



STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF BEHAVIORAL HEALTH

Nicholas A. Toumpas
Commissioner

Diane Langley
Director

Sheri Rockburn
Director

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May 29, 2014

94 Jm

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

sole source

100% General Funds

Requested Action

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Behavioral Health, to enter into a sole source amendment to an existing agreement with Harbor Homes, Inc., 45 High Street, Nashua, New Hampshire 03064, vendor number 155358, to provide housing services for persons with mental illness who are homeless or at risk of becoming homeless by increasing the price limitation by \$617,040 from \$2,385,760 to \$3,002,800, effective July 1, 2014, through September 30, 2014. The original Agreement was approved by the Governor and Executive Council on June 19, 2013 (Item #109).

Funds to support this amendment are available in the following account in State Fiscal Year 2015:

05-95-92-920010-5945 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: BEHAVIORAL HEALTH-DIV OF, DIV OF BEHAVIORAL HEALTH, CMH PROGRAM SUPPORT

Table with 7 columns: Fiscal Year, Class/Object, Class Title, Activity Code, Current Modified Budget, Increase (Decrease) Amount, Revised Modified Budget. Rows for 2014, 2015, and Total.

05-95-92-920010-7010 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: HUMAN SERVICES, COMMUNITY MENTAL HEALTH SVCS

Table with 7 columns: Fiscal Year, Class/Object, Class Title, Activity Code, Current Modified Budget, Increase (Decrease) Amount, Revised Modified Budget. Rows for 2014, 2015, and Total.

Explanation

The amendment is sole source because the housing services included in this contract are not subject to competitive bidding. These services may only be provided by a Community Mental Health Provider who has entered into an interagency agreement under He-M 426.04 with a Community Mental Health Program designed under RSA 135-C:7 and approved under He-M 403. Harbor Homes, Inc. is the sole such provider.

The purpose of this amendment is to extend the Department of Health and Human Services (DHHS) contract with Harbor Homes, Inc. by three (3) months, allowing time for the State to bid out continued operation and expansion of the Housing Bridge Subsidy Program, a key component of the federal lawsuit recently settled between the State and the U.S. Department of Justice (hereinafter referred to as the Community Mental Health Agreement). Harbor Homes currently operates the Housing Bridge Subsidy Program and has done so since its inception. The extension of this contract provides a bridge to the next contract which will begin on October 1, 2014. In addition to asking Harbor Homes to continue operations, DHHS is contracting Harbor Homes to begin finding housing for an additional fifty (50) individuals. Per the Community Mental Health Agreement, the State must create fifty (50) additional housing units by December 31, 2014.

The Housing Bridge Subsidy Program is a highly successful program that uses general fund dollars to provide rental subsidies to individuals with serious mental illness who are homeless or at risk of becoming homeless. To receive the rental subsidies, individuals must be eligible and on the waiting list for a Section 8 housing voucher. The program to-date has established permanent or subsidized housing for over 240 individuals, while prioritizing individuals at New Hampshire Hospital, Transitional Housing, and/or those being served by Assertive Community Treatment teams in the community who are homeless, or at risk of becoming homeless due to their economic circumstances, and/or individuals served by community mental health centers currently in community mental health community residences and ready to transition to the community.

Participants must continue to qualify for Section 8 assistance and meet program and income requirements for that program in order to be eligible. Additionally, program participants must have been determined eligible for community mental health services pursuant to He-M 401.

The Housing Bridge Subsidy Program is available on a statewide basis, and individuals choose a location of their preference. All of the individuals served are referred to local community mental health programs that will help support them in maintaining their apartment, preventing a further episode of homelessness, and achieving their independence and personal recovery goals.

Although the Bureau of Behavioral Health and community mental health center staff work to link individuals served by the program to community mental health services, the support of the individual's rent is not contingent upon an acceptance of services.

The program is monitored through the required submission of monthly, quarterly, and annual reports regarding its performance and the individuals it serves, and through the Homeless Management Information data reporting system.

The Bureau of Behavioral Health is committed to performance-based contracts for all contractors. The Bureau has developed and continues to develop performance measures to assess the effectiveness and efficiency of community mental health programs in delivering services to persons with mental illness.

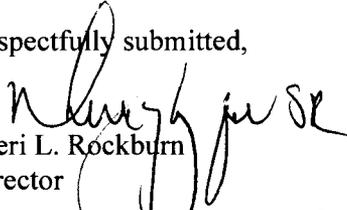
The contractor shall work collaboratively with the Bureau of Behavioral Health on a variety of initiatives designed to sustain a high quality system of services and supports for people with mental illness including continuous quality improvement activities, safeguarding the rights of people involved in services, and provision of ongoing staff training.

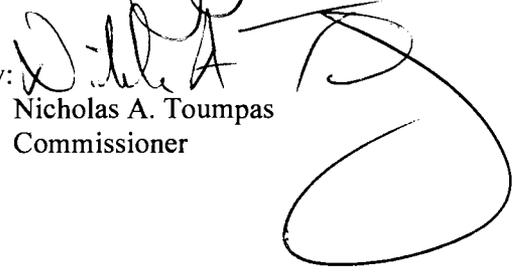
All residential and day programs are licensed/certified when required by State laws and regulations in order to provide for the life safety of the persons served in these programs. Copies of all applicable licenses/certifications are on file with the Department of Health and Human Services.

Should Governor and Council decide not to approve this request, individuals who are homeless and ready for discharge from an institution, or who are graduating or timing out of transitional housing would remain in their current and more costly environments without being able to return to the community of their choice and resume independent living.

Source of funds: 100% General Funds.

Respectfully submitted,


Sheri L. Rockburn
Director

Approved by: 
Nicholas A. Toumpas
Commissioner

SLR/pbr/sl
FY14 HH G&C Amendment #1 (FY15 3 mo)

Enclosures

Amendment to Agreement

This Amendment to Agreement (hereinafter called the "Amendment") is dated this 3rd day of June, 2014, between the State of New Hampshire, Division of Community Based Care Services, Bureau of Behavioral Health of the Department of Health and Human Services (hereinafter called "BBH") and Harbor Homes, Inc., a non-profit corporation organized under the laws of the State of New Hampshire with a place of business at 45 High Street, Nashua, New Hampshire 03064 (hereinafter referred to as the "Contractor").

WHEREAS, pursuant to an Agreement dated March 27, 2013, the Contractor has agreed to provide certain services upon the terms and conditions specified in the Agreement, in consideration of payment by BBH of certain sums specified therein; and

WHEREAS, pursuant to Paragraph 17. of the Agreement, the Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties thereto and only after approval of such amendment, waiver, or discharge by the Governor and Executive Council of the State of New Hampshire;

WHEREAS, BBH and the Contractor have agreed to amend the Agreement in certain respects;

NOW THEREFORE, in consideration of the foregoing and of the covenants and conditions contained in the Agreement and set forth herein, the parties hereto do hereby agree as follows:

1. Amendment and Modification of Agreement

1.1. The Agreement is hereby amended as follows:

By deleting, in Subparagraph 1.8. of the General Provisions \$2,385,760 and substituting therefore the number \$3,002,800.

1.2. By extending the Completion Date from June 30, 2014 to September 30, 2014.

2. Amendment and Modification to Exhibit A, Scope of Work

2.1. By removing the Exhibit A and replacing it with the Exhibit A Amendment #1.

3. Amendment and Modification to Exhibit B, Methods of Payment

3.1. By removing the Exhibit B and replacing it with the Exhibit B Amendment #1.

4. Amendment and Modification to Exhibit C, Special Provisions

4.1. By removing the Exhibit C and replacing it with the Exhibit C Amendment #1.

Contractor Initials: 
Date: 6/3/14

5. Amendment of Standard Exhibits (D, E, F, G, H, I, J)

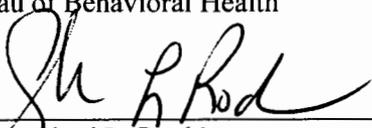
5.1. The end dates of all standard exhibits are extended to September 30, 2014.

6. Effective Date of Amendment: The Effective Date of this action is June 18, 2014, or date of Governor and Council approval, whichever is later, through September 30, 2014.

7. Continuance of Agreement: Except as specifically amended and modified by the terms and conditions of this Agreement, the Agreement and the obligations of the parties there under shall remain in full force and effect in accordance with the terms and conditions set forth therein.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year written above.

Department of Health and Human Services
Bureau of Behavioral Health

By: 
Sheri L. Rockburn
Director

Harbor Homes, Inc.

By: 
Peter Kelleher
President

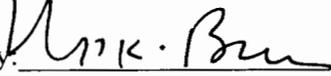
STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

The forgoing instrument was acknowledged before me this 3rd day of June, 2014, by Peter Kelleher, President.


Notary Public / Justice of the Peace
LAUREL A. LEFAVRE, Notary Public
Commission Expires September 22, 2015

Approved as to form, execution and substance:

OFFICE OF THE ATTORNEY GENERAL

By: 
Date: 6/11/14

Contractor Initials: PK
Date: 6/5/14

EXHIBIT A
SCOPE OF WORK
FY 2014
Amendment #1 (3 mo FY15)

The Contractor shall provide services that are intended to promote recovery from mental illness for eligible residents in the State of New Hampshire. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or Federal or State court orders may impact on the services described herein, the State has the right to modify service priorities and expenditure requirements under the Agreement so as to achieve compliance therewith.

The Commencement Date of this Agreement shall be July 1, 2014.

I. HOUSING BRIDGE SUBSIDY PROGRAM

- A. The Contractor shall provide community residential services in accordance with applicable federal and state law, including administrative rules and regulations.
- B. The Contractor shall provide services as defined in He-M 1002 to persons who are eligible under RSA 135-C:13 and He-M 401.
- C. The contractor shall continue to operate the Housing Bridge Subsidy Program according to guidelines set forth by the State. Monthly rental subsidies are capped at \$689 per month. Housing subsidies shall be provided only to individuals who have a severe mental illness and are eligible and on the waiting list for Section 8 vouchers. The contractor shall prioritize individuals at New Hampshire Hospital, the Transitional Housing Program, those being served by Assertive Community Treatment teams in the community who are homeless, or at risk of becoming homeless, and individuals served by community mental health centers who are currently in community mental health community residences and ready to transition to the community. The funding in this contract shall be used to extend subsidies for the 240 individuals currently in the program and for the addition of fifty (50) others.
- D. In the event State funds designated as the Price Limitation in Block 1.8. of the General Provisions are materially reduced or suspended, the Department of Health and Human Services (DHHS) shall provide prompt written notification to the Contractor of such material reduction or suspension.
- E. For all consumers eligible under He-M 401 that the Contractor has case management responsibilities for, the Contractor agrees to assure that applications for all appropriate sources of financial, medical, and housing assistance including but not limited to Medicaid, Medicare, Social Security Disability Income, Public Housing, and Section 8 subsidies are filed in a timely fashion.
- F. The Contractor agrees that it will perform, or cooperate with the performance of, such quality improvement activities as are determined to be necessary and appropriate by DHHS within timeframes specified by DHHS in order to ensure the efficient and effective administration of the program.
- G. The Contractor agrees to submit to DHHS data needed by DHHS to comply with federal reporting requirements.
- H. For the purpose of this Agreement, the phrase "funds provided pursuant to this Agreement," "State Funds" or other similar phrases throughout this Agreement and the exhibits thereto shall include all state general funds provided to the Contractor, as well as all federal grant funds allocated by DHHS to the provider, along with any prior years state and/or federal funds deferred to the current year with BBH approval.

Contractor Initials: 
Date: 5/27/14

II. PERFORMANCE DOMAINS

A. FISCAL DOMAIN

In order to enable DHHS to evaluate the Contractor's fiscal integrity, the Contractor agrees to submit to DHHS monthly, the Balance Sheet and Profit and Loss Statements for the Contractor and all related parties that are under the Parent Corporation of the mental health provider organization. The Profit and Loss Statement shall include a budget column allowing for budget to actual analysis. These statements shall be individualized by providers, as well as a consolidated (combined) statement that includes all subsidiary organizations. Statements shall be submitted within thirty (30) days after each month end.

1. Days of Cash on Hand

Definition: The days of operating expenses that can be covered by the unrestricted cash on hand.

Formula: Cash and cash equivalents divided by total expenditure divided by days in the reporting period.

Performance Standard: The Contractor shall have enough cash and cash equivalents to cover expenditures for a minimum of thirty (30) business days with no variance allowed.

2. Current Ratio

Definition: A measure of the Contractor's total current assets available to cover the cost of current liabilities.

Formula: Total current assets divided by total current liabilities.

Performance Standard: The Contractor shall maintain a minimum current ratio of 1.5:1.0. with no variance allowed.

3. Medicaid Days in Accounts Receivable

Rationale: Medicaid is the primary payor for most CMHCs. The number of days it takes to collect this revenue has a major impact on the Contractor's ability to meet expenses.

Definition: The number of days (on average) it takes the Contractor to collect Medicaid.

Formula: Total Medicaid account receivable divided by net Medicaid charges divided by the number of days in the reporting period.

Source of Data: The Contractor shall submit to BBH monthly, a breakdown of accounts receivables within their balance sheet, and net Medicaid charges on the profit & loss statement.

Performance Standard: The Contractor shall maintain a standard maximum of forty (40) days with a 20% variance allowed.

4. Debt Service Coverage Ratio

Rationale: This ratio illustrates the Contractor's ability to cover the cost of their current portion of their long-term debt.

Definition: The ratio of Net Income to the total annual debt service.

Formula: Net Income plus Depreciation Expense plus Interest Expense divided by total annual debt service (principal and interest).

Source of Data: The Contractor's Monthly Financial Statements identifying current portion of long-term debt payments (principal and interest).

Performance Standard: The Contractor shall maintain a minimum standard of 1.2:1 with no variance allowed.

5. **Net Assets to Total Assets**

Rationale: This ratio is an indication of the Contractor's ability to cover their liabilities.

Definition: The ratio of the Contractor's net assets to total assets.

Formula: Net assets (total assets less total liabilities) divided by total assets.

Source of Data: The Contractor's Monthly Financial Statements.

Performance Standard: The Contractor shall maintain a minimum ratio of .30:1, with a 20% variance allowed.

- A. In the event that the Contractor does not meet the standard regarding Days of Cash on Hand and the standard regarding Current Ratio for two (2) consecutive months. DHHS may require that the Contractor meet with DHHS staff to explain the reasons that the Contractor is unable to meet the standards. In addition, DHHS may require the Contractor to submit a corrective action plan with periodic updates on a schedule that is mutually agreeable to the parties.
- B. The Contractor shall inform key DHHS staff by phone and by email within twenty-four (24) hours of when any key Contractor staff learn of any actual or likely litigation, investigation, complaint, claim, or transaction that may reasonably be considered to have a material financial impact on and/or materially impact or impair the ability of the Contractor to perform under this Agreement with DHHS.

FY14-15 Exhibit A Amendment #1 HH

Contractor Initials: 
Date: 5/27/14

FY 2014
EXHIBIT B
METHODS OF PAYMENT
FY14 Amendment #1 (3 mo FY15)

1. Subject to the availability of State and Federal funds, and in consideration for the satisfactory completion of the services to be performed under this Agreement, the Department of Health and Human Services (DHHS) agrees to fund the Contractor for services as set forth in Exhibit A. Of the Price Limit in Block 1.8. of the General Provisions, the funds for services shall be governed by the provisions of Exhibits A, B, C, D, E, F, G, H, I and J. In no event shall the total of initial and monthly payments exceed the maximum Price Limitation in Block 1.8. of the General Provisions of this Agreement. Upon written notice to the Contractor, DHHS may reduce State funds allocated under this Agreement as necessary for DHHS to meet its obligations reflected in the final FY 2014-15 budget appropriation for DHHS by the New Hampshire General Court.
2. The Contractor shall pursue any and all appropriate sources of funds that are applicable to funding of the service(s).
3. All reports required pursuant to this Agreement are due to DHHS within timeframes specified by DHHS. DHHS may withhold, in whole or in part, any of the amount identified in Block 1.8. of the General Provisions for the ensuing Agreement period until the Contractor submits reports to DHHS's satisfaction, unless a waiver has been granted. DHHS may withhold, in whole or in part, any of the amount identified in Block 1.8. of the General Provisions for the ensuing Agreement period.
4. The following Program funds shall only be expended by the Contractor as directed by the DHHS. Failure to expend Program funds as directed may, at the discretion of DHHS, result in financial penalties not greater than the amount of the directed expenditure:

Program To Be Funded	Amount	Payment Method
Housing Bridge Subsidy Program	\$617,040	Monthly Invoices

5. The Contractor shall draw down these funds by submitting monthly invoices to DHHS.
6. DHHS reserves the right to recover any program funds not used, in whole or in part, for the purposes stated in this Agreement from the Contractor within one hundred and twenty (120) days of the Completion Date.
7. Any expenditure that exceeds the approved budgets shall be solely the financial responsibility of the Contractor.
8. This Agreement is funded by the New Hampshire General Fund as follows:

NH General Fund: \$617,040 FY 2015

FY 2014
EXHIBIT C
SPECIAL PROVISIONS
FY14 Amendment #1 (3 mo FY15)

These Provisions expand upon the General Provisions [Form P-37] of this Agreement.

A. Subparagraph 4. of the General Provisions of this contract, Conditional Nature of Agreement, is replaced as follows:

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, in whole or in part, under this Agreement are contingent upon continued appropriation or availability of funds, including any subsequent changes to the appropriation or availability of funds affected by any state or federal legislative or executive action that reduces, eliminates, or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope of Services provided in Exhibit A, Scope of Services, in whole or in part. In no event shall the State be liable for any payments hereunder in excess of appropriated or available funds. In the event of a reduction, termination or modification of appropriated or available funds, the State shall have the right to withhold payment until such funds become available, if ever. The State shall have the right to reduce, terminate or modify services under this Agreement immediately upon giving the Contractor notice of such reduction, termination or modification. The State shall not be required to transfer funds from any other source or account into the Account(s) identified in block 1.6. of the General Provisions, Account Number, or any other account, in the event funds are reduced or unavailable.

B. Add the following regarding "Contractor Name" to Paragraph 1.:

1.3.1. The term "Contractor" includes all persons, natural or fictional, which are controlled by, under common ownership with, or are an affiliate of, or are affiliated with an affiliate of the entity identified as the Contractor in Paragraph 1.3. of the General Provisions of this Agreement whether for-profit or not-for-profit.

C. Add the following regarding "Compliance by Contractor with Laws and Regulations: Equal Employment Opportunity" to Paragraph 6.:

6.4. The Contractor shall comply with Title II of P.L. 101-336 - the Americans with Disabilities Act of 1990 and all applicable Federal and State laws.

6.5. CONTRACTOR EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS:

6.1. This contract and employees working on this contract will be subject to the whistleblower rights and remedies in the pilot program on Contractor employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L.112-239) and FAR 3.908.

6.2. The Contractor shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation.

6.3. The Contractor shall insert the substance of this clause, including this paragraph (4.3), in all subcontracts over the simplified acquisition threshold.

D. Add the following regarding "Personnel" to Paragraph 7.:

7.4. Personnel records and background information relating to each employee's qualifications for his or her position shall be maintained by the Contractor for a period of seven (7) years after the Completion Date and shall be made available to The Department of Health and Human Services (DHHS) upon request.

Contractor Initials: 
Date: 2/3/14

7.5. No officer, director or employee of the Contractor, and no representative, officer or employee of DHHS shall participate in any decision relating to this Agreement or any other activity pursuant to this Agreement which directly affects his or her personal or pecuniary interest, or the interest of any corporation, partnership or association in which he or she is directly or indirectly interested, even though the transaction may also seem to benefit any party to this Agreement, including the Contractor or DHHS. This provision does not prohibit an employee of the Contractor from engaging in negotiations with the Contractor relative to the salary and wages that he or she receives in the context of his or her employment.

7.5.1. Officers and directors shall act in accord with their duty of loyalty to the organizations they represent and shall avoid self-dealing and shall participate in no financial transactions or decisions that violate their duty not to profit.

7.5.2. Officers and directors shall act in accord with their fiduciary duties and shall actively participate in the affairs of their organization in carrying out the provisions of this Agreement.

7.5.3. All financial transactions between board members and the organization they represent shall conform to applicable New Hampshire law.

E. Replace Subparagraphs 8.1. through 8.1.3., and add Subparagraphs 8.1.4. through 8.1.10. regarding “Event of Default, Remedies” with the following:

8.1. Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder (hereinafter referred to as "Events of Default"):

8.1.1. Failure to perform the services satisfactorily or on schedule during the Agreement term;

8.1.2. Failure to submit any report or data within requested timeframes or comply with any record keeping requirements as specified in this Agreement;

8.1.3. Failure to impose fees, to establish collection methods for such fees or to make a reasonable effort to collect such fees;

8.1.4. Failure to either justify or correct material findings noted in a BBH financial review;

8.1.5. Failure to comply with any applicable rules of the Department;

8.1.6. Failure to expend funds in accordance with the provisions of this Agreement;

8.1.7. Failure to comply with any covenants or conditions in this Agreement;

8.1.8. Failure to correct or justify to DHHS’s satisfaction deficiencies noted in a quality assurance report; or

8.1.9. Failure to obtain written approval in accordance with General Provisions, Paragraph 12. before executing a Sub-Contract or assignment.

F. Add the following regarding “Event of Default, Remedies” to Subparagraph 8.2.:

8.2.5. Reduce or eliminate certain funded services and withhold any funds related to the provision of those services.

G. Add the following regarding “Event of Default, Remedies” to Paragraph 8.:

8.3. Upon termination, the Contractor shall return to DHHS all unencumbered program funds in its possession. DHHS shall have no further obligation to provide additional funds under this Agreement upon termination.

H. Add the following regarding “Data: Access, Confidentiality, Preservation” to Paragraph 9.:

9.4. The Contractor shall maintain detailed client records, client attendance records specifying the actual services rendered and the categorization of that service into a program/service as specified in Exhibits A and C. Except for disclosures required or authorized by law or pursuant to this Agreement, the Contractor shall maintain the confidentiality of, and shall not disclose, clinical records, data and reports maintained in connection with services performed pursuant to this Agreement, however, the Contractor may release aggregate information relating to programs generally.

9.5. The Contractor shall submit to DHHS all reports as requested by DHHS in electronic format on such schedule that DHHS shall request. These submissions shall be complete, accurate, and timely. These reports shall include data from Sub-Contractors. All submissions are due within thirty (30) days of the end of the reporting period.

9.5.1. For fiscal reports, the Contractor shall submit within thirty (30) days after the end of each month a Balance Sheet and a Profit/Loss Statement.

9.5.1.1. The monthly Balance Sheet and Profit & Loss Statement shall be based on the accrual method of accounting and include the Contractor's total revenues and expenditures whether or not generated by or resulting from funds provided pursuant to this Agreement.

9.5.1.2. The Contractor shall maintain detailed fiscal records meeting all the requirements specified in the budget instructions and accounting guidelines. Such fiscal records shall be supported by program reports. Fiscal records shall be retained for seven years after the completion date and thereafter if audit observations have not been resolved to the State's satisfaction.

9.5.1.3. The Contractor shall submit to DHHS financial statements in a format in accordance with the American Institute of Certified Public Accountants Guidelines together with a management letter, if issued, by a Certified Public Accountant for any approved Sub-Contractor, or any person, natural or fictional, which is controlled by, under common ownership with or an affiliate of the Contractor. In the event that the said audited financial statement and management letter are unavailable or incomplete, the Contractor shall have one hundred twenty-three (123) days to complete and submit said statement and letter to DHHS.

9.5.1.4. On or before November 1, 2014, the Contractor shall deliver to DHHS, 105 Pleasant Street, Concord NH 03301, an independent audit of the Contractor for fiscal year 2014, including the funds received under the fiscal year 2014 Agreement.

9.5.1.5. If the federal funds expended under this or any other Agreement from any and all sources exceeds five hundred thousand dollars (\$500,000) in the aggregate in a one (1) year period the required audit shall be performed in accordance with the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations for fiscal years ending on or after December 31, 2003.

9.5.2. For the mental health data extraction project the Contractor agrees to participate in and cooperate with DHHS in obtaining data necessary as defined by the data extraction workgroup. Data will at a minimum support completion of federal Block Grant requirements.

9.5.3. For required federal reports, the Contractor shall:

9.5.3.1. Cooperate with data requests from the Substance Abuse and Mental Health Services Administration (SAMHSA), US Department of Health and Human Services and adhere to the timelines required by SAMHSA;

9.5.3.2. Unless the following data is collected by a DHHS contracted vendor, the Contractor shall select a statistically valid random sample of consumers including elders, adults, children/adolescents and their families, and administer the federally standardized Consumer Satisfaction Surveys to the selected sample of consumers on or before June 30th of each fiscal year; and

9.5.3.3. Submit to DHHS all reasonable additional reports and data files as requested on such schedule and in such electronic format that BBH shall request. These reports, similar to the reports outlined above, shall include data from Sub-Contractors.

9.5.3.4. The Contractor agrees to submit to DHHS reports on high profile and sentinel events in accordance with Division of Community Based Care Services policy.

I. Subparagraph 10 of the General Provisions of this contract, Termination, is amended by adding the following language:

10.1. The State may terminate the Agreement at any time for any reason, at the sole discretion of the State, thirty (30) days after giving the Contractor written notice that the State is exercising its option to terminate the Agreement.

Contractor Initials: *IV*
Date: *6/3/14*

10.2. In the event of early termination, the Contractor shall, within fifteen (15) days of notice of early termination, develop and submit to the State a Transition Plan for services under the Agreement, including but not limited to, identifying the present and future needs of clients receiving services under the Agreement and establishes a process to meet those needs.

10.3. The Contractor shall fully cooperate with the State and shall promptly provide detailed information to support the Transition Plan including, but not limited to, any information or data requested by the State related to the termination of the Agreement and Transition Plan and shall provide ongoing communication and revisions of the Transition Plan to the State as requested.

10.4. In the event that services under the Agreement, including but not limited to clients receiving services under the Agreement are transitioned to having services delivered by another entity including contracted providers or the State, the Contractor shall provide a process for uninterrupted delivery of services in the Transition Plan.

10.5. The Contractor shall establish a method of notifying clients and other affected individuals about the transition. The Contractor shall include the proposed communications in its Transition Plan submitted to the State as described above

J. **Contract Extension:** The Department reserves the right to extend the Completion Date of the contract for up to two (2) years to be exercised by mutual agreements by the parties, upon availability of funding, acceptable performance of the Statement of Work, and subsequent approval by the Governor and Executive Council.

K. **Replace Paragraph 12. entitled "Assignment, Delegation and Sub-Contracts" with the following:**

ASSIGNMENTS, SUB-CONTRACTS, MERGER AND SALE.

12.1. The Contractor shall not delegate or transfer any or all of its interest in this Agreement or enter into any Sub-Contract for direct services to clients in an amount exceeding ten thousand dollars (\$10,000) without the prior written consent of DHHS. As used in this Paragraph, "Sub-Contract" includes any oral or written Agreement entered into between the Contractor and a third party that obligates any State funds provided pursuant to this Agreement to the Contractor under this Agreement. DHHS approval of the Contractor's proposed budget shall not relieve the Contractor from the obligation of obtaining DHHS's written approval where any assignment or Sub-Contract has not been included in the Contractor's proposed budget. The Contractor shall submit the written Sub-Contract or assignment to DHHS for approval and obtain DHHS's written approval before executing the Sub-Contractor assignment. This approval requirement shall also apply where the Contractor's total Sub-Contracts with an individual or entity equal, or exceed ten thousand dollars (\$10,000) in the aggregate. Failure of DHHS to respond to the approval request within thirty (30) business days shall be deemed approval.

12.2. The Contractor further agrees that no Sub-Contract or assignment for direct services to clients, approved by DHHS in accordance with this Paragraph, shall relieve the Contractor of any of its obligations under this Agreement and the Contractor shall be solely responsible for ensuring, by Agreement or otherwise, the performance by any Sub-Contractor or assignee of all the Contractor's obligations hereunder. Contractor will require at least annually a third party independent audit of all Sub-Contractors of direct service to clients and will monitor audits to ensure that all Sub-Contractors are meeting the service requirements established by DHHS for the Contractor in Exhibit A. Contractor will notify DHHS within ten (10) business days of any service requirement deficiencies and provide a corrective action plan to address each deficiency.

12.3. The purchase of the Contractor by a third party, or the purchase of all or substantially all of the Contractor's assets by a third party, or any other substantial change in ownership, shall render DHHS's obligations under this Agreement null and void unless, prior to the sale of the Contractor, or sale of all or substantially all of the Contractor's assets, or other substantial change in ownership, DHHS approves in writing the assignment of this Agreement to the third party. In the event that, prior to the sale of the Contractor, DHHS approves the assignment of the Agreement, the third party shall be bound by all of the provisions of this Agreement to the same extent and in the same manner as was the Contractor.

12.4. Any merger of the Contractor with a third party shall render DHHS's obligations under this Agreement null and void unless, prior to the merger, DHHS approves in writing the assignment of this Agreement to the merged entity. In the event that, prior to the merger of the Contractor with the third party, DHHS approves the assignment of the Agreement, the merged entity shall be bound by all of the provisions of this Agreement to the same extent and in the same manner as was the Contractor.

Contractor Initials: *JK*
Date: *6/3/14*

12.5. In the event that through sale, merger or any other means the Contractor should become a subsidiary corporation to another corporation or other entity, DHHS's obligations under this Agreement shall become null and void unless, prior to such sale, merger or other means, DHHS shall agree in writing to maintain the Agreement with the Contractor. Should DHHS agree to maintain the Agreement the Contractor shall continue to be bound by all of the provisions of the Agreement.

L. Renumber Paragraph 13. regarding "Indemnification" as 13.1. and add the following to Paragraph 13.:

13.2. The Contractor shall promptly notify DHHS of any and all actions or claims related to services brought against the Contractor, or any Sub-Contractor approved under Paragraph 12. of the General Provisions, or its officers or employees, on account of, based on, resulting from, arising out of or which may be claimed to arise out of their acts or omissions.

M. If the Price Limit in Paragraph 1.8., of the General Provisions is greater than two hundred fifty thousand dollars (\$250,000), replace Paragraph 14.1.1. with the following:

14.1.1. Comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$1,000,000 per occurrence with additional general liability umbrella coverage of not less than \$5,000,000; and

N. Add the following regarding "Insurance and Bond" to Paragraph 14.:

14.1.3. A fidelity bond, covering the activities of all the Contractor's employees or agents with authority to control or have access to any funds provided under this Agreement in an amount equal to 1/12th of the Price Limitation in Paragraph 1.8. of the General Provisions plus 1/12th of the Contractor's budgeted Medicaid revenue;

14.1.4. Professional malpractice insurance covering all professional and/or licensed personnel engaged in the performance of the services set forth in Exhibit A; and

14.1.5. Tenant's or homeowner's insurance coverage for all housing owned or operated by the Contractor for claims of personal injury or death or damage to property in reasonable amounts satisfactory to DHHS and any mortgagee.

14.4. The maintenance of insurance by the Contractor pursuant to this Paragraph shall not be construed in any manner as a waiver of sovereign immunity by the State, its officers and employees in any regard, nor is the existence of said insurance to be construed as conferring or intending to confer any benefit upon a third person or persons not party to this Agreement.

O. Add the following regarding "Special Provisions" to Paragraph 22.:

22.1. If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with the provisions of Section 319 of the Public Law 101-121, Limitation on use of appropriated funds to influence certain Federal Contracting and financial transactions; with the provisions of Executive Order 12549 and 45 CFR Subpart A, B, C, D, and E Section 76 regarding Debarment, Suspension and Other Responsibility Matters, and shall complete and submit to the State the appropriate certificates of compliance upon approval of the Agreement by the Governor and Council.

22.2. In accordance with the requirements of P.L. 105-78, Section 204, none of the funds appropriated for the National Institutes of Health and the Substance Abuse and Mental Health Services Administration shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of one hundred and twenty-five thousand dollars (\$125,000) per year.

22.3. The Contractor agrees that prior contracts with the State have purported to impose conditions upon the use and/or disposition of real property which is presently owned by the Contractor and which was purchased with State funds, as defined in those contracts.

22.4. Notwithstanding those prior contracts, DHHS agrees that the State has no interest in the Contractor's real property that has been donated to the Contractor by parties other than the State or purchased by the Contractor using funds donated exclusively by parties other than the State.

Contractor Initials: ll
Date: 2/3/14

22.5. In the event that the Contractor hereafter proposes to dispose of any of its existing real property, other than property described in Paragraph 20.5., having a then fair market value of fifty thousand dollars (\$50,000) or more, the Contractor agrees to notify DHHS in advance. The Contractor shall provide DHHS with a written plan of disposition that includes:

22.5.1. The identity of the party to whom the property is to be sold or otherwise transferred;

22.5.2. The consideration, if any, to be paid;

22.5.3. The use to which the transferred property is to be put by the transferee;

22.5.4. The use to which the proceeds of the disposition, if any, are to be put by the Contractor; and

22.5.5. Any documentation of specific restrictions that may exist with respect to the use or disposition of the property in question.

22.6. DHHS shall evaluate the plan to determine whether the property, or the proceeds of its disposition, if any, will be used for the benefit of persons eligible for State mental health services, as defined in this Agreement. If DHHS finds that eligible persons will probably benefit, DHHS shall approve the disposition. If DHHS finds that eligible persons probably will not benefit, DHHS may disapprove the disposition. Failure by DHHS to disapprove a plan of disposition within thirty (30) days (unless extended by written agreement of the parties) shall be deemed an approval thereof.

22.7. In the event that DHHS does not approve of the disposition, the Contractor and DHHS shall meet in a good faith effort to reach a compromise.

22.8. In the event that the parties cannot resolve their differences, the Contractor shall not execute its plan of disposition unless and until it shall have secured the approval of the Probate Court for the county in which the Contractor's principal office is located. In the event that the Contractor brings an action for Probate Court approval, DHHS and the Director of the Division of Charitable Trusts shall be joined in such action as necessary parties.

22.9. Neither the existence of this Agreement, nor the relationship of the parties, nor the provision by the State of money to the Contractor pursuant to this Agreement or otherwise shall impose any conditions upon the use or disposition of real property acquired hereafter by the Contractor. Such conditions, if any, shall arise only by a separate, express written agreement of the parties.

22.10. The terms and conditions of this section shall survive the term of expiration of this Agreement.

22.11. The requirement of Paragraph 12.1. of this Exhibit that the Contractor or approved Sub-Contractor shall receive the prior written approval of DHHS shall apply only to actions taken which occur subsequent to the Effective Date of this Agreement.

22.12. The Contractor agrees that it is a breach of this Agreement to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Agreement. The State may terminate this Agreement and any Sub-Contractor Sub-Agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.

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 HARBOR HOMES, INC. is a New Hampshire nonprofit corporation formed February 15, 1980. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 7th day of April A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, **Trent Smith** do hereby certify that:

1. I am the duly elected ~~Clerk~~ of **Harbor Homes, Inc.**
BOARD MEMBER
2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Directors of the Corporation duly held on **May 19, 2014.**

RESOLVED: That this Corporation enter into a contract with the State of New Hampshire, acting through its Department of Health and Human Services, Division of Community Based Care Services, Bureau of Behavioral Health, concerning the following matter:

To Provide: Housing Subsidies

RESOLVED: That the **President & CEO** hereby is authorized on behalf of this Corporation to enter into the said contract with the State and to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, as (s)he may deem necessary, desirable or appropriate.

3. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of June 3rd, 2014.
4. Peter Kelleher is duly elected President & CEO of the Corporation.

(Seal)
(Corporation)



State of New Hampshire

County of Hillsborough

The foregoing instrument was acknowledged before me this 3rd day of June, 2014
by Trent Smith



Name: **Laurel LeFavor**
Title: Notary Public/Justice of the Peace

(Seal)
(Notary Public)

Commission Expires: (date)

LAUREL A. LEFAVOR, Notary Public
My Commission Expires September 22, 2015



MELANSON HEATH & COMPANY, PC

Chartered Accountants
Member of the AICPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Harbor Homes, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Harbor Homes, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Harbor Homes, Inc. as of June 30, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Activities by Cost Center and the Schedule of Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been 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 December 9, 2013 on our consideration of the Harbor Homes, 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 Harbor Homes Inc.'s internal control over financial reporting and compliance.

Melanson, Heath + Company P. C.

Nashua, New Hampshire
December 9, 2013

HARBOR HOMES, INC.

Statement of Financial Position

June 30, 2013

<u>ASSETS</u>	<u>HUD I Program</u>	<u>HUD VI Program</u>	<u>Program Operations</u>	<u>Total</u>
Current Assets:				
Cash and cash equivalents	\$ 4,325	\$ 716	\$ 435,481	\$ 440,522
Accounts receivable, net of allowance for uncollectible accounts	201	1,352	693,720	695,273
Promises to give	-	-	50,000	50,000
Due from HUD Programs	-	-	6,177	6,177
Due from related organizations	-	-	79,954	79,954
Prepaid expenses	-	-	27,203	27,203
Total Current Assets	<u>4,526</u>	<u>2,068</u>	<u>1,292,535</u>	<u>1,299,129</u>
Property and Equipment, net of accumulated depreciation	85,214	300,707	15,951,685	16,337,606
Non-current Assets:				
Restricted deposits and funded reserves	54,647	16,430	128,629	199,706
Due from HUD Programs	-	-	33,292	33,292
Due from related organizations	-	-	227,592	227,592
Promises to give	-	-	50,000	50,000
Beneficial interest	-	-	128,237	128,237
Other assets	-	-	29,446	29,446
Total Non-current Assets	<u>54,647</u>	<u>16,430</u>	<u>597,196</u>	<u>668,273</u>
Total Assets	<u>\$ 144,387</u>	<u>\$ 319,205</u>	<u>\$ 17,841,416</u>	<u>\$ 18,305,008</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	\$ 1,279	\$ 1,202	\$ 242,237	\$ 244,718
Accrued and other liabilities	1,361	1,416	494,759	497,536
Due to program operations	6,177	-	-	6,177
Due to related organizations	-	-	76,521	76,521
Other liabilities	4,248	-	-	4,248
Line of credit	-	-	807,868	807,868
Deferred revenue	-	-	63,657	63,657
Current portion of mortgages payable	12,818	4,191	210,418	227,427
Total Current Liabilities	<u>25,883</u>	<u>6,809</u>	<u>1,895,460</u>	<u>1,928,152</u>
Long Term Liabilities:				
Due to program operations	-	33,292	-	33,292
Due to related organizations	-	-	75,000	75,000
Security deposits	2,327	906	34,189	37,422
Other liabilities	-	-	29,446	29,446
Mortgages payable, tax credits	-	-	163,453	163,453
Mortgages payable, net of current portion	163,624	234,615	6,915,304	7,313,543
Mortgages payable, deferred	-	-	5,242,834	5,242,834
Total Long Term Liabilities	<u>165,951</u>	<u>268,813</u>	<u>12,460,226</u>	<u>12,894,990</u>
Total Liabilities	191,834	275,622	14,355,686	14,823,142
Unrestricted Net Assets (Deficit):				
HUD programs	(47,447)	43,583	-	(3,864)
Program operations	-	-	3,262,622	3,262,622
Temporarily Restricted Net Assets	-	-	223,108	223,108
Total Net Assets (Deficit)	<u>(47,447)</u>	<u>43,583</u>	<u>3,485,730</u>	<u>3,481,866</u>
Total Liabilities and Net Assets	<u>\$ 144,387</u>	<u>\$ 319,205</u>	<u>\$ 17,841,416</u>	<u>\$ 18,305,008</u>

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

HARBOR HOMES, INC.

Statement of Activities

For the Year Ended June 30, 2013

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Total
	HUD I Program	HUD VI Program	Program Operations		
<u>Public Support and Revenue:</u>					
<u>Public Support:</u>					
Federal grants	\$ -	\$ -	\$ 1,768,749	\$ -	\$ 1,768,749
State, local, and other grants	-	-	815,730	-	815,730
Donations	-	-	186,200	265,000	451,200
Donations in-kind	-	-	61,023	-	61,023
Net assets released from restriction	-	-	66,302	(66,302)	-
Total Public Support	-	-	2,898,004	198,698	3,096,702
<u>Revenue:</u>					
Department of Housing and Urban Development	39,623	50,959	2,469,804	-	2,560,386
Veterans Administrative grants	-	-	1,852,023	-	1,852,023
Medicaid - Federal and State	-	-	765,847	-	765,847
Rent and service charges, net	25,129	22,212	464,986	-	512,327
Contracted services	-	-	357,845	-	357,845
Outside rent	-	-	165,216	-	165,216
Miscellaneous	2,387	310	94,280	-	96,977
Employment projects	-	-	63,792	-	63,792
Food and common area fees	-	-	61,643	-	61,643
Management fees	-	-	34,425	-	34,425
Medicare revenue	-	-	25,818	-	25,818
Unrealized gain/(loss)	-	-	12,269	-	12,269
Interest	28	30	279	-	337
Loss on disposal of fixed assets	-	-	(1,580)	-	(1,580)
Sliding fee and free care	-	-	(23,456)	-	(23,456)
Bad debts	(34)	(7,238)	(26,792)	-	(34,064)
Total Revenue	67,133	66,273	6,316,399	-	6,449,805
Total Public Support and Revenue	67,133	66,273	9,214,403	198,698	9,546,507
<u>Expenses:</u>					
Program	81,065	76,279	7,795,538	-	7,952,882
Administration	20,019	9,365	1,424,791	-	1,454,175
Fundraising	-	-	193,625	-	193,625
Total Expenses	101,084	85,644	9,413,954	-	9,600,682
Change in net assets	(33,951)	(19,371)	(199,551)	198,698	(54,175)
Net Assets (Deficit), Beginning of Year	(13,496)	62,954	3,462,173	24,410	3,536,041
Net Assets (Deficit), End of Year	\$ (47,447)	\$ 43,583	\$ 3,262,622	\$ 223,108	\$ 3,481,866

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

HARBOR HOMES, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2013

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Accounting fees	\$ -	\$ 45,200	\$ -	\$ 45,200
Advertising and printing	28,553	657	-	29,210
Client services and assistance	28,395	-	-	28,395
Client transportation	10,212	-	-	10,212
Conference and conventions	37,124	190	-	37,314
Contract labor	155,287	16,525	-	171,812
Employee benefits	487,077	183,542	24,441	695,060
Enabling services	139	-	-	139
Equipment rental	1,396	7,644	-	9,040
Food	50,373	102	-	50,475
Fundraising expenses	-	-	4,843	4,843
Garbage and trash removal	12,462	7,271	62	19,795
Grants	225,293	-	-	225,293
Information technology	125,977	25,923	3	151,903
Interest expense - mortgage	307,793	20,500	368	328,661
Interest expense - other	-	37,772	-	37,772
Journals and publications	1,078	75	-	1,153
Legal fees	47,104	20,051	-	67,155
Management fees	-	11,169	-	11,169
Medical and clothing	68,605	-	-	68,605
Dues and subscriptions	3,652	3,695	-	7,347
Office supplies	31,846	10,486	335	42,667
Operating and maintenance	103,256	31,281	169	134,706
Operational supplies	54,845	7,974	71	62,890
Other expenditures	5,237	23,746	110	29,093
Payroll taxes	277,011	63,085	13,519	353,615
Postage/shipping	3,416	4,492	497	8,405
Professional fees	116,132	4,797	-	120,929
Property and liability insurance	100,841	16,578	290	117,709
Property taxes	14,198	-	-	14,198
Rent expense	1,991,130	-	-	1,991,130
Salary and wages	2,771,920	746,870	146,992	3,665,782
Security deposits	38,063	-	-	38,063
Snow removal	32,080	8,493	56	40,629
Staff development	9,141	367	25	9,533
Staff expense	18,066	7,405	102	25,573
Staff transportation	42,943	24,038	859	67,840
Telephone/communications	36,248	31,021	60	67,329
Utilities	194,001	49,933	254	244,188
Vehicle expenses	23,696	-	-	23,696
Total Expenses Before Depreciation	<u>7,454,590</u>	<u>1,410,882</u>	<u>193,056</u>	<u>9,058,528</u>
Depreciation	<u>498,292</u>	<u>43,293</u>	<u>569</u>	<u>542,154</u>
Total functional expenses	<u>\$ 7,952,882</u>	<u>\$ 1,454,175</u>	<u>\$ 193,625</u>	<u>\$ 9,600,682</u>

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

HARBOR HOMES, INC.

Statement of Cash Flows

For the Year Ended June 30, 2013

Cash Flows From Operating Activities:	
Change in net assets	\$ (54,175)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	542,154
Loss on disposal of fixed assets	1,580
Gain on beneficial interest	(12,062)
(Increase) Decrease In:	
Accounts receivable	51,068
Promises to give	(75,000)
Prepaid expenses	(22,364)
Other assets	(29,446)
Increase (Decrease) In:	
Accounts payable	(45,594)
Accrued and other liabilities	119,341
Deferred revenue	63,657
Other liabilities	33,694
Net Cash Provided by Operating Activities	<u>572,853</u>
Cash Flows From Investing Activities:	
Restricted deposits and funded reserves	76,421
Security deposits	(3,143)
Purchase of fixed assets	<u>(817,241)</u>
Net Cash Used by Investing Activities	<u>(743,963)</u>
Cash Flows From Financing Activities:	
Payments on line of credit	(2,131)
Payments on long term borrowings	(302,284)
Net change in due to/from related organizations	126,467
Net Cash Used by Financing Activities	<u>(177,948)</u>
Net Decrease	(349,058)
Cash and Cash Equivalents, Beginning of Year	<u>789,580</u>
Cash and Cash Equivalents, End of Year	<u>\$ 440,522</u>
Supplemental disclosures of cash flow information:	
Interest paid	<u>\$ 377,285</u>
Non-cash financing activities	<u>\$ 2,584,700</u>

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

Mission Statements

Harbor Homes, Inc.:

The mission of Harbor Homes, Inc. is to create and provide quality residential and supportive services for persons (and their families) challenged by mental illness and homelessness.

Welcoming Light Inc.:

To provide residential and support services to elderly and disabled individuals in a manner that is compassionate, flexible, and emphasizes independence

Milford Regional Counseling Services, Inc.:

To provide affordable counseling services to individuals and families

Greater Nashua Council on Alcoholism, Inc.

"To empower the chemically dependent person to take responsibility toward recovery through professional counseling in a caring environment"

Healthy at Home, Inc.:

To enhance the lives of people with illness or injury through a cooperative relationship with the community, professional medical service providers, and organizations that serve people in need of healthcare

HARBOR HOMES, INC. AND AFFILIATES BOARD OF DIRECTORS
(Harbor Homes, Inc., HH Ownership, Inc., Welcoming Light, Inc., Healthy At Home, Inc.,
Milford Regional Counseling Services, Inc., Greater Nashua Council on Alcoholism, Inc., Southern NH HIV Task Force)

Chair

Robert Fischer (12/13)

Vice Chair

Thomas I. Arnold, III (12/12)

Treasurer

David Aponovich (12/12)

Secretary

Laurie Goguen (12/13)

Pastor Geoff DeFranca (12-14)

Alphonse Haettenschwiller (12/14)

Sean McGuinness (12/12)

David Ross (12/14)

Captain James Lima (12/14)

Dean Shalhoup (12/12)

Trent Smith (12/13)

Dan Sallet (12-13)

Robert Kelliher (12/13)

Vincent Chamberlain (12/14)

KEY ADMINISTRATIVE PERSONNEL - FY2014

HARBOR HOMES

Postion	Name	FTEs	Salary	Salary contributed from BBH	% of Salary from BBH
Executive Director	Peter Kelleher	0.18	\$ 22,534.00	\$ 15,685.64	70%
Chief Financial Officer	Patricia Robitaille	0.19	\$ 13,640.00	\$ 9,494.64	70%
Chief Operations Officer	Carol Furlong	0.25	\$ 25,110.00	\$ 17,478.76	70%

PETER J. KELLEHER, LCSW, LICSW

12 Amherst Street
Nashua, NH 03064

Telephone: (603) 882-3616

Fax: (603) 595-7414

E-mail: p.kelleher@harborhomes.org

PROFESSIONAL EXPERIENCE

2006-Present President & CEO, Southern NH HIV Task Force

2002-Present President & CEO, GNCA, Nashua, NH

1997-Present President & CEO, Healthy at Home, Inc., Nashua, NH

1995-Present President & CEO, Milford Regional Counseling Services, Inc., Milford, NH

1995-Present President & CEO, Welcoming Light, Inc., Nashua, NH

1982-Present President & CEO, Harbor Homes, Inc., Nashua, NH

Currently employed as President & Chief Executive Officer for nonprofit corporation (and affiliates) providing residential, supported employment, and social club services for persons with long-term mental illness and/or homeless. Responsible for initiation, development, and oversight of 33 programs comprising a \$10,000,000 operating budget; proposal development resulting in more than \$3,000,000 in grants annually; oversight of over 230 management and direct care professionals.

2003-Present Consultant

Providing consultation and technical assistance throughout the state to aid service and mental health organizations.

1980 - 1982 Real Estate Broker, LeVaux Realty, Cambridge, MA

Successful sales and property management specialist.

1979 - 1980 Clinical Coordinator, Task Oriented Communities, Waltham, MA

Established and provided comprehensive rehabilitation services to approximately 70 mentally ill/ mentally retarded clients. Hired, directly supervised, and trained a full-time staff of 20 residential coordinators. Developed community residences for the above clients in three Boston suburbs. Provided emergency consultation on a 24-hour basis to staff dealing with crisis management in six group homes and one sheltered workshop. Administrative responsibilities included some financial management, quality assurance, and other accountability to state authorities.

1978 - 1979 Faculty, Middlesex Community College, Bedford, MA

Instructor for an introductory group psychotherapy course offered through the Social Work Department.

1977 - 1979 Senior Social Worker/Assistant Director, Massachusetts Tuberculosis Treatment Center II, a unit of Middlesex County Hospital, Waltham, MA

Functioned as second in command and chief clinical supervisor for eight interdisciplinary team members, and implemented a six-month residential program for individuals afflicted with recurring tuberculosis and alcoholism. Provided group and individual therapy, relaxation training.

1976 Social Worker, Massachusetts Institute of Technology, Out-Patient Psychiatry, Cambridge, MA

Employed in full-time summer position providing out patient counseling to individuals and groups of the MIT community.

1971 - 1976 Program Counselor/Supervisor, Massachusetts Institute of Technology, MIT/Wellesley College Upward Bound Program, Cambridge and Wellesley, MA

Major responsibilities consisted of psycho-educational counseling of Upward Bound students, supervision of tutoring staff, teaching, conducting evaluative research for program policy development.

EDUCATIONAL EXPERIENCE

1975 - 1977 Simmons College School of Social Work, Boston, MA

Cambridge-Somerville Community Mental Health Program, MSW

1971 - 1975 Clark University, Worcester, MA. Received Bachelor of Arts Degree in Psychology

LICENSES AND CERTIFICATIONS

1979 Licensed Real Estate Broker – Massachusetts
1989 Academy of Certified Social Workers – NASW
1990 Licensed Independent Clinical Social Worker - Massachusetts
1994 State of New Hampshire Certified Clinical Social Worker, MA LICSW

PLACEMENTS

1976 - 1977 Cambridge Hospital, In-Patient Psychiatry, Cambridge, MA
Individual, group, and family counseling to hospitalized patients.

1975 - 1976 Massachusetts Institute of Technology, Social Service Department, Cambridge, MA
Similar to above.

FIELD SUPERVISION

1983 - 1984 Antioch/New England Graduate School, Department of Professional Psychology, Keene, NH
1983 - 1984 Rivier College, Department of Psychology, Nashua, NH
1990 – 1991 Rivier College, Department of Psychology, Nashua, NH
1978 - 1979 Middlesex Community College, Social Work Associates Program, Bedford, MA

AWARDS

- Valedictorian Award received at high school graduation;
- National Institute of Mental Health Traineeship in Social Work
- University of New Hampshire Community Development 2003 Community Leader of the Year
- NAMI NH 2007 Annual Award for Systems Change
- Peter Medoff AIDS Housing Award 2007

MEMBERSHIPS

Chair, Governor's State Interagency Council/New Hampshire Policy Academy
Greater Nashua Continuum of Care
National Association of Social Workers
Board Member, Greater Nashua Housing & Development Foundation, Inc.
Former Member Rotary Club, Nashua, NH



109 7/16

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

BUREAU OF BEHAVIORAL HEALTH
105 PLEASANT STREET, CONCORD, NH 03301
603-271-5000 1-800-852-3345 Ext. 5000
Fax: 603-271-5058 TDD Access: 1-800-735-2964

April 25, 2013

83% general
17% federal

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

Sole Source

Requested Action

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Behavioral Health, to enter into a **sole source agreement** with Harbor Homes, Inc., 45 High Street, Nashua, New Hampshire 03064, vendor number 155358, to provide housing services for persons with mental illness who are homeless or at risk of becoming homeless in Region 6 in an amount not to exceed \$2,385,760 effective July 1, 2013, through June 30, 2014. Funds are anticipated to be available in the following accounts in State Fiscal Year 2014 upon the availability and continued appropriation of funds in the future operating budget:

05-95-92-920010-5945 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS:
BEHAVIORAL HEALTH DIV OF, DIV OF BEHAVIORAL HEALTH, CMH PROGRAM SUPPORT

<u>Fiscal Year</u>	<u>Class/Object</u>	<u>Class Title</u>	<u>Activity Code</u>	<u>Totals</u>
2014	102-0731	Contracts for Program Services	92205945	\$1,553,560

05-95-92-920010-7010 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS:
BEHAVIORAL HEALTH DIV OF, DIV OF BEHAVIORAL HEALTH, COMMTY MENTAL HEALTH SVCS

<u>Fiscal Year</u>	<u>Class/Object</u>	<u>Class Title</u>	<u>Activity Code</u>	<u>Totals</u>
2014	502-0891	Payments to Providers	92207010	\$832,200

Total \$2,385,760

Explanation

The community residential services included in this contract are not subject to competitive bidding because these services may only be provided by a Community Mental Health Provider who has entered into an interagency agreement under He-M 426.04 with a Community Mental Health Program designed under RSA 135-C:7 and approved under He-M 403. Harbor Homes, Inc. is the sole such provider.

The housing services provided in this contract are of two types. First, the contractor will operate 19 community residence beds licensed under Administrative Rule He-P 814 and certified under Administrative Rule He-M 1002. It is anticipated the contractor will serve approximately 19 individuals with severe mental illness; these services are reimbursed by Medicaid at a per diem rate of \$120.

Secondly, the contractor will continue operation of the Housing Bridge Subsidy Program, a highly successful program that uses general fund dollars to provide rental subsidies to individuals with serious mental illness who are homeless or at risk of becoming homeless. To receive the rental subsidies, individuals must be eligible and on the waiting list for a Section 8 housing voucher. The program will provide subsidies for an estimated 203 individuals, while prioritizing individuals at New Hampshire Hospital, Transitional Housing, and/or those being served by Assertive Community Treatment teams in the community who are homeless, or at risk of becoming homeless due to their economic circumstances, and/or individuals served by community mental health centers currently in community mental health community residences and ready to transition to the community.

Participants must continue to qualify for Section 8 assistance and meet program and income requirements for that program in order to be eligible. Additionally, program participants must have been determined eligible for community mental health services pursuant to He-M 401.

The Housing Bridge Subsidy Program is available on a statewide basis, and individuals choose a location of their preference. All of the individuals served are referred to local community mental health programs that will help support them in maintaining their apartment, preventing a further episode of homelessness, and achieving their independence and personal recovery goals.

Although Bureau of Behavioral Health and community mental health center staff work to link individuals served by the program to community mental health services, the support of the individual's rent is not contingent upon an acceptance of services.

The program is monitored through the required submission of monthly, quarterly, and annual reports regarding its performance and the individuals it serves, and through the Homeless Management Information data reporting system.

The Bureau of Behavioral Health is committed to performance-based contracts for all contractors. The Bureau has developed and continues to develop performance measures to assess the effectiveness and efficiency of community mental health programs in delivering services to persons with mental illness. Within the Scope of Services of this contract is a Memorandum of Understanding that lists performance domains and indicators that the contractor has agreed to pilot or continue piloting during fiscal year 2014. The domains included in the Memorandum of Understanding are Fiscal Domains. The purpose of the Memorandum of Understanding is to test performance standards that, in addition to standards being developed by the Bureau independent of this year's contract, shall be included in future contracts. This shall allow the Bureau to make improvements in the service delivery system and be vigilant in spending public funds. Additional performance domains and indicators shall be reviewed each year so that standards can be refined and improved for future contracts.

The contractor shall work collaboratively with the Bureau of Behavioral Health on a variety of initiatives designed to sustain a high quality system of services and supports for people with mental illness including continuous quality improvement activities, safeguarding the rights of people involved in services, and provision of ongoing staff training.

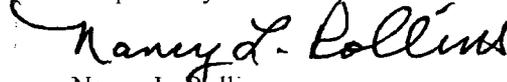
All residential and day programs are licensed/certified when required by State laws and regulations in order to provide for the life safety of the persons served in these programs. Copies of all applicable licenses/certifications are on file with the Department of Health and Human Services.

Should Governor and Council decide not to approve this request, individuals who are homeless and ready for discharge from an institution, or who are graduating or timing out of transitional housing would remain in their current and more costly environments without being able to return to the community of their choice and resume independent living.

Source of funds: 83% General Funds, 17% Federal Funds.

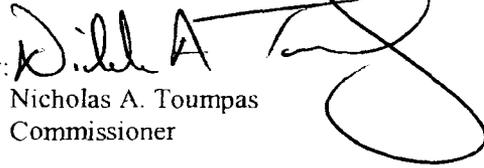
In the event that the Federal funds become no longer available, General Funds shall not be requested to support these programs.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/PBR/sl
FY14 G&CHH

Enclosures