

W



Frank Edelblut
Commissioner

Christine M. Brennan
Deputy Commissioner

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, N.H. 03301
TEL. (603) 271-3495
FAX (603) 271-1953

April 19, 2018

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

REQUESTED ACTION

Authorize the Department of Education to enter into a contract with Southeastern Regional Education Service Center, Inc. (SERESC), 29 Commerce Drive, Bedford, NH (vendor code 154866) in an amount not to exceed \$24,000.00 to serve as New Hampshire's Pyramid Model State Leadership Team (PM SLT) Meeting Facilitator, effective July 1, 2018 through June 30, 2020. 100% Federal Funds.

Funds to support this request are available in the account titled State Professional Development in fiscal year 2019 and are anticipated to be available in 2020, upon the availability and continued appropriation of funds in the future operating budget, with the ability to adjust encumbrances between fiscal years through the budget office without further Governor and Council approval if needed and justified.

	<u>FY2019</u>	<u>FY2020</u>
06-056-056-562510-25060000-102-500731 Contracts for Program Services	\$12,000	\$12,000

EXPLANATION

The New Hampshire's Pyramid Model State Leadership Team (PM SLT) consists of a cross-sector of NH early childhood leaders co-led by the NH Department of Health and Human Services' Bureau Chief of Child Development and Head Start Collaboration, the NH Department of Education's Bureau of Student Wellness Administrator and the Part B State Systemic Improvement Plan Coordinator. The PM SLT was established to develop a statewide system for implementing the Pyramid Model Framework. The vision of the PM SLT is that: "All NH families, early childhood programs and communities have the capacity to support the social-emotional well-being of infants and young children." This team is comprised of public and private partners at both the state and local level, including partners implementing the Pyramid Model. The PM SLT members represent higher education, IDEA Part C, family organizations, pre-school special education, Maternal and Child Health home visiting, Substance Abuse and Mental Health Services Administration projects, philanthropy, early childhood programs utilizing the Pyramid Model, training and TA providers, behavioral health, and the NH Early Childhood Advisory Council – Spark NH.

The Department of Education was awarded a State Personnel Development Grant (SPDG) from the U.S. Department of Education Office of Special Education Programs with the goal of improving social-

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

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April 19, 2018

emotional outcomes for preschool students with disabilities through the implementation of the Pyramid Model Framework. The Pyramid Model is a positive behavioral intervention and support framework that uses systems-thinking and implementation science to promote evidence-based practices. Promoting the implementation and sustainability of the Pyramid Model statewide is a key grant objective and the awarding of this contract will help to support our grant efforts.

An RFP was posted on the New Hampshire (NH) Department of Education website on January 30, 2018 and in the Manchester Union Leader on January 30 & 31, 2018 and February 1, 2018. The Department was seeking an individual or agency to serve as the Meeting Facilitator for New Hampshire's Pyramid Model State Leadership Team (PM SLT).

One proposal was received. The proposal was reviewed and rated using the attached scoring rubric. (see attachment A) The review committee consisted of Christine Brennan, Deputy Commissioner of Education, Ruth Littlefield, Education Consultant, Bureau of Special Education, Debra Nelson, Bureau Chief for the NH Department of Health and Human Services, Bureau of Child Development and Head Start Collaboration, and Tammy Vittum, M.Ed. Distinguished Educator with the NH Department of Education. The reviewers recommend that SERESC be brought forward for approval.

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



Frank Edelblut
Commissioner of Education

FE:PFD
Enclosures

Attachment A

Pyramid Model State Leadership Team Meeting Facilitator

Proposal Criteria in the RFP

Letter of Interest	15
Letters of Recommendation	20
Demonstration of Level of Expertise	5
Professional Experience	20
Budget Completion	20
Budget Relevance	<u>20</u>

Total Possible Points 100 points

One (1) proposal was received and scored.

Name of bidder: *Southeastern Regional Education Services Center, Inc. (SERESC)*

<u>Christine Brennan</u>	<u>Ruth Littlefield</u>	<u>Debra Nelson</u>	<u>Tammy Vittum</u>	<u>Average</u>
100	100	100	100	100

An RFP review occurred on Monday, March 27, 2018. The RFP review panel consisted of the following:

Christine Brennan

Christine Brennan, Christine Brennan was sworn in as Deputy Commissioner of Education on October 16, 2017. She began her career in education in the Manchester School District when she was hired in 1987 to teach first grade at Wilson Elementary School. She was in that role for 20 years, then worked as a literacy specialist there from 2007 until 2010. As an administrator, Brennan served as assistant principal at Wilson and Jewett Street elementary schools before arriving at Beech Street in the same position in 2012. She had been principal of Beech Street since March of 2014.

Ruth Littlefield

Ruth Littlefield - In her role in the New Hampshire Department of Education, Ruth coordinates the State Systemic Improvement Plan which focuses on improving social and emotional outcomes for preschool children with disabilities. Ruth is also the Co-Lead of the Pyramid Model State Leadership Team.

Debra Nelson

Debra Nelson - As the Bureau Chief for the New Hampshire Department of Health & Human Services Bureau of Child Development and Head Start Collaboration, Debra Nelson oversees the Child Care and Development Fund, the primary funding source devoted to (a) providing families with low-incomes that are working or participating in education and training activities with help paying for child care, and (b) improving the quality of care for all children. She also administers the Head Start Collaboration Office, which promotes partnerships between Head Start programs and other organizations at the state and local levels that provide services to benefit income-eligible children and their families with low incomes. Debra is the Co-lead of the Pyramid Model State Leadership Team.

Tammy Vittum, M.Ed

Tammy Vittum, M.Ed., is currently serving as a Distinguished Educator with the NH Dept. of Education and also has 30 years experience as an Early Childhood Special Educator/Preschool Coordinator in New Hampshire. She has extensive training (practitioner, process and content coach, observer/assessment) in the Pyramid Model and has served as the Preschool Special Education representative on the Pyramid Model State Leadership Team since its inception in November 2016.


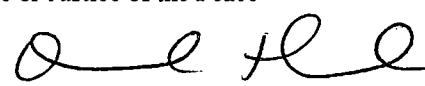
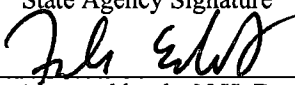
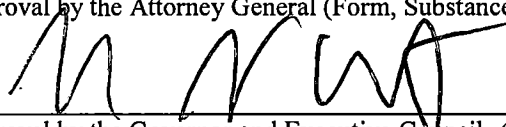
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Education, Bureau of Special Education		1.2 State Agency Address 101 Pleasant Street Concord NH 03301	
1.3 Contractor Name Southeastern Regional Education Service Center, Inc.		1.4 Contractor Address 165 South River Road, Unit F, Bedford, NH 03110	
1.5 Contractor Phone Number 603-206-6800	1.6 Account Number See Exhibit B	1.7 Completion Date 06/30/2020	1.8 Price Limitation \$24,000.00
1.9 Contracting Officer for State Agency Santina Thibedeau, Adminstrator Bureau of Special Education		1.10 State Agency Telephone Number 603-271-3741	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Paul Hebert, Executive Director	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>HILLSBOROUGH</u> On <u>4.12.2018</u> , 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 <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  [Seal] </div> <div style="text-align: right;"> DANIELLE M. PAUL, Notary Public State of New Hampshire My Commission Expires November 18, 2020 </div> </div>			
1.13.2 Name and Title of Notary or Justice of the Peace <p style="text-align: center; font-size: 1.2em;"><u>DANIELLE M PAUL, NOTARY PUBLIC</u></p>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Date: <u>5/3/18</u> <u>FRANK EDELBLUT, COMMISSIONER OF EDUCATION</u>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By:  On: <u>5/9/11</u>			
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 4/12/18

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.

EXHIBIT A

The Southeastern Regional Education Services Center, Inc. (SERESC) will identify a single individual to serve as the PM SLT Facilitator and will be responsible for:

- planning meeting agendas in collaboration with the Pyramid Model State Leadership Team (PM SLT) Co-Leaders that invite participation and include appropriate time allocation and prioritization for agenda items;
- preparing meeting materials as directed by the PM SLT;
- disseminating meeting minutes, agendas and other materials as needed to the PM SLT;
- facilitating up to 12 monthly, three (3) hour meetings per year and up to two (2) full-day retreats per year at locations secured by the PM SLT;
- utilizing a range of facilitation methods;
- building and maintaining professional knowledge of meeting facilitation and content knowledge of the Pyramid Model Framework; and
- adhering to established PM SLT meeting norms and procedures.

Contractor Initials

Date

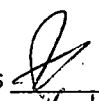

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EXHIBIT B

Budget and Payment Method

	Budget FY 19	Budget FY 20	Total Budget
<u>PERSONNEL</u>			
Meeting Facilitator	\$11,325.00	\$11,325.00	\$22,656.00
Indirect cost 6.0%	\$675.00	\$675.00	\$1350.00
Total Contract	\$12,00.00	\$12,00.00	\$24,00.00

Funds to Support this request are available in the accounts entitled, State Professional Development in fiscal year 2019 and are anticipated to be available in FY 2020, upon the availability and continued appropriation of funds in the future operating budget.

	<u>FY19</u>	<u>FY20</u>
06-056-056-562510-25060000-102-500731 Contracts for Program Services	\$12,000	\$12,000

Limitation on Price:

Upon mutual agreement between the State Contracting Officer and the contractor, line items in this budget may be adjusted one to another, with +/- 10% of the indicated amount, but in no case shall the total budget exceed the price limitation of \$24,000.00

Method of Payment:

Payment will be made on the basis of monthly invoices received by the 10th of the following month which are supported by a summary of activities that have taken place in accordance with the terms of the contract. If otherwise correct and acceptable, payment will be made.

Invoices will be submitted to:

Penny Duffy
NH Department of Education
Bureau of Special Education
101 Pleasant Street
Concord New Hampshire 03301


Contractor Initials 
Date 4/12/18

EXHIBIT C

NONE

Contractor Initials AB
Date 4/21/18

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 SOUTHEASTERN REGIONAL EDUCATIONAL SERVICE CENTER is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on August 06, 1974. 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: 64995



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 26th day of February A.D. 2018.

A handwritten signature in cursive script, appearing to read "Wm Gardner".

William M. Gardner

Secretary of State



SERESC

Southeastern Regional Education Service Center, Inc.

165 South River Road, Unit F
Bedford, NH 03110
Phone: 603-206-6800
Fax: 603-434-3891
www.seresc.net

PAUL HEBERT
Executive Director

CERTIFICATE OF AUTHORITY

The Board of Directors of the Southeastern Regional Education Service Center, Inc. do hereby certify that Paul Hebert is the duly appointed Executive Director of the Southeastern Regional Education Service Center, Inc. a New Hampshire Corporation duly existing under the law and having a principal place of business in Bedford, New Hampshire.

The Board also certifies that Paul Hebert is authorized by the Board of Directors of the Southeastern Regional Education Service Center, Inc. to sign on behalf of the corporation; all contracts, agreements, documents, application for payment from the Governor and Council, state bodies and all other individuals and entities.

The Board further certifies that Paul Hebert is authorized to execute on behalf of the Corporation; all contracts, agreements and other similar documents.

4-12-18
Date

[Signature]
Mr. Eric McGee, Chairperson
SERESC Board of Directors

Acknowledgement:

State of NY, County of HILLSBOROUGH on 4.12.2018
before the undersigned officer, personally appeared the person identified directly above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

[Signature]
Signature of Notary Public

DANIELLE M PAUL, NOTARY PUBLIC
Name and Title of Notary Public

My Commission Expires: 11-18-2020

DANIELLE M. PAUL, Notary Public
State of New Hampshire
My Commission Expires November 18, 2020

SERESC 2017-2018
Board of Directors
 (Non-Compensated)

SAU #25 Bedford, 103 County Road, Bedford, NH 03110 (603)472-3755		
Superintendent (Chairperson)	Mr. Eric (Chip) McGee	
School Board Representative	Mr. William Foote	

SAU #12 Londonderry, 268C Mammoth Road, Londonderry NH 03053 (603)432-6920		
Community Member	Nate Greenberg	
School Board Representative	Mr. Stephen Young	

SAU #15 Candia, Auburn, Hooksett, 90 Farmer Road, Hooksett, NH 03106 (603)622-3731		
Superintendent	Dr. Charles P. Littlefield	
School Board Representative, Auburn	Ms. Janice Baker	
School Board Representative, Candia	Ms. Kim Royer	
School Board Representative, Hooksett	Ms. Kara Salvas	

SAU #26 Merrimack, 36 McElwain Street, Merrimack, NH 03054 (603)424-6200		
Superintendent	Ms. Marjorie Chiafery	
School Board Representative	Mr. Andy Schneider	

SAU #55 Timberlane/Hampstead, 30 Greenough Road, Plaistow, NH 03865 (603) 382-6119		
Superintendent	Dr. Earl Metzler	
School Board Representative, Timberlane	Ms. Donna Green	
School Board Representative, Hampstead	Ms. Cathleen Abruzzese	

**SOUTHEASTERN REGIONAL EDUCATION
SERVICE CENTER, INC.**

Financial Statements

For the Year Ended June 30, 2016

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southeastern Regional Education Service Center, Inc.

Additional Offices:
Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of Southeastern Regional Education Service Center, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Regional Education Service Center, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's fiscal year 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other 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 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 May 9, 2017 on our consideration of the Organization'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 Southeastern Regional Education Service Center, Inc.'s internal control over financial reporting and compliance.

Melanson Heath

May 9, 2017

SOUTHEASTERN REGIONAL EDUCATION SERVICE CENTER, INC.

Statement of Financial Position
 June 30, 2016
 (with comparative totals as of June 30, 2015)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Current Assets:				
Cash and cash equivalents	\$ -	\$ 148,414	\$ 148,414	\$ 205,974
Restricted cash - bond escrow	175,319	-	175,319	163,303
Accounts and grants receivable	879,544	-	879,544	746,131
Prepaid expenses	10,971	-	10,971	8,773
Total Current Assets	<u>1,065,834</u>	<u>148,414</u>	<u>1,214,248</u>	<u>1,124,181</u>
Property and equipment, net	<u>2,463,726</u>	<u>-</u>	<u>2,463,726</u>	<u>6,196,616</u>
TOTAL ASSETS	<u>\$ 3,529,560</u>	<u>\$ 148,414</u>	<u>\$ 3,677,974</u>	<u>\$ 7,320,797</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	\$ 292,560	\$ -	\$ 292,560	\$ 257,924
Accrued expenses	55,394	-	55,394	65,071
Other liabilities	17,727	-	17,727	18,633
Deferred revenue	28,589	-	28,589	25,533
Line of credit	75,000	-	75,000	-
Current portion of long term debt	235,000	-	235,000	225,000
Total Current Liabilities	<u>704,270</u>	<u>-</u>	<u>704,270</u>	<u>592,161</u>
Long term debt net of current portion	<u>3,755,000</u>	<u>-</u>	<u>3,755,000</u>	<u>3,990,000</u>
Total Liabilities	4,459,270	-	4,459,270	4,582,161
Net Assets:				
Unrestricted	(979,650)	-	(979,650)	2,625,456
Board designated	49,940	-	49,940	41,531
Temporarily restricted	-	148,414	148,414	71,649
Total Net Assets	<u>(929,710)</u>	<u>148,414</u>	<u>(781,296)</u>	<u>2,738,636</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,529,560</u>	<u>\$ 148,414</u>	<u>\$ 3,677,974</u>	<u>\$ 7,320,797</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN REGIONAL EDUCATION SERVICE CENTER, INC.

Statement of Activities
For the Year Ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Support and Revenue:				
Support:				
Federal grants	\$ 812,155	\$ -	\$ 812,155	\$ 1,063,676
Other government grants	58,993	135,000	193,993	251,080
Grants and contributions	50,958	19,250	70,208	72,984
Revenue:				
Consulting revenue	3,961,491	-	3,961,491	2,990,715
Membership revenue	75,109	-	75,109	78,791
Other services	2,067,179	-	2,067,179	1,923,687
Investment income:				
Interest income	68	11	79	73
Net assets released from restriction	<u>77,496</u>	<u>(77,496)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	7,103,449	76,765	7,180,214	6,381,006
Expenses:				
Program services	6,356,845	-	6,356,845	5,795,399
Management and general	<u>837,319</u>	<u>-</u>	<u>837,319</u>	<u>749,077</u>
Total Expenses	<u>7,194,164</u>	<u>-</u>	<u>7,194,164</u>	<u>6,544,476</u>
Change in net assets before impairment loss	(90,715)	76,765	(13,950)	(163,470)
Impairment loss (see Note 4)	<u>(3,505,982)</u>	<u>-</u>	<u>(3,505,982)</u>	<u>-</u>
Change in net assets	(3,596,697)	76,765	(3,519,932)	(163,470)
Net Assets, Beginning of Year	<u>2,666,987</u>	<u>71,649</u>	<u>2,738,636</u>	<u>2,902,106</u>
Net Assets (deficit), End of Year	<u>\$ (929,710)</u>	<u>\$ 148,414</u>	<u>\$ (781,296)</u>	<u>\$ 2,738,636</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN REGIONAL EDUCATION SERVICE CENTER, INC.

Statement of Cash Flows
For the Year Ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets before impairment loss	\$ (13,950)	\$ (163,470)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	232,754	250,450
Loss on sale of equipment	4,161	-
(Increase) decrease in:		
Accounts and grants receivable	(133,413)	12,110
Prepaid expenses	(2,198)	3,854
Increase (decrease) in:		
Accounts payable	34,636	28,593
Accrued expenses	(9,677)	1,579
Other liabilities	(906)	1,124
Deferred revenue	<u>3,056</u>	<u>22,939</u>
Net Cash from Operating Activities	114,463	157,179
<u>Cash Flows From Investing Activities:</u>		
Purchase of fixed assets	<u>(10,007)</u>	<u>(27,194)</u>
Net Cash from Investing Activities	<u>(10,007)</u>	<u>(27,194)</u>
<u>Cash Flows From Financing Activities:</u>		
Line of credit proceeds	75,000	-
Line of credit payments	-	(50,000)
Principal payments of long term debt	<u>(225,000)</u>	<u>(210,000)</u>
Net Cash Used By Financing Activities	<u>(150,000)</u>	<u>(260,000)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	(45,544)	(130,015)
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>369,277</u>	<u>499,292</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u>\$ 323,733</u>	<u>\$ 369,277</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 156,779</u>	<u>\$ 176,015</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN REGIONAL EDUCATION SERVICE CENTER, INC.

Notes to the Financial Statements

1. Organization

Southeastern Regional Education Service Center, Inc. (the Organization) was formed in 1974 when fourteen New Hampshire school districts pooled their resources to support special education students being mainstreamed into public schools for the first time. The Organization was created as, and remains, a non-profit entity managed by a Board of Directors comprised of school board members and superintendents of schools. As an educational consortium, the Organization has both a regional and statewide focus in order to serve all educational communities. The Organization is known for piloting innovative practices and creativity, technological sophistication, and professional development that contributes to accountability, improved student learning, and excellence in the teaching profession. The Organization's main focus areas are education, professional development, and technology.

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization used in preparing and presenting the accompanying financial statements.

Comparative Information

The accompanying 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 Accounting Principles Generally Accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Accounting for Contributions and Financial Statement Presentation

The Organization follows *Accounting for Contributions Received and Contributions Made* and *Financial Statements of Not-for-Profit Organizations* as required by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Under these guidelines, the Organization is required to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services, meeting certain criteria at fair values. These reporting standards establish standards for financial statements of not-for-profit organizations and require a Statement of Financial Position, a Statement of Activities and a Statement of Cash Flows.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. Under this basis, revenues, other than contributions, and expenses are reported when incurred, without regard to the date of receipt or payment of cash. Contributions are reported in accordance with FASB ASC *Accounting for Contributions Received and Contributions Made*.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The adequacy of the allowance for doubtful accounts for receivables is reviewed on an ongoing basis by the Organization's management and adjusted as required through the provision for doubtful accounts (bad debt expense). In determining the amount required in the allowance account for the year ended June 30, 2016, management has taken into account a variety of factors.

Property and Equipment

Property and equipment is recorded at cost or, if donated, at estimated fair market value at the date of donation. Major additions and improvements are capitalized, while ordinary maintenance and repairs are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Assets not in service are not depreciated.

Donated Services

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Schedule of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Use of Estimates

The preparation 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, 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. Accordingly, actual amounts could differ from those estimates.

Tax Status

Southeast Regional Education Service Center, Inc. is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. FASB ASC 740-10 did not have a material impact on the Organization's financial statements.

The Organization's Federal Form 990 (Return of Organization Exempt From Income Tax) is subject to examination by the IRS, generally for three years after filing.

The Organization recognizes interest related to unrecognized tax benefits in interest expense and penalties that are included within reported expenses. During the year ended June 30, 2016, the Organization had no interest or penalties accrued related to unrecognized tax benefits.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

3. Concentration of Credit Risk - Cash and Cash Equivalents

The carrying amount of the Organization's deposits with financial institutions was \$306,979 at June 30, 2016. The difference between the carrying amount and the bank balance represents reconciling items such as deposits in transit and outstanding checks, which have not been processed by the bank at June 30, 2016. The bank balance is categorized as follows:

Insured by FDIC	\$ 164,262
Covered by SIPC	<u>147,204</u>
Total Bank Balance	<u>\$ 311,466</u>

4. Property, Equipment and Depreciation

A summary of the major components of property and equipment is presented below:

	<u>2016</u>	<u>2015</u>
Land and land improvements	\$ 241,955	\$ 1,058,330
Buildings and improvements	2,161,945	7,347,014
Furniture, fixtures and equipment	1,384,087	1,374,081
Vehicles	<u>-</u>	<u>13,960</u>
Subtotal	3,787,987	9,793,385
Less: accumulated depreciation	<u>(1,324,261)</u>	<u>(3,596,769)</u>
Total	<u>\$ 2,463,726</u>	<u>\$ 6,196,616</u>

Depreciation expense for the year ended June 30, 2016 totaled \$232,754.

As a result of the pending sale of the building, the Organization determined that the fair value was below its carrying value. Accordingly, an impairment loss of \$3,505,982 was recorded in the Statement of Activities at June 30, 2016, and the carrying value of the property reduced to its estimated fair value (Note 2).

5. Accrued Expenses

Accrued expenses consist primarily of payroll related liabilities.

6. Line of Credit

The Organization has available a revolving line of credit with a bank in the amount of \$300,000. The outstanding balance on this line at June 30, 2016 was \$75,000. This line expires on October 1, 2016, is payable on demand, and requires monthly interest only payments calculated on the outstanding balance from the previous month. Interest is variable, based on Wall Street Prime adjusted daily. Said rate is subject to a floor of 4.00%. The current rate at June 30, 2016 was 5.50%.

7. Long-term Debt

Long-term debt as of June 30, 2016 consisted of the following:

Bond payable due in varying monthly installments and interest at 2.8% due semiannually, paid by the Organization on a monthly basis, payable over 30 years, and secured by a letter of credit.	\$ <u>3,990,000</u>
Total	3,990,000
Less amount due within one year	<u>(235,000)</u>
Long-term debt, net of current portion	\$ <u><u>3,755,000</u></u>

The following is a summary of future payments on the previously mentioned long-term debt.

<u>Year</u>	<u>Amount</u>
2016	\$ 235,000
2017	115,000
2018	120,000
2019	125,000
2020	130,000
Thereafter	<u>3,265,000</u>
	\$ <u><u>3,990,000</u></u>

On December 29, 2011, the Organization and the purchaser of the bond agreed to a new multi-annual rate agreement under which the bond will be subject to mandatory remarketing on October 31, 2016. The bond is backed in full by a letter of credit, expiring on November 14, 2016. Subsequent to year end, the letter of credit was extended to expire on November 3, 2017.

The Organization is subject to financial covenants that require the maintenance of minimum and maximum liquidity ratio, debt service coverage ratio and debt to tangible net worth ratio. These financial covenants are effective if the bonds are no longer secured by a letter of credit. In fiscal year 2016, the bonds were secured by a letter of credit, making the financial covenants inapplicable.

8. Board Designated Net Assets

Board designated net assets are comprised of two programs, the Center for Effective Behavioral Interventions and Supports (CEBIS) program and SMS services by speech pathologists. Funds represent net earnings from CEBIS workshops, consulting and SMS insurance payments. The CEBIS funds are to be used to offset expenses that are not funded by grants. The SMS funds are to be used to service speech patients after the yearly grant funds from the NH Bureau of Special Medical Services have been expended.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2016:

Handicap Fund	\$ 19,682
New Hampshire Charitable Foundation	36
Preschool Technical Assistance Network - District Funds	42,176
Preschool Technical Assistance Network - Private Grants	81,091
Scholarship Fund	<u>5,429</u>
Temporarily restricted net assets	<u>\$ 148,414</u>

10. Net Assets Released from Restriction

Net assets are released from program restrictions by incurring expenses satisfying the restricted purpose.

11. Defined Contribution Benefit Plan

The Organization sponsors a defined contribution plan (the Plan) covering all employees age 18 and over, with at least one consecutive year of service who agree to make contributions to the Plan. The Organization has the option of making a discretionary matching contribution. No matching contributions were made by the Organization for the year ended June 30, 2016.

12. Operating Leases

The Organization leases office equipment under various lease agreements. Equipment rental expense totaled \$19,703 for the year ended June 30, 2016.

13. Fair Value Measurements

FASB ASC, *Fair Value Measurements*, provides guidance for using fair value to measure assets and liabilities. *Fair Value Measurements* applies whenever other standards require or permit assets or liabilities to be measured at their fair market value. The standard does not expand the use of fair value in any new circumstances. Under *Fair Value Measurements*, fair value refers to the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. *Fair Value Measurements* clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions.

Under *Fair Value Measurements*, the Organization categorizes its fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of financial instruments included in Level 1 are highly liquid instruments with quoted prices;
- Level 2 - Inputs from active markets, other than quoted prices for identical instruments, are used to model fair value. Significant inputs are directly observable from active markets for substantially the full term of the asset or liability being valued; and
- Level 3 - Pricing inputs significant to the valuation are unobservable. Inputs are developed based on the best information available; however, significant judgment is required by management in developing the inputs.

The estimated fair value of the Organization's financial instruments is presented in the following table:

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>
Bond payable	\$ 3,990,000	\$ 3,990,000	\$ -	\$ 3,990,000	\$ -
Total liabilities	\$ 3,990,000	\$ 3,990,000	\$ -	\$ 3,990,000	\$ -

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those financial instruments.

14. Related Party Transactions

The Organization's Board of Directors comprises superintendents and school board representatives from member New Hampshire school districts. The Organization provides a significant amount of services to several of these entities.

15. Concentrations of Risk

A material part of the Organization's revenue is derived from services provided to member districts and the New Hampshire Department of Education, the loss of which would have a materially adverse effect on the Organization. During the year ended June 30, 2016, Merrimack School District (SAU 26) and Bedford School District (SAU 25) accounted for 26% and 9% of the Organization's program service revenue, respectively.

Additionally, Merrimack School District and the New Hampshire Department of Health and Human Services accounted for 19% and 14% of the Organization's accounts receivable, respectively.

16. Supplemental Disclosure of Cash Flow Information

In fiscal year 2016, the Organization early adopted Accounting Standard Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 203): Restricted Cash*. The amendments in this update require that a Statement of Cash Flows explain the change during the fiscal year of restricted cash as part of the total of cash and cash equivalents.

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported in the Statement of Financial Position to the same such amounts reported in the Statement of Cash Flows.

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 148,414	\$ 205,974
Restricted Cash	<u>175,319</u>	<u>163,303</u>
Total Cash, Cash Equivalents and Restricted Cash shown in the Statement of Cash Flows	<u>\$ 323,733</u>	<u>\$ 369,277</u>

17. Merger

As of July 1, 2015, Hear in New Hampshire, Inc., a 501(c)(3) organization with a similar mission, merged with the Organization. The merged organization will continue under the name of Southeastern Regional Education Service Center, Inc., and Hear in New Hampshire will become a program within the Organization.

18. Subsequent Events

In accordance with the provisions set forth by FASB ASC, *Subsequent Events*, events and transactions from July 1, 2016 through May 9, 2017, the date the financial statements were available to be issued, have been evaluated by management for disclosure.

On May 3, 2017, the Organization signed a purchase and sale agreement on the property at 29 Commerce Drive in Bedford, New Hampshire. The negotiated sales price is subject to approval by the holder of the Letter of Credit, which was pending at the time that the financial statements were issued.

19. Deficit Net Assets

The Organization sustained losses in the current and previous years contributing to the accumulated deficit net asset balance of (\$781,296) at June 30, 2016. However, the most significant contributing factor to the accumulated deficit occurred in fiscal year 2016 as a result of the pending sale of the building (Note 18). The Organization determined that the fair value was below its carrying value and, accordingly, an impairment loss of \$3,505,982 was recorded in the Statement of Activities at June 30, 2016 (Note 4).

In connection with the sale of the building, the Organization is working closely with People's United Bank (the holder of the letter of credit that backs the bond) to restructure the debt associated with a potential deficiency related to the sale of the building.

The Organization has also addressed the deficit by implementing a solid plan to restructure the Organization to allow it to function in a way that generates positive cash flow and positive net income on an accrual basis in fiscal year 2018. A number of programs are being discontinued, and others are being pared back significantly.

SOUTHEASTERN REGIONAL EDUCATION SERVICE CENTER, INC.

Schedule of Functional Expenses
For the Year Ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	<u>Program Services</u>	<u>Management and General</u>	<u>2016 Total</u>	<u>2015 Total</u>
Personnel expense:				
Salaries and wages	\$ 2,785,600	\$ 459,098	\$ 3,244,698	\$ 2,798,190
Employee benefits	455,325	51,902	507,227	384,746
Payroll taxes	206,181	35,672	241,853	224,622
Advertising	8,314	3,315	11,629	13,037
Catering	178,660	-	178,660	165,618
Communications	116,102	41,799	157,901	132,963
Contract services	1,848,598	9,194	1,857,792	1,759,206
Depreciation	226,134	6,620	232,754	250,450
Equipment rental	1,524	18,179	19,703	20,453
Insurance	6,250	20,726	26,976	26,023
Interest	151,112	4,423	155,535	175,346
Miscellaneous	13,884	10,535	24,419	24,005
Office expense	2,036	5,592	7,628	5,764
Professional fees	-	17,419	17,419	38,259
Repairs and maintenance	37,813	116,275	154,088	168,691
Supplies	109,849	23,042	132,891	145,717
Travel	121,443	1,879	123,322	103,293
Utilities	21,007	78,662	99,669	108,093
Indirect costs	<u>67,013</u>	<u>(67,013)</u>	<u>-</u>	<u>-</u>
 Total Functional Expenses	 <u>\$ 6,356,845</u>	 <u>\$ 837,319</u>	 <u>\$ 7,194,164</u>	 <u>\$ 6,544,476</u>

See Independent Auditors' Report.

Joan M. Izen, M.A., CCC-SLP

Highly skilled and experienced meeting facilitator and consultant committed to supporting individuals and groups with the knowledge and skills needed to achieve their goals.

Summary

- Over thirty year's experience in leadership and management positions within education and other non-profit environments.
- Expertise in assessment, meeting facilitation, strategic planning, change management, team development, process analysis and evaluation.
- Successful grant writer with a twenty-eight year proven track record.
- Organized and articulate; strong written and verbal language skills.

Professional Experience

Organization Development Consultant [2008-present]

Southeastern Regional Education Service Center, Inc. (SERESC), Bedford, NH

Skilled facilitator with experience working with small and large groups, within districts and agencies, and at the regional- and state-levels using intentional strategies and techniques that promote achievement of the participants' goals.

Jaffrey-Rindge School District, Jaffrey, NH

- Engaged a team of special education administrators and preschool special education teachers and therapists in a two-year strategic planning and implementation process to promote improved education outcomes for the district's identified preschool children and their families.

SERESC Leadership Team

- Facilitated the agency's leadership team using the Appreciative Inquiry approach to develop a comprehensive strategic plan grounded in a unified vision and mission.

PTAN Facilitator

- Facilitated regional groups of Preschool Special Education Coordinators to develop a plan to increase their capacity to provide high quality education and support consistent with state standards and responsive to the needs of their districts' preschool children with disabilities and their families.
- Facilitated a variety of forums to gather input from Preschool Special Education Coordinators and Special Education Administrators to inform the NH DOE Bureau of Special Education's development of policy and process in response to new Federal regulations.

SEE Change (*Sustainable Early Engagement for Change*) State Leadership Team Meeting Facilitator

- Facilitated a cross-sector team of state-level early childhood professionals and family organizations over a two-year period to develop and oversee the implementation of a professional development system to support the high fidelity use of DEC Recommended Practices that promote improved social-emotional skills.

Pyramid Model State Leadership Team Meeting Facilitator

- Currently in the second year serving as the facilitator of a cross-sector team of state-level early childhood professionals and family organizations to develop and oversee implementation of Pyramid Model practices in NH early childhood education and special education programs.

7.1.4 Current Resume

Project Director, Grant Writer, Consultant

Southeastern Regional Education Service Center, Inc. (SERESC), Bedford, NH

NH Preschool Technical Assistance Network [1990-present]

- Conceived, designed and developed the Preschool Technical Assistance Network (PTAN), a statewide professional development system that promotes quality programs for New Hampshire's young children with special needs and their families.
- Ongoing grant writing responsibilities to secure local, state and federal funding
- Hire, supervise and support project staff and associated consultants
- Facilitate interagency groups; provide individual and group consultation; develop training curriculum; and train small and large groups
- Provide consultation/technical assistance to childcare teachers and administrators to prevent expulsion of young children with challenging behaviors and other special needs.
- Produce annual reports documenting achievement of project goals with substantive outcome data

The Regional Preschool Improvement Project [1998-2008]

- Annually redesigned this collaboratively funded project to meet the needs of the participating school districts. Provided consultation and training to promote programs' ongoing efforts to improve their services for young children with disabilities and their families.

The Early Childhood Training Project [1992-1996]

- Annually designed this collaboratively funded statewide training project. Responsible for all aspects of this annual conference including: program design, grant writing, selection of presenters, brochure design, site selection, registration process, exhibit hall and coordination of paid and volunteer staff.

The Regional Child Find Project [1989-1992]

- Designed this regional child find program for school districts to identify children, birth to 6-years old who may be eligible for special education programming.

Project SET (Smooth and Efficient Transitions) [1990-1992]

- Designed and implemented this collaboratively funded project to improve the transition of young children and families from early supports and services to preschool special education.
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Speech-Language Pathologist/Developmental Specialist [1988-1990]

- Private practitioner working with families of very young children, birth through age 3

Director of Program Development, Speech/Language Pathologist [1981-1987]

- The Early Intervention Program at Southern New Hampshire Medical Center, Nashua NH

Speech-Language Pathologist [1980-1981]

- Crotoned Mountain Rehabilitation Center, Greenfield, NH

Education

Certificate	Leadership NH, 2010
O.D. Certificate	Organization Development, 2008 Antioch University New England, Keene, New Hampshire
M.A.	Speech Communication, 1980 University of Maine, Orono, Maine
B.S.	Communication Disorders, 1977 Emerson College, Boston, Massachusetts

7.1.4 Current Resume

Appointments and Achievements

- Trauma Informed Early Childhood Services training completed 5/16; participant in ongoing TIECS reflective supervision, 8/16-present
- New Hampshire Department of Health and Human Services/Child Development Bureau, Early Childhood Credential Level 3: Trainer, Mentor, Faculty, 2002-2008; Early Childhood Master Professional: Program Consultant, 2011-2016 (expires 5/18)
- Breakthrough Manchester, Advisory Committee member, 9/14-present
- Lake Kanasatka Watershed Association, Board of Directors, Secretary, 8/13-present
- Girls at Work, Inc., Board of Directors, Chair, 9/10-6/13
- New Hampshire Child Care Advisory Council, 1996-2014 (Secretary, 1998-2002, Vice-Chair, 2002-2008, Co-Chair, 2011-2013)
- Gwen and Henry Morgan Award recipient, New Hampshire Department of Health and Human Services/Child Development Bureau, *"in recognition of your achievement in professional development and commitment to improving the quality of care and education in NH"*, 4/12
- Presentation at the OSEP National Early Childhood Conference, Preschool Inclusion, 12/08
- Mary Stuart Gile Award recipient, New Hampshire Department of Health and Human Services/Child Development Bureau, *"in recognition of your commitment to the development of the next generation of early childhood professionals"*, 4/06

Professional Affiliations

- The Organization Development Network
- New Hampshire Center for Nonprofits
- The American Speech-Language-Hearing Association
- The NH Association for Infant Mental Health
- The Council for Exceptional Children – Division of Early Childhood
- The National Association for The Education of Young Children
- The NH Association for the Education of Young Children
- Zero to Three