



Jeffrey A. Meyers
Commissioner

Katja S. Fox
Director

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

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6738 1-800-804-0909
Fax: 603-271-6105 TDD Access: 1-800-735-2964

June 27, 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, Bureau of Drug and Alcohol Services, to enter into an agreement with Granite Pathways (Vendor #228900) 10 Ferry St, Suite 307, Concord, NH 03301, to provide a Family Support Coordinator, in an amount not to exceed \$120,000, effective upon Governor and Executive Council approval through June 30, 2018. 100% Other Funds.

Funds are anticipated to be available in the following account for State Fiscal Year 2018.

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

State Fiscal Year	Class/Account	Class Title	Job Number	Total Amount
2018	102-500731	Contracts for Prog Svc	TBD	\$120,000
			Total:	\$120,000

EXPLANATION

This request is for the provision of a Family Support Coordinator who will work with existing family and community support groups in order to expand services for families of individuals with Substance Use Disorders (SUD).

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The Family Support Coordinator will:

- Represent families in a range of workgroups, committees, meetings, and other activities related to substance use disorder and promote family support groups;
- Recruit, enroll, and provide supervision and support to family support group facilitators;
- Coordinate recovery coach training along with other trainings for family support group facilitators and other community members and provide scholarships to these trainings as appropriate;
- Assess the family support group network and identify areas where new or additional family support groups are needed; and
- Develop and implement a plan to sustain services without state funding.

The Department's goal is to develop Peer Recovery Support Services (PRSS) for individuals and their families. Family support groups provide critical support and education to families of individuals with substance use disorders in order to assist them to grow and strengthen. These supports assist individuals and families to be more effective in responding to their family member and loved ones with substance use disorders and to better address other responsibilities in the family member's life, such as: a partner, children, a career, extended family, social connections and involvement in their community. A key component of these groups is the peer nature of the support, which can allow families to share in their experiences and allows families with more experience to help guiding newer families.

Peer Recovery Support Services have become an important part of the Department's overall strategy to respond to the growing substance misuse issues in the State of New Hampshire. The need to respond has been increased by the opioid epidemic which has caused hundreds of deaths in the past few years. Over the past few years, rates for opioid overdose have increased and related deaths have tripled in New Hampshire, with close to five-hundred (500) deaths occurring in the year 2016. Overdose-related emergency department visits have increased by nearly 400%.

Should the Governor and Executive Council not authorize this request there may be a gap in vital family support services and families of individuals with substance use disorders may lose this critical social support mechanism.

Granite Pathways was selected for this project through a competitive bid process. A Request for Proposals was posted on The Department of Health and Human Services' website from February 16, 2017 through March 22, 2017. One proposal was received.

The proposal was reviewed and scored by a team of individuals with program specific knowledge. The review included a thorough discussion of the strengths and weaknesses of the proposal. The Score Summary is attached.

As referenced in the Request for Proposals and in Exhibit C-1 of this contract, this Agreement has the option to extend for up to two (2) additional years, contingent upon satisfactory delivery of services, available funding, agreement of the parties and approval of the Governor and Council.

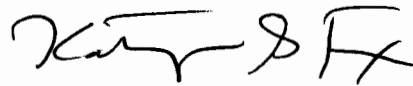
His Excellency, Governor Christopher T. Sununu
and the Honorable Council
Page 3

Area served: Statewide.

Source of Funds: 100% Other Funds from Governor Commission Funds

In the event that the Federal (or 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



**New Hampshire Department of Health and Human Services
Office of Business Operations
Contracts & Procurement Unit
Summary Scoring Sheet**

Family Support Coordinator For Families
With Substance Use Disorders (SUD)

RFP -2017-BDAS-03-FAMIL

RFP Name

RFP Number

Reviewer Names

1. Jaime Powers, Administrator II, BDAS
2. Randy Moser, Health Promotion Advisor, BDAS
3. Tom Grinley, Program Specialist IV, BBH
4. Jim Dall, Program Services Director
5. Donna Ferland, Administrator III, NHH

Bidder Name

1. **Granite Pathways**
2. **0**
3. **0**

Pass/Fail	Maximum Points	Actual Points
	300	230
	300	0
	300	0

Subject: RFP-2017-BDAS-03-FAMIL Family Support Coordinator For Families With Substance Use Disorders (SUD)

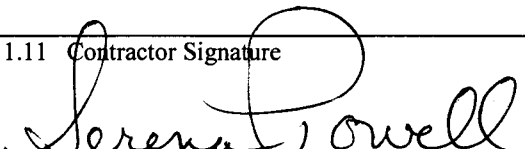
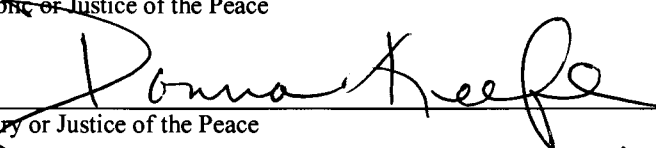
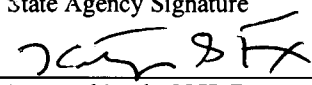
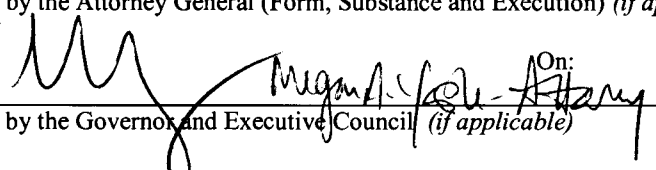
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

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 Granite Pathways		1.4 Contractor Address 10 Ferry Street - Suite 307 Concord, NH 03301	
1.5 Contractor Phone Number 603-971-3703 931-3703	1.6 Account Number 05-95-92-920510-3382-0000-102-500731	1.7 Completion Date June 30, 2018	1.8 Price Limitation \$120,000
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 Serena Powell, Sr. VP of NE-Fedcap	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>June 19, 2017</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] 			
1.13.2 Name and Title of Notary or Justice of the Peace Donna Keefe Director of New Initiatives.			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Katja S Fox, 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: 7/3/17			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

DONNA KEEFE
 Notary Public - New Hampshire
 My Commission Expires September 7, 2021

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

Agreement. This provision shall survive termination of this Agreement.

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

8. EVENT OF DEFAULT/REMEDIES.

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

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

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

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

14. INSURANCE.

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

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

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

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

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

15. WORKERS' COMPENSATION.

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

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

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

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

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

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

19. CONSTRUCTION OF AGREEMENT AND TERMS.

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

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

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

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

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

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

Contractor Initials S.P.
Date 6-19-17



Scope of Services

1. Provisions Applicable to All Services

- 1.1. The Contractor will 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.
- 1.3. Notwithstanding any other provision of the Contract to the contrary, no services shall continue after June 30, 2017, and the Department shall not be liable for any payments for services provided after June 30, 2017, unless and until an appropriation for these services has been received from the state legislature and funds encumbered for the SFY 2018-2019 biennia.

2. Scope of Services

- 2.1. The Contractor shall provide and supervise one (1) part-time Family Support Coordinator, who shall perform the following duties that include, but may not be limited to:
 - 2.1.1. Serve on work groups, advisory councils, and committees relating to Substance Use Disorder/Co-Occurring Disorder (SUD/COD).
 - 2.1.2. Supervise and support the family support group facilitators statewide through a Memorandum of Understanding (MOU) as approved by the Department. The Contractor shall ensure facilitators:
 - 2.1.2.1. Attend trainings twice a year;
 - 2.1.2.2. Are provided with marketing material; and
 - 2.1.2.3. Receive 1:1 supervision, as needed.
 - 2.1.3. Recruit and enroll new Family Facilitators in the National Alliance for the Mentally Ill (NAMI) Family Leadership Training Program. The Contractor shall achieve this through:
 - 2.1.3.1. Encouragement of family members who attend the Family Groups regularly to become facilitators.
 - 2.1.3.2. Interview interested individuals who connect through the Contractor's website.



- 2.1.3.3. Referrals through trusted professional contacts/resources such as Behavioral/Mental Health agencies, Master Licensed Alcohol and Drug Counselors, SUD.
- 2.1.3.4. Advertisements through social media and local newspapers.
- 2.1.3.5. Engagement with the Continuum of Care facilitators in each of the thirteen (13) public health regions.
- 2.1.3.6. Engagement with the Integrated Delivery Networks (IDNs) in each of the seven (7) IDN regions.
- 2.1.4. Ensure that Family Facilitators are prepared and trained to provide peer-to-peer support to families with SUD/COD struggles.
- 2.1.5. Assess the need for additional support group inquiries and referrals throughout the state. The Contractor shall ensure this through the following methods, which may not be limited to:
 - 2.1.5.1. Review the growing number of attendance in existing groups.
 - 2.1.5.2. Suggest the start of new groups from any agency, church, school or groups of parents interested in having a Family Support Group in their area.
 - 2.1.5.3. Connect with agencies in areas that lack current support groups.
 - 2.1.5.4. Engaging with the Continuum of Care Facilitators in each of the thirteen (13) public health regions.
 - 2.1.5.5. Engaging with the IDNs in each of the seven (7) IDN regions.
- 2.1.6. Research new avenues to promote Family Support Groups in New Hampshire.
- 2.1.7. Develop and implement a sustainability plan.

3. Training

- 3.1. The Contractor shall host a minimum of three (3) recovery coach trainings that will ensure the following:
 - 3.1.1. Target family members of individuals with a SUD;
 - 3.1.2. Curriculums and materials shall be Department approved prior to scheduling any training; and
 - 3.1.3. A minimum of eight (8) individuals that attend the trainings shall receive scholarships to attend said trainings.
- 3.2. The Contractor shall ensure the following marketing plan in order to reach individuals who may be interested in receiving Recovery Coach Academy trainings:



- 3.2.1. Announcement of Recovery Coach trainings at all eighteen (18) Family Support Group meetings.
- 3.2.2. Contact each New Hampshire Recovery Center and other recovery community organizations to promote the trainings for family members and family advocates.
- 3.2.3. Promote the trainings on social media websites.
- 3.2.4. Print and distribute flyers to the Family Facilitators to have available at the various support groups throughout the state for group attendees to take.
- 3.2.5. Send emails to the recovery support networks to share broadly within their communities.
- 3.2.6. The use of NAMI-NH and the NH Alcohol and Drug Abuse Counselors Association's marketing contacts, mailing lists and newsletters.
- 3.2.7. Contact the Continuum of Care Facilitators in each of the thirteen (13) public health regions.
- 3.3. The Contractor shall conduct trainings that include:
 - 3.3.1. Two (2) 6-hour Suicide Prevention Trainings.
 - 3.3.2. Two (2) 6-hour HIV/AIDS Trainings.
 - 3.3.3. Two (2) 6-hour Ethics Trainings.
- 3.4. The Contractor shall provide a Family Facilitator training plan that includes, but may not be limited to:
 - 3.4.1. The 2-day (16-hour) NAMI Family Leadership Training Program as provided three (3) times per contract year.
 - 3.4.2. Four (4) modules which shall include:
 - 3.4.2.1. Structure and group process of NAMI's family support group model.
 - 3.4.2.2. Facilitation skills.
 - 3.4.2.3. How to manage negative group dynamics.
 - 3.4.2.4. Start and run a successful support group.
 - 3.4.3. NAMI-NH trainers.
 - 3.4.4. Participation shall be limited to ten (10) people per session.

4. Reporting

- 4.1. The Contractor shall provide the Family Support Group Data Report, which shall include, but is not limited to:



- 4.1.1. Date and location of family support group meetings.
 - 4.1.2. Number of people present and their relationship to an individual with SUD.
 - 4.1.3. Number of new participants.
 - 4.1.4. Primary drug of choice for family member with a SUD.
 - 4.1.5. Any secondary drugs used by a family member with a SUD.
 - 4.1.6. Age range of family member with a SUD.
 - 4.1.7. Average age of family member with a SUD.
 - 4.1.8. Any comments regarding treatment, recovery, incarceration, and/or relapse.
- 4.2. The Contractor shall provide a Facilitator Recruitment Report which shall include, but is not limited to:
- 4.2.1. List of active facilitators and the groups they facilitate.
 - 4.2.2. Action plan for recruiting additional facilitators for any group with less than two facilitators.
- 4.3. The Contractor shall provide a Marketing/Community Engagement/Development Report which shall include, but is not limited to:
- 4.3.1. A narrative detailing outreach and marketing efforts.
 - 4.3.2. A narrative detailing engagement with work groups, advisory councils, and committees relating to SUD.
 - 4.3.3. A narrative detailing activity to assess the need for additional support groups.
- 4.4. The Contractor shall provide a Training Report that shall include, but is not limited to:
- 4.4.1. Number of new Family Facilitators completing the NAMI Family leadership Training Program.
 - 4.4.2. Dates and locations of recovery coach, suicide prevention, HIV/AIDS, and ethics trainings.
 - 4.4.3. Number of individuals completing trainings.
 - 4.4.4. Primary town of residence of individuals completing trainings.
 - 4.4.5. Number of scholarships provided for trainings.



Method and Conditions Precedent to Payment

1. The State shall pay the contractor an amount not to exceed the Form P-37, Block 1.8, Price Limitation for the services provided by the Contractor pursuant to Exhibit A, Scope of Services.
 - 1.1. This contract is funded with funds from Governor's Commission Funds.
 - 1.2. The Contractor agrees to provide the services in Exhibit A, Scope of Service in compliance with funding requirements. Failure to meet the scope of services may jeopardize the funded contractor's current and/or future funding.
2. Payment for services shall be made monthly as follows:
 - 2.1. Payment shall be on a cost reimbursement basis for actual expenditures incurred in the fulfillment of this agreement. Expenditures shall be in accordance with the approved budget line item shown in Exhibit B-1.
 - 2.2. The Contractor will submit an invoice in a form satisfactory to the State by the twentieth (20th) working day of each month, which identifies and requests reimbursement for authorized expenses incurred in the prior month. The invoice must be completed, signed, dated and returned to the Department in order to initiate payment. The Contractor agrees to keep records of their activities related to Department programs and services.
 - 2.3. The State shall make payment to the Contractor within thirty (30) days of receipt of each invoice, subsequent to approval of the submitted invoice and if sufficient funds are available. Contractors will keep detailed records of their activities related to DHHS-funded programs and services.
 - 2.4. The final invoice shall be due to the State no later than forty (40) days after the contract Form P-37, Block 1.7 Completion Date.
 - 2.5. In lieu of hard copies, all invoices may be assigned an electronic signature and emailed to: OR Invoices shall be mailed to:

Department of Health and Human Services
Bureau of Drug and Alcohol Services
105 Pleasant St., 3rd Floor North
Concord, NH 03301
Email address: Jaime.powers@dhhs.nh.gov
 - 2.6. Payments may be withheld pending receipt of required reports or documentation as identified in Exhibit A, Scope of Services and in this Exhibit B.
3. When the contract price limitation is reached, the program shall continue to operate at full capacity at no charge to the Department for the duration of the contact period.
4. Notwithstanding paragraph 18 of the General Provisions P-37, changes limited to adjusting amounts between budget line items, related items, amendments of related budget exhibits within the price limitation, and to adjusting encumbrances between State Fiscal Years, may be made by written agreement of both parties and may be made without obtaining approval of the Governor and Executive Council.

Exhibit B-1

New Hampshire Department of Health and Human Services

Bidder/Program Name: Granite Pathways

Budget Request for: Family Support Coordinator/RFP-2017-BDAS-03-FAMIL

Budget Period: July 1, 2017 - June 30, 2018/SFY 2018

1. Total Salary/Wages	\$ 14,362.50	\$ 1,723.50	\$ 16,086.00	\$ -	\$ -	\$ -	\$ -	\$ 14,362.50	\$ 1,723.50	\$ 16,086.00
2. Employee Benefits	\$ 4,308.75	\$ 517.05	\$ 4,825.80	\$ -	\$ -	\$ -	\$ -	\$ 4,308.75	\$ 517.05	\$ 4,825.80
3. Consultants	\$ 25,000.00	\$ 3,000.00	\$ 28,000.00	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 3,000.00	\$ 28,000.00
4. Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repair and Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase/Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5. Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Educational	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lab	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pharmacy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office	\$ 3,000.00	\$ 360.00	\$ 3,360.00	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00	\$ 360.00	\$ 3,360.00
6. Travel	\$ 1,000.00	\$ 120.00	\$ 1,120.00	\$ -	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 120.00	\$ 1,120.00
7. Occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8. Current Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telephone	\$ 1,200.00	\$ 144.00	\$ 1,344.00	\$ -	\$ -	\$ -	\$ -	\$ 1,200.00	\$ 144.00	\$ 1,344.00
Postage	\$ 750.00	\$ 90.00	\$ 840.00	\$ -	\$ -	\$ -	\$ -	\$ 750.00	\$ 90.00	\$ 840.00
Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Audit and Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9. Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10. Marketing/Communications	\$ 1,775.00	\$ 213.00	\$ 1,988.00	\$ -	\$ -	\$ -	\$ -	\$ 1,775.00	\$ 213.00	\$ 1,988.00
11. Staff Education and Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12. Subcontracts/Agreements	\$ 54,244.00	\$ 6,509.28	\$ 60,753.28	\$ -	\$ -	\$ -	\$ -	\$ 54,244.00	\$ 6,509.28	\$ 60,753.28
13. Other (specific details mandatory):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
trainings and scholarships (5 per training)	\$ 1,500.00	\$ 180.00	\$ 1,680.00	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	\$ 180.00	\$ 1,680.00
rounding	\$ 2.85	\$ 0.27	\$ 2.62	\$ -	\$ -	\$ -	\$ -	\$ 2.85	\$ 0.27	\$ 2.62
TOTAL	\$ 107,142.50	\$ 12,867.19	\$ 120,009.69	\$ -	\$ -	\$ -	\$ -	\$ 107,142.50	\$ 12,867.19	\$ 120,009.69
Indirect As A Percent of Direct		12.0%								



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;



- 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 (EEOP):** The Contractor will provide an Equal Employment Opportunity Plan (EEOP) 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



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.



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. **Extension:**

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)

Granite Pathways #319.
10 Ferry St, Concord, NH 03301.

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

Contractor Name: Granite Pathways.

6-19-17
Date

Serena Powell.
Name:
Title: Sr. VP of NE-Fedcap.



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-1.)
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: Granite Pathways.

6-19-17
Date

Serena Powell
Name:
Title: Sr. VP of NE - Fedcap



**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: Granite Pathways

6-19-17
Date

Serena Powell.
Name:
Title: Sr. VP of NE Fedcap



**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

S.P.

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: Granite Pathways

6-19-17
Date

Serena Powell.
Name:
Title: Sr VP of NE Fedcap

Exhibit G

Contractor Initials SP

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: Granite Pathways

6-19-17
Date

Serena Powell
Name:
Title: sr VP of NE - Fedcap.



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.

S.P

6-19-17



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

Katja S Fix
Signature of Authorized Representative

Katja S Fix
Name of Authorized Representative

Director
Title of Authorized Representative

6/27/17
Date

Granite Pathways
Name of the Contractor

Serena Powell
Signature of Authorized Representative

Serena Powell
Name of Authorized Representative

Sr VP of NE - Fedcap
Title of Authorized Representative

6-19-17
Date



**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 Granite Pathways

6-19-17
Date

Serena Powell
Name:
Title: Sr. UP of NE - Fedcap



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: 019392707.
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: _____
Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____

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 GRANITE PATHWAYS is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on May 08, 2009. 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: 613581



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 9th day of March 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, Matthew Boyle, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Granite Pathways.
(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 2-26-2016
(Date)

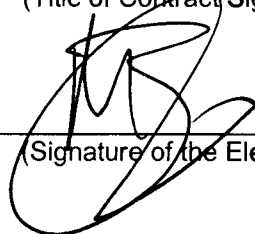
RESOLVED: That the SR VP of New England-Fedcap
(Title of Contract Signatory)

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 19th day of June, 2017.
(Date Contract Signed)

4. Serena Powell is the duly elected SR VP of NE-Fedcap
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.



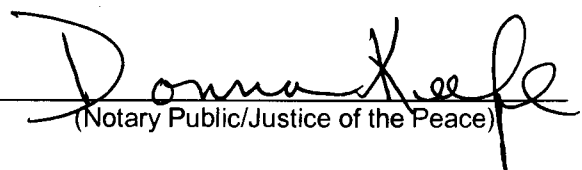
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 19th day of June, 2017.

By Matthew Boyle.
(Name of Elected Officer of the Agency)



(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: 9-7-21

DONNA KEEFE
Notary Public - New Hampshire
My Commission Expires September 7, 2021

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 NFP P&C Services, Inc 45 Executive Drive Plainview, NY 11803	CONTACT NAME: PHONE (A/C, No, Ext): 516 327-2700 FAX (A/C, No): 516-327-2800 E-MAIL ADDRESS:														
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A : Berkshire Hathaway Specialty In</td> <td>22276</td> </tr> <tr> <td>INSURER B : Technology Insurance Company, I</td> <td>42376</td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Berkshire Hathaway Specialty In	22276	INSURER B : Technology Insurance Company, I	42376	INSURER C :		INSURER D :		INSURER E :		INSURER F :
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INSURER D :															
INSURER E :															
INSURER F :															
INSURED Fedcap Rehabilitation Services Inc. Granite Pathways, Inc. 633 Third Avenue - 6th floor New York, NY 10017															

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.

INSR LTR	TYPE OF INSURANCE	ADDLSUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:		47SPK25564201	09/30/2016	09/30/2017	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$20,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$3,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/>		47RWS14808202	09/30/2016	09/30/2017	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10,000		47SUM14808302	09/30/2016	09/30/2017	EACH OCCURRENCE \$25,000,000 AGGREGATE \$25,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	TWC3600651	12/11/2016	12/11/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
A	Physical Damage		47RWS14808202	09/30/2016	09/30/2017	Comp/Coll: \$1,000 Ded.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Evidence of Insurance

CERTIFICATE HOLDER State of New Hampshire, Department of Health and Human Services 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 



Powered by **FEDCAP**

MISSION STATEMENT

Granite Pathways, a subsidiary of Fedcap Rehabilitative Services, Inc., develops innovative, creative and sustainable solutions that help people surmount barriers, work toward economic independence and effect change in their families and communities. Our mission is to support individuals with mental illness and substance use disorder in building personal equity and achieve their life goals as valued members of their community. We focus on individuals, families, friends, communities and others impacted by substance use disorder and mental illness

Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES

September 30, 2016 and 2015

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
FEDCAP Rehabilitation Services, Inc.:

We have audited the accompanying consolidated financial statements of FEDCAP Rehabilitation Services, Inc. and Subsidiaries (collectively, "FEDCAP"), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

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

Auditor's 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. 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 auditor's 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 FEDCAP'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 FEDCAP's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FEDCAP Rehabilitation Services, Inc. and Subsidiaries as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
March 6, 2017

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of September 30, 2016 and 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,969,236	\$ 12,211,556
Accounts receivable (net of allowance for doubtful accounts of approximately (\$2,080,000 in 2016 and \$2,619,000 in 2015))	33,441,617	29,746,474
Contributions receivable (net of allowance for uncollectible contributions of approximately \$115,000 in 2016 and 2015)	1,041,133	2,333,225
Inventories, net	414,939	673,818
Prepaid expenses and other assets	2,826,486	2,322,433
Total current assets	48,693,411	47,287,506
LONG-TERM ASSETS		
Investments	17,345,073	16,926,806
Fixed assets, net	75,855,170	76,998,952
Art objects	21,750	21,750
Beneficial interest in remainder trusts	575,912	693,049
Other assets	575,020	540,033
Total assets	\$ 143,066,336	\$ 142,468,096
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 26,530,000	\$ 27,978,124
Deferred revenues	1,156,919	1,082,588
Advance from government agency	-	1,800,000
Current portion of long-term debt	754,995	837,289
Total current liabilities	28,441,914	31,698,001
LONG-TERM LIABILITIES		
Obligations under capital leases	36,672,420	36,802,491
Long-term debt, net of current portion	23,943,320	24,599,343
Revolving loans	16,486,698	12,466,630
Other liabilities	2,191,849	1,970,348
Total liabilities	107,736,201	107,536,813
Commitments and contingencies		
NET ASSETS		
Unrestricted	33,176,435	32,171,763
Temporarily restricted	1,569,272	2,175,092
Permanently restricted	584,428	584,428
Total net assets	35,330,135	34,931,283
Total liabilities and net assets	\$ 143,066,336	\$ 142,468,096

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

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Activities
For the years ended September 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES								
Contract services and products	\$ 102,312,128	\$ -	\$ -	\$ 102,312,128	\$ 102,251,831	\$ -	\$ -	\$ 102,251,831
Rehabilitation and vocational programs	120,436,118	-	-	120,436,118	67,251,287	-	-	67,251,287
Contributions and Grants	3,416,316	140,000	-	3,556,316	1,610,917	1,755,688	-	3,366,605
Inherent contribution	202,380	-	-	202,380	(273,740)	235,360	501,660	463,280
Interest income	124,717	-	-	124,717	34,523	-	-	34,523
Miscellaneous revenue	1,797,383	-	-	1,797,383	519,312	-	-	519,312
Net assets released from restrictions	745,820	(745,820)	-	-	572,503	(572,503)	-	-
Total revenues	229,034,862	(605,820)	-	228,429,042	171,966,633	1,418,545	501,660	173,886,838
EXPENSES								
Program services:								
Contract services and products	90,986,554	-	-	90,986,554	88,034,038	-	-	88,034,038
Rehabilitation and vocational programs	105,862,539	-	-	105,862,539	63,470,318	-	-	63,470,318
	196,849,093	-	-	196,849,093	151,504,356	-	-	151,504,356
Supporting services:								
Management and general	29,504,519	-	-	29,504,519	21,428,446	-	-	21,428,446
Development	1,676,578	-	-	1,676,578	774,795	-	-	774,795
	31,181,097	-	-	31,181,097	22,203,241	-	-	22,203,241
Total expenses	228,030,190	-	-	228,030,190	173,707,597	-	-	173,707,597
Change in net assets	1,004,672	(605,820)	-	398,852	(1,740,964)	1,418,545	501,660	179,241
Net assets at beginning of year	32,171,763	2,175,092	584,428	34,931,283	33,912,727	756,547	82,768	34,752,042
Net assets at end of year	\$ 33,176,435	\$ 1,569,272	\$ 584,428	\$ 35,330,135	\$ 32,171,763	\$ 2,175,092	\$ 584,428	\$ 34,931,283

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

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 398,852	\$ 179,241
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,918,260	3,318,960
Bad debt provision (recovery)	1,046,376	(206,665)
Accrued interest on capital lease obligations	-	176,345
Inherent contribution	(202,380)	(463,280)
Unrealized gain on investments	(129,415)	-
Changes in assets and liabilities:		
Accounts receivable	(4,741,245)	(8,316,615)
Contribution receivable	1,292,092	(1,286,010)
Inventories	258,879	(623,472)
Prepaid expenses and other assets	(527,750)	(1,106,043)
Beneficial interest in remainder trust	152,897	(3,377)
Accounts payable and accrued liabilities	(1,455,478)	12,638,424
Deferred revenue	74,331	106,364
Other liabilities	221,501	669,034
Net cash provided by operating activities	<u>306,920</u>	<u>5,082,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	6,000,000	-
Purchase of investments	(6,283,333)	(34,009)
Cash received in acquisition	10,202	812,974
Capital expenditures	<u>(2,627,789)</u>	<u>(5,004,549)</u>
Net cash used in investing activities	<u>(2,900,920)</u>	<u>(4,225,584)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in advance from government agency	(1,800,000)	(829,782)
Change in revolving loans	4,020,068	5,111,844
Repayment of long-term debt	(738,317)	(382,453)
Repayment of capital lease obligations	<u>(130,071)</u>	<u>(5,976)</u>
Net cash provided by financing activities	<u>1,351,680</u>	<u>3,893,633</u>
(Decrease) increase in cash and cash equivalents	(1,242,320)	4,750,955
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>12,211,556</u>	<u>7,460,601</u>
End of year	<u>\$ 10,969,236</u>	<u>\$ 12,211,556</u>
Supplemental disclosure of cash flow information:		
Cash interest paid during the year	<u>\$ 1,079,151</u>	<u>\$ 1,078,854</u>
Fixed assets acquired with capital leases	<u>\$ -</u>	<u>\$ 66,092</u>

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

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2016 and 2015

1. ORGANIZATION AND NATURE OF ACTIVITIES

Fedcap Rehabilitation Services, Inc. ("FRS") is a private, nonprofit organization incorporated under the laws of New York State. FRS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

FRS was founded to provide a comprehensive range of vocational and related services to individuals with disabilities and other work-related disadvantages who face significant barriers to employment. FRS's goal is to help each person achieve independence, integration into the community and full participation in the economic mainstream.

FRS provides contract services and products within custodial, homecare, office services, and industrial divisions of FRS. The primary customers in these divisions are Federal, and New York State and City agencies and certified home health agencies, that contract with FRS for services.

As part of FRS's rehabilitation and vocation programs, FRS provides vocational evaluations, training, and employment services and other government-funded employment and job search programs. Evaluations combine aptitude tests, computerized assessments, and vocational counseling. After evaluation, FRS offers training in mail clerk/messenger services, building/custodial services, culinary arts/food services, data entry, office skills, document imaging, hospitality operations, and security operations. FRS then seeks to employ individuals who have successfully completed FRS's rehabilitation and vocational programs. FRS also offers the Chelton Loft, a voluntary clubhouse program for people with a history of serious mental illness. FRS also has a vocational education program and a licensed mental health program.

On July 1, 2011, FRS acquired and became the sole member of Wildcat Services Corporation ("Wildcat"), a nonprofit entity located in New York City that provides employment training, jobs placement and "supportive employment" opportunities for individuals with barriers to employment.

On October 1, 2012, FRS acquired and became the sole member of ReServe Elder Service, Inc. ("ReServe"), a nonprofit entity located in New York City that matches continuing professionals age 55+ with organizations that need their expertise. ReServe provides direct services, administrative support, and capacity-building expertise in schools, social service agencies, cultural institutions, and public agencies.

On October 1, 2013, FRS acquired and became the sole member of Community Workshops, Inc. (d/b/a Community Work Services) ("CWS"), a nonprofit corporation located in Boston, Massachusetts, whose mission is to help people who have barriers to work obtain employment and achieve greater self-sufficiency through job training, placement, and support services.

On September 1, 2015, FRS acquired and became the sole member of Easter Seals New York, Inc. ("ESNY"), a nonprofit entity whose purpose is to provide program and services for people with disabilities, assistance to people with disabilities and their families, assistance to communities in developing necessary and appropriate resources for residents, and a climate of acceptance for people with disabilities which will enable them to contribute to the well-being of the community.

On May 1, 2016, ESNY received a contribution in the form of a Red Mango franchise, incorporated as 1184 Deer Park Ave., Inc. ("1184"). 1184 is currently managed as a for profit corporation, and operates as a social enterprise which includes a training center and employment opportunities for veterans.

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2016 and 2015

On May 1, 2016, FRS acquired and became the sole member of Granite Pathways, Inc. ("GP"), a nonprofit entity whose mission is to provide services to empower and support adults with mental illness to pursue their personal goals through education, employment, stable housing, and meaningful relationships.

On September 1, 2016, FRS acquired and became the sole member of Easter Seals Rhode Island, Inc. ("ESRI"), a nonprofit entity whose purpose is to provide services to ensure that all people with disabilities or special needs and their families have equal opportunities to live, learn, work and play in their communities.

Collectively, FRS, Wildcat, ReServe, CWS, ESNY, I184, GP and ESRI are referred to as "FEDCAP."

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of FEDCAP have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting. All intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Accordingly, FEDCAP's consolidated financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets as follows:

Unrestricted Net Assets - consist of all funds which are expendable, at the discretion of FEDCAP's management and Board of Directors, for carrying on daily operations. These funds have neither been restricted by donors nor set aside for any specific purpose.

Temporarily Restricted Net Assets - net assets that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of FEDCAP pursuant to those stipulations.

Permanently Restricted Net Assets - net assets subject to donor-imposed stipulations that require resources to be maintained as funds of a permanent duration.

Cash Equivalents

FEDCAP considers all highly liquid debt instruments with a maturity of three months or less at the date of purchase, including investments in short-term certificates of deposit and certain money market funds, to be cash equivalents.

Contribution and Grant Revenue

FEDCAP records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair value of the assets received and contributions with donor stipulations that limit the use of donated assets are classified as either permanently restricted if FEDCAP is required to maintain the contribution permanently or temporarily restricted if the stipulation limits the use of the contribution to specific purposes or a time period. Donor restrictions that are received and met in the same fiscal year are recorded as unrestricted contributions. Otherwise, once stipulated time restrictions end or purpose restrictions are accomplished, temporarily restricted net assets

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2016 and 2015

are reclassified to unrestricted net assets as “net assets released from restrictions” in the accompanying consolidated statements of activities.

Revenue from grants and contracts is recognized when earned, that is, generally as related costs are incurred or the milestone is achieved under the grant or contract.

Revenue Recognition and Deferred Revenue

FEDCAP’s revenue primarily relates to contract services and products, and rehabilitation and vocational programs. FEDCAP recognizes such revenue ratably over a contract’s term for those with fixed rates. For performance-based contracts, revenues are recognized in the period when expenditures have been incurred or services have been performed in compliance with the respective contracts. FEDCAP also generates revenue from the sale of related products, which is recognized at the time of shipment.

Deferred revenue represents cash received in advance of services and will be recognized as the services are performed. Deferred revenue amounted to \$1,156,919 and \$1,082,588 as of September 30, 2016 and 2015, respectively.

Allowance for Doubtful Accounts

The carrying value of contributions and accounts receivable are reduced by an appropriate allowance for uncollectible accounts, and therefore approximates net realizable value. FEDCAP determines its allowance by considering a number of factors, including the length of time receivables are past due, FEDCAP’s previous loss history, the donor’s current ability to pay its obligation, and the condition of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. FEDCAP writes off accounts receivables when they become uncollectible, and payments subsequently received on such receivables are recorded as income in the period received.

Inventories

Inventories, mainly consisting of distress marker light products and related components, are valued at the lower of cost or market. Cost is determined principally by the first-in, first-out method.

Fixed Assets

Fixed assets purchased for a value greater than \$1,000 and with depreciable lives greater than one year are carried at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful life of the respective asset and ranges from 3 to 40 years. Significant additions or improvements extending asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. Leasehold improvements are amortized based on the lesser of the estimated useful life or remaining lease term.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Commissions

FEDCAP pays commissions to an unrelated not-for-profit entity and a New York State entity to provide information on government contracts that need competitive bids for services. The contracts provide

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2016 and 2015

for commissions to be paid to these organizations in the range of 0.85% to 4% of the contract amount. Commissions paid relating to these contracts amounted to \$1,728,663 and \$1,797,201 for the years ended September 30, 2016 and 2015, respectively, and is included within contract services and products expense in the accompanying consolidated statements of activities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. These estimates and assumptions relate to estimates of collectability of accounts receivable, accruals, useful life of property, plant, and equipment, and impairment of long-lived assets. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair value of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities approximates their carrying value due to their short-term maturities. The fair value of long-term debt approximates carrying value based on current interest rates for similar instruments.

Fair Value Measurements

FEDCAP follows guidance for fair value measurements that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. It maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2016 and 2015

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the entity. FEDCAP considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to FEDCAP's perceived risk of that instrument.

Beneficial Interest in Remainder Trusts

Donors have established and funded trusts held by third parties under which specified distributions are to be made to a designated beneficiary or beneficiaries over the trusts' term. Upon termination of the trusts, FEDCAP will receive the assets remaining in the trusts. Trusts are recorded as increases to net assets at the fair value of trust assets, less the present value of the estimated future payments to be made under the specific terms of the trusts. At September 30, 2016 and 2015, FEDCAP's interest in these trusts is reflected at fair value in the accompanying consolidated statements of financial position and is classified as Level 3 within the fair value hierarchy.

Impairment of Long-lived Assets

FEDCAP reviews the carrying values of its long-lived assets, including property and equipment and other assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability of long-lived assets is assessed by a comparison of the carrying amount of the asset to the estimated future net cash flows expected to be generated by the asset. If estimated future net cash flows are less than the carrying amount of the asset, the asset is considered impaired and an expense is recorded in an amount to reduce the carrying amount of the asset to its fair value.

Tax-Exempt Status

FRS, Wildcat, ReServe, CWS, ESNY, 1184, GP, and ESRI and follow guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

FRS, Wildcat, ReServe, CWS, ESNY, GP and ESRI are exempt from federal income tax under IRC section 501(c)(3), though they are subject to tax on income unrelated to their respective exempt purpose, unless that income is otherwise excluded by the Code. These organizations have processes presently in

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place to ensure the maintenance of their tax-exempt status; to identify and report unrelated income; to determine their filing and tax obligations in jurisdictions for which they have nexus; and to identify and evaluate other matters that may be considered tax positions. FRS, Wildcat ReServe, CWS, ESNY, GP and ESRI have determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

1184, a for-profit corporation, commenced business operations in May of 2016; the organization has not calculated a tax provision as the projected tax liability is immaterial from a financial statement perspective. In addition, 1184 has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Reclassifications

Certain reclassifications were made to the 2015 consolidated financial statements to conform to the 2016 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as previously reflected in the 2015 consolidated financial statements.

3. CONTRIBUTIONS RECEIVABLE

At September 30, 2016 and 2015, contributions receivable, net of the allowance for doubtful accounts, consisted of the following:

	<u>2016</u>	<u>2015</u>
Amounts due within one year	\$ 656,133	\$ 1,418,225
Amounts due in one to five years	<u>500,000</u>	<u>1,030,000</u>
	1,156,133	2,448,225
Less: allowance for uncollectible receivables	<u>(115,000)</u>	<u>(115,000)</u>
	<u>\$ 1,041,133</u>	<u>\$ 2,333,225</u>

Approximately 89% and 65% of the contributions receivable (gross) are due from one donor at September 30, 2016 and 2015, respectively.

4. INVESTMENTS

Investments, at fair value, consisted of the following at September 30:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 10,492,741	\$ 16,219,963
Mutual funds	<u>6,852,332</u>	<u>706,843</u>
	<u>\$ 17,345,073</u>	<u>\$ 16,926,806</u>

FEDCAP's mutual fund investments are classified as Level 1 within the fair value hierarchy. FEDCAP's money market fund investments do not meet the definition of a security under US GAAP, and as such, the disclosure requirements for fair value measurements are not applicable.

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5. INVENTORIES

Inventories consisted of the following at September 30:

	<u>2016</u>	<u>2015</u>
Inventories:		
Raw materials	\$ 382,137	\$ 647,633
Work-in-process and finished goods	122,802	116,185
Reserve	(90,000)	(90,000)
	<u>\$ 414,939</u>	<u>\$ 673,818</u>

6. FIXED ASSETS, NET

Fixed assets, net, consisted of the following at September 30:

	<u>2016</u>	<u>2015</u>
Fixed assets:		
Land	\$ 1,017,809	\$ 1,229,105
Building improvements	498,951	787,308
Buildings	33,280,420	32,612,541
Capital lease - building	35,918,547	35,918,547
Furniture, fixtures and computer systems	9,023,535	7,206,700
Leasehold improvements	<u>6,357,782</u>	<u>5,804,171</u>
	86,097,044	83,558,372
Less: accumulated depreciation	<u>(10,241,874)</u>	<u>(6,559,420)</u>
	<u>\$ 75,855,170</u>	<u>\$ 76,998,952</u>

Depreciation and amortization expense for the years ended September 30, 2016 and 2015 was \$3,918,260 and \$3,318,960, respectively.

7. CAPITAL LEASES

In May of 2014, FRS entered into a condominium leasehold agreement in a building located at 205 East 42nd Street in New York City for 64,303 square feet of space consisting of the entire second and third floor and a portion of the ground floor. FRS began occupying the space in December 2014 and the agreement expires in fiscal 2043. The interest rate is fixed at 4.20%.

FRS accounted for this agreement as a capital lease, and as such, the related cost of \$35,918,547, representing the present value of the total future minimum lease payments due at the inception of the agreement, is included within "Fixed assets, net" in the accompanying consolidated statements of financial position at September 30, 2016 and 2015. FRS occupied the condominium in December 2014 and recorded depreciation expense of \$1,238,571 and \$1,032,142 for fiscal 2016 and 2015, respectively. The outstanding principal balance on the lease as of September 30, 2016 and 2015, is \$36,564,980 and \$36,664,281, respectively.

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During fiscal 2015, FRS obtained financing pursuant to a capital lease to finance vehicles in the amount of \$22,074, principal and interest are paid monthly. As of September 30, 2016 and 2015, accumulated depreciation associated with this lease agreement is \$6,662 and \$2,207, respectively. The outstanding principal balance on the lease as of September 30, 2016 and 2015, is \$15,452 and \$19,866, respectively. The maturity date is March 31, 2020 and the interest rate is fixed at 6.73%.

During fiscal 2015, CWS obtained financing pursuant to a capital lease to finance vehicles in the amount of \$44,018, principal and interest are paid monthly. As of September 30, 2016 and 2015, accumulated depreciation associated with this lease agreement is \$12,893 and \$2,749, respectively. The outstanding principal balance on the lease as of September 30, 2016 and 2015, is \$31,125 and \$40,019, respectively. The maturity date is March 31, 2020 and the interest rate is fixed at 6.73%.

During fiscal 2015, ESNY obtained financing pursuant to a capital lease to finance vehicles in the amount of \$80,785, principal and interest are paid monthly. As of September 30, 2016 and 2015, the accumulated depreciation balance was \$19,922 and \$2,749, respectively. The outstanding principal balance on the lease as of September 30, 2016 and 2015, was \$60,863 and \$78,325, respectively. The maturity date is June 30, 2020 and the interest rate is fixed at 6.97%.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of September 30, 2016:

Year Ending September 30,	
2017	\$ 1,663,775
2018	1,663,775
2019	1,663,775
2020	1,892,045
2021	1,937,699
Thereafter	<u>56,479,274</u>
Total minimum lease payments	65,300,343
Less: Amount representing interest	<u>(28,627,923)</u>
Present value of net minimum lease payments	<u>\$ 36,672,420</u>

8. REVOLVING LOANS

Israel Discount Bank of New York

FRS entered into a revolving loan agreement with Israel Discount Bank of New York ("IDB") to finance working capital needs with an aggregate principal amount not to exceed \$15,000,000. The line was collateralized by FRS's accounts receivable and matured on December 10, 2014. On December 10, 2014, FRS renewed the revolving loan agreement. On April 21, 2016, the revolving loan agreement was amended to mature on April 21, 2018. The interest rate for the revolving loan agreement is the Prime Rate. As of September 30, 2016 and 2015, FEDCAP had borrowings on this line of credit of \$13,453,272 and \$9,953,273, respectively, at an interest rate of 3.50% and 3.25%, respectively.

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RBS Citizens Bank, N.A.

On September 1, 2015, ESNY replaced its line of credit with RBS Citizens Bank, N.A with a \$3,500,000 revolving line of credit with FRS as the co-borrower after the transfer of sole membership to FRS (refer to Note 16). The line of credit's original maturity date of February 28, 2016 was extended on December 15, 2016 to mature on December 15, 2018 and the line was decreased to \$3,000,000. As part of the line of credit agreement between ESNY and RBS, FEDCAP must maintain a minimum balance with RBS of \$500,000, which is included within cash and cash equivalents in the accompanying consolidated statements of financial position at September 30, 2016 and 2015. As of September 30, 2016 and 2015, ESNY had borrowings on this line of credit of \$3,033,426 and \$2,513,357 at an interest rate of 2.77% and 2.45%, respectively.

9. LONG-TERM DEBT

Notes Payable

In conjunction with leasing space for a program operated in the Bronx, New York, FRS borrowed \$220,000 during fiscal 2012 from the landlord, LMKW L.P., for the costs to build out the space. This loan is being repaid over a period of six years at an interest rate of 5%. As of September 30, 2016 and 2015, the principal balance outstanding was \$55,544 and \$67,070, respectively.

On January 1, 2013, CWS borrowed \$219,181 from the Georgianna Goddard Eaton Memorial Fund ("Eaton Fund"), a related party, to fund leasehold improvements. Under the terms of the note, payments, including interest at a rate of 3%, are due on a monthly basis commencing on April 1, 2013 and ending on January 1, 2017. At September 30, 2016 and 2015, the principal balance outstanding was \$28,989 and \$85,419, respectively.

On September 15, 2014, ESNY entered into a \$63,045 note payable to finance the purchase of computers. The interest rate charged on the outstanding borrowings is fixed at a rate equal to 3.15%. Monthly principal and interest payments of \$1,841 commenced November 2014 and in October 2017 all remaining outstanding principal and interest are due. The note is secured by the computers. At September 30, 2016 and 2015, the principal balance outstanding was \$21,475 and \$44,219, respectively.

On December 5, 2014, ESNY entered into a \$1,980,000 mortgage note payable to finance the acquisition of certain property located in Valhalla, New York. The note was secured by the property and, after the transfer of sole membership from Easter Seals New Hampshire, is guaranteed by FRS. The interest rate is 3.66% for the first 60 months then, as of the first day of the sixty-first month, the interest rate will reset to 1.75% in excess of the then bank's five-year Cost of Funds. In no event shall the reset rate be less than 3.66%. Principal and interest of \$9,153 is payable monthly through the maturity date of January 1, 2025. At September 30, 2016 and 2015, the outstanding principal balance was \$1,914,257 and \$1,955,422, respectively.

Bonds Payable

In December 2013, FRS entered into a Loan Agreement with Build NYC Resource Corporation ("Build NYC"), a local development corporation, for Build NYC to issue bonds to finance the purchase of the sixth floor of a building located at 633 Third Avenue in New York City and related expenses. Build NYC issued \$18,450,000 of tax-exempt revenue bonds ("Series 2013A"). Monthly payments of interest commenced in June 2014. The Series 2013A bonds have a coupon rate of 4.2% with a maturity date of December 1, 2033.

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The Series A bonds were placed with IDB and, as part of the bond purchase and continuing covenant agreement between FRS and IDB, FRS must maintain a minimum balance with IDB of \$4,000,000, which is included within investments in the accompanying consolidated statements of financial position at September 30, 2016 and 2015. At September 30, 2016 and 2015, the outstanding principal balance of the Series 2013A bonds was \$17,995,000 and \$18,450,000, respectively.

In December 2010, ESNY in connection with the Monroe County Industrial Development Corporation and RBS Citizens Bank, N.A. issued \$5,250,000 in Series 2010 tax-exempt Revenue Bonds ("Series 2010"). The Series 2010 bonds were used to finance the acquisition of certain property located in Irondequoit, New York and to refinance certain ESNY debt. The Series 2010 bonds are secured by a mortgage on all properties and improvements financed by the bond and, after the transfer of sole membership of ESNY from Easter Seals New Hampshire, are guaranteed by FRS. ESNY may elect to prepay some portion or all of the outstanding bonds subject to a prepayment fee as defined in the agreement. The agreement also requires bank approval prior to ESNY incurring additional indebtedness. The Series 2010 bonds are subject to tender for mandatory purchase at the election of the bondholder beginning June 1, 2016 and thereafter every five years through June 1, 2036. At September 30, 2016 and 2015, the outstanding principal balance of the Series 2010 bonds was \$4,683,050 and \$4,834,502, respectively.

On February 23, 2011, ESNY entered into an interest rate swap agreement with a bank in connection with the Series 2010 Bonds. The swap agreement had an outstanding notional amount of \$4,929,360 and \$4,792,110 at September 30, 2016 and 2015, respectively. The outstanding notional amount decreases, in conjunction with bond principal reductions, until the agreement terminates in January 2031. ESNY remits interest at fixed rate of 2.99% and receives interest at a variable rate ((68% of the sum of the monthly LIBOR rate plus 2.65% (1.93% and 1.92% at September 30, 2016 and 2015, respectively)). The fair value of the interest rate swap agreement as of September 30, 2016 and 2015 reflected a liability of \$977,731 and \$816,322, respectively. The swap is included within other liabilities in the accompanying consolidated statement of financial position, and is classified as Level 2 within the fair value hierarchy.

The following is a summary of minimum principal payments due on the notes and bonds at September 30, 2016:

	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Total</u>
Year Ending September 30,			
2017	\$ 145,475	\$ 609,520	\$ 754,995
2018	40,950	633,450	674,400
2019	42,496	657,500	699,996
2020	43,916	681,670	725,586
2021	45,765	731,050	776,815
Thereafter	<u>1,701,663</u>	<u>19,364,860</u>	<u>21,066,523</u>
Total	<u>\$ 2,020,265</u>	<u>\$ 22,678,050</u>	<u>24,698,315</u>
Less current portion			<u>754,995</u>
Long-term debt, net of current portion			<u>\$ 23,943,320</u>

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10. ADVANCE FROM GOVERNMENT AGENCY

On August 1, 2012, FRS entered in a contract with New York City Human Resources Agency (“HRA”) to operate HRA’s WeCare program in the Boroughs of Brooklyn and Queens. Under the terms of the contract, HRA made an advance of \$4,689,872 to FRS, for working capital purposes. This advance is non-interest bearing and will be recouped during the course of the contract in accordance with HRA policy, but no later than the last year of the contract (i.e., July 31, 2015). At September 30, 2014, the advance from government agency was \$2,629,782, and in accordance with the agreement terms, the remaining balance was paid in fiscal 2015. The contract was renewed for an addition 2-year period, and on July 13, 2015, HRA made another advance of \$1,800,000 for working capital purposes. This advance was non-interest bearing and was be recouped during the course of the contract in accordance with HRA policy beginning January 2016, but no later than July of 2016. At September 30, 2016 and September 30, 2015, the advance from government agency was \$0 and \$1,800,000 respectively.

11. COMMITMENTS AND CONTINGENCIES

FEDCAP has leases for offices, program related facilities, and equipment expiring at various dates through 2032. The approximate future minimum lease commitments under existing operating leases are as follows:

Year Ending September 30,	
2017	\$ 8,830,079
2018	7,620,584
2019	3,184,716
2020	1,111,473
2021	821,935
Thereafter	<u>4,483,020</u>
Total	<u>\$ 26,051,807</u>

Certain office leases contain renewal and escalation clauses. For leases with escalation clauses, FEDCAP recognized rent expense on a straight-line basis and recognized a deferred rent liability of \$1,161,996 and \$870,055 at September 30, 2016 and 2015, respectively, which is included in other liabilities in the accompanying consolidated statements of financial position. In addition to the base rents, FEDCAP is obligated to pay additional amounts for increased operating costs.

Rent expense was \$10,118,415 and \$7,893,410 for the years ended September 30, 2016 and 2015, respectively.

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CWS sublets a portion of its facilities to tenants under operating leases that expire between April 2017 and May 2020. For the years ended September 30, 2016 and 2015, rental income from these subleases was \$324,857 and \$285,957, respectively. The future minimum sublease rental payments to be received are as follows:

Year Ending September 30,	
2017	\$ 236,756
2018	160,000
2019	170,000
2020	<u>43,125</u>
Total	<u>\$ 609,881</u>

FEDCAP is engaged in various lawsuits incidental to its operations. In the opinion of management, the ultimate outcome of pending litigation will not have a material adverse effect on the consolidated financial position and results of operations of FEDCAP.

FEDCAP participates in a number of federal and state programs. These programs require that FEDCAP comply with certain requirements of laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government contracts by government agencies is presently not determinable, it should not, in the opinion of management, have a material effect on FEDCAP's financial position or change in net assets. Accordingly, no provision for any such liability that may result has been made in the accompanying consolidated financial statements.

12. TUITION REVENUE

FRS receives funding for the Career Design School from the New York State Education Department, administered by the Bureau of Proprietary School Supervision. Gross tuition income, which equaled net tuition income, was \$1,158,080 and \$1,049,705 for the years ended September 30, 2016 and 2015, respectively, and has been included within rehabilitation and vocational programs in the accompanying consolidated statements of activities.

13. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes as of September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
For use in future periods for:		
Employment and job search programs	\$ 413,139	\$ 693,049
Time restricted	<u>1,156,133</u>	<u>1,482,043</u>
Total	<u>\$ 1,569,272</u>	<u>\$ 2,175,092</u>

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Net assets released from restrictions during the years ended September 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Employment and job search programs	\$ 745,820	\$ 572,503

14. RELATED PARTY TRANSACTIONS

Members of the Board of Directors of FEDCAP are associated with a law firm that has provided legal services to FEDCAP with fees of \$285,776 and \$176,548 during the years ended September 30, 2016 and 2015, respectively.

A CWS Board member is a trustee of the Eaton Fund, the holder of the CWS promissory note (refer to Note 9). CWS also leases its facilities from the Eaton Fund. Rent paid to Eaton Fund for the years ended September 30, 2016 and 2015 was \$129,996.

15. EMPLOYEE BENEFIT PLANS

Effective January 1, 1991, FEDCAP established a Tax Deferred Annuity Retirement Plan under Section 403(b) of the Internal Revenue Code for employee voluntary salary reduction contributions. Employees are eligible to participate in the plan as of their employment date.

Effective October 1, 1991, FEDCAP established a Tax Deferred Annuity Retirement Plan under Section 403(b) of the Internal Revenue Code for employees working on government contracts with a defined contribution pension plan based on a contractual formula. Employees are eligible to participate in the plan upon satisfactory completion of a three-month probationary period.

Effective October 1, 1994, FEDCAP established a Defined Contribution Plan under Section 403(b) of the Internal Revenue Code for qualified participants, primarily employees who do not work on contracts. In November 1, 2010, the Defined Contribution Plan was amended to allow all employees to participate in the plan immediately upon hire. FEDCAP matches employee contributions up to 3% of their salaries. Employer matching contributions fully vest after three years of employment.

Plan contributions are invested in one or more of the funding vehicles available to participants under the plans. Each participant is fully and immediately vested in employee contributions. Employer contributions to the plan amounted to \$6,492,132 and \$5,491,104 for the years ended September 30, 2016 and 2015, respectively.

16. ACQUISITION

Effective September 1, 2015, FEDCAP acquired and became the sole member of ESNY. The determination to acquire ESNY was predicated on the similarities in mission. ESNY's mission is to provide services to ensure that all people with disabilities or special needs and their families have equal opportunities to live, learn, work and play in their communities. This acquisition was effected without the transfer of consideration, and as such an inherent contribution of \$463,280 was recognized, which represented the excess of the acquisition date fair values of the identifiable assets acquired over the acquisition date fair values of the liabilities assumed.

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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash and cash equivalents	\$ 812,974
Investments	738,949
Accounts receivable, net	2,385,468
Contributions receivable	906,326
Prepaid expenses and other assets	171,582
Inventory	8,803
Beneficial interest in trust	501,660
Other assets	166,330
Fixed assets	7,966,157
Accounts payable and accrued expenses	(1,885,181)
Deferred revenue	(590,136)
Current portion of long term- debt	(44,219)
Revolving loan	(3,101,513)
Other liabilities	(737,503)
Capital lease obligation	(78,235)
Long term notes and mortgage payable	(6,758,182)
	<u>\$ 463,280</u>

Effective September 1, 2016, FEDCAP acquired and became the sole member of ESRI. The determination to acquire ESRI was predicated on the similarities in mission. ESRI's mission is to provide services to ensure that all people with disabilities or special needs and their families have equal opportunities to live, learn, work and play in their communities. This acquisition was effected without the transfer of consideration, and as such an inherent contribution of \$68,889 was recognized, which represented the excess of the acquisition date fair values of the identifiable assets acquired over the acquisition date fair values of the liabilities assumed.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash and cash equivalents	\$ 500
Investments	5,520
Prepaid expenses and other assets	11,290
Beneficial interest in trust	35,760
Fixed assets	23,038
Accounts payable and accrued expenses	(7,219)
	<u>\$ 68,889</u>

Effective May 1, 2016, FEDCAP acquired and became the sole member of Granite Pathways. The determination to acquire Granite Pathways was predicated on the similarities in mission. Granite Pathways' mission is to provide services to empower and support adults with mental illness to pursue their personal goals through education, employment, stable housing, and meaningful relationships. This acquisition

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was effected without the transfer of consideration, and as such an inherent contribution of \$9,841 was recognized, which represented the excess of the acquisition date fair values of the identifiable assets acquired over the acquisition date fair values of the liabilities assumed.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash and cash equivalents	\$	9,702
Accounts receivable, net		274
Accounts payable and accrued expenses		<u>(135)</u>
	\$	<u>9,841</u>

On May 1, 2016, a Red Mango franchise was donated to ESNY, incorporated as 1184 Deer Park Ave., Inc. ("1184"). The entity is currently managed as a for-profit corporation, but may be repurposed as a social enterprise to include a training center and employment opportunities for Veterans.

This acquisition was effected without the transfer of consideration and as such an inherent contribution of \$123,650 was recognized, which represented the acquisition date fair values of the identifiable assets acquired, there was no assumption of liabilities. Identifiable assets acquired comprised solely of equipment.

17. CONCENTRATIONS

FEDCAP provides building services for federal buildings, which comprised 21% and 28% of total revenues during the years ended September 30, 2016 and 2015, respectively. FEDCAP provides offsite data entry personnel, custodial and other services to various branches of the state and city government through one New York State organization, which comprised 10% and 12% of total revenues during the years ended September 30, 2016 and 2015, respectively. FEDCAP provides homecare services to one customer comprising 2% of total revenues during the years ended September 30, 2016 and 2015, respectively.

Financial instruments that potentially subject FEDCAP to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. Management does not believe that a significant risk of loss exists due to the failure of a financial institution.

18. SUBSEQUENT EVENTS

FEDCAP evaluated its September 30, 2016 consolidated financial statements for subsequent events through March 6, 2017, the date the consolidated financial statements were available for issuance. Except as discussed in Note 8, above, and the subsequent paragraphs, FEDCAP is unaware of any events which would require recognition or disclosure in the accompanying consolidated financial statements.

On November 1, 2016, GP entered into a combination agreement with Seacoast Pathways, Inc to become its sole member. The determination to acquire Seacoast Pathways, Inc. was predicated on the similarities in mission and a geographic expansion of services in the New England Region. The mission of Seacoast Pathways is to support adults living with mental illness on their paths to recovery through the work-ordered day.

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On February 1, 2017, FRS entered into a combination agreement with Single Stop USA, Inc to become its sole member. The determination to acquire Single Stop USA, Inc. was predicated on the similarities in mission. Single Stop provides coordinated services to holistically connect people to the resources they need to attain higher education, obtain good jobs, and achieve financial self-sufficiency.

SUPPLEMENTARY INFORMATION

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Consolidating Schedule of Financial Position
As of September 30, 2016

	Fedcap Rehabilitation Services, Inc.	Wildcat Services Corporation	ReServe	Community Work Service	Kater Scale NY	Granite Pathways	Red Range	Kater Scale RI	Eliminations	Consolidated
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	\$ 9,326,202	\$ 186,544	\$ 47,666	\$ 571,871	\$ 667,776	\$ 19,110	\$ 149,547	\$ 560	\$ -	\$ 10,969,256
Accounts receivable (net of allowance for doubtful accounts of approximately \$(2,000,000 in 2016 and \$(2,619,000 in 2015))	24,657,100	2,674,155	913,626	469,510	4,545,174	128,971	-	53,081	-	33,441,617
Intercompany accounts receivable	8,463,752	-	-	-	-	-	-	-	(8,463,752)	-
Contributions receivable (net of allowance for uncollectible contributions of approximately \$(115,000 in 2016 and 2015))	1,918,882	-	750	550	21,151	-	-	-	-	1,641,133
Investments, net	395,096	-	-	11,851	7,992	-	-	-	-	414,939
Prepaid expenses and other assets	2,252,565	14,916	855	3,458	562,555	1,750	-	10,604	-	2,826,486
Total current assets	46,993,997	2,875,615	962,897	1,057,020	5,804,446	149,831	149,547	64,190	(8,463,752)	48,693,411
Investments	16,378,155	-	250,695	-	750,702	-	-	5,321	-	17,345,873
Fixed assets, net	67,345,274	10,265	54,274	478,771	7,705,118	137,333	123,650	22,485	-	75,855,170
Art objects	21,750	-	-	-	-	-	-	-	-	21,750
Beneficial interest in remainder trust	37,813	-	-	-	501,440	-	-	36,441	-	575,912
Other assets	572,920	-	-	-	2,100	-	-	-	-	575,020
Total assets	\$ 130,449,997	\$ 2,895,880	\$ 1,227,864	\$ 1,535,791	\$ 14,742,826	\$ 287,164	\$ 273,217	\$ 128,637	\$ (8,463,752)	\$ 143,066,336
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts receivable and accrued liabilities	\$ 24,733,414	\$ 259,517	\$ 2,907	\$ 293,189	\$ 1,258,455	\$ 15,299	\$ -	\$ 7,219	\$ -	\$ 26,550,006
Intercompany payable	-	5,567,141	1,589,662	917,475	1,971,283	171,849	156,665	89,677	(8,463,752)	-
Deferred revenues	382,442	58,240	25,660	8,676	703,901	-	-	-	-	1,156,919
Advance from government agency	-	-	-	-	-	-	-	-	-	-
Current portion of long term debt	550,544	-	-	28,989	195,462	-	-	-	-	754,995
Total current liabilities	25,666,400	5,844,898	1,616,229	1,248,329	4,109,101	187,148	156,665	96,896	(8,463,752)	28,441,914
LONG-TERM LIABILITIES										
Obligations under capital leases	56,580,451	-	-	51,125	60,864	-	-	-	-	56,672,420
Long-term debt, net of current portion	17,520,000	-	-	-	6,423,320	-	-	-	-	23,943,320
Revolving loans	15,453,272	-	-	-	5,033,426	-	-	-	-	16,486,698
Other liabilities	1,173,827	-	-	20,833	997,189	-	-	-	-	2,191,849
Total liabilities	96,773,950	5,844,898	1,616,229	1,300,287	14,625,900	187,148	156,665	96,896	(8,463,752)	107,756,201
NET ASSETS										
Unrestricted	54,748,272	(959,018)	(505,442)	227,754	(603,422)	100,014	116,552	31,741	-	53,176,425
Temporarily restricted	1,507,385	-	42,879	-	219,888	-	-	-	-	1,569,272
Permanently restricted	-	-	75,000	7,768	501,660	-	-	-	-	584,428
Total net assets	56,075,577	(959,018)	(508,363)	235,594	118,126	100,014	116,552	31,741	-	55,530,135
Total liabilities and net assets	\$ 130,449,997	\$ 2,895,880	\$ 1,227,864	\$ 1,535,791	\$ 14,742,826	\$ 287,164	\$ 273,217	\$ 128,637	\$ (8,463,752)	\$ 143,066,336

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES
Consolidating Schedule of Activities
For the year ended September 30, 2016

	Unrestricted								Consolidated
	Fedcap Rehabilitation Services Inc.	Wildcat Services Corporation	ReServe	Community Work Services	Easter Seals New York	Granite Pathways	Red Mango	Easter Seals Rhode Island	
REVENUES									
Contract services and products	\$ 93,664,468	\$ 7,418,081	\$ -	\$ 1,060,099	\$ -	\$ -	\$ 169,570	\$ -	\$ 102,312,128
Rehabilitation and vocational programs	81,670,495	1,758,623	4,280,802	3,808,639	28,685,196	179,279	-	53,084	120,436,118
Contributions and grants	944,257	-	154,932	708,267	1,451,596	153,118	-	4,146	3,416,316
Inheritor Contribution	-	-	-	-	-	9,841	123,650	68,889	202,380
Interest Income	122,888	-	590	339	900	-	-	-	124,717
Miscellaneous revenue	1,672,579	-	-	-	124,804	-	-	-	1,797,383
Net assets released from restrictions	540,563	-	79,691	60,094	65,472	-	-	-	745,820
Total revenues	178,615,250	9,176,704	4,516,015	5,637,348	30,327,968	342,238	293,220	126,119	229,034,862
EXPENSES									
Program services									
Contract services and products	83,569,700	5,979,051	-	1,248,252	12,883	-	176,668	-	90,986,554
Rehabilitation and vocational programs	69,969,060	1,780,578	4,087,098	3,023,512	26,675,295	242,222	-	75,734	105,862,539
	153,538,760	7,760,629	4,087,098	4,271,764	26,688,178	242,222	176,668	75,734	196,649,093
Supporting services									
Management and general	23,873,234	1,106,637	758,753	1,367,821	2,398,147	-	-	27	29,504,519
Development	407,466	-	-	57,730	1,192,805	-	-	18,577	1,676,578
	24,280,700	1,106,637	758,753	1,425,551	3,590,952	-	-	18,604	31,181,097
Total expenses	177,819,460	8,875,266	4,845,851	5,697,315	30,279,030	242,222	176,668	94,378	228,030,190
Change in net assets - Unrestricted	795,790	301,438	(329,836)	(59,967)	48,938	100,016	116,552	31,741	1,004,672
Net assets at beginning of year - Unrestricted	33,972,482	(1,260,456)	(175,606)	287,703	(652,360)	-	-	-	32,171,763
Net assets at end of year - Unrestricted	\$ 34,768,272	\$ (959,018)	\$ (505,442)	\$ 227,736	\$ (603,422)	\$ 100,016	\$ 116,552	\$ 31,741	\$ 33,176,435
	Temporarily Restricted								
	Fedcap Rehabilitation Services Inc.	Wildcat Services Corporation	ReServe	Community Work Services	Easter Seals New York	Granite Pathways	Red Mango	Easter Seals Rhode Island	Consolidated
REVENUES									
Contributions and grants	\$ -	\$ -	\$ 90,009	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 140,009
Net assets released from restrictions	(540,563)	-	(79,691)	(60,094)	(65,472)	-	-	-	(745,820)
Total revenues	(540,563)	-	10,309	(60,094)	(15,472)	-	-	-	(605,820)
Change in net assets - Temporarily Restricted	(540,563)	-	10,309	(60,094)	(15,472)	-	-	-	(605,820)
Net assets at beginning of year - Temporarily Restricted	1,847,868	-	31,720	60,094	235,360	-	-	-	2,175,092
Net assets at end of year - Temporarily Restricted	\$ 1,307,305	\$ -	\$ 42,029	\$ -	\$ 219,888	\$ -	\$ -	\$ -	\$ 1,569,272

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

FEDCAP REHABILITATION SERVICES, INC. AND SUBSIDIARIES

Consolidated Schedule of Functional Expenses

For the year ended September 30, 2016 (with comparative totals for the year ended September 30, 2015)

	Program Services			Supporting Services			2015	
	Contract Services and Products	Rehabilitation and Vocational Programs	Total	Management and General	Development	Total	Total Expenses	Total Expenses
Salaries and related expenses	\$ 62,472,043	\$ 64,699,672	\$ 127,171,715	\$ 13,305,571	\$ 548,937	\$ 13,854,508	\$ 141,026,223	\$ 98,596,857
Professional fees	88,039	3,172,244	3,260,283	2,730,162	118,227	2,848,389	6,108,672	2,946,116
Professional development and evaluation	31,287	497,833	529,120	66,370	17,509	83,879	612,999	354,221
Materials and supplies	4,818,219	1,345,536	6,163,755	271,163	69,825	340,988	6,504,743	5,561,003
Commissions	2,550,631	-	2,550,631	-	-	-	2,550,631	2,851,156
Telephone	137,463	551,905	689,366	571,165	13,905	585,070	1,274,436	532,692
Postage and shipping	867,968	174,743	1,042,711	152,700	4,083	156,783	1,199,494	1,167,836
Insurance	1,165,185	770,839	1,936,024	675,994	2,486	678,480	2,614,504	1,481,855
Occupancy costs	293,812	12,457,302	12,751,114	840,604	51,048	891,652	13,642,766	11,597,130
Equipment rental and maintenance	361,995	290,220	652,215	233,338	4,434	237,772	889,987	908,295
Equipment purchases	245,883	64,505	310,388	19,769	400	20,169	330,557	916,906
Client transportation and travel	211,300	3,817,503	4,028,803	581,664	21,773	603,437	4,632,240	3,297,476
Subscription and printing	61,725	36,171	97,896	118,184	38,866	157,050	254,946	143,066
Technology	121,860	725,665	847,525	1,587,013	16,738	1,603,751	2,451,276	2,668,360
Interest expense and bank charges	138	32,062	32,200	3,444,176	114	3,444,290	3,476,490	2,716,860
Bad debt provision (recoveries)	-	102,377	102,377	943,999	-	943,999	1,046,376	(206,665)
Subcontractor expense	16,967,218	10,184,819	27,152,037	39,767	-	39,767	27,191,804	28,438,117
Stipends	138	4,336,265	4,336,403	85,598	6,845	92,443	4,428,846	4,309,753
Security guard expense	2,376	684,253	686,629	63,729	-	63,729	750,358	447,368
Other	433,246	1,177,447	1,610,693	755,463	758,426	1,513,889	3,124,582	1,660,235
Total expenses before depreciation and amortization	90,830,526	105,121,359	195,951,885	26,486,429	1,673,616	28,160,045	224,111,930	170,388,637
Depreciation and amortization	156,028	741,180	897,208	3,018,090	2,962	3,021,052	3,918,260	3,318,960
Total expenses	\$ 90,986,554	\$ 105,862,539	\$ 196,849,093	\$ 29,504,519	\$ 1,676,578	\$ 31,181,097	\$ 228,030,190	\$ 173,707,597

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.



Powered by **FEDCAP**

GRANITE PATHWAYS BOARD MEMBERS

May, 18, 2017

Matthew Boyle – Board Chair

Christine McMahon

Andrea Mitsch

Pamela Brown

Lynne Westaway

Jacqueline Ellis

Dulcinea Kaufman

Debora Jameson

Frances DeCinto

Geri Foucher

Ellen Malloy

William Rider

Sue Taylor

Julie Van Ryen

Sara Treacy

Sharon Musselman

SERENA POWELL

QUALIFICATIONS

- Exceptional leader 20+ years of experience with vocational rehabilitation and workforce development systems
 - Designed and implemented nationally recognized models for putting people with barriers to work
 - Strategic planning, fiscal management, fundraising and staff development
 - Boston Business Journal's *Forty under Forty* & Boston Jaycees' Ten Outstanding Young Leaders
 - Certified Rehabilitation Counselor CRC # 35487
-

EXPERIENCE

2013 to present Senior Vice President, New England, Fedcap Rehabilitation Services, Inc.

- Responsible for leading Fedcap's national initiative for promoting employment for people with I/DD and driving programmatic growth throughout New England
- Responsible for overseeing all service delivery and directing all regional operations including: Workforce Development, Finance and Administration, Fundraising and Business Operations
- Acts as Executive Director for Community Work Services, convening the CWS Board of Directors and Advisors, the New England oversight committee and participation on Fedcap's senior management team

2004-2013 President and Chief Executive Officer Community Work Services, Boston, MA

- Established Community Work Services as Boston's premier employment service provider for low-income people with barriers such as disabilities and homelessness
- Managed agency through complete fiscal, programmatic and governance turnaround including re-branding process, systems upgrade, board re-structuring and launch of fundraising initiative and capital campaign
- Daily responsibilities involved working with Board of 17 Directors, and 25 Advisors, business community, clients and other key stakeholders in strategic planning and successful attainment of agency objectives

1993-2004 Director of Workforce Development, Morgan Memorial Goodwill Industries Boston, MA

- Directed the delivery of job training and competitive placement services for over 1,500 individuals with barriers each year
- Acted as primary contracting agent for all new programs, negotiating collaborations with employers and other community based organizations
- Acted as primary liaison for Department of Labor and state funding agencies
- Performed strategic planning for department and agency as member of management team. Provided supervision and orientation for four managers and 20 program staff

Vocational Evaluator and Case Management Experience Morgan Memorial Goodwill Industries Boston, MA

- Administered psychometric testing and work samples to assess individuals with disabilities referred through MA state agencies to determine their aptitudes, interests and preferences as they related to employment
- Developed comprehensive reports making recommendations for suitable jobs, supports and training needed
- Provided case management services for individuals with disabilities enrolled in job training programs. This included developing service plans, teaching job readiness skills and performing job placement activities

CONSULTING

- 2009 Senior Graduate Lecturer: Northeastern University, Boston, MA 02115**
- Taught graduate level course in strategic planning, workforce development program design and implementation. Part of new graduate-level certificate program in workforce development.
- 1997 Consultant Opportunity Center, New Bedford, Massachusetts 02740**
- Provided consultation in the development of a vocational evaluation department. Designed evaluation packages targeted towards state referral sources and public school system. Created marketing plan.

EDUCATION

- Commonwealth Institute, Boston, MA 2011**
Certificate - Leadership Accelerator Program
- 1997 Boston University, Boston, MA**
Master's in Science
Rehabilitation Counseling
Certified Rehabilitation Counselor, CRC # 35487
- University of Massachusetts, Amherst, MA 1992**
Bachelor's of Arts in English Literature
Minor in Sociology

AWARDS AND ACKNOWLEDGMENT

- Provider's Council, Innovator of the Year, 2012
- Provider's Council Chair's Award to Outstanding Board Member 2009
- *Impact* - Boston University, Sargent College Alumni Magazine – cover story, summer, 2008
- Community Work Services nominated for SBANE Innovation Award, 2008
- Boston Business Journal, Boston's Forty under Forty, 2006
- Greater Boston Junior Chamber of Commerce, TOYL – Ten Outstanding Young Leader, 2006
- First Step Program commended by President Clinton and National Welfare to Work Partnership, Welfare, 1999

Kenneth M. Kosowicz, CPA

CHIEF FINANCIAL OFFICER

Chief Financial Officer possessing a financial acumen of excellence with a proven record of establishing cross-functional partnerships to deliver stellar results. A strategic leader who is known for driving the operations within the analytics and business development areas of the company. Accountable for multi-million dollar budgets and allocating resources to exceed profits and revenue goals. Particularly adept at streamlining, reorganizing and leading personnel from large organizations productively. Provided collaborative leadership in the development, implementation and procurement of all financial planning and analysis. Performance-driven in optimizing all organizational fiscal and revenue strategic development to operational excellence. A recent merger and a change in management, has placed me in a position to explore new endeavors with new opportunities.

Professional Attributes

- Strategic Financial Planning & Analysis
- P & L Ownership & Management
- Organizational Re-Engineering
- Payroll Reporting, Budgeting, Forecasting
- Large Data Base Programs & Systems Mgmt
- Effective Fiscal Management & Administration
- Results-Driven Operations & Team Approach
- Inspires others with high integrity & truthfulness
- Full Spectrum of Managers & Senior Leadership
- Control of Discretionary Costs (i.e. Contract Labor)
- Fiscal & Productivity Tool Design & Execution
- Contributor to Strategic Planning/Development
- Knowledge of Government Funding, Laws, Reporting
- Search for Cost Saving & Time Efficiency Opportunities
- Fiscal Accountability, Prevention of Fiscal Surprises
- Identifies benchmarks, departments & individual performance

Career Highlights

- ★ **Managed** a \$10M capital expenditure for FY 16 and presented financials to the Board of Directors and to the Finance Committee.
- ★ **Replaced** high-cost of contract laborers, such as electricians, plumbers, carpenters and others with employed staff saving the company of \$110k annually.
- ★ **Collaborated** with the Director of Nursing and Sr. Vice-President to examine and eliminate excessive and unnecessary coverage by reducing nursing agency cost in half (\$2.4M spend).
- ★ **Created** a tracking system for agency nursing through Kronos, to measure the value and cost vs. the hiring of nurses as a direct hire (W2 employee).
- ★ **Established** productivity targets for therapist requiring an improvement in management skills to address overlooked issues resulting in an anticipated 15% increase in productivity.
- ★ **Focused on** excessive overtime (+1,000 hours per week) and need for a 50% reduction thru active engagement with management team to assure the schedule and staff met operational demands and the monitoring of absenteeism which creates overtime for others.
- ★ **Improved** the AP system flow to eliminate redundant invoices being paid resulting in recoups over \$45k in invoices paid twice.
- ★ **Developed** and updated finance policies by working with the Policy Committee to remove outdated policies that no longer applied and added mission critical polices required by standards of care.
- ★ **Negotiated** discounts, rebates and purchases with high cost contracts and saved the company an on-going saving of over \$100k annually.
- ★ **Utilized** various metrics for wage and expense alignments with revenue for manager awareness and decision making
- ★ **Educated** with extensive knowledge of various business models and services within the healthcare industry, including budget variance reporting and cost accounting principles.

Professional Experience

UMass Memorial Health Care (UMMHC) | Leominster, MA

12/15 - 11/16

Nonprofit and clinical partner of the University of Massachusetts Medical School and one of the largest integrated multi-specialty group medical practices on the East Coast health care system in Central and Western Massachusetts.

Controller

- **Selected** to direct the day-to-day accounting responsibilities of a 122-bed hospital to improve the inefficiencies and processes of the \$180M annual operation.
- **Executed** strategic priorities through the smooth, efficient implementation and execution of all monies and operating plans while actively interfacing with managers on all financial matters
- **Received** training on 'The Six Sigma Yellow Belt Lean' that provided a comprehension of the fundamental methodologies covering the basic improvement procedures with the necessary metrics to small projects.
- **Developed** appropriate financial controls and accounting methods by establishing and monitoring all financial/business performance standards.
- **Provided** management performance reviews with useful feedback, which held people accountable and empowered them in their development.
- **Recommended** and implemented performance improvement initiatives by eliminating inefficient procedures with corrective actions.
- **Established** leads and participates in appropriate committees to assure a broad base of participation was in the decision-making process.
- **Encouraged** and supported diverse views and approaches, creating an environment of professionalism, respect, tolerance, civility and acceptance toward all employees, patients and visitors.

Lakeview Healthcare Systems | Effingham, NH

1996 - 2015

Respected, reliable provider, dedicated to the treatment, rehabilitation, care, education and support of individuals with complex challenges achieved through effective person-centered care, efficient use of available resources & best practices.

Chief Financial Officer

- **Administered** the day-to-day operations including, but not limited to staffing, productivity, accounts receivable/billing, documentation, compliance, contractual, regulatory standards, and expense management.
- **Developed** for review and approval by the Executive Director and Board of Directors the annual budget, accounting, internal controls, and forecasting, auditing and physical infrastructure for the administrative systems.
- **Executed** and financially managed the completion of contracts and grants, Represent the Agency on all financial matters before the aforementioned oversight agencies as well as numerous external business and provider organizations.
- **Supervised** the financial staff and indirectly supervised the Agency staff in the absence of the Executive Director to ensure that internal controls were in place and in compliance with GAAP and applicable federal, state, and local regulatory laws and rules.
- **Accomplished** three successful sales of \$20 million assets championed by due diligence efforts.
- **Succeeded** as an active participant in converting 800+ employees to a new ADP payroll system.
- **Facilitated** successful launches that interfaced with 3rd party entity firms for private placement.
- **Managed** a \$4 million annual budget in corporate insurances and funding arrangements.
- **Directed** the implementation of the corporate debit card rollout plan for all entities ensuring corporate compliance was met.
- **Reported** to the Executive Director on the fiscal activities for a \$55 million multi-state organization with diverse revenue sources and company structure developing and implementing action plans as needed.

Education

Southern New Hampshire University
Manchester NH

Masters in Business Administration & Finance

University of New Hampshire
Durham NH

Bachelor of Science in Environmental Conservation

Software: Various accounting software programs, ADP, and accounting software enhancement programs

KEY ADMINISTRATIVE PERSONNEL

NH Department of Health and Human Services

Contractor Name: Granite Pathways

Name of Contract: RFP-2017-BDAS-03-FAMIL

BUDGET PERIOD: SFY 2017

NAME	JOB TITLE	SALARY	PERCENT PAID FROM THIS CONTRACT	AMOUNT PAID FROM THIS CONTRACT
Serena M. Powell	SVP New England Operations	\$150,000	0.00%	\$0.00
Ken kowowicz	Director of Finance New England	\$100,000	1.50%	\$1,500.00
		\$0	0.00%	\$0.00
		\$0	0.00%	\$0.00
		\$0	0.00%	\$0.00
		\$0	0.00%	\$0.00
TOTAL SALARIES (Not to exceed Total/Salary Wages, Line Item 1 of Budget request)				\$1,500.00