

19 mac



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION FOR BEHAVIORAL HEALTH
BUREAU OF DRUG AND ALCOHOL SERVICES

Jeffrey A. Meyers
Commissioner

Katja S. Fox
Director

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6110 1-800-852-3345 Ext. 6738
Fax: 603-271-6105 TDD Access: 1-800-735-2964
www.dhhs.nh.gov/dcbcs/bdas/

July 17, 2017

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

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Behavioral Health, Bureau of Drug and Alcohol Services, to enter into a **retroactive, sole source** Agreement with Manchester Alcoholism Rehabilitation Center, d/b/a Farnum Center (Vendor #177204-B005), 140 Queen City Ave, Manchester, NH 03103, for the provision of substance use disorder (SUD) intensive outpatient and partial hospitalization services in an amount not to exceed \$200,000 effective **retroactive** to July 1, 2017 with a completion date of June 30, 2018. 100% Other Funds.

Funds are available in the following account for State Fiscal Year 2018 with authority to adjust amounts within the price limitation through the Budget Office if needed and justified, without approval from the Governor and Executive Council.

05-95-92-920510-33820000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: DIVISION FOR BEHAVIORAL HEALTH, BUREAU OF DRUG AND ALCOHOL, GOVERNOR COMMISSION FUNDS.

State Fiscal Year	Class / Account	Class Title	Job Number	Budget Amount
2018	102-500731	Contracts for Program Services	92058503	\$200,000
			Total:	\$200,000

EXPLANATION

This Amendment request is **retroactive and sole source** because the vendor is in the process of expanding intensive outpatient and partial hospitalization services in Manchester, New Hampshire, in large part in response to a sharp increase in clients coming from the Manchester Safe Stations program. In order to continue this expansion, the provider is in need of funding to cover staff costs until they are able to develop the program to a point where it will be self-sustaining. Current funding for this project expired June 30, 2017, and a gap in funding could lead to the services becoming unavailable to this high-risk, high-need population. In addition, the provider maintains an additional facility in Franklin, New Hampshire, another very high need area with limited services, where these services will also be made available.

Funds in this agreement will be used to support intensive outpatient and partial hospitalization SUD treatment services in Manchester and Franklin, New Hampshire for an additional 450 individuals ages seventeen (17) and older, annually. Intensive outpatient services consist of a combination of individual and group counseling services for at least nine (9) hours per week. Partial hospitalization services are for individuals with substance use and co-occurring moderate to severe mental health disorders and consist of at least twenty (20) hours per week of individual and group services.

The current capacity for SUD treatment services in New Hampshire is limited and this deficit is particularly prominent in Manchester due to the influx of clients coming through the Safe Stations program. In addition, the Franklin, New Hampshire area also has a particularly significant lack of service capacity. Approving this contract will allow the vendor to continue to develop and provide SUD treatment services in this area until these services can become self-sustaining.

Between May 4, 2016 and April 19, 2017, eleven hundred (1100) unique people accessed the Manchester Safe Stations Program seeking help for their substance use disorder and there were nine hundred forty one (941) overdoses reported in Manchester alone. In addition in April 2017:

- Hillsborough County had the highest per capita rate of Narcan administration by emergency medical personnel in the State with Merrimack and Belknap counties (the areas most likely to be served by the Franklin facility) having the second and third highest rates respectively;
- Hillsborough County had the highest per capita rate of Opioid related emergency department visits with Merrimack County having the second highest rate.
- Hillsborough County had the highest per capita rate of Opioid treatment admissions with Merrimack and Belknap Counties having the fourth and fifth highest rates respectively. In addition, Belknap County had the highest per capita rate of Methamphetamine treatment admissions in the State.

As referenced in the Exhibit C-1 of the Contract, the Department reserves the right to extend the agreement for up to two (2) additional year(s), contingent upon satisfactory delivery of services, available funding, agreement of the parties and approval of the Governor and Council.

The following performance measures/objectives will be used to measure the effectiveness of the agreement:

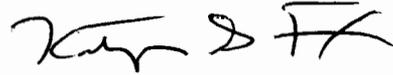
- Number of additional clients served in the intensive outpatient program,
- Number of additional clients served in the partial hospitalization program, and
- Results of client satisfaction surveys administered by the vendor.

Should the Governor and Executive Council not authorize this request, these services would become unavailable to clients in these high need areas placing additional stress on the treatment system in these counties.

Source of Funds: 100% Other Funds from the Governor's Commission on Alcohol and Drug Abuse Prevention, Treatment and Recovery.

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

Respectfully submitted,



Katja S. Fox
Director



Approved by: Jeffrey A. Meyers
Commissioner

Subject: Intensive Outpatient and Partial Hospitalization (SS-2018-BDAS-06-INTEN)

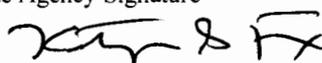
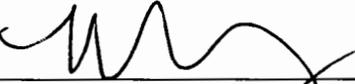
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name NH Department of Health and Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301-3857	
1.3 Contractor Name Manchester Alcoholism Rehabilitation Center, DBA Farnum Center		1.4 Contractor Address 140 Queen City Ave Manchester, NH 03103	
1.5 Contractor Phone Number 603-263-6287	1.6 Account Number 05-95-92-920510-33820000-102-500734	1.7 Completion Date June 30, 2018	1.8 Price Limitation \$200,000
1.9 Contracting Officer for State Agency Jonathan V. Gallo, Esq., Interim Director		1.10 State Agency Telephone Number 603-271-9246	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Elin Treanor, CFO	
1.13 Acknowledgement: State of New Hampshire County of Hillsborough On July 6, 2017, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace  [Seal]			
1.13.2 Name and Title of Notary or Justice of the Peace		CYNTHIA ROSS, Notary Public My Commission Expires March 12, 2019	
1.14 State Agency Signature  Date: 7/18/17		1.15 Name and Title of State Agency Signatory Katja Stox, Director	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By:  On: Megan Y, Attorney 7/31/17			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

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

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 (“Effective Date”).
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

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

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.
5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.
6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 (“Equal Employment Opportunity”), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor’s books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Contractor Initials
Date 7/6/17

Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

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

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

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

14. INSURANCE.

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

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate ; and

14.1.2 special cause of loss coverage form covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

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

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than thirty (30) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

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

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

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

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

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire unless no

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

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

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

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

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

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

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



SCOPE OF SERVICES

1. Provisions Applicable to All Services

- 1.1. The Contractor shall submit a detailed description of the language assistance services they will provide to persons with limited English proficiency to ensure meaningful access to their programs and/or services within ten (10) days of the contract effective date.
- 1.2. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or federal or state court orders may have an impact on the Services described herein, the State Agency has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

2. Scope of Services

- 2.1. The Contractor shall operationalize the Continuum of Care Model by providing services that support the Resiliency and Recovery Oriented Systems of Care (RROSC), which supports person-centered and self-directed approaches to care that build on the strengths and resilience of individuals, families and communities to take responsibility for their sustained health, wellness and recovery from alcohol and drug problems.
- 2.2. The Contractor shall deliver substance use disorder (SUD) treatment services through:
 - 2.2.1. Intensive Outpatient Program (IOP);
 - 2.2.2. Partial Hospitalization Program (PHP) for individuals with substance use disorders and co-occurring moderate to severe mental health disorders; and
 - 2.2.3. The IOP and PHP Programs shall maintain an increased annual service capacity of 450 individuals ages 17 and older.
- 2.3. The Contractor shall deliver additional IOP and PHP services in Manchester and Franklin, New Hampshire, which shall be available during the day and in the evenings.
- 2.4. The Contractor shall ensure that the IOP described in Section 2.2 includes, but is not limited to, a total of nine (9) hours of combined individual and group services per week.
- 2.5. The Contractor shall ensure that the PHP described in Section 2.2 includes, but is not limited to, a total of twenty (20) hours of combined individual and group services per week.

ET



Exhibit A

- 2.6. The Contractor shall ensure each IOP or PHP group session described in Section 2.2 is based on the Health Realization model and includes, but is not limited to:
- 2.6.1. Ice breakers;
 - 2.6.2. Facilitator-run instruction;
 - 2.6.3. Group activities;
 - 2.6.4. Guided discussions on facilitated instruction; and
 - 2.6.5. Checkout prior to group session ending that includes, but is not limited to:
 - 2.6.5.1. Setting short-term goals for the week or working towards objectives in a longer term goal;
 - 2.6.5.2. Acknowledging things learned in any group or during any community based meeting; and/or
 - 2.6.5.3. Mapping a weekend recovery plan with specific targets that may include community based meetings available to the client and/or where the client will be spending the weekend.
- 2.7. The Contractor shall provide innovative programs that assist individuals or groups of individuals with achieving treatment objectives through programs that integrate SUD treatment and recovery support services with other services, which may include physical and mental health services.
- 2.8. The Contractor shall structure IOP and PHP group sessions described in Section 2.4 and 2.5 to include, but not be limited to:
- 2.8.1. Psycho-educational content around the topic of addiction and recovery; and
 - 2.8.2. Focus in utilizing Health Realization information to teach clients to incorporate the three (3) principles of mind, thought and consciousness into daily group facilitation in order to assist clients to understand how individual psychology works and empowers individuals to change circumstances through an understanding and recognition of perceptions and innate resiliency in order to maintain long-term sobriety.
- 2.9. The Contractor shall facilitate Health Realization discussions on topics that include but are not limited to:
- 2.9.1. Brain and body effects of substance use/abuse with a focus on the organs of the body, the limbic system, and brain development;
 - 2.9.2. Physical effects of post-acute withdrawal syndrome to help clients understand what they can expect in the first two (2) years of recovery

CT



Exhibit A

-
- with a focus on exercise and diet discipline that can help ease symptoms;
- 2.9.3. Self-care and nurturing with a focus on food, shelter, housing, sleep, and socialization without substances, including completion of a self-care questionnaire to help clients develop personal goals;
 - 2.9.4. Innate health and resiliency, including visualization tools, quizzes, and YouTube clips;
 - 2.9.5. Communication styles, including group team activities to explore and build verbal and non-verbal communication skills;
 - 2.9.6. Relapse prevention, including how to identify, understand, and manage triggers that may jeopardize sobriety;
 - 2.9.7. "I am not my addiction," that focuses on labels and inherent strengths that encourage clients to address their addictions;
 - 2.9.8. Resiliency and perceptions using Disney movies: Inside Out and Scavenger Hunt to guide discussion; and
 - 2.9.9. Increased consciousness using poetry and decision tree diagrams to assist clients make sound decisions that support client health and recovery.
- 2.10. The Contractor shall facilitate family education sessions that include guest speakers from Al-anon each month for families of individuals receiving services on topics that include, but are not limited to:
- 2.10.1. Understanding co-dependency,
 - 2.10.2. Why families might need assistance through the client's recovery, and
 - 2.10.3. Self-help options for families.
- 2.11. The Contractor shall ensure all services under the contract include ongoing monitoring and quality improvement activities to ensure the standard of care for clients continuously improve. The Contractor shall:
- 2.11.1. Ensure clients complete an online survey at time of discharge with results analyzed and reviewed by management team on a monthly basis in order to identify trends and opportunities to improve program delivery and identify training needs; and
 - 2.11.2. Conduct annual staff surveys with results analyzed and reviewed by management team to identify training needs and program improvement opportunities.
- 2.12. The Contractor shall make continuing care, transfer and discharge decisions based on ASAM (2013) criteria.

ET



Exhibit A

-
- 2.13. The Contractor shall provide After Care services, which shall include but not be limited to:
- 2.13.1. Referring the client to Crisis and Regional Access Services at the time of discharge if appropriate;
 - 2.13.2. Discussing service options;
 - 2.13.3. Providing clients with a list of resources available;
 - 2.13.4. Following up directly with the client upon discharge to track positive outcomes that may include but are not limited to remaining abstinent, securing a job and finding permanent affordable housing; and
 - 2.13.5. Providing post treatment early intervention services by identifying signs on early relapse in order to re-engage the individual in relapse prevention services.

3. Staffing

- 3.1. The Contractor shall maintain staffing levels that are appropriate for the services provided and the number of clients served.
- 3.2. The Contractor shall utilize funds from this contract to partially support the salaries of three (3) full-time equivalent (FTE) substance use counselors.
- 3.3. The Contractor shall ensure clients receive high quality, effective services by ensuring all employees engage in staff development and education utilizing virtual and real-time training methods, that include but are not limited to:
 - 3.3.1. Specialized two (2) day trainings for clinical and medical staff conducted at least twice, each year of the contract, by expert(s) in the field of SUD service delivery;
 - 3.3.2. Regularly scheduled recovery and coaching trainings on the Health Realization Three Universal Principles of Mind, Consciousness and Thought, as well as the Super Coach Academy method conducted by expert(s) in the field of addiction and recovery;
 - 3.3.3. Weekly staff trainings by a Masters Licensed Alcohol and Drug Counselor (MLADC)/Clinical Supervisor;
 - 3.3.4. Periodic external trainings to help counselors maintain their licensure and certification.
 - 3.3.5. Annual trainings on compliance, sexual harassment and infectious disease/blood-borne pathogens.

ET



Exhibit A

- 3.4. The Contractor shall meet the minimum staffing requirements to provide the scope of work in this contract as follows:
- 3.4.1. At least one:
 - 3.4.1.1. Masters Licensed Alcohol and Drug Counselor (MLADC);
or
 - 3.4.1.2. Licensed Alcohol and Drug Counselor (LADC) who also holds the Licensed Clinical Supervisor (LCS) credential;
 - 3.4.2. All unlicensed staff providing treatment, education and/or recovery support services shall be under the direct supervision of a licensed supervisor;
 - 3.4.3. No licensed supervisor shall supervise more than eight unlicensed staff unless the Department has approved an alternative supervision plan.
 - 3.4.4. At least one Certified Recovery Support Worker (CRSW) for every 50 clients or portion thereof.
 - 3.4.5. Unlicensed staff providing clinical or recovery support services must hold a CRSW within 6 months of hire or from the effective date of this contract, whichever is later.
- 3.5. The Contractor shall have policies and procedures related to student interns to address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract.
- 3.6. The Contractor shall have student interns complete an approved ethics course prior to beginning their internship.
- 3.7. The Contractor shall provide ongoing clinical supervision that includes:
- 3.7.1. Weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress;
 - 3.7.2. Group supervision to help optimize the learning experience, when enough candidates are under supervision; and
 - 3.7.3. Content that covers the:
 - 3.7.3.1. Knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, and that covers;
 - 3.7.3.2. The core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling, available at <http://store.samhsa.gov/product/TAP-21-Addiction-Counseling-Competencies/SMA15-4171>; and

ET



Exhibit A

- 3.7.3.3. The standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

4. Reporting

- 4.1. The Contractor shall provide monthly reports to the Department, detailing progress towards sustainability. The Contractor shall:
 - 4.1.1. Provide reports in a format approved by the Department that include but are not limited to, information on:
 - 4.1.1.1. Any barriers or challenges to achieving sustainability;
 - 4.1.1.2. Plan to overcome barriers identified in Section 4.1.1.1 during the following month;
 - 4.1.1.3. Budget to actuals/monthly expenditure of funds in a form approved by the Department; and
 - 4.1.1.4. Results of the surveys described in Section 2.11.1.

5. Deliverables

- 5.1. The Contractor shall provide IOP services at the Franklin and Manchester facilities to accommodate at least one hundred fifty (150) new clients annually.
- 5.2. The Contractor shall provide PHP services at the Franklin and Manchester facilities to accommodate at least four hundred (400) new clients annually.
- 5.3. The contractor shall provide a plan for achieving sustainability no later than thirty (30) days after the effective date of the contract.



Method and Conditions Precedent to Payment

1. This agreement is being funded with Governor Commission Funds.
2. The State shall pay the Contractor an amount not to exceed the Price Limitation, Block 1.8 of the Form P-37 General Provisions, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services in accordance with Exhibit B-1 Budget.
3. Payment for services shall be on a cost reimbursement basis only for actual services provided, in accordance with Exhibit B-1 Budget.
4. Payment for services shall be made as follows:
 - 4.1. The Contractor shall submit monthly invoices by the tenth (10th) day of each month for reimbursement of actual costs incurred for the previous month. The State shall make payment to the Contractor within thirty (30) days of receipt of each accurate and correct invoice for Contractor services provided pursuant to this Agreement.
 - 4.2. Invoices identified in Section 4.1 must be submitted to:

Clinical & Recovery Services Unit Administrator
NH Department of Health and Human Services
Bureau of Drug and Alcohol Services
129 Pleasant Street
Concord, NH 03301
5. Payments may be withheld pending receipt of required reports or documentation as identified in Exhibit A, Scope of Services.
6. A final payment request shall be submitted no later than forty (40) days after the Contract ends. Failure to submit the invoice, and accompanying documentation could result in nonpayment.
7. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.
8. Notwithstanding paragraph 18 of the Form P-37, General Provisions, an amendment limited to transferring amounts between budget line items in Exhibit B-1, Budget, within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of the Governor and Executive Council.

Exhibit B-1 BUDGET

New Hampshire Department of Health and Human Services
COMPLETE ONE BUDGET FORM FOR EACH BUDGET PERIOD

Bidder/Program Name: Manchester Alcoholism Rehabilitation Center, DBA Farnum Center

Budget Request for: Crisis Respite Shelter
(Name of Contract)

Budget Period: 7/1/17 - 6/30/18

Line Item	Direct		Total Program Cost		Total		Contractor Share / Match		Funded by BHHB contract share		Total
	Incremental	Planned	Incremental	Planned	Incremental	Planned	Incremental	Planned	Incremental	Planned	
1. Total Salary/Wages	\$ 141,492.00	\$ 155,841.00	\$ 14,149.00	\$ 155,841.00	\$ -	\$ -	\$ -	\$ -	\$ 141,492.00	\$ 14,149.00	\$ 155,841.00
2. Employee Benefits	\$ 40,325.00	\$ 44,359.00	\$ 4,034.00	\$ 44,359.00	\$ -	\$ -	\$ -	\$ -	\$ 40,325.00	\$ 4,034.00	\$ 44,359.00
3. Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Equipment:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repair and Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase/Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5. Supplies:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Educational	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lab	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pharmacy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7. Occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8. Current Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telephone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Postage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Audit and Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9. Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10. Marketing/Communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11. Staff Education and Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12. Subcontracts/Agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13. Other (specific details mandatory):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 181,817.00	\$ 200,000.00	\$ 18,183.00	\$ 200,000.00	\$ -	\$ -	\$ -	\$ -	\$ 181,817.00	\$ 18,183.00	\$ 200,000.00

Indirect: As A Percent of Direct 10.0%

Exhibit B-1 BUDGET

Initials EA Date 7/6/17



SPECIAL PROVISIONS

Contractors Obligations: The Contractor covenants and agrees that all funds received by the Contractor under the Contract shall be used only as payment to the Contractor for services provided to eligible individuals and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:

1. **Compliance with Federal and State Laws:** If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.
2. **Time and Manner of Determination:** Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.
3. **Documentation:** In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department with all forms and documentation regarding eligibility determinations that the Department may request or require.
4. **Fair Hearings:** The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or re-applicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.
5. **Gratuities or Kickbacks:** The Contractor agrees that it is a breach of this Contract 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 Contract. The State may terminate this Contract and any sub-contract or 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.
6. **Retroactive Payments:** Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.
7. **Conditions of Purchase:** Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractors costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party funders for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such costs, or has received payment in excess of such costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party funders, the Department may elect to:
 - 7.1. Renegotiate the rates for payment hereunder, in which event new rates shall be established;
 - 7.2. Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

Handwritten initials in black ink, appearing to be 'JF'.



- 7.3. Demand repayment of the excess payment by the Contractor in which event failure to make such repayment shall constitute an Event of Default hereunder. When the Contractor is permitted to determine the eligibility of individuals for services, the Contractor agrees to reimburse the Department for all funds paid by the Department to the Contractor for services provided to any individual who is found by the Department to be ineligible for such services at any time during the period of retention of records established herein.

RECORDS: MAINTENANCE, RETENTION, AUDIT, DISCLOSURE AND CONFIDENTIALITY:

8. **Maintenance of Records:** In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract Period:
- 8.1. **Fiscal Records:** books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.
- 8.2. **Statistical Records:** Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.
- 8.3. **Medical Records:** Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.
9. **Audit:** Contractor shall submit an annual audit to the Department within 60 days after the close of the agency fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.
- 9.1. **Audit and Review:** During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.
- 9.2. **Audit Liabilities:** In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.
10. **Confidentiality of Records:** All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract; and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian.



Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

11. **Reports:** Fiscal and Statistical: The Contractor agrees to submit the following reports at the following times if requested by the Department.
 - 11.1. **Interim Financial Reports:** Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.
 - 11.2. **Final Report:** A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

12. **Completion of Services:** Disallowance of Costs: Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.

13. **Credits:** All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:
 - 13.1. The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

14. **Prior Approval and Copyright Ownership:** All materials (written, video, audio) produced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution or use. The DHHS will retain copyright ownership for any and all original materials produced, including, but not limited to, brochures, resource directories, protocols or guidelines, posters, or reports. Contractor shall not reproduce any materials produced under the contract without prior written approval from DHHS.

15. **Operation of Facilities: Compliance with Laws and Regulations:** In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

16. **Equal Employment Opportunity Plan (EEO):** The Contractor will provide an Equal Employment Opportunity Plan (EEO) to the Office for Civil Rights, Office of Justice Programs (OCR), if it has received a single award of \$500,000 or more. If the recipient receives \$25,000 or more and has 50 or

Handwritten initials in black ink, appearing to be 'EY'.



more employees, it will maintain a current EEOP on file and submit an EEOP Certification Form to the OCR, certifying that its EEOP is on file. For recipients receiving less than \$25,000, or public grantees with fewer than 50 employees, regardless of the amount of the award, the recipient will provide an EEOP Certification Form to the OCR certifying it is not required to submit or maintain an EEOP. Non-profit organizations, Indian Tribes, and medical and educational institutions are exempt from the EEOP requirement, but are required to submit a certification form to the OCR to claim the exemption. EEOP Certification Forms are available at: <http://www.ojp.usdoj/about/ocr/pdfs/cert.pdf>.

17. **Limited English Proficiency (LEP):** As clarified by Executive Order 13166, Improving Access to Services for persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with the Omnibus Crime Control and Safe Streets Act of 1968 and Title VI of the Civil Rights Act of 1964, Contractors must take reasonable steps to ensure that LEP persons have meaningful access to its programs.
18. **Pilot Program for Enhancement of Contractor Employee Whistleblower Protections:** The following shall apply to all contracts that exceed the Simplified Acquisition Threshold as defined in 48 CFR 2.101 (currently, \$150,000)

CONTRACTOR EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF
WHISTLEBLOWER RIGHTS (SEP 2013)

- (a) 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.
- (b) 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.
- (c) The Contractor shall insert the substance of this clause, including this paragraph (c), in all subcontracts over the simplified acquisition threshold.

19. **Subcontractors:** DHHS recognizes that the Contractor may choose to use subcontractors with greater expertise to perform certain health care services or functions for efficiency or convenience, but the Contractor shall retain the responsibility and accountability for the function(s). Prior to subcontracting, the Contractor shall evaluate the subcontractor's ability to perform the delegated function(s). This is accomplished through a written agreement that specifies activities and reporting responsibilities of the subcontractor and provides for revoking the delegation or imposing sanctions if the subcontractor's performance is not adequate. Subcontractors are subject to the same contractual conditions as the Contractor and the Contractor is responsible to ensure subcontractor compliance with those conditions.

When the Contractor delegates a function to a subcontractor, the Contractor shall do the following:

- 19.1. Evaluate the prospective subcontractor's ability to perform the activities, before delegating the function
- 19.2. Have a written agreement with the subcontractor that specifies activities and reporting responsibilities and how sanctions/revocation will be managed if the subcontractor's performance is not adequate
- 19.3. Monitor the subcontractor's performance on an ongoing basis



- 19.4. Provide to DHHS an annual schedule identifying all subcontractors, delegated functions and responsibilities, and when the subcontractor's performance will be reviewed
- 19.5. DHHS shall, at its discretion, review and approve all subcontracts.

If the Contractor identifies deficiencies or areas for improvement are identified, the Contractor shall take corrective action.

DEFINITIONS

As used in the Contract, the following terms shall have the following meanings:

COSTS: Shall mean those direct and indirect items of expense determined by the Department to be allowable and reimbursable in accordance with cost and accounting principles established in accordance with state and federal laws, regulations, rules and orders.

DEPARTMENT: NH Department of Health and Human Services.

FINANCIAL MANAGEMENT GUIDELINES: Shall mean that section of the Contractor Manual which is entitled "Financial Management Guidelines" and which contains the regulations governing the financial activities of contractor agencies which have contracted with the State of NH to receive funds.

PROPOSAL: If applicable, shall mean the document submitted by the Contractor on a form or forms required by the Department and containing a description of the Services to be provided to eligible individuals by the Contractor in accordance with the terms and conditions of the Contract and setting forth the total cost and sources of revenue for each service to be provided under the Contract.

UNIT: For each service that the Contractor is to provide to eligible individuals hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B of the Contract.

FEDERAL/STATE LAW: Wherever federal or state laws, regulations, rules, orders, and policies, etc. are referred to in the Contract, the said reference shall be deemed to mean all such laws, regulations, etc. as they may be amended or revised from the time to time.

CONTRACTOR MANUAL: Shall mean that document prepared by the NH Department of Administrative Services containing a compilation of all regulations promulgated pursuant to the New Hampshire Administrative Procedures Act. NH RSA Ch 541-A, for the purpose of implementing State of NH and federal regulations promulgated thereunder.

SUPPLANTING OTHER FEDERAL FUNDS: The Contractor guarantees that funds provided under this Contract will not supplant any existing federal funds available for these services.

A handwritten signature in black ink, appearing to be 'EJ', written over a horizontal line.



Exhibit C-1

REVISIONS TO GENERAL PROVISIONS

1. 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.

2. 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, 30 days after giving the Contractor written notice that the State is exercising its option to terminate the Agreement.
 - 10.2 In the event of early termination, the Contractor shall, within 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.

3. The Department reserves the right to renew the Contract for up to two (2) additional years, subject to the continued availability of funds, satisfactory performance of services and approval by the Governor and Executive Council.



CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS**

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

Commissioner
NH Department of Health and Human Services
129 Pleasant Street,
Concord, NH 03301-6505

1. The grantee certifies that it will or will continue to provide a drug-free workplace by:
 - 1.1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - 1.2. Establishing an ongoing drug-free awareness program to inform employees about
 - 1.2.1. The dangers of drug abuse in the workplace;
 - 1.2.2. The grantee's policy of maintaining a drug-free workplace;
 - 1.2.3. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - 1.2.4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - 1.3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
 - 1.4. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
 - 1.4.1. Abide by the terms of the statement; and
 - 1.4.2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
 - 1.5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 1.4.2 from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency



- has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- 1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
 - 1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
 - 1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.
2. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

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

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

Contractor Name: Manchester Alcoholism Rehabilitation Center

7/6/17
Date

Elin Treanor
Name: Elin Treanor
Title: CFO



CERTIFICATION REGARDING LOBBYING

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

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

Programs (indicate applicable program covered):

- *Temporary Assistance to Needy Families under Title IV-A
- *Child Support Enforcement Program under Title IV-D
- *Social Services Block Grant Program under Title XX
- *Medicaid Program under Title XIX
- *Community Services Block Grant under Title VI
- *Child Care Development Block Grant under Title IV

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

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

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

Contractor Name: Manchester Alcoholism Rehabilitation Center

1/6/2017
Date

Elin Treanor
Name: Elin Treanor
Title: CFO



**CERTIFICATION REGARDING DEBARMENT, SUSPENSION
AND OTHER RESPONSIBILITY MATTERS**

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

INSTRUCTIONS FOR CERTIFICATION

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



information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

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

LOWER TIER COVERED TRANSACTIONS

13. By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:
 - 13.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
 - 13.2. where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).
14. The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Contractor Name: Manchester Alcoholism Rehabilitation Center

7/6/17
Date

Elin Treanor
Name: Elin Treanor
Title: CFO



**CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO
FEDERAL NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND
WHISTLEBLOWER PROTECTIONS**

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

Contractor will comply, and will require any subgrantees or subcontractors to comply, with any applicable federal nondiscrimination requirements, which may include:

- the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. Section 3789d) which prohibits recipients of federal funding under this statute from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act requires certain recipients to produce an Equal Employment Opportunity Plan;
- the Juvenile Justice Delinquency Prevention Act of 2002 (42 U.S.C. Section 5672(b)) which adopts by reference, the civil rights obligations of the Safe Streets Act. Recipients of federal funding under this statute are prohibited from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act includes Equal Employment Opportunity Plan requirements;
- the Civil Rights Act of 1964 (42 U.S.C. Section 2000d, which prohibits recipients of federal financial assistance from discriminating on the basis of race, color, or national origin in any program or activity);
- the Rehabilitation Act of 1973 (29 U.S.C. Section 794), which prohibits recipients of Federal financial assistance from discriminating on the basis of disability, in regard to employment and the delivery of services or benefits, in any program or activity;
- the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12131-34), which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation;
- the Education Amendments of 1972 (20 U.S.C. Sections 1681, 1683, 1685-86), which prohibits discrimination on the basis of sex in federally assisted education programs;
- the Age Discrimination Act of 1975 (42 U.S.C. Sections 6106-07), which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance. It does not include employment discrimination;
- 28 C.F.R. pt. 31 (U.S. Department of Justice Regulations – OJJDP Grant Programs); 28 C.F.R. pt. 42 (U.S. Department of Justice Regulations – Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order No. 13279 (equal protection of the laws for faith-based and community organizations); Executive Order No. 13559, which provide fundamental principles and policy-making criteria for partnerships with faith-based and neighborhood organizations;
- 28 C.F.R. pt. 38 (U.S. Department of Justice Regulations – Equal Treatment for Faith-Based Organizations); and Whistleblower protections 41 U.S.C. §4712 and The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) the Pilot Program for Enhancement of Contract Employee Whistleblower Protections, which protects employees against reprisal for certain whistle blowing activities in connection with federal grants and contracts.

The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment.

Exhibit G

Contractor Initials

Handwritten signature of the contractor representative.

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

New Hampshire Department of Health and Human Services
Exhibit G



In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

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

1. By signing and submitting this proposal (contract) the Contractor agrees to comply with the provisions indicated above.

Contractor Name: Manchester Alcoholism Rehabilitation Center

7/6/17
Date

Elin Treanor
Name: Elin Treanor
Title: CFO

Exhibit G

Contractor Initials

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections



CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

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

1. By signing and submitting this contract, the Contractor agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.

Contractor Name:

7/6/2017
Date

Elin Treanor
Name: Elin Treanor
Title: CFO



Exhibit I

HEALTH INSURANCE PORTABILITY ACT
BUSINESS ASSOCIATE AGREEMENT

The Contractor identified in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

(1) **Definitions.**

- a. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
- b. "Business Associate" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- e. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, Title XIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164 and amendments thereto.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.



Exhibit I

- I. “Required by Law” shall have the same meaning as the term “required by law” in 45 CFR Section 164.103.
- m. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. “Security Rule” shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. “Unsecured Protected Health Information” means protected health information that is not secured by a technology standard that renders protected health information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

(2) **Business Associate Use and Disclosure of Protected Health Information.**

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, Business Associate, including but not limited to all its directors, officers, employees and agents, shall not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
 - I. For the proper management and administration of the Business Associate;
 - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
 - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HIPAA Privacy, Security, and Breach Notification Rules of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business



Exhibit I

Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.

- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) Obligations and Activities of Business Associate.

- a. The Business Associate shall notify the Covered Entity's Privacy Officer immediately after the Business Associate becomes aware of any use or disclosure of protected health information not provided for by the Agreement including breaches of unsecured protected health information and/or any security incident that may have an impact on the protected health information of the Covered Entity.
- b. The Business Associate shall immediately perform a risk assessment when it becomes aware of any of the above situations. The risk assessment shall include, but not be limited to:
 - o The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
 - o The unauthorized person used the protected health information or to whom the disclosure was made;
 - o Whether the protected health information was actually acquired or viewed
 - o The extent to which the risk to the protected health information has been mitigated.

The Business Associate shall complete the risk assessment within 48 hours of the breach and immediately report the findings of the risk assessment in writing to the Covered Entity.

- c. The Business Associate shall comply with all sections of the Privacy, Security, and Breach Notification Rule.
- d. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- e. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section 3 (I). The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI



Exhibit I

pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard Paragraph #13 of the standard contract provisions (P-37) of this Agreement for the purpose of use and disclosure of protected health information.

- f. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- g. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- h. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.
- i. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- j. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
- k. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- l. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business



Exhibit I

Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

(5) Termination for Cause

In addition to Paragraph 10 of the standard terms and conditions (P-37) of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(6) Miscellaneous

- a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.
- c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule.



Exhibit I

- e. Segregation. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. Survival. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section (3) I, the defense and indemnification provisions of section (3) e and Paragraph 13 of the standard terms and conditions (P-37), shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

Department of Health and Human Services
The State

Katya S Fox
Signature of Authorized Representative

Director
Name of Authorized Representative

Katya S Fox
Title of Authorized Representative

7/18/17
Date

Manchester Alcoholism Rehabilitation Center
Name of the Contractor

Elin Treanor
Signature of Authorized Representative

Elin Treanor
Name of Authorized Representative

CFO
Title of Authorized Representative

7/6/17
Date

Contractor Initials ET

Date 7/6/17



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

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

In accordance with 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

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

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

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

The below named Contractor agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

Contractor Name:

7/6/17
Date

Elin Treanor
Name: Elin Treanor
Title: CFO



FORM A

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

1. The DUNS number for your entity is: 948500285
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO YES

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

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

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

NO YES

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

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

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

Name: _____	Amount: _____



DHHS INFORMATION SECURITY REQUIREMENTS

1. Confidential Information: In addition to Paragraph #9 of the General Provisions (P-37) for the purpose of this RFP, the Department's Confidential information includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.
2. The vendor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services. Minimum expectations include:
 - 2.1. Maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
 - 2.2. Maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
 - 2.3. Encrypt, at a minimum, any Department confidential data stored on portable media, e.g., laptops, USB drives, as well as when transmitted over public networks like the Internet using current industry standards and best practices for strong encryption.
 - 2.4. Ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
 - 2.5. Provide security awareness and education for its employees, contractors and sub-contractors in support of protecting Department confidential information
 - 2.6. Maintain a documented breach notification and incident response process. The vendor will contact the Department within twenty-four 24 hours to the Department's contract manager, and additional email addresses provided in this section, of a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
 - 2.6.1. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.

Breach notifications will be sent to the following email addresses:

 - 2.6.1.1. DHHSChiefInformationOfficer@dhhs.nh.gov
 - 2.6.1.2. DHHSInformationSecurityOffice@dhhs.nh.gov
 - 2.7. If the vendor will maintain any Confidential Information on its systems (or its sub-contractor systems), the vendor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the vendor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure

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 MANCHESTER ALCOHOLISM REHABILITATION CENTER is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on February 19, 1980. 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: 61650



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 6th day of April A.D. 2017.

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Betty Burke, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Manchester Alcoholism Rehabilitation Center.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of the Agency duly held on June 14, 2017:
(Date)

RESOLVED: That the CFO
(Title of Contract Signatory)

is hereby authorized on behalf of this Agency 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 he/she may deem necessary, desirable or appropriate.

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 6th day of July, 2017.
(Date Contract Signed)

4. Elin Treanor is the duly elected CFO
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

Betty Burke
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 16th day of July, 2017.

By Betty Burke
(Name of Elected Officer of the Agency)

Cynthia Ross
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: CYNTHIA ROSS, Notary Public
~~My Commission Expires March 12, 2019~~

Client#: 497072

EASTESEA7

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 8/23/2016

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

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

PRODUCER: USI Insurance Services LLC, 3 Executive Park Drive, Suite 300, Bedford, NH 03110, 855 874-0123. CONTACT NAME: PHILADELPHIA INSURANCE COMPANY, NAIC #: 23850. INSURED: Easter Seals NH, Inc., 555 Auburn Street, Manchester, NH 03103.

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

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

Table with columns: INSR LTR, TYPE OF INSURANCE, ADDL INSR, SUBR WVD, POLICY NUMBER, POLICY EFF (MM/DD/YYYY), POLICY EXP (MM/DD/YYYY), LIMITS. Rows include Commercial General Liability, Automobile Liability, Umbrella Liab, Workers Compensation, and EDP.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) Supplemental Names*: Easter Seals ME, Inc., STS, Inc., Agency Realty, Inc., Manchester Alcohol Rehabilitation Center, Inc., dba The Farnum Center, Easter Seals VT, Inc., -The General Liability policy includes a Blanket Automatic Additional Insured Endorsement that provides Additional Insured and a Blanket Waiver of Subrogation status to the Certificate Holder, only when there is a written contract or written agreement between the named insured and the certificate holder that requires such status, and only with regard to the (See Attached Descriptions)

CERTIFICATE HOLDER: Department of Health & Human Services, State of NH, 129 Pleasant Street, Concord, NH 03301. CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE: E. Gould

© 1988-2014 ACORD CORPORATION. All rights reserved.

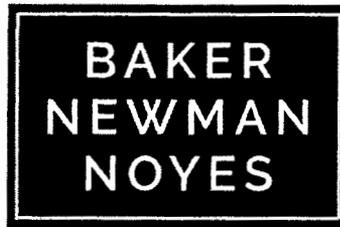
DESCRIPTIONS (Continued from Page 1)

above referenced on behalf of the named Insured. The General Liability policy contains a special endorsement with "Primary and Non-Contributory" wording.

Farnum Center Mission Statement:



“Helping individuals and families find their way to a life free of the effects of alcohol and drugs through comprehensive treatment and recovery services open to all “



**Easter Seals New Hampshire, Inc.
and Subsidiaries**

Consolidated Financial Statements and
Other Financial Information

*Years Ended August 31, 2016 and 2015
With Independent Auditors' Report*

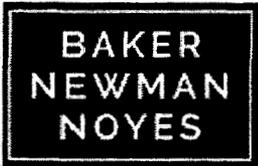
EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

For the Years Ended August 31, 2016 and 2015

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Audited Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
Other Financial Information:	
Consolidating Statements of Financial Position	36
Consolidating Statements of Activities and Changes in Net Assets	40
Consolidating Statements of Functional Expenses	44



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH), which comprise the consolidated statements of financial position as of August 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

To the Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals NH as of August 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying other financial information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

As discussed in note 1, effective August 31, 2016, Easter Seals NH transferred its sole member interest in Easter Seals Rhode Island, Inc. to Fedcap Rehabilitation Services, Inc. As a result, these consolidated financial statements do not include the financial position of Easter Seals Rhode Island, Inc. at August 31, 2016, while the results of operations of Easter Seals Rhode Island, Inc. are included for the year then ended.

Also, as discussed in note 1, effective August 31, 2015, Easter Seals NH transferred its sole member interest in Easter Seals New York, Inc. to Fedcap Rehabilitation Services, Inc. As a result, these consolidated financial statements do not include the financial position of Easter Seals New York, Inc. at August 31, 2015, while the results of operations of Easter Seals New York, Inc. are included for the year then ended.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016 on our consideration of Easter Seals New Hampshire, Inc. and Subsidiaries' 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 Easter Seals New Hampshire, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Baker Newman & Noyes LLC

Manchester, New Hampshire
December 12, 2016

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,695,042	\$ 5,615,095
Accounts receivable from affiliate	—	98,710
Program and other accounts receivable, less contractual allowance of \$7,372,700 in 2016 and \$1,896,800 in 2015, and allowance for doubtful accounts of \$1,510,600 in 2016 and \$936,400 in 2015	9,410,725	7,114,280
Contributions receivable, less allowance for doubtful accounts of \$75,100 in 2016 and \$26,500 in 2015	880,711	605,256
Current portion of assets limited as to use	330,085	315,065
Prepaid expenses and other current assets	<u>463,883</u>	<u>1,214,353</u>
Total current assets	12,780,446	14,962,759
Assets limited as to use, net of current portion	1,191,998	1,009,131
Fixed assets, net	26,371,886	22,946,025
Property held for sale	252,645	1,081,662
Bond issuance costs, net	56,073	59,145
Investments, at fair value	14,148,438	12,255,793
Beneficial interest in trusts held by others and other assets	<u>254,271</u>	<u>356,459</u>
	<u>\$55,055,757</u>	<u>\$52,670,974</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Lines of credit	\$ —	\$ 262,356
Accounts payable	2,002,382	1,879,211
Accrued expenses	4,912,838	4,162,793
Current portion of deferred revenue	781,321	1,131,777
Current portion of capital lease obligation	60,617	58,886
Current portion of interest rate swap agreements	401,859	442,045
Current portion of long-term debt	<u>829,680</u>	<u>745,011</u>
Total current liabilities	8,988,697	8,682,079
Deferred revenue, net of current portion	944,167	971,667
Other liabilities	1,192,090	1,010,108
Capital lease obligation, net of current portion	20,995	81,612
Interest rate swap agreements, less current portion	3,086,120	2,377,922
Long-term debt, less current portion	<u>20,261,367</u>	<u>19,363,038</u>
Total liabilities	34,493,436	32,486,426
Net assets:		
Unrestricted	14,418,915	14,685,373
Temporarily restricted	1,243,906	1,024,433
Permanently restricted	<u>4,899,500</u>	<u>4,474,742</u>
Total net assets	<u>20,562,321</u>	<u>20,184,548</u>
	<u>\$55,055,757</u>	<u>\$52,670,974</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions, net	\$ 398,559	\$ 1,228,217	\$ 415,485	\$ 2,042,261
Special events, net of related direct costs of \$829,743	292,525	1,356,066	-	1,648,591
Annual campaigns, net of related direct costs of \$147,622	414,544	105,904	-	520,448
Bequests	28,066	-	50,000	78,066
Net assets released from restrictions	<u>2,483,599</u>	<u>(2,483,599)</u>	<u>-</u>	<u>-</u>
Total public support	3,617,293	206,588	465,485	4,289,366
Revenue:				
Fees and grants from governmental agencies, net	50,447,572	-	-	50,447,572
Other fees and grants	20,996,874	-	-	20,996,874
Sales to public	4,446,844	-	-	4,446,844
Dividend and interest income	492,444	2,601	-	495,045
Rental income	26,840	-	-	26,840
Other	<u>699,819</u>	<u>-</u>	<u>-</u>	<u>699,819</u>
Total revenue	<u>77,110,393</u>	<u>2,601</u>	<u>-</u>	<u>77,112,994</u>
Total public support and revenue	80,727,686	209,189	465,485	81,402,360
Operating expenses:				
Program services:				
Public health education	273,502	-	-	273,502
Professional education	20,607	-	-	20,607
Direct services	<u>70,998,387</u>	<u>-</u>	<u>-</u>	<u>70,998,387</u>
Total program services	71,292,496	-	-	71,292,496
Supporting services:				
Management and general	7,888,590	-	-	7,888,590
Fundraising	<u>1,280,675</u>	<u>-</u>	<u>-</u>	<u>1,280,675</u>
Total supporting services	<u>9,169,265</u>	<u>-</u>	<u>-</u>	<u>9,169,265</u>
Total functional expenses	80,461,761	-	-	80,461,761
Support of National programs	<u>37,375</u>	<u>-</u>	<u>-</u>	<u>37,375</u>
Total operating expenses	<u>80,499,136</u>	<u>-</u>	<u>-</u>	<u>80,499,136</u>
Increase in net assets from operations	228,550	209,189	465,485	903,224

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended August 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other nonoperating expenses, gains and losses:				
Change in fair value of interest rate swaps	\$ (668,012)	\$ -	\$ -	\$ (668,012)
Net unrealized and realized gains on investments	267,616	8,117	-	275,733
Decrease in fair value of beneficial interest in trusts held by others	-	-	(4,967)	(4,967)
Loss on sales and disposals of fixed assets	(11,659)	-	-	(11,659)
Other nonoperating losses	<u>(15,341)</u>	<u>-</u>	<u>-</u>	<u>(15,341)</u>
	<u>(427,396)</u>	<u>8,117</u>	<u>(4,967)</u>	<u>(424,246)</u>
(Decrease) increase in net assets before effects of discontinued operations	(198,846)	217,306	460,518	478,978
(Loss) gain from discontinued operations – see note 13	<u>(34,483)</u>	<u>2,167</u>	<u>-</u>	<u>(32,316)</u>
(Decrease) increase in net assets before effects of deconsolidation of affiliate	(233,329)	219,473	460,518	446,662
Deconsolidation of affiliate – see note 12	<u>(33,129)</u>	<u>-</u>	<u>(35,760)</u>	<u>(68,889)</u>
Total (decrease) increase in net assets	(266,458)	219,473	424,758	377,773
Net assets at beginning of year	<u>14,685,373</u>	<u>1,024,433</u>	<u>4,474,742</u>	<u>20,184,548</u>
Net assets at end of year	\$ <u>14,418,915</u>	\$ <u>1,243,906</u>	\$ <u>4,899,500</u>	\$ <u>20,562,321</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions, net	\$ 612,565	\$ 853,731	\$ 14,300	\$ 1,480,596
Special events, net of related direct costs of \$1,047,735	67,806	1,415,710	-	1,483,516
Annual campaigns, net of related direct costs of \$104,418	399,236	32,906	-	432,142
Bequests	492,019	-	-	492,019
Net assets released from restrictions	<u>1,998,486</u>	<u>(1,998,486)</u>	<u>-</u>	<u>-</u>
Total public support	3,570,112	303,861	14,300	3,888,273
Revenue:				
Fees and grants from governmental agencies, net	71,965,474	-	-	71,965,474
Other fees and grants	24,111,552	-	-	24,111,552
Sales to public	4,375,698	-	-	4,375,698
Dividend and interest income	391,263	11,569	-	402,832
Rental income	33,929	-	-	33,929
Other	<u>124,778</u>	<u>-</u>	<u>-</u>	<u>124,778</u>
Total revenue	<u>101,002,694</u>	<u>11,569</u>	<u>-</u>	<u>101,014,263</u>
Total public support and revenue	104,572,806	315,430	14,300	104,902,536
Operating expenses:				
Program services:				
Public health education	410,886	-	-	410,886
Professional education	17,435	-	-	17,435
Direct services	<u>91,613,311</u>	<u>-</u>	<u>-</u>	<u>91,613,311</u>
Total program services	92,041,632	-	-	92,041,632
Supporting services:				
Management and general	9,785,646	-	-	9,785,646
Fundraising	<u>1,808,377</u>	<u>-</u>	<u>-</u>	<u>1,808,377</u>
Total supporting services	<u>11,594,023</u>	<u>-</u>	<u>-</u>	<u>11,594,023</u>
Total functional expenses	103,635,655	-	-	103,635,655
Support of National programs	<u>119,969</u>	<u>-</u>	<u>-</u>	<u>119,969</u>
Total operating expenses	<u>103,755,624</u>	<u>-</u>	<u>-</u>	<u>103,755,624</u>
Increase in net assets from operations	817,182	315,430	14,300	1,146,912

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other nonoperating expenses, gains and losses:				
Change in fair value of interest rate swaps	\$ (227,568)	\$ —	\$ —	\$ (227,568)
Net unrealized and realized losses on investments	(407,029)	(223)	—	(407,252)
Decrease in fair value of beneficial interest in trusts held by others	—	—	(62,423)	(62,423)
Loss on sales and disposals of fixed assets	(10,248)	—	—	(10,248)
Other nonoperating losses	<u>(128,854)</u>	<u>—</u>	<u>—</u>	<u>(128,854)</u>
	<u>(773,699)</u>	<u>(223)</u>	<u>(62,423)</u>	<u>(836,345)</u>
Increase (decrease) in net assets before effects of discontinued operations	43,483	315,207	(48,123)	310,567
(Loss) gain from discontinued operations – see note 13	<u>(204,672)</u>	<u>588</u>	<u>—</u>	<u>(204,084)</u>
(Decrease) increase in net assets before effects of deconsolidation of affiliate	(161,189)	315,795	(48,123)	106,483
Deconsolidation of affiliate – see note 12	<u>657,225</u>	<u>(236,224)</u>	<u>(501,657)</u>	<u>(80,656)</u>
Total increase (decrease) in net assets	496,036	79,571	(549,780)	25,827
Net assets at beginning of year	<u>14,189,337</u>	<u>944,862</u>	<u>5,024,522</u>	<u>20,158,721</u>
Net assets at end of year	<u>\$ 14,685,373</u>	<u>\$ 1,024,433</u>	<u>\$ 4,474,742</u>	<u>\$ 20,184,548</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2016

	Program Services ⁽¹⁾			Supporting Services ⁽¹⁾		Total	Total Program ⁽¹⁾ and Supporting Services Expenses	
	Public Health Education	Professional Education	Direct Services	Management and General	Fund-Raising		2016	2015
Salaries and related expenses	\$ 159,903	\$ -	\$ 53,446,952	\$ 5,358,606	\$ 966,303	\$ 6,324,909	\$ 59,931,764	\$ 77,638,161
Professional fees	60,418	-	6,409,352	1,441,057	147,732	1,588,789	8,058,559	9,914,343
Supplies	2,455	-	1,853,930	70,867	27,027	97,894	1,954,279	2,920,131
Telephone	50	-	435,407	221,650	4,500	226,150	661,607	811,257
Postage and shipping	2,707	-	28,857	21,241	9,314	30,555	62,119	94,759
Occupancy	-	-	2,414,393	233,578	49,347	282,925	2,697,318	4,243,657
Outside printing, artwork and media	23,606	-	32,160	4,815	30,463	35,278	91,044	94,452
Travel	1,205	-	2,182,663	30,664	10,085	40,749	2,224,617	2,492,944
Conventions and meetings	16,492	20,607	137,197	8,519	21,415	29,934	204,230	372,868
Specific assistance to individuals	-	-	1,157,261	8,324	175	8,499	1,165,760	1,271,150
Dues and subscriptions	175	-	26,933	7,110	1,961	9,071	36,179	38,579
Minor equipment purchases and equipment rental	-	-	230,386	78,874	5,743	84,617	315,003	244,346
Ads, fees and miscellaneous	6,227	-	394,751	137,768	3,701	141,469	542,447	132,440
Interest	-	-	744,076	165,148	-	165,148	909,224	1,263,111
Facility tax assessment	-	-	-	-	-	-	-	226,703
Depreciation and amortization	264	-	1,504,069	100,369	2,909	103,278	1,607,611	1,876,754
	<u>\$ 273,502</u>	<u>\$ 20,607</u>	<u>\$ 70,998,387</u>	<u>\$ 7,888,590</u>	<u>\$ 1,280,675</u>	<u>\$ 9,169,265</u>	<u>\$ 80,461,761</u>	<u>\$ 103,635,655</u>
	0.34%	0.02%	88.24%	88.60%	9.80%	1.60%	100.00%	100.00%

(1) Excludes expenses related to discontinued operations – see note 13.

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2015

	Program Services ⁽¹⁾			Supporting Services ⁽¹⁾			Total Program ⁽¹⁾ and Supporting Services Expenses
	Public Health Education	Professional Education	Direct Services	Total	Management and General	Fund-Raising	
Salaries and related expenses	\$266,566	\$ -	\$69,238,797	\$69,505,363	\$6,748,845	\$1,383,953	\$ 8,132,798
Professional fees	44,355	-	8,014,027	8,058,382	1,712,094	143,867	1,855,961
Supplies	5,523	-	2,781,733	2,787,256	70,514	62,361	132,875
Telephone	2,281	-	566,186	568,467	230,608	12,182	242,790
Postage and shipping	4,403	-	50,702	55,105	32,136	7,518	39,654
Occupancy	13,086	-	3,803,408	3,816,494	319,989	107,174	427,163
Outside printing, artwork and media	29,816	-	33,277	63,093	6,881	24,478	31,359
Travel	4,503	-	2,413,578	2,418,081	56,187	18,676	74,863
Conventions and meetings	28,768	17,435	232,396	278,599	58,465	35,804	94,269
Specific assistance to individuals	30	-	1,259,253	1,259,283	11,748	119	11,867
Dues and subscriptions	527	-	20,071	20,598	14,455	3,526	17,981
Minor equipment purchases and equipment rental	205	-	129,087	129,292	113,830	1,224	115,054
Ads, fees and miscellaneous	10,290	-	102,593	112,883	15,093	4,464	19,557
Interest	-	-	1,013,647	1,013,647	249,464	-	249,464
Facility tax assessment	-	-	226,703	226,703	-	-	-
Depreciation and amortization	533	-	1,727,853	1,728,386	145,337	3,031	148,368
	<u>\$410,886</u>	<u>\$17,435</u>	<u>\$91,613,311</u>	<u>\$92,041,632</u>	<u>\$9,785,646</u>	<u>\$1,808,377</u>	<u>\$11,594,023</u>
	0.39%	0.02%	88.40%	88.81%	9.44%	1.75%	11.19%
							100.00%

(1) Excludes expenses related to discontinued operations – see note 13.

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 377,773	\$ 25,827
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,607,611	1,880,579
Bad debt provision	984,511	1,350,516
Decrease in fair value of beneficial interest in trusts held by others	4,967	62,423
Net (gain) loss on sales and disposals of fixed assets and property held for sale	(41,204)	62,958
Change in fair value of interest rate swaps	668,012	227,568
Net unrealized and realized (gains) losses on investments	(275,733)	407,252
Deconsolidation of affiliates – see note 12	68,889	80,656
Changes in operating assets and liabilities:		
Accounts receivable from affiliates	98,710	(84,823)
Program and other accounts receivable	(3,280,956)	(1,096,689)
Contributions receivable	(275,455)	(109,179)
Prepaid expenses and other current assets	739,182	(739,716)
Other assets	28,331	597,247
Accounts payable and accrued expenses	880,435	1,862,708
Deferred revenue	(377,956)	741,405
Other liabilities	<u>181,982</u>	<u>22,923</u>
Net cash provided by operating activities	1,389,099	5,291,655
Cash flows from investing activities:		
Purchases of fixed assets	(5,062,802)	(7,095,514)
Proceeds from sale of fixed assets and property held for sale	912,714	218,514
Cash provided for deconsolidation of affiliate	(500)	(812,975)
Change in investments, net	(1,622,433)	463,159
Change in assets limited as to use	<u>(197,887)</u>	<u>(37,873)</u>
Net cash used by investing activities	(5,970,908)	(7,264,689)
Cash flows from financing activities:		
Repayment of long-term debt	(4,155,292)	(971,570)
Issuance of long-term debt	5,079,404	4,636,600
Repayments on lines of credit	(262,356)	(26,490,368)
Borrowings on lines of credit	<u>–</u>	<u>27,656,333</u>
Net cash provided by financing activities	<u>661,756</u>	<u>4,830,995</u>
(Decrease) increase in cash and cash equivalents	(3,920,053)	2,857,961
Cash and cash equivalents, beginning of year	<u>5,615,095</u>	<u>2,757,134</u>
Cash and cash equivalents, end of year	<u>\$ 1,695,042</u>	<u>\$ 5,615,095</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>948,000</u>	\$ <u>1,309,000</u>

In 2015, Easter Seals NH acquired fixed assets under capital leases totaling \$259,604.

In 2016 and 2015, Easter Seals New Hampshire, Inc. transferred its sole member interest in Easter Seals Rhode Island, Inc. and Easter Seals New York, Inc., respectively, to an unrelated party (see note 12).

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

1. Corporate Organization and Purpose

Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH) consists of various separate nonprofit entities: Easter Seals New Hampshire, Inc. (parent and service corporation); Easter Seals Maine, Inc. (Easter Seals ME); Agency Realty, Inc. (real estate corporation); The Harbor Schools Incorporated (Harbor Schools); Manchester Alcoholism Rehabilitation Center; and Easter Seals Vermont, Inc. (Easter Seals VT). Easter Seals New Hampshire, Inc. is the sole member of each subsidiary. Easter Seals NH is affiliated with Easter Seals, Inc. (the national headquarters for the organization).

On August 31, 2016, Easter Seals NH entered into an agreement with Fedcap Rehabilitation Services, Inc. (Fedcap), an unrelated entity, whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals RI to Fedcap for no consideration. Further, on August 31, 2015, Easter Seals NH entered into an agreement with Fedcap whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals NY to Fedcap for no consideration. See also note 12. The accompanying consolidated statements of activities include the results of operations of Easter Seals RI and Easter Seals NY through the date Easter Seals NH's sole member interest was transferred. Finally, effective October 26, 2016, Agency Realty, Inc. was dissolved and all properties were transferred to Easter Seals New Hampshire, Inc.

Easter Seals NH's purpose is to provide (1) programs and services for people with disabilities and other special needs, (2) assistance to people with disabilities and their families, (3) assistance to communities in identifying and developing needed services for residents, and (4) a climate of acceptance for people with disabilities and other special needs which will enable them to contribute to the well-being of the community. Easter Seals NH operates programs throughout New Hampshire, Maine, Massachusetts (prior to the closure of Harbor Schools, see note 13), Rhode Island (prior to deconsolidation), and Vermont.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Easter Seals New Hampshire, Inc. and the subsidiaries of which it is the sole member as described in note 1. Significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Easter Seals NH considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents. Cash equivalents consist of cash, overnight repurchase agreements and money market funds, excluding assets limited as to use.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

The management of Easter Seals NH has implemented a practice to establish cash reserves on hand. As of August 31, 2016 and 2015, approximately \$1,262,000 and \$2,811,000, respectively, of cash and cash equivalents, and approximately \$2,749,000 and \$1,322,000, respectively, of investments were on-hand under this practice.

Assets Limited as to Use and Investments

Assets limited as to use consists of cash and cash equivalents, short-term certificates of deposit with original maturities greater than 90 days, but less than one year, and investments. Investments are stated at fair value. Realized gains and losses on investments are computed on a specific identification basis. The changes in net unrealized and realized gains and losses on investments are recorded in other nonoperating expenses, gains and losses in the accompanying consolidated statements of activities and changes in net assets. Donated securities are stated at fair value determined at the date of donation.

Beneficial Interest in Trusts

Easter Seals NH is the beneficiary of a trust held by others. Easter Seals NH has recorded as an asset the fair value of its interest in the trust and such amount is included in permanently restricted net assets, based on the underlying donor stipulations. The change in the interest due to fair value change is recorded within other nonoperating expenses, gains and losses as permanently restricted activity.

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense as incurred, and expenditures for major renovations are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the underlying assets. Leasehold improvements and the carrying value of equipment financed by capital leases are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Fixed assets obtained by Easter Seals NH as a result of acquisitions on or after September 1, 2011 are recorded at estimated fair value as of the date of the acquisition in accordance with generally accepted accounting principles guidance for acquisitions by a not-for-profit entity.

Donated property and equipment not subject to donor stipulated conditions is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support or, if significant uncertainties exist, as deferred revenue pending resolution of the uncertainties. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. See also note 5.

Property held for sale is recorded at the lower of net realizable value or carrying value. No impairment losses were recognized in 2016 or 2015.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

Intangible Assets and Long-Lived Assets

Accounting rules require that intangible assets with estimable or determinable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and be reviewed by management for impairment. Intangible assets at August 31, 2016 and 2015 consist of a patient list obtained in the acquisition of Webster Place in 2012 (in May 2013, Webster Place was merged with Manchester Alcoholism Rehabilitation Center).

Expected amortization of intangible assets through the end of their useful lives is as follows:

2017	\$ 33,130
2018	33,130
2019	33,130
2020	33,130
2021	<u>33,132</u>
	\$165,652

Amortization expense recognized for the patient list in 2016 and 2015 totaled \$33,130.

When there is an indication of impairment, management considers whether long-lived assets are impaired by comparing gross future undiscounted cash flows expected to be generated from utilizing the assets to their carrying amounts. If cash flows are not sufficient to recover the carrying amount of the assets, impairment has occurred and the assets are written down to their fair value. Significant estimates and assumptions are required to be made by management in order to evaluate possible impairment.

Based on current facts, estimates and assumptions, management believes that no long-lived assets were impaired at August 31, 2016 and 2015.

Bond Issuance Costs

Bond issuance costs are being amortized by the straight-line method over the repayment period of the related bonds, or the expected time until the next refinancing, whichever is shorter. Amortization expense recognized during 2016 and 2015 was \$3,072 and \$9,638 respectively.

Revenue Recognition

Revenue generated from services provided to the public is reported at the estimated net realizable amounts from clients, third-party payors and others based upon approved rates as services are rendered. A significant portion of Easter Seals NH's revenues are derived through arrangements with third-party payors. As such, Easter Seals NH is dependent on these payors in order to carry out its operating activities. There is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in other fees and grants in the year that such amounts become known. Easter Seals NY recognized additional revenue of approximately \$17,000 in 2015 due to favorable rate adjustments approved by the State of New York. There were no such adjustments to revenues recognized in 2016.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

A third-party payor for three Easter Seals NY programs charged a facility tax assessment on a monthly basis in 2015. The charges are a part of Easter Seals NY's reimbursement contract with the payor. The facility tax assessment is based on approved rates. As of August 31, 2015, the facility tax assessment due by Easter Seals NY was approximately \$95,000. See also note 12 regarding the deconsolidation of Easter Seals NY on August 31, 2015.

Revenues are recognized as earned, or attributable to the period in which specific terms of the funding agreement are satisfied, and to the extent that expenses have been incurred for the purposes specified by the funding source. Revenue balances in excess of the foregoing amounts are accounted for as deferred revenue until any restrictions are met or allowable expenditures are incurred.

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts are charged against the allowance for doubtful accounts when deemed uncollectible. The bad debt provision in 2016 and 2015 totaled \$984,511 and \$1,350,516 respectively, and is recorded against fees and grants from governmental agencies and contributions. The decrease in bad debt provision in 2016 was due to services provided by Manchester Alcoholism Rehabilitation Center being covered by third-party payors, resulting in lower bad debt write-offs.

Easter Seals NH has agreements with third-party payors that provide for payment at amounts different from its established rates. Payment arrangements include discounted charges and prospectively determined payments. Contractual allowances for program and other accounts receivable at August 31, 2016 and 2015 were \$7,372,700 and \$1,896,800, respectively. The total contractual adjustments provided in 2016 and 2015 totaled \$22,618,087 and \$12,959,603, respectively, and are recorded against fees and grants from governmental agencies. The increase in contractual adjustments in 2016 is primarily due to an increase in volume of services provided by Manchester Alcoholism Rehabilitation Center and an increase in these services being covered by third-party payors.

Unconditional contributions are recognized when pledged.

Advertising

Easter Seals NH's policy is to expense advertising costs as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based mainly on time records and estimates made by Easter Seals NH's management.

Charity Care (Unaudited)

Easter Seals NH has a formal charity care policy under which program fees are subsidized as determined by the Board of Directors. Free and subsidized services are rendered in accordance with decisions made by the Board of Directors and, at established charges, amounted to approximately \$5,611,000 and \$6,262,000 for the years ended August 31, 2016 and 2015, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

Easter Seals New Hampshire, Inc., Easter Seals ME, Easter Seals VT, Easter Seals RI (see note 1), Harbor Schools and Manchester Alcoholism Rehabilitation Center are exempt from both federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Agency Realty, Inc. received a determination letter from the Internal Revenue Service stating that it qualifies for tax-exempt status under Section 501(c)(2) of the Internal Revenue Code.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position historically taken on various tax exposure items including unrelated business income or tax status. In accordance with accounting principles generally accepted in the United States of America, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the “more-likely-than-not” threshold, based upon the technical merits of the position.

Management has evaluated tax positions taken by Easter Seals New Hampshire, Inc. and its subsidiaries on their respective filed tax returns and concluded that the organizations have maintained their tax-exempt status, do not have any significant unrelated business income, and have taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Derivatives and Hedging Activities

Accounting guidance requires that Easter Seals NH record as an asset or liability the fair value of the interest rate swap agreement described in note 8. Easter Seals NH is exposed to repayment loss equal to the net amounts receivable under the swap agreement (not the notional amount) in the event of nonperformance of the other party to the swap agreement. However, Easter Seals NH does not anticipate nonperformance and does not obtain collateral from the other party.

As of August 31, 2016 and 2015, Easter Seals NH had recognized a liability of \$3,487,979 and \$2,819,967, respectively, as a result of the interest rate swap agreements discussed in note 8. As a result of changes in the fair value of these derivative financial instruments, Easter Seals NH recognized decreases in net assets of \$668,012 and \$227,568, respectively, for the years ended August 31, 2016 and 2015 in the accompanying consolidated statements of activity and changes in net assets.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

Increase in Net Assets from Operations

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of services are reported as revenue and expenses that comprise the increase in net assets from operations. The primary transactions reported as other nonoperating expenses, gains and losses include the adjustment to fair value of interest rate swaps, the change in the fair value of beneficial interest in trusts held by others, gains and losses on sales and disposals of fixed assets, and net realized and unrealized gains and losses on investments.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)*. The amendments change the criteria for reporting discontinued operations, while enhancing disclosures in this area. Those amendments also address sources of confusion and inconsistent application related to financial reporting of discontinued operations guidance in accounting principles generally accepted in the United States. Under the new guidance, only disposals representing a strategic shift in operations are presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. Easter Seals NH adopted ASU 2014-08 for the year-ending August 31, 2016 on a prospective basis. The adoption of ASU 2014-08 did not significantly impact Easter Seals NH's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 simplifies the presentation of debt issuance costs and requires that the debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for Easter Seals NH's fiscal year ending August 31, 2017, with early adoption permitted. Management is currently evaluating the impact of the pending adoption of ASU 2015-03 on Easter Seals NH's consolidated financial statements.

In May 2014, the FASB issued No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which Easter Seals NH expects to be entitled in exchange for those goods and services. ASU 2014-09 will replace most existing revenue recognition guidance when it becomes effective. ASU 2014-09 is effective for Easter Seals NH on September 1, 2019. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. Management is currently evaluating the impact that ASU 2014-09 will have on Easter Seals NH's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires that lease arrangements longer than twelve months result in an entity recognizing an asset and liability. The pronouncement is effective for Easter Seals NH beginning September 1, 2020, with early adoption permitted. The guidance may be adopted retrospectively. Management is currently evaluating the impact this guidance will have on Easter Seals NH's consolidated financial statements.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). Under ASU 2016-14, there is a change in presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. ASU 2016-14 is effective for Easter Seals NH on September 1, 2018, with early adoption permitted. Management is currently evaluating the impact of the pending adoption of ASU 2016-14 on Easter Seals NH's consolidated financial statements.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated events occurring between the end of Easter Seals NH's fiscal year end and December 12, 2016, the date these consolidated financial statements were available to be issued.

3. Classification of Net Assets

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), net assets are classified and reported based on the existence or absence of donor-imposed restrictions. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. Temporarily restricted net assets are those whose use by Easter Seals NH has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets have been restricted by donors to be maintained by Easter Seals NH in perpetuity, the income from which is expendable to support all activities of the organization, or as stipulated by the donor.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

In accordance with UPMIFA, Easter Seals NH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

3. Classification of Net Assets (Continued)

Endowment Net Asset Composition by Type of Fund

The major categories of endowment funds at August 31, 2016 and 2015 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2016</u>			
Camping program	\$ 2,944	\$ 365,969	\$ 368,913
Other programs	12,102	395,178	407,280
Operations	<u>—</u>	<u>3,879,484</u>	<u>3,879,484</u>
Total endowment net assets	<u>\$ 15,046</u>	<u>\$ 4,640,631</u>	<u>\$ 4,655,677</u>
<u>2015</u>			
Camping program	\$ 2,464	\$ 364,869	\$ 367,333
Other programs	11,088	367,319	378,407
Operations	<u>—</u>	<u>3,613,207</u>	<u>3,613,207</u>
Total endowment net assets	<u>\$ 13,552</u>	<u>\$ 4,345,395</u>	<u>\$ 4,358,947</u>

Changes in Endowment Net Assets

During the years ended August 31, 2016 and 2015, Easter Seals NH had the following endowment-related activities:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net endowment assets, August 31, 2014	\$ 36,404	\$ 4,331,095	\$ 4,367,499
Investment return:			
Investment income, net of fees	35,554	—	35,554
Net appreciation (realized and unrealized)	639,357	—	639,357
Contributions	—	14,300	14,300
Appropriated for expenditure	<u>(697,763)</u>	<u>—</u>	<u>(697,763)</u>
Net endowment assets, August 31, 2015	13,552	4,345,395	4,358,947
Investment return:			
Investment income, net of fees	9,802	—	9,802
Net appreciation (realized and unrealized)	766,563	—	766,563
Contributions	—	295,236	295,236
Appropriated for expenditure	<u>(774,871)</u>	<u>—</u>	<u>(774,871)</u>
Net endowment assets, August 31, 2016	<u>\$ 15,046</u>	<u>\$ 4,640,631</u>	<u>\$ 4,655,677</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

3. Classification of Net Assets (Continued)

In addition to endowment net assets, Easter Seals NH also maintains non-endowed funds. The major categories of non-endowment funds, at August 31, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Non- Endowment Net Assets</u>
<u>2016</u>				
Seniors program	\$ —	\$ 2,336	\$ —	\$ 2,336
Veterans program	86,638	476,393	—	563,031
Other programs	—	217,631	—	217,631
Operations	<u>14,332,277</u>	<u>532,500</u>	<u>258,869</u>	<u>15,123,646</u>
Total non-endowment net assets	<u>\$14,418,915</u>	<u>\$1,228,860</u>	<u>\$258,869</u>	<u>\$15,906,644</u>
<u>2015</u>				
Seniors program	\$ 158,256	\$ 6,107	\$ —	\$ 164,363
Veterans program	132,433	760,869	—	893,302
Other programs	—	210,980	—	210,980
Operations	<u>14,394,684</u>	<u>32,925</u>	<u>129,347</u>	<u>14,556,956</u>
Total non-endowment net assets	<u>\$14,685,373</u>	<u>\$1,010,881</u>	<u>\$129,347</u>	<u>\$15,825,601</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Easter Seals NH to retain as a fund of permanent duration. Deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies between the fair value of the investments of the endowment funds and the level required by donor stipulation at August 31, 2016 or 2015.

Investment and Spending Policies

Easter Seals NH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Easter Seals NH must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of an appropriate market index while assuming a moderate level of investment risk. Easter Seals NH expects its endowment funds to provide an average rate of return over a five year period equal to the rate of 2% over the inflation rate. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Easter Seals NH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Easter Seals NH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

3. Classification of Net Assets (Continued)

Easter Seals NH may appropriate for distribution some or all of the earnings and appreciation on its endowment for funding of operations. In establishing this policy, Easter Seals NH considered the objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to, so long as it would not detract from Easter Seals NH's critical goals and initiatives, provide additional real growth through new gifts and investment return.

4. Leases

Operating

Easter Seals NH leases certain assets under various arrangements which have been classified as operating leases. Total expense under all leases (including month-to-month leases) was approximately \$1,042,000 and \$2,104,000 for the years ended August 31, 2016 and 2015, respectively. Some of these leases have terms which include renewal options, and others may be terminated at Easter Seals NH's option without substantial penalty. Future minimum payments required under the leases in effect at August 31, 2016, through the remaining contractual term of the underlying lease agreements, are as follows:

Year Ended August 31:

2017	\$576,487
2018	368,513
2019	243,076
2020	126,405

Capital

In 2015, Easter Seals NH entered into a three year lease agreement with a bank for certain computer equipment. Payments made under this agreement for the years ended August 31, 2016 and 2015 were \$58,886 and \$38,321, respectively. The carrying value of assets recorded under the capital lease totaled \$74,282 and \$134,095, net of accumulated amortization of \$104,537 and \$44,724 for the years ended August 31, 2016 and 2015, respectively. Amortization expense related to the above capital lease is a component of depreciation expense in the accompanying consolidated statements of functional expenses. Interest expense recognized on the capital lease in 2016 and 2015 was insignificant.

Future minimum payments required for the above capital lease at August 31, 2016 are as follows:

2017	\$60,617
2018	20,995

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

5. Fixed Assets

Fixed assets consist of the following at August 31:

	<u>2016</u>	<u>2015</u>
Buildings	\$ 29,172,825	\$ 25,247,764
Land and land improvements	2,925,950	2,897,690
Leasehold improvements	128,330	140,663
Office equipment and furniture	7,929,113	8,416,695
Vehicles	3,074,068	2,936,154
Construction in progress	<u>250,175</u>	<u>66,541</u>
	43,480,461	39,705,507
Less accumulated depreciation and amortization	<u>(17,108,575)</u>	<u>(16,759,482)</u>
	<u>\$ 26,371,886</u>	<u>\$ 22,946,025</u>

Depreciation and amortization expense related to fixed assets totaled \$1,573,242 and \$1,837,811 in 2016 and 2015, respectively. There was no depreciation and amortization of fixed assets included within discontinued operations in 2016. Depreciation and amortization of fixed assets included within discontinued operations in 2015 totaled \$3,825.

During 2012, Easter Seals NH received a donated building with an estimated fair value of approximately \$1,100,000. Under the terms of the donation, for a period of six years, Easter Seals NH must continue to use the building as a child care center. Should Easter Seals NH cease to operate the program, or wish to sell or donate the property, Easter Seals NH must first provide the donor with the opportunity to purchase the property for \$1. The contribution representing the fair value of the building has been recorded as deferred revenue at August 31, 2016 and 2015.

Subsequent to August 31, 2016, Easter Seals NH entered into construction commitments totaling \$2,770,000.

6. Investments and Assets Limited as to Use

Investments and assets limited as to use, at fair value, are as follows at August 31:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 514,040	\$ 452,024
Marketable equity securities	1,225,399	1,552,683
Mutual funds	12,795,566	10,636,952
Corporate and foreign bonds	707,444	620,550
Government and agency securities	<u>428,072</u>	<u>317,780</u>
	15,670,521	13,579,989
Less: assets limited as to use	<u>(1,522,083)</u>	<u>(1,324,196)</u>
Total investments, at fair value	<u>\$14,148,438</u>	<u>\$12,255,793</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

6. Investments and Assets Limited as to Use (Continued)

The composition of assets limited as to use at August 31, 2016 and 2015 is set forth in the table shown below at fair value. The portion of assets limited as to use that is required for obligations classified as current liabilities is reported in current assets.

	<u>2016</u>	<u>2015</u>
Under a deferred compensation plan (see note 7):		
Investments	\$1,191,998	\$1,009,131
Maintained in escrow to make required payments on revenue bonds (see note 8):		
Cash and cash equivalents	<u>330,085</u>	<u>315,065</u>
Total assets limited as to use	<u>\$1,522,083</u>	<u>\$1,324,196</u>

The principal components of investment income and net realized and unrealized gains (losses) included in continuing operations and other nonoperating expenses, gains and losses are summarized below.

	<u>2016</u>	<u>2015</u>
Unrestricted investment income and unrealized and realized gains (losses) on investments:		
Dividend and interest income	\$492,444	\$ 391,263
Net unrealized gains (losses)	107,141	(686,996)
Net realized gains	<u>160,475</u>	<u>279,967</u>
	760,060	(15,766)
Restricted investment income and unrealized and realized gains (losses) on investments:		
Dividend and interest income	2,601	11,569
Net unrealized gains (losses)	2,138	(28,827)
Net realized gains	<u>5,979</u>	<u>28,604</u>
	<u>10,718</u>	<u>11,346</u>
	<u>\$770,778</u>	<u>\$ (4,420)</u>

7. Retirement Plans

Easter Seals NH maintains a Section 403(b) Plan (a defined contribution retirement plan), which covers substantially all employees. Eligible employees may contribute any whole percentage of their annual salary. Easter Seals NH makes a matching contribution for eligible employees equal to 100% of the participants' elective deferrals limited to 2% of the participants' allowable compensation each pay period. The combined amount of employer and employee contributions is subject by law to annual maximum amounts. The employer match was approximately \$489,000 and \$546,000 for the years ended August 31, 2016 and 2015, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

7. Retirement Plans (Continued)

Easter Seals New Hampshire, Inc. offers, to certain management personnel, the option to participate in an Internal Revenue Code Section 457 Deferred Compensation Plan to which the organization may make a discretionary contribution. The employees' accounts are not available until termination, retirement, death or an unforeseeable emergency. Easter Seals New Hampshire, Inc. contributed approximately \$105,000 and \$85,000 to this plan during the years ended August 31, 2016 and 2015, respectively. The assets and liabilities associated with this plan were \$1,191,998 and \$1,009,131 at August 31, 2016 and 2015, respectively, and are included within assets limited as to use and other liabilities in the accompanying consolidated statements of financial position.

8. Borrowings

Borrowings consist of the following at August 31:

	<u>2016</u>	<u>2015</u>
Revenue Bonds, Series 2004A, tax exempt, issued through the New Hampshire Health and Education Facilities Authority (NHHEFA), with a variable rate determined through weekly remarketing (0.64% at August 31, 2016) through December 2034, annual principal payments continually increasing from \$440,000 to \$1,060,000 with a final payment of \$1,060,000 due December 2034, secured by a pledge of all gross receipts of Easter Seals NH and certain letters of credit (see below).	\$13,455,000	\$13,875,000
Non-revolving note payable to a bank with a total availability of \$3,500,000 with a variable rate of LIBOR plus 4.07%. Paid in full in April 2016.	–	3,377,160
Mortgage note payable to a bank with a variable rate of LIBOR plus 2.25% (2.77% at August 31, 2016), principal and interest payable monthly, due April 2019, secured by an interest in certain property with a net book value of \$5,984,961 at August 31, 2016.	4,787,320	–
Unsecured note payable to an individual with a fixed rate of 5.25%, principal and interest of \$10,311 payable monthly. Paid in full in April 2016.	–	80,847
Various notes payable to a bank with fixed interest rates ranging from 2.24% to 2.50%, various principal and interest payments ranging from \$121 to \$2,923 payable monthly through dates ranging from April 2018 through August 2021, secured by vehicles with a net book value of \$470,793 at August 31, 2016.	430,052	315,440

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

8. Borrowings (Continued)

	<u>2016</u>	<u>2015</u>
Mortgage note payable to a bank with a fixed rate of 4.25%. Principal and interest of \$12,200 payable monthly, due February 2030, secured by an interest in certain property with a net book value of \$4,478,030 at August 31, 2016.	\$ <u>2,418,675</u>	\$ <u>2,459,602</u>
	21,091,047	20,108,049
Less current portion	<u>829,680</u>	<u>745,011</u>
	<u>\$20,261,367</u>	<u>\$19,363,038</u>

Principal payments on long-term debt for each of the following years ending August 31 are as follows:

2017	\$ 829,680
2018	860,060
2019	4,974,679
2020	610,126
2021	620,775
Thereafter	<u>13,195,727</u>
	<u>\$21,091,047</u>

Lines of Credit and Other Financing Arrangements

Easter Seals New Hampshire, Inc. had an agreement with a bank for a \$500,000 nonrevolving equipment line of credit. The line of credit was used to fund the purchase of New Hampshire titled vehicles for use by Easter Seals NH through April 2, 2014. The interest rate charged on outstanding borrowings was at a fixed rate at the then prime rate minus 0.75% for maturities up to a five-year term. Upon maturity of this agreement, the balances outstanding under the note payable at August 31, 2014 were converted to various term notes secured by vehicles, as described above. Included in long-term debt are five notes payable totaling \$124,628 and five notes payable totaling \$182,756 at August 31, 2016 and 2015, respectively.

Easter Seals New Hampshire, Inc. also has an agreement with a bank for a \$500,000 revolving equipment line, which can be used to fund the purchase of New Hampshire titled vehicles for use by Easter Seals NH through June 2017. Advances are converted to term notes as utilized. The interest rate charged on outstanding borrowings is at a fixed rate equal to the then Business Vehicle Rate at the time of the advance for maturities up to a five year term. Included in long-term debt are twenty-four notes payable totaling \$305,424 and twelve notes payable totaling \$132,684 at August 31, 2016 and 2015, respectively, that originated under this agreement. Availability under this agreement at August 31, 2016 and 2015 is \$194,576 and \$367,316, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

8. Borrowings (Continued)

Easter Seals New Hampshire, Inc. (the sole member of Easter Seals NY, through its deconsolidation on August 31, 2015, and Harbor Schools), Easter Seals NY and Harbor Schools had a revolving line of credit with a bank through September 1, 2015, with available borrowings up to \$7 million (a portion of which is secured by available letters of credit of \$59,000). Outstanding advances were due on demand. The revolving line of credit had the following sub-limits, which were last amended in October 2014: Easter Seals NH \$3.225 million, Easter Seals NY \$3.5 million and Harbor Schools \$275,000. The interest rate charged on outstanding borrowings was LIBOR plus 2.25%. Under an event of default, the interest rate would increase from LIBOR plus 2.25% to LIBOR plus 5.25%. The line was secured by a first priority interest in all business assets of Easter Seals New Hampshire, Inc., Easter Seals NY and Harbor Schools. The agreement required that collective borrowings under the line of credit be reduced to \$3,500,000 for 30 consecutive days during each calendar year. The agreement also limited each borrower's ability to incur additional indebtedness in excess of \$500,000. Amounts outstanding under this revolving line of credit agreement at August 31, 2015 were \$262,356, related to Harbor Schools. All outstanding balances were paid off on September 1, 2015, and this line of credit was replaced with that described below.

On August 31, 2015, Easter Seals NH entered into a revolving line of credit with a bank. Borrowing availability is up to \$4 million (a portion of which is secured by available letters of credit of \$59,000). Outstanding advances are due on demand. The interest rate charged on outstanding borrowings is at LIBOR rounded up to the nearest one-eighth of one percent plus 2.25% (2.875% at August 31, 2016). Under an event of default, the interest rate will increase from LIBOR plus 2.25% to LIBOR plus 5.25%. The line is secured by a first priority interest in all business assets of Easter Seals New Hampshire, Inc. with guarantees from Agency Realty, Inc., Easter Seals VT, and Manchester Alcoholism Rehabilitation Center. The agreement requires that collective borrowings under the line of credit be reduced to \$1,000,000 for 30 consecutive days during each calendar year. There were no outstanding balances at August 31, 2016 and 2015.

NHHEFA 2004A Revenue Bonds

In connection with the NHHEFA 2004A Revenue Bonds, Easter Seals NH is required to make deposits of interest and principal of sufficient amounts to make the required interest payments and to retire the bonds when due. The 2004A Revenue Bonds require that Easter Seals NH maintain certain reserve funds with a trustee for current required principal and interest payments. Such amounts, which are included within assets limited as to use, totaled \$330,085 and \$315,065 at August 31, 2016 and 2015, respectively. This agreement also requires bank approval prior to Easter Seals NH incurring additional indebtedness. Easter Seals NH has two letters of credit securing the bonds for \$13,620,430 each (expiring and subject to renewal on March 15, 2018, and mainly to support future principal and interest repayments due under the 2004A Revenue Bonds). Easter Seals NH is required to replace or renew the two \$13,620,430 letters of credit upon their expiration or the related bonds may be subject to early redemption. Easter Seals NH pays an annual fee for the two letters of credit relating to the 2004A NHHEFA Revenue Bonds. Fees incurred on these letters of credit totaled approximately \$172,000 and \$181,000 in 2016 and 2015, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

8. Borrowings (Continued)

Easter Seals NH has signed a commitment letter dated November 3, 2016 with a bank to refinance the NHHEFA Series 2004A Revenue Bonds and eliminating the two letters of credit. The commitment is for a 15 year term with no prepayment penalty, and interest will be paid at a variable rate calculated as a spread over one month LIBOR using a 65.01% tax multiplier. The current annual redemption schedule will be amended from an annual to a monthly schedule, which will reduce the average outstanding balances and lower total expected interest costs. The closing is expected to take place on December 20, 2016.

Mortgage Notes Payable

On February 18, 2015, Easter Seals NH and Manchester Alcoholism Rehabilitation Center entered into a \$2,480,000 mortgage note payable to finance the acquisition of certain property located in Franklin, New Hampshire. The interest rate charged is fixed at 4.25%. Monthly principal and interest payments are \$12,200, and all remaining outstanding principal and interest is due on February 18, 2030. The note is secured by the property. On October 25, 2016, an amendment to this agreement was executed to change the interest rate charged to a fixed 3.25%. All other terms remain unchanged.

On April 29, 2016, Easter Seals NH and Manchester Alcoholism Rehabilitation Center entered into a \$4,857,000 mortgage note payable to finance the acquisition of certain property located in Manchester, New Hampshire. The interest rate charged is a variable rate of LIBOR plus 2.25% (2.77% at August 31, 2016). Principal and interest payments are due monthly, and all remaining outstanding principal and interest is due on April 29, 2019. The note is secured by the property.

Interest Rate Swap Agreement

Easter Seals NH has an interest rate swap agreement with a bank in connection with the Series 2004A Revenue Bonds. The swap agreement has an outstanding notional amount of \$13,455,000 and \$13,875,000 at August 31, 2016 and 2015, respectively, which reduces, in conjunction with bond principal reductions, until the agreement terminates in December 2034. Easter Seals NH remits interest at the fixed rate of 3.54% and receives interest at a variable rate (0.64% at August 31, 2016).

The fair value of the above interest rate swap agreement totaled \$3,487,979 and \$2,819,967 at August 31, 2016 and 2015, respectively, \$401,859 and \$442,045 of which was current at August 31, 2016 and 2015, respectively. During the years ended August 31, 2016 and 2015 net payments required by the agreement totaled \$445,705 and \$477,196, respectively, excluding payments made under the swap agreement held by Easter Seals NY. These payments have been included in interest expense within the accompanying consolidated statements of activities and changes in net assets. See note 11 with respect to fair value determinations.

Debt Covenants

In connection with the bonds, lines of credit and various other notes payable described above, Easter Seals NH is required to comply with certain financial covenants including, but not limited to, minimum liquidity and debt service coverage ratios. At August 31, 2016, Easter Seals NH was in compliance with restrictive covenants specified under the NHHEFA bonds and other debt obligations.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

9. Donated Services

A number of volunteers have donated their time in connection with Easter Seals NH's program services and fundraising campaigns. However, no amounts have been reflected in the accompanying consolidated financial statements for such donated services, as no objective basis is available to measure the value.

10. Related Party Transactions

Approximately 12% of other fees and grants revenue was derived from a pass-through grant from Easter Seals, Inc. for the year ended August 31, 2015. There were no such amounts recognized in 2016. Easter Seals NH is a member of Easter Seals, Inc. Membership fees to Easter Seals, Inc. were \$37,375 and \$119,969 for the years ended August 31, 2016 and 2015, respectively, and are reflected as support of National programs on the accompanying consolidated statements of activities and changes in net assets.

Easter Seals NH had an amount due from Easter Seals NY of \$98,710 for the year ended August 31, 2015, which was received in 2016 (see also note 12).

11. Fair Value of Financial Instruments

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at their measurement date. In determining fair value, Easter Seals NH uses various methods including market, income and cost approaches, and utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in factors used in the valuation. These factors may be readily observable, market corroborated, or generally unobservable. Easter Seals NH utilizes valuation techniques that maximize the use of observable factors and minimizes the use of unobservable factors.

Certain of Easter Seals NH's financial instruments are reported at fair value, which include beneficial interest held in trust, investments and the interest rate swap, and are classified by levels that rank the quality and reliability of the information used to determine fair value:

Level 1 – Valuations for financial instruments traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical instruments.

Level 2 – Valuations for financial instruments traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar instruments.

Level 3 – Valuations for financial instruments derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

11. Fair Value of Financial Instruments (Continued)

The following describes the valuation methodologies used to measure financial assets and liabilities at fair value. The levels relate to valuation only and do not necessarily indicate a measure of investment risk. There have been no changes in the methodologies used by Easter Seals NH at August 31, 2016 and 2015.

Investments and Assets Limited as to Use

Cash and cash equivalents are deemed to be Level 1. The fair values of marketable equity securities, and mutual funds that are based upon quoted prices in active markets for identical assets are reflected as Level 1. Investments in certain government and agency securities and corporate and foreign bonds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2.

Beneficial Interest in Trust Held by Others

The beneficial interest in trust held by others has been assigned fair value levels based on the fair value levels of the underlying investments within the trust. The fair values of marketable equity securities, money market and mutual funds are based upon quoted prices in active markets for identical assets and are reflected as Level 1. Investments in marketable equity securities and mutual funds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2.

Interest Rate Swap Agreement

The fair value for the interest rate swap liability is included in Level 3 and is estimated by the counterparty using industry standard valuation models. These models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rates.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

11. Fair Value of Financial Instruments (Continued)

At August 31, 2016 and 2015, Easter Seals NH's assets and liabilities measured at fair value on a recurring basis were classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2016</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 514,040	\$ —	\$ —	\$ 514,040
Marketable equity securities:				
Large-cap	950,981	—	—	950,981
International	274,418	—	—	274,418
Mutual funds, open-ended:				
Short-term fixed income	4,137,513	—	—	4,137,513
Intermediate-term bond fund	1,069,980	—	—	1,069,980
High yield bond fund	261,064	—	—	261,064
Foreign bond	32,125	—	—	32,125
Government securities	629,914	—	—	629,914
Emerging markets bond	16,447	—	—	16,447
International equities	831,645	—	—	831,645
Domestic, large-cap	1,370,393	—	—	1,370,393
Domestic, small-cap	159,034	—	—	159,034
Domestic, multi alt	689,565	—	—	689,565
Real estate fund	178,540	—	—	178,540
Emerging markets mutual	4,041	—	—	4,041
Mutual funds, closed-ended:				
Domestic, large-cap	2,450,022	—	—	2,450,022
Domestic, mid-cap	451,852	—	—	451,852
Domestic, small-cap	217,021	—	—	217,021
Fixed Income and bond	2,909	—	—	2,909
International equity	293,501	—	—	293,501
Corporate and foreign bonds	—	707,444	—	707,444
Government and agency securities	—	428,072	—	428,072
	<u>\$14,535,005</u>	<u>\$1,135,516</u>	<u>\$ —</u>	<u>\$15,670,521</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 8,712	\$ —	\$ —	\$ 8,712
Marketable equity securities:				
Large-cap	59,700	—	—	59,700
Mutual funds:				
Domestic fixed income	—	20,208	—	20,208
	<u>\$ 68,412</u>	<u>\$ 20,208</u>	<u>\$ —</u>	<u>\$ 88,620</u>
Liabilities:				
Interest rate swap agreement	\$ —	\$ —	\$3,487,979	\$ 3,487,979

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

11. Fair Value of Financial Instruments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2015</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 452,024	\$ —	\$ —	\$ 452,024
Marketable equity securities:				
Large-cap	957,876	—	—	957,876
International	594,807	—	—	594,807
Mutual funds, open-ended:				
Short-term fixed income	2,736,504	—	—	2,736,504
Intermediate-term bond fund	972,183	—	—	972,183
High yield bond fund	243,935	—	—	243,935
Foreign bond	14,089	—	—	14,089
Government securities	746,217	—	—	746,217
International equities	786,193	—	—	786,193
Domestic, large-cap	1,095,893	—	—	1,095,893
Domestic, mid-cap	49,538	—	—	49,538
Domestic, small-cap	3,520	—	—	3,520
Domestic, Multi Alt	404,922	—	—	404,922
Real estate fund	125,629	—	—	125,629
Mutual funds, closed-ended:				
Domestic, large-cap	2,470,333	—	—	2,470,333
Domestic, mid-cap	501,299	—	—	501,299
Domestic, small-cap	192,844	—	—	192,844
International equity	293,853	—	—	293,853
Corporate and foreign bonds	—	620,550	—	620,550
Government and agency securities	—	317,780	—	317,780
	<u>\$12,641,659</u>	<u>\$ 938,330</u>	<u>\$ —</u>	<u>\$13,579,989</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 15,496	\$ —	\$ —	\$ 15,496
Marketable equity securities:				
Large-cap	93,067	—	—	93,067
Mutual funds:				
Domestic fixed income	—	20,784	—	20,784
	<u>\$ 108,563</u>	<u>\$ 20,784</u>	<u>\$ —</u>	<u>\$ 129,347</u>
Liabilities:				
Interest rate swap agreements	\$ —	\$ —	\$2,819,967	\$ 2,819,967

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

11. Fair Value of Financial Instruments (Continued)

The table below sets forth a summary of changes in the fair value of Easter Seals NH's Level 3 liabilities for the years ended August 31, 2016 and 2015:

	<u>Interest Rate Swaps</u>
Ending balance, August 31, 2014	\$(3,329,813)
Unrealized loss, net	(227,568)
Decrease due to deconsolidation of affiliate – see note 12	<u>737,414</u>
Ending balance, August 31, 2015	(2,819,967)
Unrealized loss, net	<u>(668,012)</u>
Ending balance, August 31, 2016	<u>\$(3,487,979)</u>

Excluding interest rate swaps held by deconsolidated affiliates (see note 12) at August 31, 2015, the net amounts of unrealized losses for the period attributable to the change in unrealized losses relating to the interest rate swaps still held at August 31, 2016 and 2015 were \$668,012 and \$227,568, respectively.

Easter Seals NH's other financial instruments, including cash and cash equivalents, accounts receivable from affiliates, program and other accounts receivable, contributions receivable, accounts payable, lines of credit, and long-term debt, have fair values approximating their carrying values because of the short-term nature of the financial instruments or because interest rates approximate current market rates.

12. Deconsolidation of Related Entities

On August 31, 2016, Easter Seals NH entered into an agreement with Fedcap, an unrelated entity, whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals RI to Fedcap for no consideration. Accordingly, all of the assets, liabilities and net assets of Easter Seals RI were transferred to Fedcap effective August 31, 2016. Easter Seals NH was concurrently released from all guarantees and other obligations related to Easter Seals RI. Easter Seals NH recognized a decrease in net assets of \$68,889 as a result of the deconsolidation of Easter Seals RI. The accompanying 2016 consolidated financial statements include the operating results of Easter Seals RI for the period from September 1, 2015 through August 31, 2016.

On August 31, 2015, Easter Seals NH entered into an agreement with Fedcap, an unrelated entity, whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals NY to Fedcap for no consideration. Accordingly, all of the assets, liabilities and net assets of Easter Seals NY were transferred to Fedcap effective August 31, 2015. Easter Seals NH was concurrently released from all guarantees and other obligations related to Easter Seals NY. Easter Seals NH recognized a decrease in net assets of \$80,656 as a result of the deconsolidation of Easter Seals NY. The accompanying 2015 consolidated financial statements include the operating results of Easter Seals NY for the period from September 1, 2014 through August 31, 2015.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

12. Deconsolidation of Related Entities (Continued)

Summary statements of financial position and activities of Easter Seals NY for the year ended August 31, 2015 and Easter Seals RI for the years ended August 31, 2016 and 2015 are as follows:

	<u>Easter Seals RI</u> <u>August 31, 2016</u>	<u>Easter Seals RI</u> <u>August 31, 2015</u>	<u>Easter Seals NY</u> <u>August 31, 2015</u>
Assets:			
Cash and cash equivalents	\$ 500	\$ 500	\$ 812,975
Program and other accounts receivable, net	-	134,809	3,291,793
Investments, at fair value	5,521	-	706,842
Beneficial interests in trust held by others	35,760	34,533	501,660
Fixed assets, net	23,039	29,649	7,592,335
Other assets	<u>11,288</u>	<u>10,790</u>	<u>370,019</u>
Total assets	76,108	210,281	13,275,624
Liabilities:			
Line of credit	-	-	(3,101,513)
Accounts payable	-	(125,581)	(940,713)
Deferred revenue	-	-	(222,027)
Accrued expenses	(7,219)	(13,283)	(944,467)
Long-term debt	-	-	(6,802,401)
Interest rate swap agreement	-	-	(737,414)
Capital lease obligation	-	-	(78,325)
Other liabilities	<u>-</u>	<u>-</u>	<u>(368,108)</u>
Total liabilities	<u>(7,219)</u>	<u>(138,864)</u>	<u>(13,194,968)</u>
Net assets	\$ <u>68,889</u>	\$ <u>71,417</u>	\$ <u>80,656</u>
	<u>Year Ended</u> <u>August 31, 2016</u>	<u>Year Ended</u> <u>August 31, 2015</u>	<u>Year Ended</u> <u>August 31, 2015</u>
Total public support and revenue	\$ 1,367,290	\$ 1,399,932	\$ 28,576,469
Total operating expenses	(1,437,574)	(1,463,549)	(29,757,863)
Other nonoperating expenses, gains and losses, net	<u>1,054</u>	<u>(4,235)</u>	<u>(273,772)</u>
Decrease in net assets before discontinued operations	\$ <u>(69,230)</u>	\$ <u>(67,852)</u>	\$ <u>(1,455,166)</u>

Total decrease in net assets for Easter Seals RI for the year ended August 31, 2016 includes forgiveness of accounts payable and due to affiliates of \$66,702.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

12. Deconsolidation of Related Entity (Continued)

Losses from discontinued operations within Easter Seals NY for the year ended August 31, 2015 were \$63,854. Total increase (decrease) in net assets for Easter Seals NY for the year ended August 31, 2015 includes the forgiveness of accounts payable and loan to affiliates of \$628,598.

13. Discontinued Operations

The accompanying consolidated financial statements include various programs and entities that are reported as discontinued operations, as follows:

- On May 2, 2014, the Sayville program in New York was discontinued as a license was not able to be obtained. Total decrease in net assets recorded at August 31, 2015 for this program was \$(63,854).
- On June 11, 2014, the Board of Directors of Easter Seals NH voted to discontinue the Pediatric Outpatient programs located in Manchester and Dover due to significant losses the programs were experiencing.
- On January 25, 2012, the Board of Directors of Easter Seals NH voted to close Harbor Schools and cease all operations of this subsidiary.

The management of Easter Seals NH has determined that the closure of each of these programs/entities met the criteria for classification as discontinued operations. The decisions to close the programs/entities were based on performance factors.

Summary statements of financial position for each of the above discontinued programs/entities as of August 31, 2016 and 2015 are as follows:

	<u>Harbor Schools</u>		<u>New Hampshire</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total assets	\$211,251	\$881,802	\$252,645	\$256,980
Total liabilities	-	645,381	-	-
Net assets (deficit):				
Unrestricted	159,799	187,136	252,645	256,980
Temporarily restricted	27,626	25,459	-	-
Permanently restricted	23,826	23,826	-	-

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2016 and 2015

13. Discontinued Operations (Continued)

Summary statements of activities for each of the above discontinued programs/entities for the years ended August 31, 2016 and 2015 are as follows:

	<u>Harbor Schools</u>		<u>New Hampshire</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total public support and revenue	\$ 22,193	\$ 50,578	\$ –	\$ 19,096
Operating expenses	(101,200)	(42,885)	(7,146)	(119,573)
Other nonoperating expense, gains or (losses)	974	(524)	–	–
Gain (loss) on sale of properties, net	<u>52,863</u>	<u>–</u>	<u>–</u>	<u>(46,620)</u>
Total increase (decrease) in net assets	\$ (25,170)	\$ 7,169	\$ (7,146)	\$ (147,097)

14. Concentrations

Easter Seals NH maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed amounts guaranteed by the Federal Deposit Insurance Corporation. Financial instruments which subject Easter Seals to credit risk consist primarily of cash equivalents and investments. Easter Seals' investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the Lord Abbett Short Duration Income A Fund with a balance of \$2,749,256 as of August 31, 2016. No investments exceeded 10% of investments as of August 31, 2015.

OTHER FINANCIAL INFORMATION

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2016

ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	New York	Elimin- ations	Total
Current assets:								
Cash and cash equivalents	\$ 1,667,032	\$ 22,471	\$ 5,539	\$ -	\$ -	\$ -	\$ -	\$ 1,695,042
Accounts receivable from affiliates	915,970	1,946,359	-	-	158,366	-	(3,020,695)	-
Program and other accounts receivable, net	8,682,061	560,864	166,367	-	1,433	-	-	9,410,725
Contributions receivable, net	841,211	925	38,575	-	-	-	-	880,711
Current portion of assets limited as to use	330,085	-	-	-	-	-	-	330,085
Prepaid expenses and other current assets	<u>411,896</u>	<u>13,051</u>	<u>38,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,883</u>
Total current assets	12,848,255	2,543,670	249,417	-	159,799	-	(3,020,695)	12,780,446
Assets limited as to use, net of current portion	1,186,340	5,658	-	-	-	-	-	1,191,998
Fixed assets, net	26,294,673	57,642	19,571	-	-	-	-	26,371,886
Property held for sale	252,645	-	-	-	-	-	-	252,645
Bond issuance costs, net	56,073	-	-	-	-	-	-	56,073
Investments, at fair value	14,096,986	-	-	-	51,452	-	-	14,148,438
Beneficial interest in trusts held by others and other assets	<u>254,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,271</u>
	\$54,989,243	\$2,606,970	\$ 268,988	\$ -	\$ 211,251	\$ -	\$ (3,020,695)	\$55,055,757

LIABILITIES AND NET ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	New York	Elimin- ations	Total
Current liabilities:								
Accounts payable	\$ 1,984,793	\$ 16,108	\$ 1,481	\$ -	\$ -	\$ -	-	\$ 2,002,382
Accrued expenses	4,846,594	23,124	43,120	-	-	-	-	4,912,838
Accounts payable to affiliates	-	-	3,020,695	-	-	-	(3,020,695)	-
Current portion of deferred revenue	772,270	3,800	5,251	-	-	-	-	781,321
Current portion of capital lease obligation	60,617	-	-	-	-	-	-	60,617
Current portion of interest rate swap agreements	401,859	-	-	-	-	-	-	401,859
Current portion of long-term debt	829,680	-	-	-	-	-	-	829,680
Total current liabilities	8,895,813	43,032	3,070,547	-	-	-	(3,020,695)	8,988,697
Deferred revenue, net of current portion	944,167	-	-	-	-	-	-	944,167
Other liabilities	1,186,432	5,658	-	-	-	-	-	1,192,090
Capital lease obligation, net of current portion	20,995	-	-	-	-	-	-	20,995
Interest rate swap agreements, less current portion	3,086,120	-	-	-	-	-	-	3,086,120
Long-term debt, less current portion	20,261,367	-	-	-	-	-	-	20,261,367
Total liabilities	34,394,894	48,690	3,070,547	-	-	-	(3,020,695)	34,493,436
Net assets (deficit):								
Unrestricted	14,515,689	2,543,775	(2,800,348)	-	159,799	-	-	14,418,915
Temporarily restricted	1,202,986	14,505	(1,211)	-	27,626	-	-	1,243,906
Permanently restricted	4,875,674	-	-	-	23,826	-	-	4,899,500
Total net assets (deficit)	20,594,349	2,558,280	(2,801,559)	-	211,251	-	-	20,562,321
	<u>\$54,989,243</u>	<u>\$2,606,970</u>	<u>\$ 268,988</u>	<u>\$ -</u>	<u>\$ 211,251</u>	<u>\$ -</u>	<u>\$(3,020,695)</u>	<u>\$55,055,757</u>

* Includes Agency Realty, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2015

ASSETS

	<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>New York</u>	<u>Elimin- ations</u>	<u>Total</u>
Current assets:								
Cash and cash equivalents	\$ 5,571,356	\$ 700	\$ 42,539	\$ 500	\$ —	\$ —	\$ —	\$ 5,615,095
Accounts receivable from affiliates	1,326,663	2,012,939	—	—	—	—	(3,240,892)	98,710
Program and other accounts receivable, net	6,390,110	428,089	190,115	102,466	3,500	—	—	7,114,280
Contributions receivable, net	543,356	6,700	22,857	32,343	—	—	—	605,256
Current portion of assets limited as to use	315,065	—	—	—	—	—	—	315,065
Prepaid expenses and other current assets	<u>1,150,585</u>	<u>10,611</u>	<u>42,367</u>	<u>10,790</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,214,353</u>
Total current assets	15,297,135	2,459,039	297,878	146,099	3,500	—	(3,240,892)	14,962,759
Assets limited as to use, net of current portion	1,009,131	—	—	—	—	—	—	1,009,131
Fixed assets, net	22,832,042	55,042	29,292	29,649	—	—	—	22,946,025
Property held for sale	252,645	—	—	—	829,017	—	—	1,081,662
Bond issuance costs, net	59,145	—	—	—	—	—	—	59,145
Investments, at fair value	12,206,508	—	—	—	49,285	—	—	12,255,793
Beneficial interest in trusts held by others and other assets	321,926	—	—	34,533	—	—	—	356,459
	<u>\$51,978,532</u>	<u>\$2,514,081</u>	<u>\$ 327,170</u>	<u>\$ 210,281</u>	<u>\$ 881,802</u>	<u>\$ —</u>	<u>\$ (3,240,892)</u>	<u>\$52,670,974</u>

LIABILITIES AND NET ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	New York	Elimin- ations	Total
Current liabilities:								
Lines of credit	\$ -	-	-	\$ -	\$ 262,356	-	-	\$ 262,356
Accounts payable	1,861,772	13,946	1,068	2,425	-	-	-	1,879,211
Accrued expenses	4,084,707	22,980	41,272	13,283	551	-	-	4,162,793
Accounts payable to affiliates	-	-	2,756,262	123,156	361,474	-	(3,240,892)	-
Current portion of deferred revenue	1,034,952	51,748	24,077	-	21,000	-	-	1,131,777
Current portion of capital lease obligation	58,886	-	-	-	-	-	-	58,886
Current portion of interest rate swap	442,045	-	-	-	-	-	-	442,045
Current portion of long-term debt	745,011	-	-	-	-	-	-	745,011
Total current liabilities	8,227,373	88,674	2,822,679	138,864	645,381	-	(3,240,892)	8,682,079
Deferred revenue, net of current portion	971,667	-	-	-	-	-	-	971,667
Other liabilities	1,010,108	-	-	-	-	-	-	1,010,108
Capital lease obligation, net of current portion	81,612	-	-	-	-	-	-	81,612
Interest rate swap agreements, less								
current portion	2,377,922	-	-	-	-	-	-	2,377,922
Long-term debt, less current portion	19,363,038	-	-	-	-	-	-	19,363,038
Total liabilities	32,031,720	88,674	2,822,679	138,864	645,381	-	(3,240,892)	32,486,426
Net assets (deficit):								
Unrestricted	14,588,670	2,417,858	(2,516,780)	8,489	187,136	-	-	14,685,373
Temporarily restricted	941,759	7,549	21,271	28,395	25,459	-	-	1,024,433
Permanently restricted	4,416,383	-	-	34,533	23,826	-	-	4,474,742
Total net assets (deficit)	19,946,812	2,425,407	(2,495,509)	71,417	236,421	-	-	20,184,548
	\$51,978,532	\$2,514,081	\$ 327,170	\$ 210,281	\$ 881,802	\$ -	\$ (3,240,892)	\$52,670,974

* Includes Agency Realty, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2016

	<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Public support and revenue:							
Public support:							
Contributions, net	\$ 1,897,654	\$ 46,718	\$ 34,171	\$ 63,718	\$ --	\$ --	\$ 2,042,261
Special events, net	1,520,205	1,539	66,029	60,818	--	--	1,648,591
Annual campaigns, net	374,196	9,546	56,852	79,854	--	--	520,448
Bequests	<u>78,066</u>	--	--	--	--	--	<u>78,066</u>
Total public support	3,870,121	57,803	157,052	204,390	--	--	4,289,366
Revenue:							
Fees and grants from governmental agencies, net	43,405,294	4,454,207	1,475,922	1,112,149	--	--	50,447,572
Other fees and grants	19,779,596	852,701	315,543	49,034	--	--	20,996,874
Sales to public	4,446,844	--	--	--	--	--	4,446,844
Dividend and interest income	521,778	--	--	1,667	--	(28,400)	495,045
Rental income	26,840	--	--	--	--	--	26,840
Intercompany revenue	742,048	--	--	--	--	(742,048)	--
Other	<u>687,859</u>	<u>11,910</u>	--	<u>50</u>	--	--	<u>699,819</u>
Total revenue	<u>69,610,259</u>	<u>5,318,818</u>	<u>1,791,465</u>	<u>1,162,900</u>	--	<u>(770,448)</u>	<u>77,112,994</u>
Total public support and revenue	73,480,380	5,376,621	1,948,517	1,367,290	--	(770,448)	81,402,360
Operating expenses:							
Program services:							
Public health education	266,568	4,148	--	2,786	--	--	273,502
Professional education	20,607	--	--	--	--	--	20,607
Direct services	<u>63,230,275</u>	<u>4,732,706</u>	<u>1,917,703</u>	<u>1,142,435</u>	--	<u>(24,732)</u>	<u>70,998,387</u>
Total program services	63,517,450	4,736,854	1,917,703	1,145,221	--	(24,732)	71,292,496

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Elimin- ations	Total
Supporting services:							
Management and general	\$ 7,798,973	\$ 474,841	\$ 203,676	\$ 128,416	\$ -	\$ (717,316)	\$ 7,888,590
Fundraising	<u>951,595</u>	<u>32,053</u>	<u>133,090</u>	<u>163,937</u>	<u>-</u>	<u>-</u>	<u>1,280,675</u>
Total supporting services	<u>8,750,568</u>	<u>506,894</u>	<u>336,766</u>	<u>292,353</u>	<u>-</u>	<u>(717,316)</u>	<u>9,169,265</u>
Total functional expenses	72,268,018	5,243,748	2,254,469	1,437,574	-	(742,048)	80,461,761
Support of National programs	<u>37,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,375</u>
Total operating expenses	<u>72,305,393</u>	<u>5,243,748</u>	<u>2,254,469</u>	<u>1,437,574</u>	<u>-</u>	<u>(742,048)</u>	<u>80,499,136</u>
Increase (decrease) in net assets from operations	1,174,987	132,873	(305,952)	(70,284)	-	(28,400)	903,224
Other nonoperating expenses, gains and losses:							
Change in fair value of interest rate swaps	(668,012)	-	-	-	-	-	(668,012)
Net realized and unrealized gains on investments	275,186	-	-	547	-	-	275,733
(Decrease) increase in fair value of beneficial interest in trusts held by others	(6,194)	-	-	1,227	-	-	(4,967)
Loss on sales and disposals of fixed assets	(10,841)	-	(98)	(720)	-	-	(11,659)
Other nonoperating expenses	<u>(15,341)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,341)</u>
	(425,202)	-	(98)	1,054	-	-	(424,246)
(Loss) gain from discontinued operations	<u>(35,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,170)</u>	<u>28,400</u>	<u>(32,316)</u>
Increase (decrease) in net assets before effects of deconsolidation of affiliate	714,239	132,873	(306,050)	(69,230)	(25,170)	-	446,662
Deconsolidation of affiliate	<u>(66,702)</u>	<u>-</u>	<u>-</u>	<u>(2,187)</u>	<u>-</u>	<u>-</u>	<u>(68,889)</u>
Total increase (decrease) in net assets	647,537	132,873	(306,050)	(71,417)	(25,170)	-	377,773
Net assets (deficit) at beginning of year	<u>19,946,812</u>	<u>2,425,407</u>	<u>(2,495,509)</u>	<u>71,417</u>	<u>236,421</u>	<u>-</u>	<u>20,184,548</u>
Net assets (deficit) at end of year	<u>\$ 20,594,349</u>	<u>\$ 2,558,280</u>	<u>\$ (2,801,559)</u>	<u>\$ -</u>	<u>\$ 211,251</u>	<u>\$ -</u>	<u>\$ 20,562,321</u>

* Includes Agency Realty, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2015

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	New York	Elimin- ations	Total
Public support and revenue:								
Public support:								
Contributions, net	\$ 730,807	\$ 15,252	\$ 121,753	\$ 84,306	\$ --	\$ 534,478	\$ (6,000)	\$ 1,480,596
Special events, net	1,070,232	4,572	48,920	80,945	--	278,847	--	1,483,516
Annual campaigns, net	363,600	13,426	41,561	13,555	--	--	--	432,142
Bequests	459,167	--	--	--	--	32,852	--	492,019
Total public support	2,623,806	33,250	212,234	178,806	--	846,177	(6,000)	3,888,273
Revenue:								
Fees and grants from governmental agencies, net	41,393,156	4,096,507	1,743,157	1,170,710	--	23,561,944	--	71,965,474
Other fees and grants	19,058,227	655,514	244,805	47,930	--	4,105,076	--	24,111,552
Sales to public	4,375,698	--	--	--	--	--	--	4,375,698
Dividend and interest income	353,829	--	--	1,554	--	56,733	(9,284)	402,832
Rental income	27,390	--	--	--	--	6,539	--	33,929
Intercompany revenue	2,390,406	--	--	--	--	--	(2,390,406)	--
Other	123,805	--	41	932	--	--	--	124,778
Total revenue	67,722,511	4,752,021	1,988,003	1,221,126	--	27,730,292	(2,399,690)	101,014,263
Total public support and revenue	70,346,317	4,785,271	2,200,237	1,399,932	--	28,576,469	(2,405,690)	104,902,536
Operating expenses:								
Program services:								
Public health education	285,591	4,370	--	21,125	--	99,800	--	410,886
Professional education	23,435	--	--	--	--	--	(6,000)	17,435
Direct services	58,214,130	4,108,875	2,044,378	1,237,113	--	26,104,067	(95,252)	91,613,311
Total program services	58,523,156	4,113,245	2,044,378	1,258,238	--	26,203,867	(101,252)	92,041,632

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, _Inc._	New York	Elimin- ations	Total
Supporting services:								
Management and general Fundraising	\$ 8,603,810	\$ 435,732	\$ 195,933	\$ 142,268	\$ -	\$ 2,710,841	\$ (2,302,938)	\$ 9,785,646
	<u>902,347</u>	<u>2,317</u>	<u>90,061</u>	<u>62,583</u>	-	<u>751,069</u>	-	<u>1,808,377</u>
Total supporting services	<u>9,506,157</u>	<u>438,049</u>	<u>285,994</u>	<u>204,851</u>	-	<u>3,461,910</u>	<u>(2,302,938)</u>	<u>11,594,023</u>
Total functional expenses	68,029,313	4,551,294	2,330,372	1,463,089	-	29,665,777	(2,404,190)	103,635,655
Support of National programs	<u>26,793</u>	-	<u>630</u>	<u>460</u>	-	<u>92,086</u>	-	<u>119,969</u>
Total operating expenses	<u>68,056,106</u>	<u>4,551,294</u>	<u>2,331,002</u>	<u>1,463,549</u>	-	<u>29,757,863</u>	<u>(2,404,190)</u>	<u>103,755,624</u>
Increase (decrease) in net assets from operations	2,290,211	233,977	(130,765)	(63,617)	-	(1,181,394)	(1,500)	1,146,912
Other nonoperating expenses, gains and losses:								
Change in fair value of interest rate swaps	(150,587)	-	-	-	-	(76,981)	-	(227,568)
Net realized and unrealized losses on investments	(381,953)	-	-	-	-	(25,299)	-	(407,252)
Increase (decrease) in fair value of beneficial interest in trusts held by others	3,890	-	-	(4,235)	-	(62,078)	-	(62,423)
(Loss) gain on sales and disposals of fixed assets	(11,938)	-	-	-	-	1,690	-	(10,248)
Other nonoperating expenses	(17,750)	-	-	-	-	(111,104)	-	(128,854)
	(558,338)	-	-	(4,235)	-	(273,772)	-	(836,345)
Capital transfer	(523,877)	523,877	-	-	-	-	-	-
(Loss) gain from discontinued operations	(148,597)	-	(302)	-	7,169	(63,854)	1,500	(204,084)
Increase (decrease) in net assets before effects of deconsolidation of affiliate	1,059,399	757,854	(131,067)	(67,852)	7,169	(1,519,020)	-	106,483
Deconsolidation of affiliate	(629,389)	791	-	-	-	547,942	-	(80,656)
Total increase (decrease) in net assets	430,010	758,645	(131,067)	(67,852)	7,169	(971,078)	-	25,827
Net assets (deficit) at beginning of year	<u>19,516,802</u>	<u>1,666,762</u>	<u>(2,364,442)</u>	<u>139,269</u>	<u>229,252</u>	<u>971,078</u>	-	<u>20,158,721</u>
Net assets (deficit) at end of year	<u>\$ 19,946,812</u>	<u>\$ 2,425,407</u>	<u>\$ (2,495,509)</u>	<u>\$ 71,417</u>	<u>\$ 236,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,184,548</u>

* Includes Agency Realty, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2016

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Elimin- ations	Total
Salaries and related expenses	\$ 53,147,566	\$ 4,128,114	\$ 1,550,620	\$ 1,105,464	\$ -	\$ -	\$ 59,931,764
Professional fees	7,779,938	556,818	301,646	162,205	-	(742,048)	8,038,559
Supplies	1,883,406	31,831	30,059	8,983	-	-	1,954,279
Telephone	615,192	23,916	12,698	9,801	-	-	661,607
Postage and shipping	57,240	960	1,763	2,156	-	-	62,119
Occupancy	2,328,611	114,258	171,692	82,757	-	-	2,697,318
Outside printing, artwork and media	76,765	2,859	6,591	4,829	-	-	91,044
Travel	1,961,465	198,693	20,583	43,876	-	-	2,224,617
Conventions and meetings	157,815	33,290	8,269	4,856	-	-	204,230
Specific assistance to individuals	985,280	96,210	84,270	-	-	-	1,165,760
Dues and subscriptions	31,436	40	4,163	540	-	-	36,179
Minor equipment purchases- and equipment rental	290,959	15,906	7,265	873	-	-	315,003
Ads, fees and miscellaneous	488,288	18,789	34,363	1,007	-	-	542,447
Interest	909,224	-	-	-	-	-	909,224
Depreciation and amortization	1,554,833	22,064	20,487	10,227	-	-	1,607,611
	<u>\$ 72,268,018</u>	<u>\$ 5,243,748</u>	<u>\$ 2,254,469</u>	<u>\$ 1,437,574</u>	<u>\$ -</u>	<u>\$ (742,048)</u>	<u>\$ 80,461,761</u>

* Includes Agency Realty, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2015

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	New York	Elimin- ations	Total
Salaries and related expenses	\$ 49,574,053	\$ 3,577,628	\$ 1,834,414	\$ 1,096,869	\$ -	\$ 21,555,197	\$ -	\$ 77,638,161
Professional fees	7,415,575	533,058	189,755	193,494	-	3,971,367	(2,388,906)	9,914,343
Supplies	1,952,095	27,908	20,485	9,217	-	910,426	-	2,920,131
Telephone	622,842	21,360	12,500	10,012	-	144,543	-	811,257
Postage and shipping	59,319	912	2,089	2,076	-	30,363	-	94,759
Occupancy	2,444,094	111,515	174,786	88,416	-	1,424,846	-	4,243,657
Outside printing, artwork and media	62,529	847	8,333	6,390	-	16,353	-	94,452
Travel	2,100,674	162,775	14,650	42,013	-	172,832	-	2,492,944
Conventions and meetings	209,924	20,428	6,140	2,727	-	139,649	(6,000)	372,868
Specific assistance to individuals	935,227	76,105	36,556	618	-	222,644	-	1,271,150
Dues and subscriptions	25,403	-	980	676	-	11,520	-	38,579
Minor equipment purchases- and equipment rental	207,153	2,966	2,764	2,336	-	29,127	-	244,346
Ads, fees and miscellaneous	107,080	1,794	5,266	713	-	17,587	-	132,440
Interest	907,340	-	-	-	-	365,055	(9,284)	1,263,111
Facility tax assessment	-	-	-	-	-	226,703	-	226,703
Depreciation and amortization	1,406,005	13,998	21,654	7,532	-	427,565	-	1,876,754
	<u>\$ 68,029,313</u>	<u>\$ 4,551,294</u>	<u>\$ 2,330,372</u>	<u>\$ 1,463,089</u>	<u>\$ -</u>	<u>\$ 29,665,777</u>	<u>\$ (2,404,190)</u>	<u>\$ 103,635,655</u>

* Includes Agency Realty, Inc. and Manchester Alcoholism Rehabilitation Center

2017 Manchester Alcoholism Rehabilitation Center Board of Directors (Farnum Center)

Chairman

Ian MacDermott, Vice President

Past Chair

Rob Wiczorek, President

Secretary

Nancy Hacking

Peter Anderson, Esq.

James Barry, Esq.

Lori Levesque

Timm Runnion, CEO

Kriss Blevens, Owner

Tom Bullock, President

4/28/2017

Larry J. Gammon
Easter Seals New Hampshire, Inc.
555 Auburn Street
Manchester, NH 03103

Employment

7/88 to Present

President, Chief Executive Officer

A member of Easter Seals National, the Agency is a comprehensive, multi-facility organization with services throughout New Hampshire, Vermont, New York, Maine, Rhode Island, and Connecticut. Employing over 2000 persons, and operating in excess of 100 million dollars, the Agency has services in Vocational, Educational, Residential, Clinical, Medical, Camping/Recreational, Veterans and Substance Abuse. Position reports to the Chairman of the Board of Directors.

6/85 – 7/88

**Executive Vice President
Vice President**

8/75 – 6/85

**Deputy Executive Director
Easter Seal Society/Goodwill Industries of New Hampshire/Vermont**

In progressive management experiences, guided the Agency's programs through a growth from 1+ million dollar budget, and status as one of the most comprehensive service organizations in the country.

Directly responsible to the Executive Director, later President, for supervision of all professional programs of the comprehensive rehabilitation centers, with CARF accreditation in Audiology, Speech Pathology, Social Adjustment, Physical Restoration and Vocational Adjustment. In addition, the Society operates a large day school for handicapped pupils, 3 work adjustment center/sheltered workshops, a comprehensive camping program, retail sales outlets, and a pupil transportation program of 75 students per day. Duties included, but were not limited to, hiring and supervision of staff, program development, budget development and control, procuring funding, and staffing of various Board committees.

9/71 – 8/75 **New Hampshire Easter Seal Society for Crippled Children & Adults, Inc.**
870 Hayward St.
Manchester, NH 03103

Position: Facilities Director, Easter Seal School

Program Development, supervision and recruitment of staff, screening of pupils; developing budget, and securing funding.

9/70 – 7/71 **New Hampshire Department of Education**
Keene Public Schools
Keene, NH 03431

Position: Special Education Consultant

1 year study of special education needs of 6 small towns in New Hampshire. Responsible to 6 school boards and the New Hampshire Department of Special Education, Title VI-B Grant.

2/69 – 8/70 **Gary Public Schools**
Gary, IN

Position: Teacher, Special Education

Classroom teacher, M.R. Summer program for trainable M.R.

9/67 – 1/69 **Charlottesville Public Schools**
Charlottesville, VA

Position: Teacher M.R. – Department Chairman

Teacher, pre-vocational services, Department Chairman for Junior High age M.R. Director, Summer project (7/68), Title I.

Education

9/62 – 8/66 University of Virginia, Charlottesville, VA
B.S. in Special Education, emphasis in Mental Retardation. All
undergraduate courses were at the Master's Level. Dean's List, Junior &
Senior years.

9/66 –8/67 University of Virginia, Charlottesville, VA
36 hours of Graduate School of Education, emphasis in Administration,
Testing & Evaluation and Research. Full time graduate scholarship.

Service

National

Chairman, Board of Trustees, CARF, 1990-1991
Member, Board of Trustees, CARF, 1985-1991
Medders Award, Outstanding Easter Seals Executive, 1995
President, Easter Seals Leadership Association, 1998-2000

Local

Queen City Rotary Club, Member
Serenity Place, Board of Directors
Mayor's Task Force/Senior Services
Hillcrest Terrace, Board of Directors
CEO Council
Dartmouth Hitchcock Medical Center – Assembly of Overseers
YMCA Disability Council

Recognition

Non-Profit Business of the Year, *Business NH Magazine*, 2010
Non-Profit Business of the Year, *Business NH Magazine*, 2005
Non-Profit Business of the Decade, *Business NH Magazine*, 2000
Non-Profit Business of the Year, *Business NH Magazine*, 1994

Elin Treanor
Easter Seals New Hampshire, Inc.
555 Auburn Street
Manchester, NH 03103

CAREER SUMMARY:

Leadership, management and teamwork involving all business related functions and administration. Major emphasis on providing high quality and cost effective services to customers.

SKILLS & EXPERIENCE:

- Accounting, financial reporting, budgeting, internal controls, auditing, cost reporting, variance analysis, accounts payable, purchasing and payroll
- Cash management, investments, borrowing, banking relationships
- Billing, receivables, collections, funding sources, third party reimbursement
- Insurances, contracts, grants, legal issues
- Policies and procedures development, problem solving
- Financial training and consultation
- Strategic and business planning
- Liaison with Board of Directors and Committees

WORK HISTORY:

- | | |
|----------------|---|
| 2012 – Present | Easter Seals New Hampshire, Inc., Manchester, NH
<u>Chief Operating Officer/Chief Financial Officer</u>
Oversee all program and fiscal management of multi-corporate, multi-state entity. |
| 1994 – 2012 | Easter Seals New Hampshire, Inc., Manchester, NH
<u>Senior Vice President & Chief Financial Officer</u>
Oversee fiscal management for 100 million-dollar budget size, multi-corporate, multi-state entity. Also, responsible for reception, maintenance, customer service functions. |
| 1988 – 1994 | Easter Seal Society of NH, Inc., Manchester, NH
<u>Vice President of Finance</u>
Responsible for finance functions and information systems agency wide. Instrumental in major financial turnaround from \$600,000 deficit in 1988 to \$100,000 surplus in 1989 and surpluses every year thereafter. |
| 1984 – 1988 | Easter Seal Society of NH, Inc., Manchester, NH
<u>Controller</u>
Promoted to position with added responsibilities of managing billing function and staff. Converted financial applications to integrated automated systems. Involved in corporate |

reorganizations to multiple entities and external corporate mergers and acquisitions.

- 1982 – 1984 Easter Seal Society of NH, Inc., Manchester, NH
Chief Accountant
Promoted to supervisory position to manage accounting, payroll, payables, purchasing. Revised budget process, audit work, procedures and monitoring systems.
- 1981 – 1982 Easter Seal Society of NH, Inc., Manchester, NH
Accountant
Promoted to take charge of general ledger, reconciliations and financial reporting. Established chart of accounts, fund accounting system and internal controls.
- 1980 – 1981 Easter Seal Society of NH, Inc., Manchester, NH
Internal Auditor
Handled accounts payable, cash flow, grant billing and review of general ledger accounts.
- 1974 – 1980 Marshalls, Peabody, MA
Senior Clerk
Worked as cashier, customer service representative and bookkeeper, while attending college.

EDUCATION:

- 1989 New Hampshire College, Hooksett, NH
Masters in Business Administration
- 1980 Bentley College, Waltham, MA
Bachelor of Science, Accounting Major
- 1977 North Shore Community College, Beverly, MA
Associates Degree, Accounting Major

SERVICE:

National Easter Seals:
Leader of Northeast Region Chief Financial Officers
Treasurer of Northeast Region Leadership Association
Past Chairman of the Quality Council

NANCY L. ROLLINS

EXPERIENCE

Easterseals, NH, VT, ME; Farnum Center/Farnum North-NH.

555 Auburn Street
Manchester, NH 03103

Chief Strategy Officer

November 2016 –Present

Responsible for strategic development across all organizational services and supports. Provides intergovernmental relations working with the senior management team to develop and implement a corporate and legislative strategy. Improve visibility across the three state footprint, specifically in the areas of Health and Human Services, Foundations and State Government. Collaborates with the management team to develop and implement plans for the operational infrastructure of systems, processes and personnel design to accommodate growth and rapid response to needs within the community. Seeks growth opportunities through partnerships, mergers and acquisitions of compatible organizations to meet the needs of individuals and their families across the lifespan who have disabilities or special needs. Leads quality initiative to include reviews of program service, analyzes data and develops and implements strategies to move towards quality performance measurement in all services and supports.

Serves as a member of the Executive Leadership Team. Reports directly to the President/ Chief Executive Officer

Goodwill Industries of Northern New England

38 Locke Road, #2
Concord, NH 03301

New Hampshire State Director for Strategic Development and Public Policy January, 2014 – October 25, 2016

Responsible for collaboration with existing state and local networks to identify, develop or create potential businesses and programs serving the state of New Hampshire. Assuring such activities are consistent with Goodwill of Northern New England's (Goodwill NNE) strategic plan and vision of creating sustainable communities that thrive through the fullest participation of their diverse residents. Acquire knowledge about current trends and emerging issues in public policy, as well as New Hampshire business practices and relates them to existing and potential Goodwill NNE business and program development. Works in conjunction with Goodwill NNE senior management team, New Hampshire Goodwill NNE retail staff, and Agency program managers to fulfill goals in New Hampshire and the agency in general. Represents Goodwill NNE in all state and local activities consistent with the agency's mission to enable persons with diverse challenges achieve personal stability and community engagement.

Serves as a member of the Senior Management Team. Report directly to the President/ Chief Executive Officer.

State of New Hampshire
Department of Health and Human Services
Division of Community Based Care Services
129 Pleasant Street
Concord, New Hampshire 03301

Associate Commissioner

March, 2006 – January, 2014

Responsible for the Division of Community Based Care Services (DCBCS) which provides a wide range of supports and services in partnership with community providers for individuals with developmental disabilities and acquired brain disorders; individuals with serious mental illness or emotional disturbance; adults aged 18-60 who have a chronic illness or disability; individuals age 60 or older; adult protective services ages 18-and up; individuals with substance abuse and alcohol abuse disorders; persons who are homeless or at –risk of homelessness; and children age 0-18 with physical disabilities, chronic illnesses and special health care needs. DCBCS focuses on the development and implementation of long-term care systems that can support an individual’s choice to remain in community and out of long-term institutional settings.

Served as a member of the Commissioner’s Senior Management and Policy Team. This senior level position was a direct report to the Commissioner

State of New Hampshire
Department of Health and Human Services
Office of Medicaid Business & Policy
And
Division of Community Based Care Services
129 Pleasant Street
Concord, NH 03301

January, 2006 – March, 2006

Interim Director

At the request of the Commissioner of the Department of Health and Human Services agreed to serve as Interim Director of the Office of Medicaid Business & Policy (OMBP), which has functional responsibility for health planning, reporting, data and research, and the Medical Assistance program (Medicaid).

In addition, serves as Interim Director for the Division of Community Based Care Services (DCBCS). This Division provides a wide range of supports and services in partnership with community systems for individuals with developmental disabilities and acquired brain disorders, individuals with serious mental illness or emotional disturbance, adults aged 18-60 who have a chronic illness or disability and individuals age 60 or older, and children age 0-18 with physical disabilities, chronic illnesses and special health care needs.

State of New Hampshire
Department of Health and Human Services
Division for Children, Youth, and Families
129 Pleasant Street
Concord, NH 03301

July 1995 – January 2, 2006

Director

Assigned as Acting Director in July 1995, during a reorganization of the Department of Health and Human Services. On November 27, 1995 assumed the position of Director of the Division for Children, Youth and Families (DCYF) responsible for state leadership of the agency that has statutory authority for child

protection, children in need of services (CHINS) and community-based juvenile justice, juvenile probations and parole services. In addition DCYF has administrative responsibility for statewide domestic violence funds and provides state funded childcare/child development services that are employment related, protective or preventative. Administer an annual budget of \$124 million dollars. The Division maintains fifteen service sites statewide with a staff of 370. In addition the Division contracts or vendors services to over 1,600 community-based providers or residential care facilities. On September 16, 2001 the juvenile probation responsibility transferred from DCYF to a newly created Division for Juvenile Justice Services (DJJS). DCYF retains responsibility for child protection, child development/childcare, domestic violence and child welfare prevention services. Administratively DCYF oversees the use of Federal child welfare and Medicaid funds for DJJS. The Director position is a direct report to the Commissioner of the Department of Health and Human Services. Serve as a member of the Department's management team. Provide leadership regarding children, youth and family issues in a wide variety of areas on the community, state and national levels.

State of New Hampshire
Department of Health and Human Services
Division for Children, Youth, and Families
6 Hazen Drive
Concord, NH 03301

August 1994 - July 1995

Deputy Director

Direct responsibility for planning and oversight of operational areas of the Bureau of Administrative Services. This includes oversight of the agency budget, personnel, provider relations, and payment of services. Oversees the Bureau of Children and Families which is responsible for all field operations including twelve district offices providing child welfare, children in need of services (CHINS) and juvenile justice services; and the Bureau of Residential Services that is responsible for the operations of the Youth Detention facility, a long-term juvenile detention facility; the Youth Services Unit, a short-term, pre-adjudication unit; and the Tobey School, a state operated residential facility for seriously emotionally disturbed children and youth. Serve as a liaison to various local, state, and federal agencies relative to child welfare, juvenile justice, and children's mental health services.

State of New Hampshire
Department of Health and Human Services
Division of Mental Health and Developmental Services
105 Pleasant Street
Concord, NH 03301

February 1993 - July 1994

Administrator of Children's Mental Health Services

Coordinate planning efforts for development of Community Mental Health Services and programs for children and adolescents; directed contract negotiations with provider agencies; developed and directed initiatives to recommend and implement policies and standards for the enhancement of community-based services and supports for children and their families; provided technical assistance to mental health organizations to resolve operational problems in the care and training of families and child/adolescent consumers; serve as a liaison to various local, state, and federal agencies relative to children's mental health services.

State of New Hampshire
Department of Health and Human Services
Division of Mental Health and Developmental Services
105 Pleasant Street
Concord, NH 03301

March 1990 - July 1994

Director of New Hampshire - Child and Adolescent Service System Project.

Director of a statewide systems change project funded by the National Institute of Mental Health. Responsible for writing and acquiring two consecutive, three-year, statewide development grants to enhance children's mental health services in New Hampshire. The project involved coordinating state-level interagency planning teams; facilitating a systems change process with state and local interagency planning teams; coordinating, parent support effort, minority outreach, and training initiatives; and instituting new services-delivery for children and adolescents who have a serious emotional disturbance.

State of New Hampshire
Department of Health and Human Services
Division of Mental Health and Developmental Services
105 Pleasant Street
Concord, NH 03301

March 1989 - March 1990

Program Planning and Review Specialist

Mental Health Program Administrator for statewide community mental health services. Regional responsibility for The Mental Health Center of Greater Manchester and Center for Life Management, Salem, NH community mental health services; shelters for homeless, and the Consumer Support Program (CSP) Consumer Demonstration Grant. Administer, manage, and monitor federal and state grants; oversee development and implementation of all program services. Clinical Consultant, Child and Adolescent Service System Project, a statewide capacity building project for the development of a statewide comprehensive system of care for seriously emotionally disturbed children and youth.

River Valley Counseling Center, Inc.
Chicopee Adolescent Program
Chicopee, Massachusetts

May 1978 – February 1989

Director, Child/Adolescent Outpatient Mental Health Services

Administrative:

Responsible for development and implementation of all program services, including, individual, group, and family therapy; Adventure-Based Treatment Program; Home Supports Outreach Program; Community Agency Consultation; Court Advocacy. Supervision of fourteen staff. Developed, negotiated, and maintained contract services with the Massachusetts's Department of Public Health; Department of Mental Health; Department of Social Services; Department of Youth Services; Chicopee Community Development; Pioneer Valley United Way; and the United Way of Holyoke, Granby, and South Hadley. Developed, negotiated, and monitored contract services with seven area community school systems. Responsible for an \$850,000 Program budget. Co-developed and co-founded the Holyoke Teen Clinic in partnership with Holyoke pediatrics Association, Holyoke Health Clinic, and Providence Hospital Alcohol and Substance Abuse Treatment Services, a comprehensive school-based health clinic serving senior and junior high-school students and their families. Formed partnerships with area human service networks. Provided in-service training workshops to local schools and community agencies. Developed and

implemented mental health and substance abuse treatment services on site at the Westover Job Corps Healthcare Facility in Chicopee, Mass. The Westover Job Corps serves a large multicultural population from throughout the greater Northeast.

Clinical:

Provide individual, group, and family therapy to low and moderate-income families. Focus on substance abuse, family systems, and general child/adolescent mental health services. Developed and co-lead Adventure-based treatment groups with adolescents who have serious emotional disturbances, developmental delays and /or special medical needs. Provided clinical supervision to nine therapists. Provided clinical consultation to Holyoke Girls Club/Boys Club; Holyoke High School Teen Clinic, Inc.; Chicopee District Court, Holyoke District Court, and the Department of Social Services, Holyoke District Office; facilitated staff case disposition, in-service training and utilization review of children's mental health cases.

Hartford Neighborhood Centers

Mitchell House
Hartford, Connecticut

September 1974 - May 1975

Youth Counselor

Full-time undergraduate student internship. Developed and implemented human service programs for inner-city Hispanic and African-American youth. Provided counseling, therapeutic recreation, advocacy, and crisis intervention services. Served as a member of City-Wide Youth Board. Provided staff support to other Center programs serving pre-schoolers, school-aged youth and elderly.

Springfield Girls Club/ Family Center

Springfield, Massachusetts

September 1973 - May 1974

Child Care Worker

Provided a multi-cultural, after school recreational program for preschoolers.

EDUCATION

Master of Social Work

University of Connecticut
School of Social Work
West Hartford, Connecticut

Degree conferred, May 1985

Concentration in Public Policy and Administration-Minor in Group Work

Bachelor of Science, Cum Laude

Springfield College
Springfield, Massachusetts

Degree conferred, May 1985

Concentration in Community, Leadership and Organizational Development

Primary Focus on Human Services Administration

TEACHING EXPERIENCE

Dartmouth College Medical School
Department of Psychiatry
Dartmouth-Hitchcock Medical Center
Lebanon, New Hampshire
Adjunct Faculty January 2001- Dec. 2005

Springfield College
School of Human Services
Manchester, New Hampshire
Adjunct Faculty May 1999 – August 2005

New Hampshire Public Manager Program
NH Division of Personnel
Bureau of Education and Training
Professional Mentor for a middle management employee December 1997 – December 1999

University of New Hampshire
School of Health and Human Services
Department of Social Work
Adjunct Faculty September 1996 - 1999

PROFESSIONAL ASSOCIATIONS

Brain Injury Association of NH – Employment Advisory Committee September 2015 – 2016

Governor’s Interagency Council on Homelessness (ICH) Employment Workgroup
February 2015 -Present

Center on Aging and Community Living Advisory Board September 2014 - Present

Legislative Task Force on Work and Family, Governor Appointment September 2014- Present

NH Center for Non-profits Policy and Leadership Task Force May 2014 - Present

New Hampshire State Rehabilitation Advisory Council, Governor Appointment February 2014 – Present
Chair Oct. 2016 - Present

National Advisory Committee, *Positioning Public Child Welfare Initiative: Strengthening Families For the 21st Century* this initiative is co-sponsored by the National Association of Public Child Welfare Administrators (NAPCWA) and Casey Family Programs February 2008 - 2009

New Hampshire State Mental Health Council January 2006 – 2011

New Hampshire Children’s Behavioral Health Collaborative, Member Leadership Committee 2010-

August 2013

New Hampshire Interagency Coordinating Council for Women Offenders January 2006 – December 2013

National Association of State Mental Policy Directors (NASMHPD) January 2006- December 2013
NASMHPD representative to the Children's Mental Health Subcommittee
Chair, NASMHPD President's Task Force on Returning Veteran's
Board Member Member-at-Large 2011-2013
Board Member NASMHPD Research Institute, Inc. (NRI) 2011-Present
NASMHPD Research Institute, Inc. (NRI), Board Vice-President 2011-2013
NASMHPD Representative to the 27th Annual Rosalyn Carter Symposium on Mental Health
Policy, "*Building Bridges and Support for Children Exposed to Domestic Violence, Child
Welfare and Juvenile Justice*", Atlanta, Georgia, Oct. 26 and 27, 2011.
NASMHPD Board Vice-President 2012 - 2013

National Association of Public Child Welfare Administrators (NAPCWA), an Affiliate of the American
Public Human Services Association
SMHRCY Representative to Children's Mental Health Subcommittee and
NAPCWA Executive Committee, 1991 - 1994
NH State Child Welfare Representative, 1995- Present
NAPCWA Executive Committee, Member-at-Large, Vice-President, January 2002- Dec 2004
NAPCWA State Representative to the APHSA –sponsored re-writes of the Interstate Compact for
The Placement of Children, Dec. 2004 – Nov. 2005
NAPCWA President, January 2005 – January 2006

New England Association of Child Welfare Commissioners and Directors
Judge Baker Children's Center, Boston, Mass.
Committee Member, 1995 – January 2006
Vice-President, 2001- January 2006

NH Chapter of the National Association of Social Workers September 1999 - 2003
25 Walker Street
Concord, New Hampshire
State Advisory Board - Member- at-large

University of New Hampshire
School of Health and Human Services
Department of Social Work September 1998 – September 2002
Community Advisory Board Member

National Technical Assistance Center for Children's Mental Health 1995 - 1998
Georgetown University Child Development Center
Advisory Committee Member

State Mental Health Representative for Children and Youth (SMHRCY)
NH State Representative, 1989 - 1994
Executive Committee, 1992 - 1994

Community 2000: Pioneer Valley United Way
Member, Substance Abuse Subcommittee
Children and Adolescents Subcommittee, 1988 - 1989

Western MA. AIDS Service Providers Coalition, 1987 - 1989

Massachusetts Council for Children 1988 -1989
Board of Directors Regional Member, Holyoke, MA

Massachusetts Association of Substance Abuse Service Providers (MASASP)
Member of Statewide Board of Directors, 1985 - 1987

CIVIC ASSOCIATIONS

Upper Valley Lake Sunapee Regional Planning Commission, Commissioner Representative for the Town
of New London appointed by Town Board of Selectmen. 2012 – 2016
Vice Chair of the Commission, Serve on the Executive Committee 2014 - 2016

New London Zoning Board of Adjustments, appointed by the Town Board of Selectman
2013- 2014

At Home New Hampshire, helping seniors 'age in place' in New London, Newbury, Springfield,
Sunapee, Sutton and Wilmot, Board of Directors. 2012 – 2014

Member of Saint Andrew's Episcopal Church, New London, NH
Appointed to the Vestry, January 2014 -2017

New London, Board of Selectmen Elected, May 2014- Present
Chair, May 2015 -2016
Board Representative to the Budget Committee 2014-2017

New Hampshire Municipal Association, Board of Directors 2015 - Present

Awards

Awarded the "*New Hampshire National Guard Distinguished Service Medal*" for providing leadership while at the Department of Health and Human Services for developing services, supports and special military / civilian partnerships for the purposes of better meeting the needs of New Hampshire service members both active duty, deployed and reserves, their families, and veterans. Presented by William N. Reddel III, Major General , New Hampshire National Guard, The Adjutant General and Governor Margaret Wood Hassan , 20 November 2014.

Awarded the "*Commander's Award for Civilian Service*" for organizing and implementing

'Operation Welcome Home' a military / civilian partnership to support hundreds of New Hampshire Guard service members returning from Iraq and Afghanistan. Presented by Kenneth Clark, Major General, New Hampshire National Guard, The Adjutant General, 24 May 2005.

Awarded the "*Commissioner's Award*" which recognizes those who, through their hard work and dedication, have made outstanding contributions toward the prevention, intervention, and treatment of child abuse and neglect. Individuals who receive this award have demonstrated a strong personal commitment to ensuring the safety and well being of children and to supporting and strengthening our nation's families. Presented at the 2005 15th National Conference on Child Abuse and Neglect, by Joan E. Ohl, Commissioner, Children's Bureau, Administration for Children, Youth and Families, U.S. Department of Health and Human Services, Washington, D.C., 21 April 2005.

Tina M. Sharby, PHR
Easter Seals New Hampshire, Inc.
555 Auburn Street
Manchester, NH 03103

Human Resources Professional with multi-state experience working as a strategic partner in all aspects of Human Resources Management.

Areas of expertise include:

Strong analytical and organizational skills
Ability to manage multiple tasks simultaneously
Employment Law and Regulation Compliance
Strategic management, mergers and acquisitions

Problem solving and complaint resolution
Policy development and implementation
Compensation and benefits administration

PROFESSIONAL EXPERIENCE

Chief Human Resources Officer 2012-Present

Senior Vice President Human Resources
Easter Seals, NH, VT, NY, ME, RI, Harbor Schools & Farnum Center
1998- 2012

Reporting directly to the President with total human resources and administration. Responsible for employee relations, recruitment and retention, compensation, benefits, risk management, health and safety, staff development for over 2100 employees in a six state not-for-profit organization. Developed and implemented human resources policies to meet all organizational, state and federal requirements. Research and implemented an organizational wide benefits plan that is supportive of on-boarding and retention needs.

Developed and implemented a due diligence research and analysis system for assessing merger and acquisition opportunities. Partnered with senior staff team in preparation of strategic planning initiatives.

Member of the organizations Compliance Committee, Wellness Committee and Risk Management Committee. Attended various board meetings as part of the senior management team, and sit on the investment committee of the Board of Directors for Easter Seals NH, Inc.

Human Resources Director
Moore Center Services, Inc., Manchester, NH
1986-1998

Held progressively responsible positions in this not-for-profit organization of 450 employees. Responsible for the development and administration of all Human Resources

activities. Implemented key regulatory compliance programs and developed innovative employee relations initiatives in a rapidly changing business environment. Lead the expansion of the Human Resources department from basic benefit administration to becoming a key advisor to the senior management.

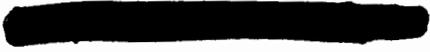
Key responsibilities included benefit design, implementation and administration; workers compensation administration; wage and salary administration, new employee orientation and training; policy development and communication; retirement plan administration; budgetary development; and recruitment.

EDUCATION

Bachelor of Science Degree, Keene State College, 1986
Minor in Human Resources and Safety Management
MS Organizational Leadership, Southern NH University (in process)

ORGANIZATIONS

Manchester Area Human Resource Association
Diversity Chair 2010
Society for Human Resource Management
BIA Human Resources
Health Care & Workforce Development Committee 2009, 2010

CHERYL A. WILKIE, Psy.D., MLADC
Easter Seals/Farnum Center
Phone: 603-622-3020


EMPLOYMENT HISTORY

Easter Seals New Hampshire, Inc. /Farnum Center **2008-present**

Senior Vice President of Substance Abuse Services

Recruited to redesign and manage a struggling residential and outpatient treatment facility and improve operations.

- Recruitment and supervision of clinical staff.
- Supervise doctors, nurses and all management staff.
- Identify staff development needs for all staff (clinical and resident instructors) and provide training.
- Design evidence based programming for all modalities.
- Develop grant proposals and other funding opportunities in collaboration with other staff.
- Coordinate and facilitate treatment team meetings.
- Opened additional intensive outpatient programs.
- Assure program compliance with applicable Federal and State laws and regulations.
- Maintain administrative and fiscal records.
- Attend community meetings to support substance abuse programming throughout the state.

Southern New Hampshire Services

Pre-Placement Program, Manchester, N.H.

2003-2008

Director of a drug and alcohol treatment program for offenders in the criminal justice system.

- Supervision of all staff.
- Administration of all Community Corrections Programs.
- Provided individual and group counseling to clients waiting to enter intensive outpatient or residential programs.
- Made recommendations to Superior and District Courts regarding offender's treatment and sentencing.

Merrimack County Attorney's Office, Concord, N.H.

1998-present

Clinical Director/Masters Licensed Drug and Alcohol Counselor (MLADC)

- Provide chemical dependency evaluations for clients involved in the criminal justice system through the Pre-Trial Services, Diversion and FAST Programs.
- Make recommendations to Superior and District Courts regarding offender's treatment and sentencing.
- Provide training to all staff involving drug and alcohol and mental health issues.

Southern New Hampshire Services

Manchester Academy Program, Manchester, N.H.

1998-2003

Clinical Director of a community based alternative sentencing program for adult offenders.

- Provided substance abuse evaluations to the Court system.
- Made recommendations to Superior and District Courts regarding offender's treatment and sentencing.
- Case management of offenders.

Promoted to Director of the Manchester Academy Program

2003-2008

- Supervision of all staff.
- Maintained administrative and fiscal records.
- Reporting and data compliance for the NH Department of Corrections.

Odyssey Family Center, Canterbury, N.H.

1993-1998

Supervisor at a long-term drug and alcohol treatment program for pregnant and post partum women.

- Supervised direct care staff.
- Provided drug and alcohol treatment services, individual and group counseling.
- Provided intake evaluations and to case load management.
- Coordinated outreach screening and continuing care services for clients and their children.
- Maintained administrative and fiscal records.

N.H. Department of Corrections, Probation/Parole Field Services

1991-1992

- Set up and co-facilitated counseling support groups for women being paroled to their home communities.
- Counseled women with drug and alcohol issues, parenting issues, financial problems, and domestic violence and sexual abuse issues.
- Made referrals to diverse support groups and worked with women in developing strategies for staying out of the criminal justice system.

N.H. State Prison for Women, Goffstown, N.H.

1987-1993

Internship through Springfield College

- Provided individual counseling and group therapy as a drug and alcohol counselor.
- Performed crisis intervention within the prison system.
- Provided transitional support for women returning to their home communities.

EDUCATION

Psy.D., Forensic Psychology, Eisner Institute, 2009.

Double Masters Degree, Psychology/Human Services Administration, Springfield College, 1998

Bachelor of Science Degree in Criminal Justice, Springfield College, 1994

LICENSE AND CERTIFICATION

Master Licensed Alcohol and Drug Counselor (MLADC), license #0398, expiration 2/11

Clinically certified by the Department of Transportation to perform evaluations (SAP)

CHRISTINE WEBER, LADC

Licensed Alcohol and Drug Abuse Counselor. License #814 since 2010.

EDUCATION:

- Associate Degree in Science in Addiction Counseling. New Hampshire Technical Institute, Concord, New Hampshire.
- Bachelor of Science in Psychology. University of New Hampshire.

AFFILIATIONS:

- 2008-2010 NHADACA Chair of Professional Development Committee
- 2011-2012 NH Center for Excellence Clinical Supervision Collaborative
- Greater Manchester Substance Abuse Collaborative
- NIATx Collaborative
- Concord Hospital Intern: Behavioral Health/Substance Abuse Services.
- Adult Drug Court Planning Initiative
- NH Military Alcohol & Drug Committee

WORK EXPERIENCE:

Serenity Place Crisis Center, Manchester New Hampshire:

Crisis Site Technician: February 2006 to April 2007. Detoxification
Substance Abuse Counselor: April 2007 to November 2008.

R.E.A.P (Resources for Evaluating Alcohol Problems), Manchester New Hampshire:
DWI Aftercare Facilitator: May 2011 to September 2011.

Easter Seals Farnum Center, Manchester New Hampshire:

Residential Substance Abuse Counselor: November 2008 to February 2012.
Outpatient Substance Abuse Counselor: February 2012 to July 2012.

Program Coordinator Concord Office: July 2012 to February 2013

Outpatient Program Coordinator Manchester: February 2013 to June 2013
Other areas of focus: ATR and WITS/VMS Administrator, Domestic Violence

Practice Manager: June 2013 to present

CONTRACTOR NAME

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Larry Gammon	President & CEO	\$353,119	0%	\$0.00
Elin Treanor	CFO	\$225,920	0%	\$0.00
Nancy Rollins	COO	\$117,000	0%	\$0.00
Tina Sharby	CHRO	\$152,650	0%	\$0.00
Cheryl Wilkie	Sr VP, Substance Abuse Services	\$175,000	25%	\$43,750
Christine Weber	VP of Operations Farnum Center	\$103,000	43%	\$44,290