor Christopher T. Sununu  
and the Honorable Council

June 21, 2017

Page 2 of 2

In the event Federal Funds are no longer available, General Funds will not be requested to support this contract.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Myles Matteson', written over a horizontal line.

Myles Matteson  
Director

Attachments

**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

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

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name Office of Energy and Planning		1.2 State Agency Address 107 Pleasant Street, Johnson Hall Concord, New Hampshire 03301	
1.3 Contractor Name Southwestern Community Services, Inc..		1.4 Contractor Address 63 Community Way, PO Box 603 Keene, NH 03431	
1.5 Contractor Phone Number (603) 352-7512	1.6 Account Number 01-02-02-024010-77060000-500587	1.7 Completion Date June 30, 2018	1.8 Price Limitation \$166,701.00
1.9 Contracting Officer for State Agency Kirk Stone, Weatherization Program Manager		1.10 State Agency Telephone Number (603) 271-2155	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory John Manning, Chief Executive Officer	
1.13 Acknowledgement: State of NH, County of Cheshire On June 15, 2017, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace 			
1.13.2 Name and Title of Notary or Justice of the Peace Lisa Perrotta, Notary			
1.14 State Agency Signature  Date: 6/19/17		1.15 Name and Title of State Agency Signatory Myles Matteson, Director	
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) (if applicable) By:  On: 6/27/17			
1.18 Approval by the Governor and Executive Council (if applicable) 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, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 (“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. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. 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

Contractor Initials

Date

  
6/15/17

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.

#### 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 notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and 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 \$1,000,000 per occurrence and \$2,000,000 aggregate ; and

14.1.2 special cause of loss coverage form 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 thirty (30) 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 provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) 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 unless no

such approval is required under the circumstances pursuant to State law, rule or policy.

**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.

Contractor Initials

Date 6/15/17

# EXHIBIT A

## Scope of Services

1. Southwestern Community Services, Inc. hereinafter “the Contractor” or “Subgrantee,” agrees to perform weatherization services and all additional services and other work necessary to provide Weatherization Assistance Program (WAP) services to eligible low income individuals in accordance with the regulations set forth by the U. S. Department of Energy in 10 CFR 440 dated February 1, 2002, and in 2 CFR 200 as amended, and in accordance with the provisions and procedures contained in the most recent New Hampshire Weatherization Assistance Program (NHWAP) State Plan, Policies and Procedures Manual, Field Guide, and as otherwise administered by the Office of Energy and Planning (OEP).

Periodically OEP may issue Subgrantee Guidance (SG) and Subgrantee Notices (SN) or other clarifications as necessary. All such changes shall be considered as incorporated into the NH Weatherization Policies and Procedures Manual and Field Guide. The Contractor agrees to alter the Program procedures in accordance with a SG, SN or other instructions.

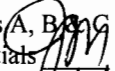
The Subgrantee agrees to abide by changes in the NH Weatherization Assistance Program designed to improve program delivery and further agrees to perform Weatherization Program services in a manner that will successfully interact with utility administered energy efficiency programs for low-income households in order to provide the best services for New Hampshire’s low-income households.

2. The contract period, to be known as Program Year 2017 (PY17), will commence on July 19, 2017, and will have a completion date of June 30, 2018, subject to the approval of Governor and Executive Council.
3. Plans for expenditure of funds for Training and Technical Assistance, Program Implementation, and Leveraging Activities must be defined in the Contractor’s Management Plan (CMP) and approved by OEP. Requests to deviate from the plan must be made in writing in advance, and approved by OEP as prescribed in the NH Policies and Procedures Manual.
4. In PY17, Contractor agrees to complete Weatherization Services on twenty-six (26) dwelling units according to the standards outlined in the most recent NH Weatherization Policies and Procedures Manual and Field Guide.
  - (a) Weatherization Services are intended to increase the energy efficiency of the home, and to improve the home’s comfort and safety. A certified energy auditor first performs a NHWAP energy audit on the home using scientific test equipment. Specific energy conservation measures and heating source repairs are then implemented in order of priority and cost effectiveness. This integrated activity is carried out in accordance with provisions and procedures outlined in the most recent NH Policies and Procedures Manual and Field Guide.
  - (b) The minimum number of dwelling units and the amount of funds to be expended shall conform to the provisions of this contract and shall be incorporated into the CMP. Deviations of more than 20% from expected dwelling unit goals in any given quarter may result in a reduction of the contract amounts and a reallocation of funds to other contractors.
5. In accordance with the US DOE’s “Quality Work Plan” (QWP) and the provisions of Weatherization Program Notice (WPN) 15-4 ([http://www.waptac.org/data/files/Website\\_docs/Government/Guidance/2014/WPN-15-4.pdf](http://www.waptac.org/data/files/Website_docs/Government/Guidance/2014/WPN-15-4.pdf)), beginning April 1, 2015, Contractor must have regular and reliable access to properly trained and certified Quality

Exhibits A, B, & C  
Initials *AM*  
Date *6/15/17*  
Page 1 of 5

Control Inspector(s), available as either staff or contractors, able to fully function in that capacity. This contract provides funding for continued training and technical assistance sufficient to allow the Contractor to secure and maintain the skilled personnel necessary to meet the requirements of WPN 15-4.

6. All work performed under the Weatherization Assistance Program (WAP) in New Hampshire, using federal money from any WAP program year, must meet the minimum specifications defined in the US Department of Energy's "Quality Work Plan" (QWP) and the associated Standard Work Specifications (SWS). Details are presented in the Standard Work Specifications (SWS) for Home Energy Upgrades referred to in US DOE Weatherization Program Notice 15-4 (see link in paragraph 5, above), as well as in the 2015 edition of the New Hampshire Weatherization Assistance Program's Field Guide (<http://wxfieldguide.com/nh/>), which governs WAP work in New Hampshire beginning on April 1, 2015. Contractor must ensure, and be able to document for OEP, that all staff and contractors who will perform Weatherization work beginning on April 1, 2015, are properly trained and certified for that work and have been informed that their work must meet the requirements of the SWS or dwelling units will not be considered complete and reimbursement will not occur.

Exhibits A, B, C, G  
Initials   
Date 6/15/17



## EXHIBIT B

### Methods and Conditions of Payment

In consideration of the satisfactory performance of the Services, the State agrees to pay the Contractor, Southwestern Community Services, Inc. in total, the sum of:

\$166,701.00	(which hereinafter is referred to as the "Contracted Amount"), of which
\$ 17,134.00	may be expended for Administration,
\$ 13,451.00	may be expended for Training & Technical Assistance,
\$ 13,612.00	may be expended for Health & Safety measures,
\$122,504.00	(the balance), to be spent on weatherization activities (Program Activity) and.
\$ 44,918.00	will be issued as a cash advance,

Drawdowns from the total contracted amount will be paid to the Contractor only after written documentation of cash need is submitted to OEP. Disbursement of the contracted amount shall be made in accordance with the procedures established by the State and 2 CFR 200.305(b) on an advance basis; limited to minimum amounts needed; and be timed to be in accordance with the actual, immediate cash requirements of the Contractor in carrying out the purpose of the program. The Contractor must make timely payments to (sub)contractors in accordance with the contract provisions. Contractor shall submit a payment request to OEP for each month of the contract period. Payment requests from Contractor shall be received at OEP no later than the 15<sup>th</sup> day of each month, or the first business day following the 15<sup>th</sup> day.

Administrative costs are provided to cover a specified number of unit completions at minimal standards. Administrative funds may be pro-rated by OEP if production unit completions do not meet expected production goals.

All obligations of the State, including the continuance of any payments, are contingent upon the availability and continued appropriation of funds for the services to be provided.

OEP may, as a function of its administrative oversight, modify contracted budget amounts as necessary to ensure the efficient operation of the NHWAP as long as these modified expenditures do not exceed the Contracted Amount total as specified above.

Exhibits A, B, C  
Initials *[Signature]*  
Date 6/15/17  
Page 3 of 5

# EXHIBIT C

## Special Provisions

1. 2 CFR 200 as amended (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), 10 CFR 440 dated February 1, 2002 (Weatherization Assistance Program), the New Hampshire Weatherization Assistance Program State Plan, Weatherization Assistance Program Policies and Procedures, and Field Guide are all considered legally binding and enforceable documents under this contract. OEP reserves the right to use any legal remedy at its disposal including, but not limited to, disallowance of costs, withholding of funds, suspension of agency personnel, disbarment of agency personnel, disbarment of agencies and/or subcontractors from present or future contracts, and such other legal remedies as determined to be appropriate by the New Hampshire Department of Justice in the enforcement of rules and regulations pertaining to the Weatherization Assistance Program.
2. An audit shall be made at the end of the Contractor's fiscal year in accordance with 2 CFR 200, Subpart F - Audit Requirements. This audit report shall include a schedule of revenues and expenditures by contract or grant number of all expenditures during the Contractor's fiscal year. The Contractor shall utilize a competitive bidding process to choose a qualified financial auditor at least every four years.

The audit report shall include a schedule of prior year's questioned costs along with a response to the current status of the prior year's questioned costs. Copies of all management letters written as a result of the audit along with the audit report shall be forwarded to OEP within one month of the time of receipt by the Contractor accompanied by an action plan, if applicable, for each finding or questioned cost.


3. The following paragraph shall be added to paragraph 9 of the general provisions:

“9.4 All negotiated contracts (except those of \$5,000 or less) awarded by the Subgrantee shall allow OEP, DOE, the Comptroller General of the United States, or any duly authorized representatives, access to any books, documents, papers, and records of the Subgrantee or their subcontractors, which are directly pertinent to the Weatherization Assistance Program for the purpose of making audits, examinations, excerpts and transcription.”
4. In paragraph 10 of the general provisions, the following sentence shall be deleted: “The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in EXHIBIT A.”
5. The costs charged under this contract shall be determined as allowable under the cost principles detailed in 2 CFR 200 Subpart E – Cost Principles.
6. Program and financial records pertaining to this contract shall be retained by the Contractor for 3 (three) years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as stated in 2 CFR 200.333 – Retention Requirements for Records.
7. Kirk Stone, Weatherization Program Manager of OEP, has been designated with the responsibility for overseeing this contract.

Exhibits A, B, C, D  
Initials *JS*  
Date *6/15/17*  
Page 4 of 5

8. The following paragraphs shall be added to the general provisions:

- “25. RESTRICTION ON ADDITIONAL FUNDING. It is understood and agreed between the parties that no portion of the “Grant” funds may be used for the purpose of obtaining additional Federal funds under any other law of the United States, except if authorized under that law.”
- “26. ASSURANCES/CERTIFICATIONS. The following are attached and signed: Certification Regarding Drug-Free Workplace Requirements; Certification Regarding Lobbying; Certification Regarding Debarment, Suspension and Other Responsibility Matters; Certification Regarding the Americans With Disabilities Act Compliance; Certification Regarding Environmental Tobacco Smoke; Assurance of Compliance Nondiscrimination in Federally Assisted Programs; and Certification Regarding the Federal Funding Accountability and Transparency Compliance.
- “27. COPELAND ANTI-KICKBACK ACT. All contracts and subgrants in excess of \$2,000.00 for construction or repair shall include a provision for compliance with Copeland “Anti-Kickback” Act (18 USC 874) as supplemented in Department of Labor Regulations (29 CFR, Part 3). This Act provides that each contractor, subcontract or subgrantee shall be prohibited from inducing, by any means, any person employed in the construction, completion or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The subgrantee should report all suspected violations to OEP.”
- “28. PROCUREMENT. Subgrantee shall comply with all provisions of 2 CFR 200 Subpart D – Post Federal Award Requirements – Procurement Standards, with special emphasis on financial procurement ( 2 CFR 200 Subpart F – Audit Requirements) and property management (2 CFR 200 Subpart D – Post Federal Award Requirements – Property Standards)”
- “29. CLOSE OUT OF CONTRACT. All final required reports and reimbursement requests shall be submitted to the State within sixty (60) days of the completion date (Agreement Block 1.7).”

Exhibits A, B  
Initials   
Date 6/15/17  
Page 5 of 5

**New Hampshire Office of Energy and Planning**

**STANDARD EXHIBIT D**

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS  
ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS**

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES  
US DEPARTMENT OF ENERGY  
US DEPARTMENT OF HOMELAND SECURITY**

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989, regulations were amended and published as Part II of the May 25, 1990, Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Contractors using this form should send it to:

Director, New Hampshire Office of Energy and Planning,  
107 Pleasant Street, Johnson Hall, Concord, NH 03301

- (A) The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  - (b) Establishing an ongoing drug-free awareness program to inform employees about—
    - (1) The dangers of drug abuse in the workplace;
    - (2) The grantee's policy of maintaining a drug-free workplace;
    - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
  - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS  
ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS, cont'd**

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES  
US DEPARTMENT OF ENERGY  
US DEPARTMENT OF HOMELAND SECURITY**

- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted—
  - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (street address, city, county, State, zip code) (list each location)

63 Community Way  
Keene, NH 03431

Check  if there are workplaces on file that are not identified here.

---

Southwestern Community Services, Inc.

Contractor Name

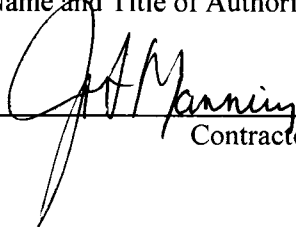
July 19, 2017 – June 30, 2018

Period Covered by this Certification

---

John Manning, Chief Executive Officer

Name and Title of Authorized Contractor Representative



Contractor Representative Signature

06/15/17

Date

Exhibits D thru H

Page 2 of 7

Initials *JM*

Date *6/15/17*

Award # DE-EE0007935, CFDA #81.042

New Hampshire Office of Energy and Planning

STANDARD EXHIBIT E

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor’s representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

CERTIFICATION REGARDING LOBBYING

US DEPARTMENT OF HEALTH AND HUMAN SERVICES
US DEPARTMENT OF ENERGY
US DEPARTMENT OF HOMELAND SECURITY

Programs (indicate applicable program covered):

- Community Services Block Grant
Low-Income Home Energy Assistance Program
Weatherization Program

Contract Period: July 19, 2017 – June 30, 2018

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, “Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-I.
(3) The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

[Handwritten Signature]
Contractor Representative Signature

John Manning, Chief Executive Officer
Contractor’s Representative Title

Southwestern Community Services, Inc.
Contractor Name

06/15/17
Date

# New Hampshire Office of Energy and Planning

## STANDARD EXHIBIT F

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12529 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

### **CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS**

#### *Instructions for Certification*

- (1) By signing and submitting this proposal (contract), the prospective primary participant is providing the certification set out below.
- (2) The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Office of Energy and Planning (OEP) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
- (3) The certification in this clause is a material representation of fact upon which reliance was placed when OEP determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, OEP may terminate this transaction for cause or default.
- (4) The prospective primary participant shall provide immediate written notice to the OEP agency to whom this proposal (contract) is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (5) The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76.
- (6) The prospective primary participant agrees by submitting this proposal (contract) that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by OEP.
- (7) The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by OEP, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Non-procurement List (of excluded parties).
- (9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (9) Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, OEP may terminate this transaction for cause or default.

Exhibits D thru H

Page 4 of 7  
Initials JM Date 6/15/17

Award # DE-EE0007925, CFDA #81.042

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER  
RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS, cont'd**

***Certification Regarding Debarment, Suspension, and Other  
Responsibility Matters - Primary Covered Transactions***

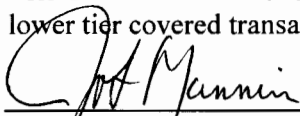
- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - (b) have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1) (b) of this certification; and
  - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).

***Certification Regarding Debarment, Suspension, Ineligibility and  
Voluntary Exclusion - Lower Tier Covered Transactions***  
(To Be Supplied to Lower Tier Participants)

By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- (b) where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.



Contractor Representative Signature

John Manning, Chief Executive Officer

Contractor's Representative Title

Southwestern Community Services, Inc.

Contractor Name

06/15/17

Date

Exhibits D thru H

Page 5 of 7

Initials JM Date 6/15/17

Award # DE-EE0007955, CFDA #81.042



**New Hampshire Office of Energy and Planning**

**STANDARD EXHIBIT G**

**CERTIFICATION REGARDING THE  
AMERICANS WITH DISABILITIES ACT COMPLIANCE**

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.



Contractor Representative Signature

John Manning, Chief Executive Officer

Contractor's Representative Title

Southwestern Community Services, Inc.

Contractor Name

06/15/17

Date

Exhibits D thru H

Page 6 of 7

Initials *JM*

Date *6/15/17*

Award # DE-EE0007935, CFDA #81.042

**New Hampshire Office of Energy and Planning**

**STANDARD EXHIBIT H**

**CERTIFICATION  
Public Law 103-227, Part C  
ENVIRONMENTAL TOBACCO SMOKE**

Public Law 103227, Part C Environmental Tobacco Smoke, also known as the Pro Children Act of 1994, requires that smoking not be permitted in any portion of any indoor facility routinely owned or leased or contracted for by an entity and used routinely or regularly for provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee.

The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

By signing and submitting this application the applicant/grantee certifies that it will comply with the requirements of the Act.

The applicant/grantee further agrees that it will require the language of this certification be included in any subawards which contain provisions for the children's services and that all subgrantees shall certify accordingly.



Contractor Representative Signature

John Manning, Chief Executive Officer  
Contractor's Representative Title

Southwestern Community Services, Inc.

Contractor Name

06/15/17

Date

Exhibits D thru H

Page 7 of 7

Initials *JM* Date *6/15/17*

Award # DE-EE0007935, CFDA #81.042

## New Hampshire Office of Energy and Planning

### STANDARD EXHIBIT I

#### U.S. DEPARTMENT OF ENERGY ASSURANCE OF COMPLIANCE NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

#### OMB Burden Disclosure Statement

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Office of Information Resources Management Policy, Plans, and Oversight, Records Management Division, HR-422 - GTN, Paperwork Reduction Project (1910-0400), U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington, DC 20585; and to the Office of Management and Budget (OMB), Paperwork Reduction Project (1910-0400), Washington, DC 20503.

**Southwestern Community Services, Inc.** (Hereinafter called the "Applicant") HEREBY AGREES to comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), Section 16 of the Federal Energy Administration Act of 1974 (Pub. L. 93-275), Section 401 of the Energy Reorganization Act of 1974 (Pub. L. 93-438), Title IX of the Education Amendments of 1972, as amended, (Pub. L. 92-318, Pub. L. 93-568, and Pub. L. 94-482), Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), the Age Discrimination Act of 1975 (Pub. L. 94-135), Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), the Department of Energy Organization Act of 1977 (Pub. L. 95-91), the Energy Conservation and Production Act of 1976, as amended, (Pub. L. 94-385) and Title 10, Code of Federal Regulations, Part 1040. In accordance with the above laws and regulations issued pursuant thereto, the Applicant agrees to assure that no person in the United States shall, on the ground of race, color, national origin, sex, age, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity in which the Applicant receives Federal assistance from the Department of Energy.

#### Applicability and Period of Obligation

In the case of any service, financial aid, covered employment, equipment, property, or structure provided, leased, or improved with Federal assistance extended to the Applicant by the Department of Energy, this assurance obligates the Applicant for the period during which Federal assistance is extended. In the case of any transfer of such service, financial aid, equipment, property, or structure, this assurance obligates the transferee for the period during which Federal assistance is extended. If any personal property is so provided, this assurance obligates the Applicant for the period during which it retains ownership or possession of the property. In all other cases, this assurance obligates the Applicant for the period during which the Federal assistance is extended to the Applicant by the Department of Energy.

#### Employment Practices

Where a primary objective of the Federal assistance is to provide employment or where the Applicant's employment practices affect the delivery of services in programs or activities resulting from Federal assistance extended by the Department, the Applicant agrees not to discriminate on the ground of race, color, national origin, sex, age, or disability, in its employment practices. Such employment practices may include, but are not limited to, recruitment, advertising, hiring, layoff or termination, promotion, demotion, transfer, rates of pay, training and participation in upward mobility programs; or other forms of compensation and use of facilities.

### Subrecipient Assurance

The Applicant shall require any individual, organization, or other entity with whom it subcontracts, subgrants, or subleases for the purpose of providing any service, financial aid, equipment, property, or structure to comply with laws and regulations cited above. To this end, the subrecipient shall be required to sign a written assurance form; however, the obligation of both recipient and subrecipient to ensure compliance is not relieved by the collection or submission of written assurance forms.

### Data Collection and Access to Records

The Applicant agrees to compile and maintain information pertaining to programs or activities developed as a result of the Applicant's receipt of Federal assistance from the Department of Energy. Such information shall include, but is not limited to the following: (1) the manner in which services are or will be provided and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination; (2) the population eligible to be served by race, color, national origin, sex, age and disability; (3) data regarding covered employment including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English; (4) the location of existing or proposed facilities connected with the program and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any person on the basis of prohibited discrimination; (5) the present or proposed membership by race, color, national origin, sex, age and disability in any planning or advisory body which is an integral part of the program; and (6) any additional written data determined by the Department of Energy to be relevant to the obligation to assure compliance by recipients with laws cited in the first paragraph of this assurance.

The Applicant agrees to submit requested data to the Department of Energy regarding programs and activities developed by the Applicant from the use of Federal assistance funds extended by the Department of Energy. Facilities of the Applicant (including the physical plants, buildings, or other structures) and all records, books, accounts, and other sources of information pertinent to the Applicant's compliance with the civil rights laws shall be made available for inspection during normal business hours on request of an officer or employee of the Department of Energy specifically authorized to make such inspections. Instructions in this regard will be provided by the Director, Office of Civil Rights, U.S. Department of Energy.

This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts (excluding procurement contracts), property, discounts or other Federal assistance extended after the date hereof, to the Applicants by the Department of Energy, including installment payments on account after such data of application for Federal assistance which are approved before such date. The Applicant recognizes and agrees that such Federal assistance will be extended in reliance upon the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Applicant, the successors, transferees, and assignees, as well as the person(s) whose signatures appear below and who are authorized to sign this assurance on behalf of the Applicant.

### Applicant Certification

The Applicant certifies that it has complied, or that, within 90 days of the date of the grant, it will comply with all applicable requirements of 10 C.F.R. § 1040.5 (a copy will be furnished to the Applicant upon written request to DOE).

John Manning, Chief Executive Officer

Signature  Date 06/15/17

Southwestern Community Services, Inc.  
63 Community Way  
Keene, NH 03431  
(603) 352-7612

New Hampshire Office of Energy and Planning

STANDARD EXHIBIT J

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND  
TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

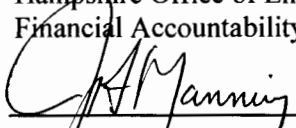
In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the New Hampshire Office of Energy and Planning must report the following information for any subaward or contract award subject to the FFATA reporting requirements:


- 1) Name of entity
- 2) Amount of award
- 3) Funding agency
- 4) NAICS code for contracts / CFDA program number for grants
- 5) Program source
- 6) Award title descriptive of the purpose of the funding action
- 7) Location of the entity
- 8) Principle place of performance
- 9) Unique identifier of the entity (DUNS #)
- 10) Total compensation and names of the top five executives if:
  - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
  - b. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the New Hampshire Office of Energy and Planning and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

	John Manning, Chief Executive Officer
(Contractor Representative Signature)	(Authorized Contractor Representative Name & Title)
Southwestern Community Services, Inc.	06/15/17
(Contractor Name)	(Date)

Contractor initials:   
Date: 6/15/17  
Page 1 of 2  
Award #DE-EE0007935, CFDA 81.042

New Hampshire Office of Energy and Planning

STANDARD EXHIBIT J

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 081251381 \_\_\_\_\_

2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

X NO \_\_\_\_\_ YES

**If the answer to #2 above is NO, stop here**

**If the answer to #2 above is YES, please answer the following:**

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

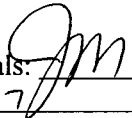
\_\_\_\_\_ NO \_\_\_\_\_ YES

**If the answer to #3 above is YES, stop here**

**If the answer to #3 above is NO, please answer the following:**

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____

Contractor initials:   
Date: 6/15/17  
Page 2 of 2  
Award#DE-EE0007935, CFDA#81.042

# 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 SOUTHWESTERN COMMUNITY SERVICES, INC. is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on May 19, 1965. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 65514



IN TESTIMONY WHEREOF,  
I hereto set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 4th day of April A.D. 2017.

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

William M. Gardner  
Secretary of State

Handwritten initials "WM" and the date "6/15/17" in black ink.

**CERTIFICATE OF VOTES**

**(Corporate Authority)**

I, Elaine M. Amer, Clerk/Secretary of Southwestern Community Services, Inc. Board of Directors  
(name) (corporation name)

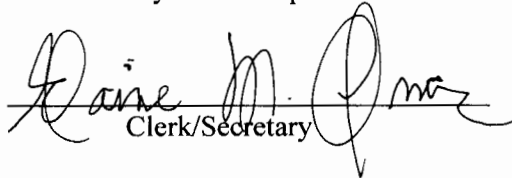
(hereinafter the "Corporation"), a New Hampshire corporation, hereby certify that: (1) I am the duly  
(state)  
elected and acting Clerk/Secretary of the Corporation; (2) I maintain and have custody and am familiar with the  
minute books of the Corporation; (3) I am duly authorized to issue certificates with respect to the contents of such  
books; (4) that the Board of Directors of the Corporation have authorized, on 02/18/15, such  
authority (date)  
to be in force and effect until June 30, 2018.  
(contract termination date)

The person(s) holding the below listed position(s) are authorized to execute and deliver on behalf of the  
Corporation any contract or other instrument for the sale of products and services:

John A. Manning Chief Executive Officer  
(name) (position)  
  
\_\_\_\_\_  
(name) (position)

(5) the meeting of the Board of Directors was held in accordance with New Hampshire  
(state of incorporation)  
law and the by-laws of the Corporation; and (6) said authorization has not been modified, amended or rescinded  
and continues in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand as the Clerk/Secretary of the corporation this  
15th day of June, 2017.

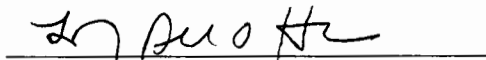
  
Clerk/Secretary

STATE OF NEW HAMPSHIRE  
COUNTY OF CHESHIRE

On this 15th day of June, 2017, before me, Leisa Perrotta the undersigned Officer, personally  
appeared Elaine M. Amer who acknowledged herself to be the Clerk/Secretary of  
Southwestern Community Services, Inc. Board of Directors, a corporation and that she as such Clerk/Secretary  
being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



  
Notary Public/Justice of the Peace

Commission Expiration Date: 2-6-2018

  
EAM  
6/15/17





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
6/20/2017

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).

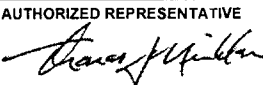
<b>PRODUCER</b> Clark - Mortenson Insurance P.O. Box 606 Keene NH 03431	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 603-352-2121 E-MAIL: csr24@clark-mortenson.com ADDRESS:	FAX (A/C, No): 603-357-8491
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b> SOUTHWESTERNCOM Southwestern Comm Services Inc PO Box 603 Keene NH 03431	<b>INSURER A :</b> Philadelphia Insurance Company	
	<b>INSURER B :</b> Maine Employer Mutual Insurance Co.	
	<b>INSURER C :</b>	
	<b>INSURER D :</b>	
	<b>INSURER E :</b>	
<b>INSURER F :</b>		<b>NAIC #</b>

**COVERAGES**                      **CERTIFICATE NUMBER:** 655099904                      **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 INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			PHPK1668183	6/30/2017	6/30/2018	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 \$
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			PHPK1668192	6/30/2017	6/30/2018	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$10,000			PHUB587872	6/30/2017	6/30/2018	EACH OCCURRENCE \$2,000,000 AGGREGATE \$2,000,000 \$
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	3102800768	4/1/2017	4/1/2018	<input checked="" type="checkbox"/> PER STATUTE <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
A	Professional Liability			PHPK1668183	6/30/2017	6/30/2018	\$1,000,000 per occurrence \$2,000,000 general aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
Workers Compensation Statutory coverage provided for the State of NH  
All Executive Officers are included in the Workers Compensation coverage

<b>CERTIFICATE HOLDER</b>  State of New Hampshire Office of Energy & Planning Johnson Hall 107 Pleasant Street Concord NH 03301-8501	<b>CANCELLATION</b>  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 

© 1988-2014 ACORD CORPORATION. All rights reserved.

*Financial Statements*

---

**SOUTHWESTERN COMMUNITY SERVICES, INC.  
AND RELATED COMPANIES**

**FOR THE YEARS ENDED  
MAY 31, 2016 AND 2015  
AND  
INDEPENDENT AUDITORS' REPORT**

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2016

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statements of Cash Flows	5 - 6
Consolidated Statement of Functional Expenses	7
Consolidated Notes to Financial Statements	8 - 21
Supplementary Information:	
Consolidated Schedule of Functional Revenues and Expenses	22
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	24
Independent Auditors' Reports on Internal Control and Compliance	25 - 28
Schedule of Findings and Questioned Costs	29 - 30
Summary Schedule of Prior Audit Findings	31

To the Board of Directors of  
Southwestern Community Services, Inc.  
Keene, New Hampshire

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Southwestern Community Services, Inc. (a New Hampshire nonprofit corporation) and related companies, which comprise the consolidated statements of financial position as of May 31, 2016 and 2015, and the related consolidated statements of cash flows, and notes to the financial statements for the years then ended, and the related statements of activities and functional expenses for the year ended May 31, 2016.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Community Services, Inc. and related companies as of May 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Southwestern Community Services, Inc. and related companies' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Functional Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional 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 consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of Southwestern Community Services, Inc.'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 Southwestern Community Services, Inc.'s internal control over financial reporting and compliance.

*Leone McDonnell & Roberts*  
*Professional Association*

December 9, 2016  
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
MAY 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u> (restated)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,188,826	\$ 197,247
Accounts receivable	1,102,367	911,829
Prepaid expenses	23,413	45,899
Notes receivable	112,000	112,000
Interest receivable	36,587	32,107
Total current assets	<u>2,463,193</u>	<u>1,299,082</u>
<b>PROPERTY</b>		
Land and buildings	14,237,257	19,155,380
Vehicles and equipment	813,172	802,622
Furniture and fixtures	40,986	144,840
Total property	<u>15,091,415</u>	<u>20,102,842</u>
Less accumulated depreciation	<u>5,446,011</u>	<u>8,819,308</u>
Property, net	<u>9,645,404</u>	<u>11,283,534</u>
<b>OTHER ASSETS</b>		
Inventory	-	209,342
Investment in related parties	20,700	20,700
Due from related parties	281,825	352,217
Cash escrow and reserve funds	341,367	278,772
Security deposits	35,961	62,930
Other assets	384	15,968
Total other assets	<u>680,237</u>	<u>939,929</u>
Total assets	<u>\$ 12,788,834</u>	<u>\$ 13,522,545</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 155,247	\$ 720,997
Accrued expenses	146,363	117,347
Accrued payroll and payroll taxes	218,182	309,572
Other current liabilities	181,696	132,696
Refundable advances	201,064	239,234
Bank line of credit	-	249,953
Current portion of long term debt	381,611	331,865
Total current liabilities	1,284,163	2,101,664
<b>NONCURRENT LIABILITIES</b>		
Long term debt, less current portion shown above	<u>7,991,096</u>	<u>9,069,941</u>
Total liabilities	<u>9,275,259</u>	<u>11,171,605</u>
<b>NET ASSETS</b>		
Unrestricted	3,302,355	2,341,095
Temporarily restricted	211,220	9,845
Total net assets	<u>3,513,575</u>	<u>2,350,940</u>
Total liabilities and net assets	<u>\$ 12,788,834</u>	<u>\$ 13,522,545</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2016  
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u> (restated)
<b>REVENUES AND OTHER SUPPORT</b>				
Government contracts	\$ 9,060,110	\$ -	\$ 9,060,110	9,154,522
Program service fees	2,030,772	-	2,030,772	1,991,293
Rental income	1,007,200	-	1,007,200	533,766
Developer income	254,004	-	254,004	347,615
Support	306,582	211,220	517,802	381,297
Fundraising	67,765	-	67,765	92,884
Interest income	4,710	-	4,710	4,549
Forgiveness of debt	61,209	-	61,209	585,457
Miscellaneous	264,795	-	264,795	122,439
In-kind contributions	215,867	-	215,867	161,575
Total revenues and other support	<u>13,273,014</u>	<u>211,220</u>	<u>13,484,234</u>	<u>13,375,397</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	<u>9,845</u>	<u>(9,845)</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	<u>13,282,859</u>	<u>201,375</u>	<u>13,484,234</u>	<u>13,375,397</u>
<b>EXPENSES</b>				
<b>Program services</b>				
Home energy programs	3,624,241	-	3,624,241	4,014,931
Education and nutrition	2,271,455	-	2,271,455	2,213,462
Homeless programs	2,122,818	-	2,122,818	2,211,640
Housing services	2,521,333	-	2,521,333	1,895,451
Economic development services	317,822	-	317,822	437,548
Other programs	745,736	-	745,736	818,906
Total program services	<u>11,603,405</u>	<u>-</u>	<u>11,603,405</u>	<u>11,591,938</u>
<b>Supporting activities</b>				
Management and general	<u>1,887,761</u>	<u>-</u>	<u>1,887,761</u>	<u>1,826,284</u>
Total expenses	<u>13,491,166</u>	<u>-</u>	<u>13,491,166</u>	<u>13,418,222</u>
<b>CHANGES IN NET ASSETS BEFORE GAIN (LOSS) ON SALE OF PROPERTY</b>	<u>(208,307)</u>	<u>201,375</u>	<u>(6,932)</u>	<u>(42,825)</u>
<b>GAIN (LOSS) ON SALE OF PROPERTY</b>	<u>759,643</u>	<u>-</u>	<u>759,643</u>	<u>(11,116)</u>
<b>CHANGE IN NET ASSETS</b>	<u>551,336</u>	<u>201,375</u>	<u>752,711</u>	<u>(53,941)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	2,341,095	9,845	2,350,940	4,194,192
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	-	195,077
<b>NET ASSETS TRANSFERRED FROM LIMITED PARTNERSHIPS</b>	<u>409,924</u>	<u>-</u>	<u>409,924</u>	<u>(1,984,388)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,751,019</u>	<u>9,845</u>	<u>2,760,864</u>	<u>2,404,881</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,302,355</u>	<u>\$ 211,220</u>	<u>\$ 3,513,575</u>	<u>\$ 2,350,940</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MAY 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u> (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 752,711	\$ (53,941)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	597,297	505,694
(Gain) loss on sales of property	(884,882)	-
Loss on sale of property developments sold	125,239	11,116
Forgiveness of debt	(61,209)	(585,457)
(Increase) decrease in assets:		
Accounts receivable	(190,538)	71,516
Prepaid expenses	31,980	(53,739)
Interest receivable	(4,480)	(4,480)
Due from related parties	(164,685)	944,184
Security deposits	59,036	(5,398)
Other assets	15,584	
Increase (decrease) in liabilities:		
Accounts payable	(603,671)	(334,243)
Accrued expenses	(820)	(639,853)
Accrued payroll and payroll taxes	(91,390)	196,026
Other current liabilities	49,000	2,563
Refundable advances	(38,170)	107,120
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(408,998)</u>	<u>161,108</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in escrow funds	237,589	29,115
Proceeds from property developments sold	266,500	261,478
Improvements to property developments	(182,397)	(158,756)
Proceeds from sales of property	4,019,878	-
Purchase of property	(115,173)	(75,198)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>4,226,397</u>	<u>56,639</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayments on bank line of credit	(249,953)	(89,000)
Proceeds from long term debt	34,182	67,917
Repayment of long term debt	(2,636,139)	(102,869)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(2,851,910)</u>	<u>(123,952)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	965,489	93,795
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	197,247	96,654
<b>CASH TRANSFERRED FROM LIMITED PARTNERSHIPS</b>	<u>26,090</u>	<u>6,798</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,188,826</u>	<u>\$ 197,247</u>

See Notes to Consolidated Financial Statements



SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED MAY 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u> (restated)
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ <u>253,726</u>	\$ <u>186,420</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Transfer of assets from newly consolidated LPs:		
Accounts receivable	\$ -	\$ 7,149
Due from related parties	40,000	-
Prepaid expenses	9,494	8,324
Land and buildings	3,097,594	6,623,002
Furniture and fixtures	28,666	111,730
Accumulated depreciation	(1,147,270)	(3,857,476)
Other assets	-	15,377
Cash escrow and reserve funds	300,184	125,050
Security deposits	<u>32,067</u>	<u>45,904</u>
Total transfer of assets from newly consolidated LPs	\$ <u>2,360,735</u>	\$ <u>3,079,060</u>
Transfer of liabilities from newly consolidated LPs:		
Accounts payable	\$ 37,921	\$ 504,354
Due to related parties	-	226,789
Accrued expenses	29,836	645,873
Long term debt	<u>1,909,144</u>	<u>3,693,230</u>
Total transfer of liabilities from newly consolidated LPs	\$ <u>1,976,901</u>	\$ <u>5,070,246</u>
Transfer of net assets from newly consolidated LPs	\$ <u>409,924</u>	\$ <u>(1,984,388)</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2016  
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	Home Energy Programs	Education and Nutrition	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Program	Management and General	2016 Total	2015 Total (restated)
Payroll	\$ 367,452	\$ 1,020,131	\$ 560,784	\$ 780,508	\$ 205,470	\$ 382,202	\$ 3,316,547	\$ 754,218	\$ 4,070,765	\$ 3,884,753
Payroll taxes	37,424	114,436	55,898	75,987	19,773	43,778	347,296	66,029	413,335	419,912
Employee benefits	125,137	298,075	156,712	217,328	54,272	119,434	970,908	149,659	1,120,567	1,241,803
Retirement	24,223	70,374	36,061	59,160	13,817	17,028	220,663	63,302	283,965	264,701
Advertising	150	26,290	1,698	2,908	1,990	-	33,036	396	33,432	24,335
Bank charges	240	-	104	5,370	-	-	5,714	8,123	13,837	10,143
Bad debt expense	-	-	-	27,660	-	-	27,660	-	27,660	878
Commercial subsidy	1,800	-	11,074	-	-	1,868	14,742	-	14,742	13,373
Computer cost	58	3,133	3,189	-	1,310	-	7,690	129,074	136,764	159,186
Contractual	219,826	22,618	144,801	35,717	2,386	80,035	505,183	16,144	521,327	785,393
Depreciation	-	21,870	91,203	321,803	-	11,557	446,433	150,864	597,297	505,694
Dues/registration	-	6,815	625	235	-	7,914	15,589	3,030	18,619	26,125
Duplicating	1,508	9,460	207	135	-	726	12,116	5,407	17,523	14,354
Insurance	6,038	15,578	22,855	98,104	1,198	6,211	149,984	39,640	189,624	141,667
Interest	-	8,774	10,663	103,971	-	2,190	125,598	128,128	253,726	186,420
Meeting and conference	7,374	896	11,846	8,762	-	26,274	55,152	36,430	91,582	58,293
Miscellaneous expense	9,396	8,715	2,975	136,707	355	5,702	163,850	31,465	195,315	77,676
Miscellaneous taxes	-	-	-	89,068	-	-	89,068	10,175	99,243	49,820
Equipment purchases	232	1,832	569	4,744	-	-	7,377	5,770	13,147	17,962
Office expense	11,381	18,063	12,256	7,957	3,696	430	53,773	16,483	70,256	62,621
Postage	45	377	100	588	294	-	1,404	23,999	25,403	23,144
Professional fees	-	-	-	48,030	-	-	48,030	92,569	140,599	66,297
Staff development and training	3,300	5,335	17,882	6,227	-	12,592	45,336	20,609	65,945	93,425
Subscriptions	-	-	-	458	234	1,050	1,742	551	2,293	979
Telephone	1,621	15,497	23,826	9,660	4,347	1,133	56,084	5,076	61,160	85,550
Fax	-	-	-	-	-	-	-	-	-	46
Travel	5,778	18,032	20,648	7,572	5,171	764	57,965	3,429	61,394	52,997
Vehicle	1,668	3,362	2,713	28,122	-	5,607	41,472	36,064	77,536	78,974
Rent	-	26,550	-	-	-	-	26,550	-	26,550	25,550
Space costs	-	148,298	258,489	391,556	-	510	798,853	81,117	889,970	697,407
Direct client assistance	2,799,710	191,127	675,640	52,996	3,519	18,731	3,741,723	-	3,741,723	4,181,069
In-kind expenses	-	215,867	-	-	-	-	215,867	-	215,867	181,575
<b>TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION</b>	<b>3,824,241</b>	<b>2,271,455</b>	<b>2,122,818</b>	<b>2,521,333</b>	<b>317,822</b>	<b>745,736</b>	<b>11,603,405</b>	<b>1,887,761</b>	<b>13,491,166</b>	<b>13,418,222</b>
Allocation of management and general expenses	569,629	369,544	345,362	410,196	51,707	121,323	1,887,761	(1,887,761)	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 4,213,870</b>	<b>\$ 2,640,999</b>	<b>\$ 2,468,180</b>	<b>\$ 2,931,529</b>	<b>\$ 369,529</b>	<b>\$ 867,059</b>	<b>\$ 13,491,166</b>	<b>\$ -</b>	<b>\$ 13,491,166</b>	<b>\$ 13,418,222</b>

See Notes to Consolidated Financial Statements

**SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2016 AND 2015**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Southwestern Community Services, Inc. (the Organization) is a New Hampshire nonprofit corporation formed as an umbrella corporation that offers an array of services to the elderly, disabled, and low-income households in the Cheshire and Sullivan counties of New Hampshire. Various programs provide assistance in the areas of education, child development, employment, energy and its conservation, housing, and homelessness prevention. Services are provided through Southwestern Community Services, Inc., and its related corporations, SCS Management Corp., SCS Housing, Inc., Drewsville Carriage House Associates, LP (Drewsville), North Walpole Village Housing Associates, LP (North Walpole), Troy Common Associates, LP (Troy), Peterborough/Finlay, LLC (Peterborough), Hinsdale Main Street Associates LP (Hinsdale), Jaffrey Housing Associates LP (Jaffrey), Troy Senior Housing Associates, LP (Troy Senior), and Keene Eastside Senior Housing Associates, LP (Keene Eastside). The Organization is committed to providing respectful support service and assisting individuals and families in achieving self-sufficiency by helping them overcome the causes of poverty. The primary source of revenues is derived from governmental contracts.

**Basis of Accounting**

The consolidated financial statements of Southwestern Community Services, Inc. and related companies have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles. The consolidated financial statements include the accounts of Southwestern Community Services, Inc., SCS Management Corp., and SCS Housing, Inc. The three corporations are combined because Southwestern Community Services, Inc. controls more than 50% of the voting power. All significant intercompany items and transactions have been eliminated from the basic consolidated financial statements.

For the years ended May 31, 2016 and 2015, Drewsville, North Walpole, Troy, Peterborough, Hinsdale, Jaffrey, Troy Senior, and Keene Eastside have been consolidated with the Organization because the Organization owns 100% of the voting power. Troy Senior and Keene Eastside were acquired by the Organization during the year ended May 31, 2016, and Peterborough, Hinsdale, and Jaffrey were acquired during the year ended May 31, 2015. During the year ended May 31, 2016, the Organization sold North Walpole, Troy, Peterborough, and Hinsdale. All significant intercompany items and transactions have been eliminated from the basic consolidated financial statements.

### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Accounting Standard Codification No. 958-210, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon the existence or absence of donor-imposed restrictions.

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted: Net assets whose use is limited by donor imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Organization.

Permanently Restricted: Net assets reflecting the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor - imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

As of May 31, 2016 and 2015, the Organization had unrestricted and temporarily restricted net assets.

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 Organization's financial statements for the year ended May 31, 2015 from which the summarized information was derived.

### **Refundable Advances**

The Organization records grant and contract revenue as refundable advances until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue.

### **In-Kind Support**

The Organization records various types of in-kind support including professional services and materials. Contributed professional services are recognized if the service received creates or enhances long-lived assets or requires specialized skill, are provided by individuals possessing 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.

### **Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all liquid investments purchased with original maturities of three months or less to be cash equivalents.

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts was estimated to be zero at May 31, 2016 and 2015. The Organization has no policy for charging interest on overdue accounts.

#### **Notes Receivable**

The Organization has two notes receivable from an unrelated third party. The notes receivable are stated at the amount that is expected to be collected at year end. Interest is accrued at a rate of 4% annually. The balance of the notes receivable and related interest receivable is \$112,000 and \$36,587, respectively at May 31, 2016 and \$112,000 and \$32,107, respectively at May 31, 2015.

#### **Inventory**

Inventory is recorded at cost or at fair value if contributed. Inventory consists of property developments, which when complete, will be held for sale. There are no property developments in process at May 31, 2016.

#### **Current Vulnerability Due to Certain Concentrations**

The Organization is operated in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or Legislature. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. For the years ended May 31, 2016 and 2015, approximately 66% and 68%, respectively, of the Organization's total revenue was received from government agencies. The future nature of the organization is dependent upon continued support from the government.

#### **Concentration of Credit Risk**

The Organization maintains its cash accounts in several financial institutions, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts. At May 31, 2016, cash balances in excess of federally insured limits aggregated approximately \$960,000. At May 31, 2015, no balance exceeded the federally insured limits.

### Property and Depreciation

Purchased property and equipment are stated at cost at the date of acquisition or at fair value at the date of receipt in the case of donated property. The Organization generally capitalizes and depreciates all assets with a cost greater than \$5,000 and an expected life greater than one year. Depreciation is provided for using the straight-line method in amounts designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings and improvements	10 - 40 Years
Vehicles and equipment	5 - 10 Years
Furniture and fixtures	7 Years

The use of certain assets is specified under the terms of grants received from agencies of the federal government. These grants also place liens on certain assets and impose restrictions on the use of funds received from the disposition of the property.

### Advertising

The Organization expenses advertising costs as incurred.

### Revenue Recognition

Amounts received from conditional grants and contracts received for specific purposes are generally recognized as income to the extent that related expenses and conditions are incurred or met. Conditional grants received prior to the conditions being met are reported as refundable advances. Contributions of cash and other assets are reported as restricted if they are received with donor imposed stipulations that limit the use of the donated assets. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

### Income Taxes

Southwestern Community Services, Inc. and SCS Management Corporation are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are not a private foundation. As such, they are exempt from income tax on its exempt function income.

SCS Housing, Inc. is taxed as a corporation and has federal net operating loss carryforwards totaling \$808,894 and \$800,793 at May 31, 2016 and 2015, respectively. These loss carryforwards may be offset against future taxable income and, if not used, will begin to expire in 2027.

The tax effects of the carryforwards as related to deferred tax assets is as follows as of May 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Tax benefit from loss carryforwards	\$121,334	\$120,119
Valuation allowance	(121,334)	(120,119)
Deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

Drewsville, North Walpole, Troy, Peterborough, Hinsdale, Jaffrey, Troy, Senior and Keene Eastside are taxed as partnerships. Federal income taxes are not payable by, or provided for these entities. Earnings and losses are included in the partners' federal income tax returns based on their share of partnership earnings. Partnerships are required to file income tax returns with the State of New Hampshire and pay an income tax at the state's statutory rate.

Accounting Standard Codification No. 740, "Accounting for Income Taxes," established the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in financial statements. Management has analyzed the Organization's tax position taken on its income tax returns for all open years (tax years ending May 31, 2013 – 2016), and has concluded that no additional provision for income taxes is necessary in the Organization's financial statements.

#### **Fair Value of Financial Instruments**

FASB ASC Topic No. 820-10, Financial Instruments, provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework in generally accepted accounting principles for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with ASC 820-10, the Organization may use valuation techniques consistent with market, income and cost approaches to measure fair value. As a basis for considering market participant assumptions in fair value measurements, Topic 820-10 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy under ASC Topic 820-10 are described as follows:

**Level 1** – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

**Level 2** - Inputs to the valuation methodology are other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

**Level 3** - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The carrying amount of cash, accounts receivables, prepaid expenses, inventory, accounts payable, accrued expenses, and refundable advances approximates fair value because of the short maturity of those instruments.

**Functional Allocation of Expenses**

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

**NOTE 2**      **BANK LINE OF CREDIT**

The Organization has a \$250,000 revolving line of credit agreement with a bank. The line calls for monthly interest payments based on an interest rate of 4% per annum. The line is secured by all the Organization's assets. The outstanding balance at May 31, 2015 totaled \$249,953. The balance has been repaid in full as of May 31, 2016.

**NOTE 3**      **LONG TERM DEBT**

The long term debt at May 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
1% mortgage payable to New Hampshire Housing Finance Authority in monthly installments for principal and interest of \$891 through August 2032. The note is secured by real estate of the Organization.	\$ 172,929	\$ 181,843
Non-interest bearing mortgage payable to Community Development Finance Authority, in quarterly principal payments based on operating income formula applied to affordable housing portion of the specified real estate. The note is secured by real estate of the Organization.	32,147	32,147
3.5% note payable to a bank in monthly installments for principal and interest of \$959 through March 2021. The note is secured by real estate of the Organization.	51,906	61,388
Non-interest bearing mortgage payable to New Hampshire Housing Finance Authority. Payment is deferred for 30 years, through September 2031, or until project is sold or refinanced. The note is secured by real estate of the Organization.	250,000	250,000
Non-interest bearing mortgage payable to New Hampshire Housing Finance Authority. Payment is deferred for 30 years, through July 2032, unless there is surplus cash from which to make a payment, or until project is sold or refinanced. The note is secured by real estate of the Organization.	406,558	408,300



4.25% mortgage payable to a bank in monthly installments for principal and interest of \$1,875 through December 2016, with a balloon payment due January 2017. The note is secured by real estate of the Organization.	192,893	206,615
4.375% note payable to Rural Housing Service in monthly installments for principal and interest of \$11,050 through May 2049. The note is secured by real estate of the Organization.	2,312,802	2,343,485
Non-interest bearing note payable to Cheshire County in New Hampshire. Payment is not necessary unless Organization defaults on contract and the note is secured by real estate of the Organization.	460,000	460,000
4% note payable to a development company, in annual interest installments only through March 2015 at which time a final balloon payment of the entire principal balance was due. The remaining balance is still outstanding at May 31, 2016 and is classified as current. The note is secured by real estate of the Organization.	63,000	63,000
4% note payable to a development company, in annual interest installments only through March 2015 at which time a final balloon payment of the entire principal balance was due. The remaining balance is still outstanding at May 31, 2016 and is classified as current. The note is secured by real estate of the Organization.	45,000	45,000
Note payable to a bank in monthly installments for principal and interest of \$2,769 including interest through May 2039. Interest is adjusted every five years based on remaining principal balance and "Classic Advantage Rate" provided by Federal Home Loan Bank of Boston which resulted in an interest rate of 4.07% at May 31, 2016 and 2015. The note is secured by real estate of the Organization.	439,386	449,567
5.95% note payable to a bank in monthly installments for principal and interest of \$934 through May 2021. The note is secured by real estate of the Organization.	110,853	115,214

North Walpole - 6% note payable to a bank in monthly installments for principal and interest of \$1,351 through April 2016 at which time a balloon payment of \$123,000 was due. North Walpole was sold during the year ended May 31, 2016. The note was secured by real estate of the Organization.

- 128,971

Troy - 7% note payable to a bank in monthly installments for principal and interest of \$807 through December 2025. Troy was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by real estate of the Organization.

- 76,750

Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.

200,000 225,000

Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.

120,000 135,000

Non-interest bearing note payable to New Hampshire Finance Authority in annual payments in the amount of 50% of annual surplus cash through July 2023 at which time the remaining balance is due. The note is secured by real estate of the Organization.

794,189 794,189

Non-interest bearing note payable to a county in New Hampshire. No payment is due and 5% of the balance is forgiven each year through 2032 when the remaining balance becomes due. The note is secured by real estate of the Organization.

402,966 424,175

3.99% note payable to a bank in monthly installments for principal and interest of \$355 through May 2018. The note is secured by a vehicle of the Organization. 8,401 12,249

Peterborough - 7% note payable to New Hampshire Housing Finance Authority in monthly installments for principal and interest of \$15,013 through June 2040. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by a mortgage and risk sharing security agreement with the U.S. Department of Housing and Urban Development on the Organization's assets. - 2,124,114

Peterborough - Non-recourse 0% note payable to New Hampshire Housing Finance Authority. Principal is payable at the sole discretion of the lender from excess cash of the borrower determined by formula. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was due December 2041 and was secured by the Partnership's land and buildings. - 388,657

Jaffrey - 30-year deferred note payable to the Town of Jaffrey, New Hampshire. Payment of principal and accrued interest at 1% are deferred until the note matures in June 2027. The note is secured by land and buildings. The balance included cumulative accrued interest of \$46,819. 297,668 294,721

Jaffrey - 6% note payable to a bank in monthly installments for principal and interest of \$484 through June 2027. The note is secured by land and buildings. 46,592 49,463

Hinsdale - 6% note payable to a bank in monthly installments for principal and interest of \$635 with a balloon payment due October 2017. Hinsdale was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by land and buildings. - 66,030

4.25% note payable to a bank in monthly installments for principal and interest through December 2016. The note was secured by land and buildings and was paid off during the year ended May 31, 2016. - 37,718

6.99% note payable to a finance company in monthly installments for principal and interest of \$652 through June 2019. The note is secured by a vehicle.	22,167	28,210
Troy Senior - Non-interest bearing note payable to a county in New Hampshire. Payments are deferred until the note matures in June 2029. The note is secured by real estate of the Organization.	640,000	-
Troy Senior - Non-interest bearing note payable to New Hampshire Housing Finance Authority to fund energy efficiency improvements through the Authority's Greener Homes Program. Payment is deferred for 30 years, through August 2042. The note is secured by real estate of the Organization.	140,210	-
Keene Eastside - Non-interest bearing note payable to a county in New Hampshire. Payments are deferred until the note matures in December 2028. The note is secured by real estate of the Organization.	900,000	-
Keene Eastside - Non-interest bearing note payable to New Hampshire Community Development Finance Authority (CDFA) to fund energy upgrades and capital improvements. The mortgage may be released after ten years in January 2026. The note is secured by real estate of the Organization.	34,106	-
Keene Eastside - Non-interest bearing note payable to New Hampshire Housing Finance Authority to fund energy efficiency improvements through the Authority's Greener Homes Program. Payment is deferred for 30 years, through August 2042. The note is secured by real estate of the Organization.	<u>228,934</u>	<u>-</u>
	8,372,707	9,401,806
Less current portion due within one year	<u>381,611</u>	<u>331,865</u>
	<u>\$ 7,991,096</u>	<u>\$ 9,069,941</u>

The schedule of maturities of long term debt at May 31, 2016 is as follows:

Year Ending <u>May 31</u>	<u>Amount</u>
2017	\$ 381,611
2018	84,403
2019	83,465
2020	80,398
2021	81,318
Thereafter	<u>7,661,512</u>
Total	<u>\$ 8,372,707</u>

**NOTE 4**     **OPERATING LEASES**

The Organization leases facilities and vehicles under non-cancelable lease agreements at various financial institutions. Lease periods range from month to month to 2017. Monthly lease payments range from \$341 to \$3,521. Lease expense for the years ended May 31, 2016 and 2015 totaled \$25,093 and \$9,472, respectively.

Future minimum payments as of May 31, 2016 on the above leases are \$36,617 during the year ending May 31, 2017.

**NOTE 5**     **ACCRUED COMPENSATED BALANCES**

At May 31, 2016 and 2015, the Organization accrued a liability for future annual leave time that its employees had earned and vested in the amount of \$125,790 and \$125,564, respectively.

**NOTE 6**     **CONTINGENCIES**

At May 31, 2016, SCS Housing, Inc. is the general partner of seven limited partnerships (which include Drewsville, Jaffrey, and Troy Senior, consolidated within the financial statements) formed to develop low-income housing projects through the use of Low Income Housing Tax Credits. Southwestern Community Services, Inc. and SCS Housing, Inc. have guaranteed repayment of liabilities of various partnerships totaling approximately \$2,345,000 at May 31, 2016. Partnership real estate with a cost basis of approximately \$17,286,000 provides collateral on these loans.

At May 31, 2015, SCS Housing, Inc. was the general partner of eleven limited partnerships (which included Drewsville, North Walpole, Troy, Peterborough, Hinsdale, and Jaffrey, consolidated within the financial statements) formed to develop low-income housing projects through the use of Low Income Housing Tax Credits. Southwestern Community Services, Inc. and SCS Housing, Inc. had guaranteed repayment of liabilities of various partnerships totaling \$5,209,000 at May 31, 2015. Partnership real estate with a cost basis of approximately \$25,300,000 provided collateral on these loans.

The Organization receives funds under various state grants and from Federal sources. Under the terms of these agreements, the Organization is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If costs were found not to have been incurred in compliance with the laws and regulations, the Organization might be required to repay the funds.

No provisions have been made for this contingency because specific amounts, if any, have not been determined or assessed by government audits as of May 31, 2016 and 2015.

**NOTE 7**      **RELATED PARTY TRANSACTIONS**

During the years ended May 31, 2016 and 2015, SCS Housing, Inc. managed seven limited partnerships. Management fees charged by SCS Housing, Inc. totaled \$276,881 and \$337,996, for the years ended May 31, 2016 and 2015, respectively. In addition, SCS Housing, Inc. has advanced the limited partnerships funds for cash flow purposes over several years. The total amount due and expected to be collected from the limited partnerships was \$281,825 and \$352,217 at May 31, 2016 and 2015, respectively.

**NOTE 8**      **INVESTMENT IN RELATED PARTIES**

The Organization has invested in three related entities for property development and Department of Housing and Urban Development (HUD) sponsorship purposes. The total amount invested in these entities totaled \$20,700 at May 31, 2016 and 2015.

**NOTE 9**      **RETIREMENT PLAN**

The Organization maintains a tax sheltered annuity plan under the provisions of Section 403(b) of the internal Revenue Code. All employees who have had at least 30 days of service to the Organization are eligible to contribute to the plan. The Organization begins matching contributions after the employee has reached one year of service. Employer contributions are at the Organization's discretion and totaled \$283,965 and \$264,701 for the years ended May 31, 2016 and 2015, respectively.

**NOTE 10**      **RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of contributions received by the Organization that have not been used for the specified purpose of the donor. Temporarily restricted net assets at May 31, 2016 and 2015 totaled \$211,220 and \$9,845, respectively.

**NOTE 11**    **FORGIVENESS OF DEBT**

During the year ended May 31, 2016 the Organization realized forgiveness of debt income in connection with notes payable to HUD. Forgiveness of debt income totaled \$61,209 for the year ended May 31, 2016.

During the year ended May 31, 2015 the Organization realized forgiveness of debt income in connection with notes payable to the Town of Hinsdale, the County of Cheshire and HUD. Forgiveness of debt income totaled \$585,457 for the year ended May 31, 2015.

**NOTE 12**    **PRIOR PERIOD ADJUSTMENT**

The beginning net assets for the year ended May 31, 2016 have been restated to properly reflect the amount of assets and liabilities assumed in 2015 when Southwestern Community Services, Inc. acquired interests in a low income housing partnership. Unrestricted net assets at May 31, 2015 have been increased by \$195,077 to properly reflect the transaction.

**NOTE 13**    **TRANSFER OF PARTNERSHIP INTEREST**

During 2016, SCS acquired partnership interests in two low income housing limited partnerships: Troy Senior Housing Associates, LP (Troy Senior) and Keene Eastside Senior Housing Associates, LP (Keene Eastside). The amount paid for each partnership interest was \$1 and at the time of acquisition SCS became the general partner in each partnership.

The following is a summary of the assets and liabilities of each partnership at the date of acquisition:

Date of transfer	<u>09/09/2015</u>	<u>12/31/2015</u>	
	<u>Keene Eastside</u>	<u>Troy Senior</u>	<u>Total</u>
Cash	\$ 18,722	\$ 7,368	\$ 26,090
Cash-escrow	280,837	19,347	300,184
Property – net	996,031	982,959	1,978,990
Other assets	<u>38,090</u>	<u>22,557</u>	<u>60,647</u>
Total assets	<u>1,333,680</u>	<u>1,032,231</u>	<u>2,365,911</u>
Notes payable	1,128,934	780,210	1,909,144
Other liabilities	<u>19,778</u>	<u>27,065</u>	<u>46,843</u>
Total liabilities	<u>1,148,712</u>	<u>807,275</u>	<u>1,955,987</u>
Partners' capital	<u>\$ 184,968</u>	<u>\$ 224,956</u>	<u>\$ 409,924</u>

During 2015, SCS acquired partnership interests in three low income housing limited partnerships: Hinsdale Main Street Associates, LP (Hinsdale), Jaffrey Housing Associates (Jaffrey) and Peterborough/Finlay, LLC (Peterborough). The amount paid for each partnership interest was \$1 and at the time of acquisition SCS became the general partner in each partnership.

The following is a summary of the assets and liabilities of each partnership at the date of acquisition:

Date of transfer	<u>12/31/2014</u>	<u>12/31/2014</u>	<u>04/30/2015</u>	
	<u>Jaffrey</u>	<u>Hinsdale</u>	<u>Peterborough</u>	<u>Total</u>
Cash	\$ 2,393	\$ 3,284	\$ 1,121	\$ 6,798
Cash-escrow	-	31,079	93,971	125,050
Property – net	328,095	645,620	1,928,533	2,902,248
Other assets	<u>12,097</u>	<u>10,746</u>	<u>54,121</u>	<u>76,964</u>
Total assets	<u>342,585</u>	<u>690,729</u>	<u>2,077,746</u>	<u>3,111,060</u>
Notes payable	345,342	590,654	2,757,234	3,693,230
Other liabilities	<u>178,907</u>	<u>402,037</u>	<u>821,274</u>	<u>1,402,218</u>
Total liabilities	<u>524,249</u>	<u>992,691</u>	<u>3,578,508</u>	<u>5,095,448</u>
Partners' (deficit)	<u>\$ (181,664)</u>	<u>\$ (301,962)</u>	<u>\$(1,500,762)</u>	<u>\$(1,984,388)</u>

**NOTE 14** RECLASSIFICATION

Certain amounts and accounts from the prior year's financial statements were reclassified to enhance comparability with the current year's financial statements.

**NOTE 15** SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date, but arose after that date. Management has evaluated subsequent events through December 9, 2016, the date the financial statements were available to be issued.



**Southwestern Community Services, Inc. Board of Directors - Composition – 2017 –**

**CHESHIRE COUNTY**

**SULLIVAN COUNTY**

**CONSTITUENT  
SECTOR**

**Beth Fox**  
Asst. City Manager/HR Director  
City of Keene

**Mary Lou Huffling**  
Fall Mountain Emergency Food Shelf  
Alstead Friendly Meals

**Jessi Parent**  
Chair, Head Start Policy Council  
Parent Representative

**Penny Despres**  
New Hope New Horizons  
Program Representative

**PRIVATE  
SECTOR**

**Elaine Amer, Clerk/Treasurer**  
Amer Electric Company (*retired*)

**Anne Beattie**  
Newport Service Organization

**Kevin Watterson, Chair**  
Clarke Companies

**Scott Croteau, Vice Chairperson**  
VP Savings Bank of Walpole (*retired*)

**PUBLIC  
SECTOR**

**Leroy Austin**  
Building Inspector  
Town of Winchester

**David Edkins**  
Administrator, Planning & Zoning  
Town of Charlestown

**Molly Kelly**  
State Senator, District 10 (*retired*)

**Raymond Gagnon**  
State Representative, District 5

**Jessie Levine**  
Sullivan County Manager

*JM 5/22/12*

# KEY ADMINISTRATIVE PERSONNEL

NH Office of Energy & Planning

Agency Name: Southwestern Community Services, Inc.

Program Name: Weatherization Assistance Program

Name & Title Key Administrative Personnel	Annual Salary Of Key Administrative Personnel	Percentage of Salary Paid By Contract	Total Salary Amount Paid By Contract
John Manning, CEO	\$107,016	0.00%	\$0.00
Terra Rogers, Energy Director	\$50,960	0.00%	\$0.00

--

# John A. Manning

## Summary

Over 30 years of experience with non-profit organizations, as both an outside auditor and presently Chief Financial Officer of a large community action agency.

## Experience

2014 Southwestern Community Services Inc.  
Keene, NH

### Chief Executive Officer

Responsible for overall supervision, management, monitoring and fiscal review of Community Action Agency social service programs providing services to low-income, elderly, and handicapped residents of Sullivan and Cheshire Counties, New Hampshire.

1990–2014 Southwestern Community Services Inc.  
Keene, NH

### Chief Financial Officer

Oversees all fiscal functions for a community action agency providing services to low and moderate income individuals. Programs include Head Start, Fuel Assistance, and multiple affordable housing projects. Supervises a staff of 7, with an agency budget of over \$ 13,000,000. Also oversees agency property management department, which manages over 300 units of affordable housing.

1985-1995 Keene State College Keene, NH

### Adjunct Professor

Taught evening accounting classes for their continuing education program.

1978-1990 John A. Manning, Keene, NH

### Certified Public Accountant

Provided public accounting services to small and medium sized clients, including multiple non-profit organizations. Performed certified audits on several clients, including Head Start and other non-profit clients.

1975-1978 Kostin and Co. CPA's West Hartford, Ct.

### Staff Accountant

Performed all aspects of public accounting for medium sized accounting firm. Audited large number of privately held and non-profit clients.

1971–1975 University of Mass. Amherst, Ma.  
B.S. Business Administration in Accounting

## Education

American Institute of Certified Public Accountants

## Organizations

NH Society of Certified Public Accountants

## Terra Rogers

PROFESSIONAL PROFILE: Current Director of Energy and Employment Programs with 10 years of experience in a non-profit setting.

---

### MANAGEMENT AND SOCIAL SERVICE SKILLS

- Personnel Relations
  - Strong PC skills
  - Conduct employee reviews
  - Problem Solving
  - Lead and Motivate
  - Excellent Communication
  - Community Outreach
  - Decision Making
  - Interviewing
  - Database Management
  - Training and Development
  - Maintain Confidentiality
- 

### EXPERIENCE

**Southwestern Community Services (Keene/Claremont, NH) 11/2006- Current**

*Director of Energy and Employment Programs 11/2015- Current*

Oversee all daily operations for Fuel Assistance, Electric Assistance, Neighbor Helping Neighbor, Senior Energy Assistance, Weatherization, HRRP, CORE, and Assurance 16 as well as the employment programs Workplace Success, Work Experience Program, and WIA.

*WIOA Employment Counselor 11/2006- 11/2015*

Provide career management services to eligible customers with a focus on helping them obtain employment. Follows stringent guidelines and extensive documentation to help ensure program is running with federal and state government regulations. Serves as a liaison between customers, instructors, school administrators and businesses. Strong understanding of community resources to help provide appropriate referrals throughout the community.

**Staples (various locations throughout VT, ME, NY and NH) 9/1996- 11/2006**

*Operations Manager*

Consistently promoted over a 10 year period. Established and maintained all store operations. Provided proper training, honest feedback and energized staff to help promote world class customer service that exceeded maximum sales goals. Fulfilled a broad range of HR functions, including recruiting and training employees, store payroll, administering benefits, overseeing disciplinary action and managing store personnel records.

### EDUCATION

*Granite State College- Concord, NH*

Bachelor of Science (BS) in Behavioral Science (Magnum Cum Laude)

Graduated June 2012