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STATE OF NEW HAMPSHIRE
 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 OFFICE OF HUMAN SERVICES
 BUREAU OF HOMELESS AND HOUSING SERVICES

Jeffrey A. Meyers
 Commissioner

129 PLEASANT STREET, CONCORD, NH 03301-3857
 603-271-9196 1-800-852-3345 Ext. 9196

Christine M. Tappan
 Associate Commissioner

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September 25, 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, Office of Human Services, Bureau of Homeless and Housing Services to enter into **sole source** agreements with the vendors below to provide permanent housing programs to chronically homeless individuals and families through the Federal Continuum of Care program in an amount not to exceed \$552,627, effective per the dates indicated below, upon Governor and Executive Council approval, through the completion dates indicated in the table below. 100% Federal Funding.

Vendor	Location	Vendor #	Effective Date	Completion Date	SFY 2018	SFY 2019	Total Amount
Families in Transition	Dover	157730-B001	11/01/2017	10/31/2018	\$66,250	\$33,125	\$99,375
Families in Transition	Statewide	157730-B001	01/01/2018	12/31/2018	\$81,738	\$81,738	\$163,476
Southwestern Community Services	Sullivan County	177511-R001	11/01/2017	10/31/2018	\$44,280	\$22,141	\$66,421
Southwestern Community Services	Claremont	177511-R001	11/01/2017	10/31/2018	\$74,059	\$37,029	\$111,088
Southwestern Community Services	Cheshire & Sullivan Counties	177511-R001	01/01/2018	12/31/2018	\$56,134	\$56,133	\$112,267
				Total	\$322,461	\$230,166	\$552,627

Funds are available in the following account in State Fiscal Years 2018 and 2019, with authority to adjust amounts within the price limitation and adjust encumbrances between State Fiscal Years through the Budget Office, without further approval from the Governor and Executive Council, if needed and justified.

05-95-42-423010-7927 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: HUMAN SERVICES, HOMELESS & HOUSING, HOUSING- SHELTER PROGRAM

State Fiscal Year	Class/Account	Title	Amount
2018	102-500731	Contracts for Program Services	\$322,461
2019	102-500731	Contracts for Program Services	\$230,166
		Total	\$552,627

EXPLANATION

These requests are **sole source** because federal regulations require the Department to specify each vendor's name during the federal Continuum of Care program renewal application process, completed annually, prior to the grant award being issued. The U.S. Department of Housing and Urban Development reviews the applications and awards funding based on its criteria. The application process and timing of grant terms do not align with state or federal fiscal years. The start date of a grant is based on the month in which each grant's original federal agreement was issued. This results in Continuum of Care program grant start dates, and subsequent renewal approval requests, occurring in various months throughout the year.

The attached agreements represent five (5) of twenty-nine (29) total agreements with vendors who are located throughout the state to ensure statewide delivery of housing services through New Hampshire's Continuum of Care Program.

Based on the continued receipt and availability of federal funds, and pursuant to these agreements, vendors will utilize Continuum of Care funds to provide supportive, operating and administrative services and rental/leasing assistance for permanent housing programs for chronically homeless individuals and families to promote the ability of participants to live more independently.

The U.S. Department of Housing and Urban Development established the Continuum of Care concept to support communities in their efforts to address the problems of housing and homelessness in a coordinated, comprehensive, and strategic fashion. The Continuum of Care serves three main purposes:

- (1) A strategic planning process for addressing homelessness in the community.
- (2) A process to engage broad-based, community-wide involvement in addressing homelessness on a year-round basis.
- (3) An opportunity for communities to submit an application to the U.S. Department of Housing and Urban Development for resources targeting housing and support services for homeless individuals and families.

The Bureau assures contract compliance and vendor performance in the following ways:

- (1) Annual compliance reviews shall be performed that include the collection of data relating to compliance with administrative rules and contractual agreements.
- (2) Statistical reports shall be submitted on a semi-annual basis from all funded vendors, including various demographic information and income and expense reports including match dollars.
- (3) All vendors funded for transitional, permanent or coordinated entry housing, or outreach services will be required to maintain timely and accurate data entry on the New Hampshire Homeless Management Information System, unless they are required by law to use an alternate data collection. The NH Homeless Management Information System will be the primary reporting tool for outcomes and activities of shelter and housing programs funded through this contract.

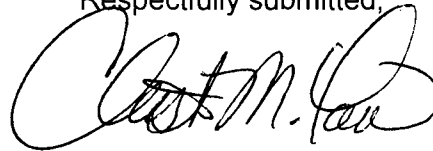
Should the Governor and Executive Council not authorize these requests, supportive services for homeless individuals and their families may not be available in their communities, and there may be an increase in demand for services placed upon the region's local welfare authorities. It may also cause individuals and/or families to become homeless.

Area served: Statewide.

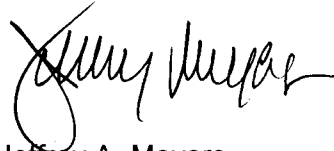
Source of funds: 100% Federal Funds from the U.S. Department of Housing and Urban Development, grant numbers: NH0053L1T001606, NH0081L1T001603, NH0066L1T001603, NH0079L1T001603 and NH0074L1T001604, Office of Community Planning and Development, Catalog of Federal Domestic Assistance Number (CFDA) #14.267.

In the event that the federal funds become no longer available, general funds will not be requested to support this program.

Respectfully submitted,



Christine M. Tappan
Associate Commissioner



Approved by:

Jeffrey A. Meyers
Commissioner

Subject: Continuum of Care, FIT: Dover Permanent Housing

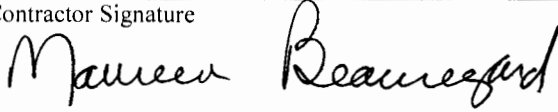
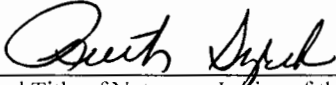
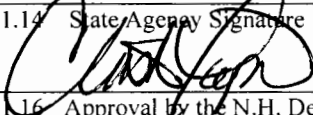
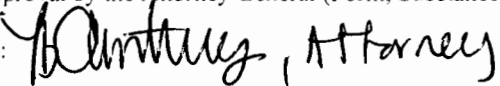
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

I. IDENTIFICATION.

1.1 State Agency Name Department of Health and Human Services Office of Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Families in Transition		1.4 Contractor Address 122 Market Street Manchester, NH 03101	
1.5 Contractor Phone Number (603) 641-9441	1.6 Account Number 05-95-42-423010-7927-102-500731	1.7 Completion Date October 31, 2018	1.8 Price Limitation \$99,375
1.9 Contracting Officer for State Agency Jonathan V. Gallo, Esq. Interim Director, Contracts and Procurement Unit		1.10 State Agency Telephone Number (603) 271-9246	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Maureen Beauregard, President	
1.13 Acknowledgement: State of New Hampshire, County of Hillsborough On September 20, 2017, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> [Seal]  </div> <div style="text-align: center;"> RUTH A. SYREK, Notary Public My Commission Expires October 16, 2018 </div> </div>			
1.13.2 Name and Title of Notary or Justice of the Peace Ruth Syrek, Admin Asst., Notary Public			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Christine Tappan Associate Commissioner	
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:  , Attorney On: 10/2/17			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

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

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

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

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Agreement. This provision shall survive termination of this Agreement.

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

8. EVENT OF DEFAULT/REMEDIES.

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

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

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

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

14. INSURANCE.

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

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

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

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

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

15. WORKERS' COMPENSATION.

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

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

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

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

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

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

19. CONSTRUCTION OF AGREEMENT AND TERMS.

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

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

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

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

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

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



SCOPE OF SERVICES

CONTINUUM OF CARE

Permanent Housing Program

1. Conditional Nature Of Agreement

- 1.1. Notwithstanding any provisions of this Agreement to the contrary, all obligations of the State are contingent upon receipt of federal funds under the Continuum of Care Grant. The State has applied for the Continuum of Care Grant and will continue to perform due diligence in the application process. However, the State makes no representation that it will receive the funds. In no event shall the State be liable for costs incurred or payment of any services performed by the Contractor prior to the State's receipt of federal funds applied for in the Continuum of Care Grant.
- 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. 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; submitted to:
NH DHHS
Bureau of Homeless & Housing Services (BHHS)
129 Pleasant Street
Concord, NH 03301

2. Services

- 2.1. Based on the continued receipt/availability of federal funds from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, the Contractor shall provide permanent housing to eight (8) homeless individuals three (3) of whom shall be chronically homeless.
- 2.2. The goal of this program is to facilitate the movement of homeless and chronically homeless individuals and families to permanent housing and maximum self-sufficiency.
- 2.3. To be eligible for contract services, individuals and families must be homeless as defined in HUD regulations. The Contractor must obtain and retain appropriate documentation.
- 2.4. The Contractor shall provide these services according to HUD regulations as outlined in Public Law 102-550, 24 CFR Part 578 Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program interim rule, and other written HUD policies and directives.
- 2.5. Each program participant shall have an employment assessment and employment goals included in the individual service plan, as appropriate.

3. Program Reporting Requirements

- 3.1. The Contractor shall submit the following reports:
 - 3.1.1. Annual Performance Report: Within thirty (30) days after the Completion Date, an Annual Performance Report (APR) shall be submitted to the BHHS that summarizes the results of the Project Activities, showing in particular how the Project Activities have been performed. The Annual Performance Report shall be in the form required or specified by the State, and submitted to the address listed in section 1.3 Exhibit A.
 - 3.1.2. Other Reports as requested by the State.

Handwritten initials 'MB' in black ink.



Exhibit A

- 3.2. All programs under this contract are required to be licensed to provide client level data into the New Hampshire Homeless Management Information System (NH HMIS). Programs under this contract must be familiar with and follow NH HMIS policy, including specific information that is required for data entry, accuracy of data entered, and time required for data entry. Current NH HMIS policy can be accessed electronically through the following website: <http://www.nh-hmis.org>.
- 3.3. Failure to submit the above reports or enter data into NH-HMIS in a timely fashion could result in the delay or withholding of reimbursements until such reports are received or data entries are confirmed by the BHHS.

4. Contract Administration

- 4.1. The Contractor shall have appropriate levels of staff to attend all meetings or trainings requested by the BHHS. To the extent possible, BHHS shall notify the contractor of the need to attend such meetings five (5) working days in advance of each meeting.
- 4.2. The Bureau Administrator of BHHS or designee may observe performance, activities and documents under this Agreement; however, these personnel may not unreasonably interfere with contractor performance.
- 4.3. The Contractor shall inform BHHS of any staffing changes within thirty (30) days of the change.
- 4.4. Contract records shall be retained for a period of five (5) years following completion of the contract and receipt of final payment by the Contractor, or until an audit is completed and all questions arising there from are resolved, whichever is later.
- 4.5. Changes to the contract services that do not affect its scope, duration, or financial limitations may be made upon mutual agreement between the Contractor and the BHHS.

5. Financial

- 5.1. Based on the continued receipt/availability of federal funds, the Contractor shall utilize Continuum of Care Program agreement value specified in Exhibit B of this agreement from the HUD Continuum of Care Program, for contract services.

5.1.1. Operating Expenses

5.1.1.1. Eligible operating expenses include maintenance and repair of housing, property taxes and insurance (including property and car), scheduled payments to reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost), building security for a structure where more than fifty (50) percent of the units or area is paid for with grant funds, utilities (including electricity, gas and water), furniture and equipment.

5.1.1.2. Ineligible costs include rental assistance and operating costs in the same project, operating costs of emergency shelter and supportive service-only facilities, maintenance and repair of housing where the costs of maintaining and repairing the housing are included in the lease.

5.1.2. Supportive Services

5.1.2.1. Eligible supportive services costs must comply with all HUD regulations in 24 CFR 578.53. Eligible services are available to those individuals actively participating in the permanent housing program.

5.1.2.2. Eligible costs include:



Exhibit A

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- 5.1.2.3. mental health services;
 - 5.1.2.4. case management services;
 - 5.1.2.5. salaries of Contractor staff providing supportive services;
 - 5.1.2.6. reasonable one-time moving costs (truck rental and hiring a moving company);
 - 5.1.2.7. child-care costs for establishing and operating child care;
 - 5.1.2.8. providing child-care vouchers for children from families experiencing homelessness (including providing meals, snacks and comprehensive and coordinated developmental activities);
 - 5.1.2.9. education services;
 - 5.1.2.10. employment assistance and job training skills;
 - 5.1.2.11. housing search and counseling services;
 - 5.1.2.12. legal services (fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with the homeless individual or family's ability to obtain and retain housing);
 - 5.1.2.13. outpatient health services and;
 - 5.1.2.14. transportation services and utility deposits.
 - 5.1.2.15. Ineligible costs include staff training, fundraising, conference attendance, and court fines incurred by participants.
- 5.1.3. Rental Assistance
- 5.1.3.1. Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.
 - 5.1.3.2. The rental assistance may be short term, up to 3 months of rent; medium term, for 3-24 months; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in 24 CFR 578.7(a)(9) and 24 CFR 578.51.
 - 5.1.3.3. Grant funds may be used for security deposits in an amount not to exceed 2 months of rent. An advance payment of the last month's rent may be provided to the landlord, in addition to the security deposit and payment of first month's rent.
 - 5.1.3.4. Rental assistance will only be provided for a unit if the rent is reasonable. The contractor must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit.
 - 5.1.3.5. The Contractor may use grant funds in an amount not to exceed one month's rent to pay for any damage to housing due to the action of a program participant. For **Leasing** funds only: Property damages may be paid only from funds paid to the landlord from security deposits.

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Exhibit A

- 5.1.3.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
- 5.1.3.7. The Contractor must provide one of the following types of rental assistance: Tenant-based, Project-based, or Sponsor-based rental assistance as described by HUD in 24 CFR 578.51.
- 5.1.3.8. Tenant-based rental assistance is rental assistance in which program participants choose housing of an appropriate size in which to reside. When necessary to facilitate the coordination of supportive services, recipients and sub recipients may require program participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of their period of participation. Short and medium term rental assistance provided under the Rapid Re-Housing program component must be tenant based rental assistance.
- 5.1.3.9. Sponsor-based rental assistance is provided through contracts between the recipient and sponsor organization. A sponsor may be a private, nonprofit organization, or a community mental health agency established as a public nonprofit organization. Program participants must reside in housing owned or leased by the sponsor.
- 5.1.3.10. Project-based rental assistance is provided through a contract with the owner of an existing structure, where the owner agrees to lease the subsidized units to program participants. Program participants will not retain rental assistance if they move.
- 5.1.3.11. For project-based, sponsor-based, or tenant-based rental assistance, program participants must enter into a lease agreement for a term of at least one year, which is terminable for cause. The leases must be automatically renewable upon expiration for terms that are a minimum of one month long, except on prior notice by either party.
- 5.1.4. Administrative Costs
 - 5.1.4.1. Administrative costs include:
 - 5.1.4.2. preparing program budgets;
 - 5.1.4.3. schedules and amendments;
 - 5.1.4.4. developing systems for assuring compliance with program requirements;
 - 5.1.4.5. developing interagency agreements and agreements with sub recipients and contractors to carry out program activities;
 - 5.1.4.6. preparing reports and other documents related to the program for submission to HUD;
 - 5.1.4.7. evaluating program results against stated objectives;
 - 5.1.4.8. travel costs incurred for official business in carrying out the program;
 - 5.1.4.9. administrative services performed under third party contracts or agreements (including such services as general legal services, accounting services, and audit services) and;



Exhibit A

- 5.1.4.10. other costs for goods and services required for administration of the program (including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance, but not purchase, of office space).
- 5.1.5. Leasing: Leasing may include leasing one structure or leasing units scattered throughout a community.
 - 5.1.5.1. Rent paid may only reflect actual costs and must be reasonable in comparison to rents charged in the area for similar housing units. Documentation of rent reasonableness must be kept on file by the Contractor.
 - 5.1.5.2. The portion of rent paid with grant funds may not exceed HUD-determined fair market rents.
 - 5.1.5.3. The Contractor shall pay individual landlords directly; funds may not be given directly to participants to pay leasing costs.
 - 5.1.5.4. Property damages may only be paid from money paid to the landlord for security deposits.
 - 5.1.5.5. The Contractor cannot lease a building that it already owns to itself.
 - 5.1.5.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
- 5.2. The Contractor shall provide sufficient matching funds, as required by HUD regulations and policies described in 24 CFR 578.73 (a) (b) (c).
 - 5.2.1. The contractor must match all grant funds except for leasing funds, with no less than twenty-five (25) percent of funds or in-kind contributions from other sources.
 - 5.2.2. Match requirements are to be documented with each payment request.
- 5.3. The Contractor shall only be reimbursed for those costs designated as eligible and allowable costs as stated in Section 5. Financial, Exhibit A. The Contractor must have written approval from the State prior to billing for any other expenses.
- 5.4. The Contractor may charge program participants rent and utilities (heat, hot water); however, the amount charged may not exceed the maximum amounts specified in HUD regulations (24 CFR 578.77). Other services such as cable, air conditioning, telephone, Internet access, cleaning, parking, pool charges, etc. are at the participant's option.
- 5.5. The contractor shall have any staff charged in full or part to this contract or counted as match complete weekly or bi-weekly timesheets.

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METHOD AND CONDITIONS PRECEDENT TO PAYMENT

CONTINUUM OF CARE

1. Permanent Housing Program

The following financial conditions apply to the scope of services as detailed in Exhibit A – Continuum of Care, Permanent Housing Program.

This contract is funded by the New Hampshire General Fund and/or by federal funds made available under the Catalog of Federal Domestic Assistance (CFDA), as follows:

NH General Fund:	0%
Federal Funds:	100%
CFDA #:	14.267
Grant Number:	NH0053L1T001606
Federal Agency:	U.S. Department of Housing & Urban Development
Program Title:	Continuum of Care, Permanent Housing Program
Total Amount Continuum of Care;	
November 1, 2017 – October 31, 2018:	not to exceed \$99,375
Funds allocation under this agreement for Continuum of Care Program;	
Administrative costs:	\$2,455
Operating Costs:	\$75,656
Supportive Services:	<u>\$21,264</u>
Total program amount:	\$99,375

- 1.1. Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, in an amount not to exceed and for the time period specified above.

2. Reports

As part of the performance of the Project Activities, the Contractor covenants and agrees to submit the following:

- 2.1. Audited Financial Report: The Audited Financial Report shall be prepared in accordance with 2 CFR part 200. Three (3) copies of the audited financial report shall be submitted within thirty (30) days of the completion of said report to the State at the following address:

NH DHHS
Bureau of Homeless & Housing Services
129 Pleasant Street
Concord, NH 03301

- 2.2. Where the Contractor is not subject to the requirements of 2 CFR part 200, within ninety (90) days after the Completion or Termination Date, one copy of an audited financial report shall be submitted to the State. Said audit shall be conducted utilizing the guidelines set forth in "Standards for Audit of Governmental Organizations, Program Activities, and Functions" by the Comptroller General of the United States.

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Exhibit B

3. Project Costs: Payment Schedule; Review by the State

- 3.1. Project Costs: As used in this Agreement, the term "Project Costs" shall mean all expenses directly or indirectly incurred by the Contractor in the performance of the Project Activities, as determined by the State to be eligible and allowable for payment in accordance with Public Law 102-550 as well as allowable cost standards set forth in 2 CFR part 200 as revised from time to time and with the rules, regulations, and guidelines established by the State. Nonprofit subcontractors shall meet the requirements of 2 CFR part 200.
- 3.2. Payment of Project Costs: Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development Title XIV Housing programs under the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act), Subtitle A-Housing Assistance (Public Law 102-550) in an amount not to exceed as specified above. Reimbursement requests for all Project Costs shall be submitted on a monthly basis and accompanied by an invoice from the Contractor for the amount of each requested disbursement along with a payment request form as designated by the State, which shall be completed and signed by the Contractor. The Contractor shall provide additional financial information if requested by the State to verify expenses.
- 3.3. Review of the State Disallowance of Costs: At any time during the performance of the Services, and upon receipt of the Annual Performance Report, Termination Report or Audited Financial Report, the State may review all Project Costs incurred by the Contractor and all payments made to date. Upon such review the State shall disallow any items of expenses that are not determined to be allowable or are determined to be in excess of actual expenditures, and shall, by written notice specifying the disallowed expenditures, inform the Contractor of any such disallowance. If the State disallows costs for which payment has not yet been made, it shall refuse to pay such costs. Any amounts awarded to the Contractor pursuant to this agreement are subject to recapture. The funds authorized to be expended under this Agreement shall be used only for operations, supportive services, leasing, rental assistance and administration or reimbursement for expenditures for operations, supportive services, leasing, and rental assistance and administration, provided by the Contractor for the project period and operating years of the Continuum of Care Program as approved by HUD and in accordance with the Continuum of Care Program Regulations, published at 24 CFR Part 578.

4. Use Of Grant Funds

- 4.1. The State agrees to provide payment for actual costs, not to exceed an amount as specified in this Exhibit, and defined by HUD under the provisions of P.L. 102-550 and other applicable regulations.
- 4.2. 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.
- 4.3. Conformance to 2 CFR part 200: Grant funds are to be used only in accordance with procedures, requirements, and principles specified in 2 CFR part 200.

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Sept. 20, 2017



Exhibit B

5. Contractor Financial Management System

- 5.1. Fiscal Control: The Contractor shall establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, grant funds and any required nonfederal expenditures. This responsibility applies to funds disbursed in direct operations of the Contractor.
- 5.2. The Contractor shall maintain a financial management system that complies with 2 CFR part 200 or such equivalent system as the State may require. Requests for payment shall be made according to EXHIBIT B, Section 3.2, Payment of Project Costs, of this Agreement.

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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;

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

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

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



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

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

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

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

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

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

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



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.



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.

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CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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

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

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

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




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

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

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

Contractor Name: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President



CERTIFICATION REGARDING LOBBYING

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

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

Programs (indicate applicable program covered):

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

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

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

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

Contractor Name: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President



**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: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President



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

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

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

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

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

Exhibit G

Contractor Initials

Handwritten initials in black ink, appearing to be 'MB' or similar, written over a horizontal line.

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: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President

Exhibit G

Contractor Initials 

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



CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

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

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

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

Contractor Name: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President



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.

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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

Handwritten initials in black ink, appearing to be 'MB' or similar, written over a horizontal line.



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

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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.

Handwritten initials in black ink, appearing to be 'MD' or similar, written over a horizontal line.



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

Signature of Authorized Representative

Christine Tappan

Name of Authorized Representative

Associate Commissioner

Title of Authorized Representative

9/28/2017

Date

Families in Transition

Name of the Contractor

Signature of Authorized Representative

Maureen Beauregard

Name of Authorized Representative

President

Title of Authorized Representative

September 20, 2017

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: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President

Contractor Initials 

Date Sept. 20, 2017



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: 825360399
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

X NO _____ YES

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

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

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

_____ NO _____ YES

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

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

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

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



DHHS INFORMATION SECURITY REQUIREMENTS

1. Confidential Information: In addition to Paragraph #9 of the General Provisions (P-37) for the purpose of this RFP, the Department's Confidential information includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.
2. The vendor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services. Minimum expectations include:
 - 2.1. Maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
 - 2.2. Maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
 - 2.3. Encrypt, at a minimum, any Department confidential data stored on portable media, e.g., laptops, USB drives, as well as when transmitted over public networks like the Internet using current industry standards and best practices for strong encryption.
 - 2.4. Ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
 - 2.5. Provide security awareness and education for its employees, contractors and sub-contractors in support of protecting Department confidential information
 - 2.6. Maintain a documented breach notification and incident response process. The vendor will contact the Department within twenty-four 24 hours to the Department's contract manager, and additional email addresses provided in this section, of a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
 - 2.6.1. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
Breach notifications will be sent to the following email addresses:
 - 2.6.1.1. DHHSChiefInformationOfficer@dhhs.nh.gov
 - 2.6.1.2. DHHSInformationSecurityOffice@dhhs.nh.gov
 - 2.7. If the vendor will maintain any Confidential Information on its systems (or its sub-contractor systems), the vendor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the vendor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure

Handwritten initials in black ink, appearing to be 'MB' or similar, written over a horizontal line.

New Hampshire Department of Health and Human Services
Exhibit K



deletion, or otherwise physically destroying the media (for example, degaussing). The vendor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and vendor prior to destruction.

- 2.8. If the vendor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the vendor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the vendor, including breach notification requirements.
3. The vendor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the vendor and any applicable sub-contractors prior to system access being authorized.
4. If the Department determines the vendor is a Business Associate pursuant to 45 CFR 160.103, the vendor will work with the Department to sign and execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
5. The vendor will work with the Department at its request to complete a survey. The purpose of the survey is to enable the Department and vendor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the vendor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the vendor, or the Department may request the survey be completed when the scope of the engagement between the Department and the vendor changes. The vendor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the appropriate authorized data owner or leadership member within the Department.

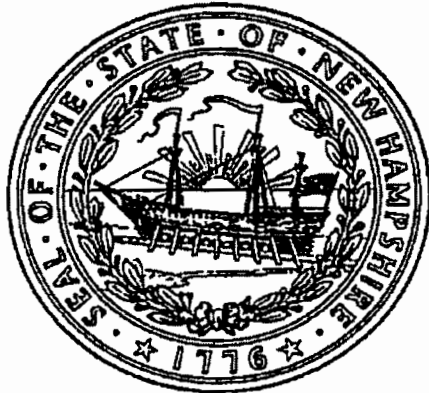
Handwritten signature of the contractor, appearing to be 'MB'.

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 FAMILIES IN TRANSITION is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on May 13, 1994. 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: 207982



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 25th day of April A.D. 2017.

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

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

1. I am a duly elected Officer of Families in Transition.
(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 September 20, 2017:
(Date)

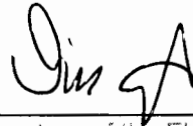
RESOLVED: That the President
(Title of Contract Signatory)

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 20 day of September, 2017.
(Date Contract Signed)

4. Maureen Beauregard is the duly elected President
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.



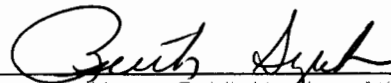
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 20 day of September, 2017.

By Dick Anagnost.
(Name of Elected Officer of the Agency)



(Notary Public/Justice of the Peace)

(NOTARY SEAL)

RUTH A. SYREK, Notary Public
My Commission Expires October 16, 2018

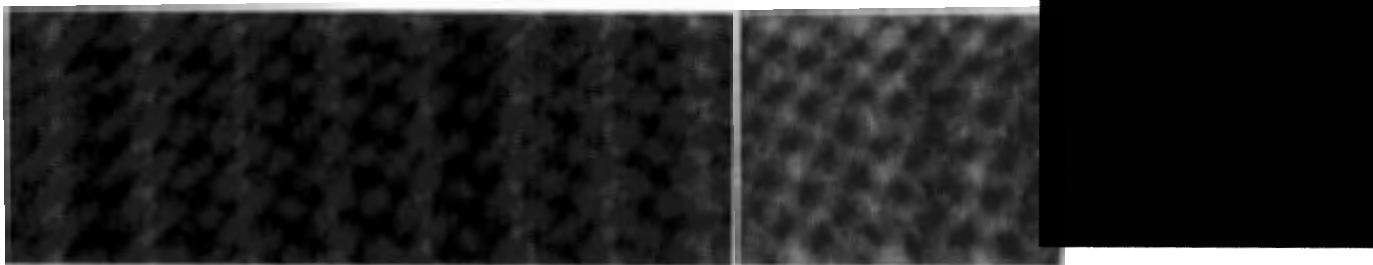
Commission Expires: _____

Families in Transition
122 Market Street
Manchester, NH 03101
Tel. 603-641-9441
Fax. 603-641-1244



Mission

To provide safe and affordable housing and
comprehensive social services to individuals
and families who are homeless or who are at risk of
becoming homeless, enabling them to gain
self-sufficiency and respect.



CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

December 31, 2016

(With Comparative Totals for 2015)

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Families in Transition, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Families in Transition, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2016 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2016, and the consolidated changes in their net assets and their consolidated cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 consolidated financial statements and, in our report dated March 22, 2016, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, which consists of the consolidating statement of financial position as of December 31, 2016, and the related consolidating statements of activities and functional expenses for the year then ended, is presented for purposes of additional analysis, rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
March 29, 2017

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

December 31, 2016

(With Comparative Totals for December 31, 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 773,336	\$ 1,027,626
Funds held as fiscal agent	91,897	90,123
Accounts receivable	176,659	30,212
Grants receivable	168,406	317,288
Prepaid expenses	35,838	43,155
Due from related parties	8,208	8,809
Other current assets	<u>42,795</u>	<u>41,302</u>
Total current assets	1,297,139	1,558,515
Replacement reserves	333,855	331,216
Reserve cash designated for properties	737,887	717,593
Investments	2,994	10,435
Investment in related entity	1,001	1,001
Property and equipment, net	26,990,325	25,441,709
Development in process	158,991	1,881,561
Other assets, net	<u>116,646</u>	<u>129,844</u>
Total assets	<u>\$ 29,638,838</u>	<u>\$ 30,071,874</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Current portion of long-term debt	\$ 204,278	\$ 184,407
Accounts payable	168,988	203,943
Accrued expenses	207,932	152,630
Funds held as fiscal agent	91,897	90,123
Due to related entity	-	869
Other current liabilities	<u>48,106</u>	<u>44,665</u>
Total current liabilities	721,201	676,637
Long-term debt, less current portion	<u>10,831,602</u>	<u>10,594,485</u>
Total liabilities	<u>11,552,803</u>	<u>11,271,122</u>
Net assets		
Unrestricted - controlling interest	12,862,952	12,946,230
Unrestricted - noncontrolling interest	<u>4,808,111</u>	<u>5,248,340</u>
Total unrestricted	17,671,063	18,194,570
Temporarily restricted	<u>414,972</u>	<u>606,182</u>
Total net assets	<u>18,086,035</u>	<u>18,800,752</u>
Total liabilities and net assets	<u>\$ 29,638,838</u>	<u>\$ 30,071,874</u>

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	Unrestricted - Controlling Interest	Unrestricted - Noncontrolling Interest	Total Unrestricted	Temporarily Restricted	Total 2016	Total 2015
Revenue and support						
Federal, state and other grant support	\$ 2,060,623	\$ -	\$ 2,060,623	\$ 288,829	\$ 2,349,452	\$ 2,782,997
Rental income, net of vacancies	1,779,729	-	1,779,729	-	1,779,729	1,762,156
Thrift store sales	733,574	-	733,574	-	733,574	721,821
Public support	291,046	-	291,046	-	291,046	188,524
Tax credit revenue	70,000	-	70,000	-	70,000	192,533
Special events	200,057	-	200,057	-	200,057	135,307
VISTA program revenue	83,649	-	83,649	-	83,649	72,888
Unrealized gains (losses) on investments	3,906	-	3,906	-	3,906	(227)
Loss on disposal of assets	(28,156)	-	(28,156)	-	(28,156)	(11,150)
Interest income	29,107	-	29,107	-	29,107	28,833
In-kind donations	22,549	-	22,549	-	22,549	4,970
Forgiveness of debt	131,267	-	131,267	-	131,267	131,267
Medicaid reimbursements	248,815	-	248,815	-	248,815	175,366
Other income	74,812	-	74,812	-	74,812	308,696
Net assets released from restrictions	480,039	-	480,039	(480,039)	-	-
Total revenue and support	6,181,017	-	6,181,017	(191,210)	5,989,807	6,493,981
Expenses						
Program activities						
Housing	5,260,642	-	5,260,642	-	5,260,642	4,839,193
Thrift store	590,896	-	590,896	-	590,896	564,569
Total program activities	5,851,538	-	5,851,538	-	5,851,538	5,403,762
Fundraising	402,696	-	402,696	-	402,696	329,373
Management and general	457,590	-	457,590	-	457,590	418,148
Total expenses	6,711,824	-	6,711,824	-	6,711,824	6,151,283
Contribution for long-term purposes	7,300	-	7,300	-	7,300	50,000
Change in net assets	(523,507)	-	(523,507)	(191,210)	(714,717)	392,698
Change in net assets attributable to noncontrolling interest in subsidiaries	440,229	(440,229)	-	-	-	-
Change in net assets after reclassification of portion attributable to noncontrolling interest	(83,278)	(440,229)	(523,507)	(191,210)	(714,717)	392,698
Net assets, beginning of year	12,946,230	5,248,340	18,194,570	606,182	18,800,752	18,408,054
Net assets, end of year	\$ 12,862,952	\$ 4,808,111	\$ 17,671,063	\$ 414,972	\$ 18,086,035	\$ 18,800,752

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	Program Activities			Management and General	2016 Total	2015 Total
	Housing	Thrift Store	Fundraising			
Salaries and benefits						
Salaries and wages	\$ 1,606,761	\$ 362,595	\$ 225,084	\$ 180,379	\$ 2,374,819	\$ 2,197,630
Employee benefits	161,906	40,273	20,492	16,380	239,051	254,849
Payroll taxes	<u>119,274</u>	<u>27,257</u>	<u>16,873</u>	<u>13,487</u>	<u>176,891</u>	<u>165,360</u>
Total salaries and benefits	1,887,941	430,125	262,449	210,246	2,790,761	2,617,839
Other expenses						
Advertising	15,153	27,540	1,793	1,433	45,919	41,689
Amortization	13,197	-	-	-	13,197	15,513
Application and permit fees	4,915	-	-	100	5,015	3,240
Bad debts	32,403	-	-	-	32,403	19,238
Bank charges	-	-	-	15,602	15,602	15,307
Consultants	67,376	3,268	1,186	5,356	77,186	8,316
Depreciation	927,135	9,839	28,280	22,605	987,859	911,306
Events	367	6,726	46,081	-	53,174	40,687
General insurance	111,344	8,780	495	23,003	143,622	124,620
Interest expense	179,672	660	-	-	180,332	203,058
Management fees	14,679	-	-	-	14,679	6,886
Meals and entertainment	5,598	224	1,019	815	7,656	4,469
Membership dues	7,522	525	1,419	1,134	10,600	6,909
Office supplies	91,720	8,658	15,812	12,639	128,829	118,425
Participant expenses	72,021	190	-	1,812	74,023	61,531
Postage	3,493	-	659	527	4,679	6,565
Printing	16,466	695	2,993	2,392	22,546	29,837
Professional fees	-	-	-	127,545	127,545	112,934
Rental subsidies	223,872	-	-	-	223,872	137,927
Repairs and maintenance	379,011	36,427	7,934	6,342	429,714	409,253
Staff development	8,989	-	1,695	1,355	12,039	8,536
Taxes	324,120	2,419	-	-	326,539	266,379
Technology support	55,540	344	10,280	8,217	74,381	59,523
Telephone	61,540	6,445	9,156	7,319	84,460	70,251
Travel	29,417	7,355	5,548	4,435	46,755	50,447
Utilities	387,242	29,178	-	-	416,420	409,871
VISTA program	290,379	-	-	-	290,379	306,283
Workers' compensation	<u>49,530</u>	<u>11,498</u>	<u>5,897</u>	<u>4,713</u>	<u>71,638</u>	<u>84,444</u>
Total expenses	\$ <u>5,260,642</u>	\$ <u>590,896</u>	\$ <u>402,696</u>	\$ <u>457,590</u>	\$ <u>6,711,824</u>	\$ <u>6,151,283</u>

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (714,717)	\$ 392,698
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,001,056	926,819
Contribution for long-term purposes	(7,300)	(50,000)
Forgiveness of debt	(131,267)	(131,267)
Unrealized (gains) losses on investments	(3,906)	227
Loss on asset disposal	28,156	11,150
Decrease (increase) in:		
Accounts receivable	(146,447)	9,771
Grants receivable	148,882	(34,478)
Prepaid expenses	7,317	11,432
Due from related parties	601	(599)
Other current assets	(1,493)	2,477
Increase (decrease) in:		
Accounts payable	(47,979)	20,364
Accrued expenses	55,302	(7,176)
Due to related party	(869)	(1,502)
Other current liabilities	3,441	(31,700)
Net cash provided by operating activities	<u>190,777</u>	<u>1,118,216</u>
Cash flows from investing activities		
Net deposits to reserve accounts	(22,933)	(47,633)
Proceeds from sale of investments	11,347	-
Investment in development in process	(156,432)	(862,528)
Acquisition of property and equipment	<u>(139,966)</u>	<u>(179,852)</u>
Net cash used by investing activities	<u>(307,984)</u>	<u>(1,090,013)</u>
Cash flows from financing activities		
Contributions received for long-term purposes	7,300	50,000
Proceeds from long-term borrowings	37,739	156,083
Payments on long-term debt	<u>(182,122)</u>	<u>(202,695)</u>
Net cash (used) provided by financing activities	<u>(137,083)</u>	<u>3,388</u>
Net (decrease) increase in cash and cash equivalents	<u>(254,290)</u>	<u>31,591</u>
Cash and cash equivalents, beginning of year	<u>1,027,626</u>	<u>996,035</u>
Cash and cash equivalents, end of year	<u>\$ 773,336</u>	<u>\$ 1,027,626</u>
Supplemental disclosure		
Acquisition of property and equipment through accounts payable	<u>\$ 13,024</u>	<u>\$ -</u>
Acquisition of property and equipment through long-term borrowings	<u>\$ -</u>	<u>\$ 72,410</u>
Acquisition of development in process through long-term borrowings	<u>\$ 532,638</u>	<u>\$ 758,086</u>
Property and equipment transferred from development in process	<u>\$ 1,879,002</u>	<u>\$ -</u>

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

Organization

Families in Transition, Inc. (FIT or the Organization) is a New Hampshire nonprofit, incorporated on May 13, 1994, to provide housing and comprehensive social services to individuals and families who are homeless or at risk of becoming homeless in certain areas of southern New Hampshire, including Manchester, Concord and Dover.

The Organization directly owns and operates housing programs in facilities located on Amherst Street, Spruce Street, Lake Avenue and Douglas Street in Manchester, New Hampshire. Additional housing facilities are owned and operated by several limited partnerships of which the Organization is the sole general partner. These limited partnerships include Millyard Families II Limited Partnership (Millyard II), located on Market Street in Manchester, New Hampshire; Bicentennial Families Concord Limited Partnership (Bicentennial), located at Bicentennial Square in Concord, New Hampshire; Family Bridge Limited Partnership (Family Bridge), located on Second Street in Manchester, New Hampshire; and Family Willows Limited Partnership (Family Willows), located on South Beech Street in Manchester, New Hampshire (collectively referred to as the Limited Partnerships).

In 2008, the Organization created a Community Development Housing Organization, Housing Benefits, Inc. (Housing Benefits). Housing Benefits identifies and develops new housing units and refurbishes existing units to meet the persistent need of combating homelessness. Completed housing units are located on School & Third Streets, Lowell Street, Belmont Street, Market Street (Millyard Families I), Spruce Street and Hayward Street, in Manchester, New Hampshire as well as an additional housing unit located on Central Avenue in Dover, New Hampshire (Dover).

In 2012, the Organization became the sole member of Manchester Emergency Housing, Inc. (MEH), a New Hampshire nonprofit corporation providing immediate shelter to homeless families in the Manchester, New Hampshire area. MEH is the only family shelter in Manchester, New Hampshire.

The Organization also owns 100% of Family OutFITters, LLC (OutFITters), a limited liability corporation. OutFITters operates independent thrift stores in Concord and Manchester, New Hampshire with the sole purpose of generating an alternate funding stream for the Organization.

The Organization has several wholly-owned corporations which include Brick Mill House Families II, Inc. (Brick Mill), Bicentennial Families Concord, Inc. (Bicentennial Families), Second Street Family Mill, Inc. (Family Mill), and Big Shady Tree, Inc. (Big Shady Tree) (collectively referred to as the General Partners), all of which are New Hampshire corporations. These wholly-owned corporations represent the .01% sole general partners in the Limited Partnerships, whereby Brick Mill is a general partner of Millyard II, Bicentennial Families is a general partner of Bicentennial, Family Mill is a general partner of Family Bridge and Big Shady Tree is a general partner of Family Willows.

In 2012, the Organization became the sole member of The New Hampshire Coalition to End Homelessness, a statewide entity, whose mission is to "eliminate the causes for homelessness through research, education and advocacy". The activity of this entity is not deemed material and has not been included in the consolidated financial statements.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

1. Summary of Significant Accounting Policies

Principles of Consolidation

Since the General Partners have control in the Limited Partnerships, in accordance with Financial Accounting Standards Board *Accounting Standards Codification* Topic 810-20-25, *Consolidation*, the financial statements of each of the Limited Partnerships' are required to be consolidated with the Organization's consolidated financial statements. The limited partners' ownership interest is reported in the consolidated statements of financial position as noncontrolling interest.

The consolidated financial statements include the net assets of the Organization, the Limited Partnerships, the General Partners, Housing Benefits, MEH and OutFITters. All significant inter-entity balances and transactions are eliminated in the accompanying consolidated financial statements.

Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization's December 31, 2015 consolidated financial statements, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified as follows based on the existence or absence of donor imposed restrictions.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related contributions for general or specific purposes. The Organization had no permanently restricted net assets as of December 31, 2016 and 2015.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support in the year of the gift.

The Organization reports contributions of land, buildings or equipment as unrestricted support, unless a donor places explicit restriction on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support and reclassified to unrestricted net assets when the assets are acquired and placed in service.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain the potential risk at a minimum. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on these accounts.

Restricted deposits are those deposits of cash and cash equivalents not generally available for operating costs, but restricted to particular uses including operating and replacement reserves for rental properties as well as certain other social services and programs.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation less accumulated depreciation. The Organization's capitalization policy requires the capitalization of capital expenditures greater than \$1,000, while ordinary maintenance and repairs are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 30 years. Assets not in service are not depreciated.

Volunteer Services

A number of volunteers have donated their time to the Organization's various programs and administrative services. The value of these services has not been included in the accompanying consolidated financial statements since the volunteers' time does not meet criteria for recognition. The estimated value of donated time for the years ended December 31, 2016 and 2015 is approximately \$995,000 and \$870,000, respectively.

Functional Expense Allocation

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

Income Taxes

The Organization is a tax-exempt Section 170(b)(1)(A)(vi) public charity as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been reflected in these financial statements.

The standards for accounting for uncertainty in income taxes require the Organization to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2016 and 2015, the Organization determined that it had no tax positions that did not meet the more-likely-than-not threshold of being sustained by the applicable tax authority. The Organization files an informational return in the United States. This return is generally subject to examination by the federal government for up to three years.

No provision for taxes on income is made in the Limited Partnerships' financial statements since, as a partnership, all taxable income and losses are allocated to the partners for inclusion in their respective tax returns.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016
(With Comparative Totals for December 31, 2015)

2. Property and Equipment

Property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 3,112,699	\$ 3,112,699
Land improvements	602,600	595,300
Buildings and improvements	30,172,685	27,901,568
Furniture and fixtures	604,164	501,900
Equipment	182,631	324,134
Vehicles	<u>290,475</u>	<u>290,475</u>
	34,965,254	32,726,076
Less: accumulated depreciation	<u>7,974,929</u>	<u>7,284,367</u>
Property and equipment, net	<u>\$ 26,990,325</u>	<u>\$ 25,441,709</u>

At December 31, 2016 and 2015, the Organization held \$22,254,216 and \$22,708,745, respectively, of land, land improvements, and buildings and improvements, net of accumulated depreciation, for the purpose of leasing to individuals.

3. Development in Process

In December 2015, the Organization completed the construction on its Family Place Resource Center and Shelter through funding received from New Hampshire Housing Finance Authority (NHHFA), Community Development Finance Authority funds and donations. The Organization began providing services to individuals in January 2016 and placed the facility in service. The facility houses an expanded family shelter as well as a comprehensive resource center designed to meet the needs of homeless families and children. The shelter consists of 11 emergency housing units for families in immediate need of shelter. The services provided at the facility include, but are not limited to, centralized assessment and referral, hot meals, access to an onsite food pantry, onsite medical care and therapeutic preschool programming for children. At the time of completion the Organization had invested approximately \$1.8 million in the facility.

In September 2014, a three-family building and land located on Spruce Street in Manchester, New Hampshire was donated to FIT by the City of Manchester. The property was transferred from FIT to Housing Benefits. Housing Benefits rehabilitated the project into rental housing for low-income households. The construction incorporated energy efficiencies to reduce operating costs and help ensure long-term affordability. In July 2016, this facility was placed into service. At the time of completion the Organization had invested approximately \$595,000 in the facility.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

4. Line of Credit

The Organization has an unsecured line of credit agreement, renewed annually, with a financial institution in the amount of \$100,000. During the term of the agreement, the interest rate on any outstanding principal balance shall be equal to the base rate, as defined by the financial institution, with a floor of 4%. There was no outstanding balance or activity as of and for the years ended December 31, 2016 and 2015.

5. Long-term Debt

Long-term debt consisted of the following:

	<u>2016</u>	<u>2015</u>
A mortgage loan payable to NHHFA in monthly payments of \$680, including interest at 1% and an escrow of \$289. The loan is collateralized by real estate located on Amherst Street, Manchester, New Hampshire. The loan is due and payable in full in January 2033.	\$ 60,724	\$ 64,186
A note payable to NHHFA. The note is noninterest bearing and is collateralized by real estate located on Amherst Street, Manchester, New Hampshire. The note is due and payable upon sale or refinancing of the property or in June 2042.	163,283	163,283
A mortgage loan payable to St. Mary's Bank in monthly payments of \$990, including interest at 4.55%. The loan is collateralized by real estate on Spruce Street, Manchester, New Hampshire and is due and payable in full in February 2019.	123,139	127,772
A vehicle loan on an activity bus payable to New Hampshire Health and Education Facilities Authority in monthly payments of \$525 at 1% annual interest rate. The loan is due and payable in February 2017.	1,077	7,310
A mortgage loan payable to TD Bank, N.A. in monthly payments of \$1,359, including interest at 7.1%. The loan is collateralized by real estate at Beech Street, Manchester, New Hampshire. The loan is due and payable in full in November 2023.	80,597	90,702
A mortgage loan payable to RBS Citizens Bank in monthly payments of \$2,126, including interest at 7.18%. The loan is collateralized by real estate on Douglas Street, Manchester, New Hampshire. The loan is due and payable in full in April 2024.	235,139	243,224

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A mortgage note payable by Bicentennial to NHHFA, collateralized by real estate and personal property. Monthly payments of \$1,095 include interest at 4.75% per annum until the principal and interest are fully paid with the final installment due and payable on May 1, 2034.	153,833	159,494
A noninterest bearing note payable by Bicentennial to NHHFA, collateralized by real estate and various financing instruments. Annual payments of 50% of surplus cash are due. The note is due and payable on May 28, 2034. This is nonrecourse.	85,018	85,018
A noninterest bearing note payable by Bicentennial to NHHFA, collateralized by real estate and various financing instruments. Annual payments of 25% of surplus cash are due. The note is due and payable on May 28, 2033. This note is nonrecourse and is subordinate to the \$85,018 note payable.	337,720	337,720
A noninterest bearing note payable by Bicentennial to Merrimack County, collateralized by real estate and various financing instruments. The note is due and payable in full in May 2033.	260,000	260,000
A noninterest bearing note payable by Millyard II to NHHFA, collateralized by real estate and various financing instruments. Annual payments of 25% of surplus cash are due. The note is due and payable upon sale or refinancing of the property or in May 2031. This loan is nonrecourse.	449,877	461,696
A mortgage note payable by Millyard II to NHHFA, collateralized by real estate and personal property. Monthly payments of \$1,729 include principal and interest at 3.5% per annum. The final installment is due and payable on September 1, 2032.	245,315	257,265
A note payable by Millyard II to the City of Manchester, New Hampshire, collateralized by real estate and various financing instruments. A payment of interest shall be made annually no later than August 1 each year based on 42.5% of the net cash flow. In any year where the Debt Coverage Ratio exceeds 1.15 to 1, principal payments shall be made no later than August 1 in an amount that will result in a 1.15 to 1 Debt Coverage Ratio. All unpaid amounts are due and payable in full on August 1, 2031. This note is nonrecourse.	226,725	226,725

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A noninterest bearing note payable by Millyard II to the New Hampshire Community Loan Fund, Inc. (NHCLF), collateralized by real estate. Payment of principal is due and payable on December 31, 2031. This note is nonrecourse.	250,000	250,000
A mortgage note payable by Housing Benefits to the City of Manchester Community Improvement Program, collateralized by Millyard Families I real estate. The note is noninterest bearing and is due and payable in January 2027.	230,000	230,000
A second mortgage note payable by Housing Benefits to Community Development Finance Authority (CDFA), collateralized by Millyard Families I real estate. Monthly payments of \$1,121 include principal and interest at 2% per annum. The final installment is due and payable on June 15, 2022.	69,998	81,919
A mortgage note payable by Family Bridge to NHHFA, collateralized by real estate and personal property. The note bears no interest and is to be repaid from 50% of available surplus cash annually with all remaining principal due on August 30, 2034.	850,000	850,000
A promissory note payable by Family Bridge to TD Bank, N.A., collateralized by real estate. Monthly payments of \$3,953 include principal and interest at 7.71%. The note is payable in full in November 27, 2023 and is guaranteed by FIT and Family Mill.	462,486	473,244
A promissory note payable by Family Bridge to the City of Manchester, New Hampshire. The note is noninterest bearing with annual payments of 50% of net cash flow payable by October 1. The outstanding principal is due by October 1, 2034. The note is collateralized by real estate and is nonrecourse.	600,000	600,000
A mortgage note payable by Family Willows to NHHFA, collateralized by real estate and personal property. The note bears no interest and is to be repaid from 50% of available surplus cash annually with all remaining principal due on July 9, 2037.	567,448	568,617

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A note payable by Family Willows to the City of Manchester, New Hampshire. The note is noninterest bearing and has an annual payment of \$9,091 payable on October 1. All outstanding principal is due by October 2029. The note is collateralized by real estate and is nonrecourse.	109,090	118,181
A note payable by Family Willows to RBS Citizens Bank, collateralized by real estate. Monthly payments of \$1,882 include principal and interest at 3.75%, based on the prime rate capped at 6%. The note is payable in full on June 27, 2033 and is guaranteed by FIT and Big Shady Tree.	287,593	300,086
A mortgage note payable by Housing Benefits to NHHFA, collateralized by School & Third Street real estate and personal property. Monthly payments of \$2,775 include principal and interest at 8% per annum. The note is due in February 2021.	119,838	142,347
A second mortgage note payable by Housing Benefits to NHCLF, collateralized by School & Third Street real estate and personal property. The note bears no interest and monthly payments of \$2,775 will commence on April 15, 2021 and continue until maturity in October 2039.	617,613	617,613
A mortgage note payable by Housing Benefits to NHHFA, collateralized by Belmont Street real estate and personal property. The non-interest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full by December 2040.	413,575	419,370
A privately-financed mortgage note collateralized by property located at South Main Street in Concord, New Hampshire. Monthly payments of \$3,158 include principal and interest at 6.25% per annum. The note will be paid in full in September 2031.	364,529	379,138
A mortgage note payable from Housing Benefits to NHHFA, collateralized by Lowell Street real estate and personal property. The non-interest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full in August 2040.	34,628	34,628

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

<p>A second, noninterest bearing, mortgage note payable from Housing Benefits to the City of Manchester, New Hampshire, collateralized by Lowell Street real estate. Annual payments equal to the greater of 25% of new cash flow or \$4,000 commenced in October 2012 and will continue until the maturity date in June 2041.</p>	172,022	176,022
<p>A noninterest promissory note payable from Housing Benefits to NHHFA collateralized by a mortgage and security agreement on Lowell Street real estate. The note will be forgiven 1/15th annually over the low-income housing tax credit compliance period which ends in 2026. During 2016 and 2015, \$131,267 was recognized as other income in the consolidated statement of activities.</p>	1,247,031	1,378,298
<p>A mortgage note payable from Housing Benefits to NHHFA, collateralized by Dover real estate and personal property. The noninterest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full by June 2028.</p>	219,364	221,428
<p>A technical assistance note payable to NHHFA to provide support to the Organization for the Hope House (the Project). If the Project is approved, NHHFA is expected to be the lead lender on the Project. At the time of closing on the construction loan, this noninterest bearing note payable will be repaid or refinanced. If the Project does not proceed to a closing, NHHFA has indicated it will forgive the loan.</p>	13,841	-
<p>A noninterest mortgage note payable to the City of Manchester Community Improvement Program, collateralized by real estate located at 393-395 Spruce Street. The note has a borrowing limit of \$500,000. As costs are incurred Housing Benefits will be reimbursed by the City of Manchester. Annual payments of the greater of 25% of net cash flow or \$5,000 are due by October 1 commencing October 1, 2015. The note is due in full by October 1, 2045.</p>	582,808	129,708
<p>A mortgage note payable to TD Bank, N.A., collateralized by real estate located at 167 Lake Avenue and personal property located at 161 South Beech Street, Unit 2. Monthly payments of \$1,921 include principal and interest at 3.41%. The note is due in full by April 2019.</p>	407,357	416,086

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A vehicle loan payable in monthly payments of \$488, including interest at 4.06%. The loan is due in September 2020 and is collateralized by the related vehicle.	20,369	25,286
A vehicle loan payable in monthly payments of \$760, including interest at 5.374%. The loan is due in November 2020 and is collateralized by the related vehicle.	30,610	38,595
A mortgage note payable to NHHFA, collateralized by the real estate at Lake Avenue, Manchester, New Hampshire. The non-interest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full by June 2045.	750,000	646,564
A mortgage note payable to TD Bank, N.A., collateralized by real estate located at 641 Hayward Street, Manchester, New Hampshire. Monthly payments of \$1,091 include principal and interest at 4.25%. The note is due in full by January 2040.	<u>193,233</u>	<u>197,367</u>
	11,035,880	10,778,892
Less current portion	<u>204,278</u>	<u>184,407</u>
	<u>\$ 10,831,602</u>	<u>\$10,594,485</u>

Principal maturities of the above notes over the next five years and thereafter are as follows:

2017	\$ 204,278
2018	177,292
2019	674,888
2020	177,146
2021	174,492
Thereafter	<u>9,627,784</u>
	<u>\$ 11,035,880</u>

Cash paid for interest approximates interest expense.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
The Family Place - services	\$ 4,858	\$ 52,000
The Family Place - development	-	140,115
Scholarships	12,264	13,348
VISTA program	58,093	50,623
Housing programs	10,492	8,432
Direct care for clients	169,494	198,460
Community Gardens	42,771	46,204
Grant receivable - time restricted	<u>117,000</u>	<u>97,000</u>
	<u>\$ 414,972</u>	<u>\$ 606,182</u>

7. Commitments

Under the terms of the Limited Partnerships' Regulatory Agreements with NHHFA, each Limited Partnership is required to make deposits to various escrow accounts to fund expected future costs.

Each Limited Partnership has entered into a Land Use Restriction Agreement with NHHFA, as a condition of the allocation of low-income housing tax credits by NHHFA. Pursuant to the covenant, the Limited Partnerships are required to remain in compliance with Code Section 42 for the compliance period and an extended use period, unless terminated sooner.

8. Retirement Plan

The Organization has a tax deferred retirement plan which is available to all employees working greater than 25 hours a week. All employees are eligible to participate and are fully vested with the first contribution. The Organization matches contributions at 100% up to 3% of compensation. The Organization contributed \$34,176 and \$32,880 during the years ended December 31, 2016 and 2015, respectively.

9. Housing Action New Hampshire

In 2011, the Organization entered into a Fiscal Sponsorship Agreement with Housing Action New Hampshire (HANH), an unincorporated association. Authority to manage the programmatic activities of HANH is vested solely in HANH. The Organization maintains the books and financial records for HANH in accordance with U.S. GAAP. HANH funds are presented in the Organization's consolidated statement of financial position as funds held as fiscal agent.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

10. Noncontrolling Interest

Noncontrolling interest, as shown in the consolidated statement of financial position, represents investments by limited partners in the Limited Partnerships as follows as of December 31:

<u>Limited Partner</u>	<u>Property</u>	<u>2016</u>	<u>2015</u>
Community Capital 2000 New Hampshire Housing Equity Fund, Inc.	Millyard II	\$ 848,610	\$ 932,812
JP Morgan Chase	Bicentennial	264,089	302,918
BCCC, Inc.	Bicentennial	263,968	303,031
Boston Capital Corporate	Family Bridge	10	10
BCCC, Inc.	Family Bridge	1,320,087	1,486,889
Boston Capital Midway	Family Willows	10	10
	Family Willows	<u>2,111,337</u>	<u>2,222,670</u>
		<u>\$ 4,808,111</u>	<u>\$ 5,248,340</u>

11. Subsequent Events

For purposes of the preparation of these consolidated financial statements in conformity with U.S. GAAP, the Organization has considered transactions or events occurring through March 29, 2017, which was the date the consolidated financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the consolidated financial statements.

Millyard II

During 2016, Millyard II reached the end of the initial 15-year low-income housing tax credit compliance period. As a result, Community Capital 2000 (the limited partner) indicated it has decided to withdraw from Millyard II and is expected to do so in the first quarter of 2017. It is management's plan to have Housing Benefits acquire the remaining assets of Millyard II.

Wilson Street Development

The Organization is currently in the process of developing the Manchester Treatment and Recovery Center (the Center) on the second and third floors of 267 Wilson Street in Manchester, New Hampshire. Management plans to use the second floor of the building to expand the Organization's Family Willows Intensive Outpatient Treatment Program and to also provide sober and recovery housing. This additional space is anticipated to allow the Organization to double the number of people served with evidence based substance use disorder treatment services. The Organization plans to rehabilitate the third floor of the building to create substance free recovery housing for single women who are in the early stages of recovery. Consistent with recent evidence regarding successful recovery housing programs, women in these units will share living space with other women in the early stages of their recovery, thereby providing peer support and accountability to mitigate chances of relapse. Cost of development of the Center is estimated to range from \$3.6 million to \$4 million and is expected to be funded from the City of Manchester, NHHFA, CDFA funds, other grants and donations and additional long-term borrowings.

SUPPLEMENTARY INFORMATION

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position

December 31, 2016

	ASSETS							
	Families In Transition <u>Operating</u>	Limited Partnerships	Housing Benefits	Family OutFITters	Manchester Emergency Housing	Families in Transition Temporarily Restricted	Eliminations	Total
Current assets								
Cash and cash equivalents	\$ 46,905	\$ 39,900	\$ 141,211	\$ 128,535	\$ 1,813	\$ 414,972	\$ -	\$ 773,336
Funds held as fiscal agent	91,897	-	-	-	-	-	-	91,897
Accounts receivable	245,259	11,657	9,064	-	-	-	(89,321)	176,659
Grants receivable	161,656	-	-	-	6,750	-	-	168,406
Prepaid expenses	7,011	18,347	10,227	21	232	-	-	35,838
Due from related party	407,439	30,613	87,039	170,632	525	-	(688,040)	8,208
Other current assets	5,078	23,829	13,888	-	-	-	-	42,795
Total current assets	965,245	124,346	261,429	299,188	9,320	414,972	(777,361)	1,297,139
Replacement reserves	43,079	186,913	103,863	-	-	-	-	333,855
Reserve cash designated for properties	54,416	381,302	302,169	-	-	-	-	737,887
Related party notes receivable	1,725,799	-	-	-	-	-	(1,725,799)	-
Accrued interest receivable on related party note	919,191	-	-	-	-	-	(919,191)	-
Investments	2,994	-	-	-	-	-	-	2,994
Investment in related entities	1,196,347	-	25,052	-	-	-	(1,220,398)	1,001
Property and equipment, net	4,641,647	13,039,082	9,266,994	42,602	-	-	-	26,990,325
Development in process	156,371	-	2,620	-	-	-	-	158,991
Other assets	-	54,683	61,963	-	-	-	-	116,646
Total assets	\$ 9,705,089	\$ 13,786,326	\$ 10,024,090	\$ 341,790	\$ 9,320	\$ 414,972	\$ (4,642,749)	\$ 29,638,838
	LIABILITIES AND NET ASSETS							
Current liabilities								
Current portion of long-term debt	\$ 72,454	\$ 70,782	\$ 53,462	\$ 7,580	\$ -	\$ -	\$ -	\$ 204,278
Accounts payable	54,850	134,405	58,485	3,749	6,820	-	(89,321)	168,988
Accrued expenses	135,370	727,878	236,630	20,472	6,773	-	(919,191)	207,932
Funds held as fiscal agent	91,897	-	-	-	-	-	-	91,897
Due to related entities	49,166	76,101	429,476	120,626	12,671	-	(688,040)	-
Other current liabilities	5,479	26,001	16,626	-	-	-	-	48,106
Total current liabilities	409,216	1,035,167	794,679	152,427	26,264	-	(1,696,552)	721,201
Long-term debt, less current portion	<u>2,147,604</u>	<u>6,140,122</u>	<u>4,246,646</u>	<u>23,029</u>	<u>-</u>	<u>-</u>	<u>(1,725,799)</u>	<u>10,831,602</u>
Total liabilities	2,556,820	7,175,289	5,041,325	175,456	26,264	-	(3,422,351)	11,552,803
Net assets								
Unrestricted - controlling interest	7,148,269	1,802,926	4,982,765	166,334	(16,944)	-	(1,220,398)	12,862,952
Unrestricted - noncontrolling interest	-	4,808,111	-	-	-	-	-	4,808,111
Total unrestricted	7,148,269	6,611,037	4,982,765	166,334	(16,944)	-	(1,220,398)	17,671,063
Temporarily restricted	-	-	-	-	-	414,972	-	414,972
Total net assets	7,148,269	6,611,037	4,982,765	166,334	(16,944)	414,972	(1,220,398)	18,086,035
Total liabilities and net assets	\$ 9,705,089	\$ 13,786,326	\$ 10,024,090	\$ 341,790	\$ 9,320	\$ 414,972	\$ (4,642,749)	\$ 29,638,838

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended December 31, 2016

	Families In Transition Operating	Limited Partnerships	Housing Benefits	Family OutFITers	Manchester Emergency Housing	Eliminations	Unrestricted Total	Temporarily Restricted	Total
Revenue and support									
Federal, state and other grant support	\$ 2,023,202	\$ 63,154	\$ 151,491	\$ -	\$ 132,337	\$ (309,561)	\$ 2,060,623	\$ 288,829	\$ 2,349,452
Rental income, net of vacancies	274,434	977,708	596,694	-	10,033	(79,140)	1,779,729	-	1,779,729
Thrift store sales	-	-	-	733,574	-	-	733,574	-	733,574
Public support	288,113	-	-	2,933	-	-	291,046	-	291,046
Tax credit revenue	70,000	-	-	-	-	-	70,000	-	70,000
Special events	200,057	-	-	-	-	-	200,057	-	200,057
Property management fees	569,876	-	-	-	-	(569,876)	-	-	-
VISTA program revenue	83,649	-	-	-	-	-	83,649	-	83,649
Unrealized gains on investments	3,906	-	-	-	-	-	3,906	-	3,906
Loss on disposal of assets	(188)	(558)	(17)	-	(27,393)	-	(28,156)	-	(28,156)
Interest income	96,059	237	581	-	-	(67,770)	29,107	-	29,107
In-kind donations	22,549	-	-	-	-	-	22,549	-	22,549
Forgiveness of debt	-	-	131,267	-	-	-	131,267	-	131,267
Medicaid reimbursements	248,815	-	-	-	-	-	248,815	-	248,815
Other income	75,340	22,131	11,071	8,462	27,049	(69,241)	74,812	-	74,812
Net assets released from restrictions	480,039	-	-	-	-	-	480,039	(480,039)	-
Total revenue and support	4,435,851	1,062,672	891,087	744,969	142,026	(1,095,588)	6,181,017	(191,210)	5,989,807
Expenses									
Program activities	3,412,887	1,469,639	1,131,022	713,592	203,542	(1,079,144)	5,851,538	-	5,851,538
Fundraising	402,696	-	-	-	-	-	402,696	-	402,696
Management and general	398,847	33,305	24,712	16,670	500	(16,444)	457,590	-	457,590
Total expenses	4,214,430	1,502,944	1,155,734	730,262	204,042	(1,095,588)	6,711,824	-	6,711,824
Excess (deficiency) of revenue and support over expenses	221,421	(440,272)	(264,647)	14,707	(62,016)	-	(530,807)	(191,210)	(722,017)
Contribution for long-term purposes	-	-	7,300	-	-	-	7,300	-	7,300
Change in net assets	\$ 221,421	\$ (440,272)	\$ (257,347)	\$ 14,707	\$ (62,016)	\$ -	\$ (523,507)	\$ (191,210)	\$ (714,717)

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses

Year Ended December 31, 2016

	Program Activities								Total
	Families In Transition Operating	Limited Partnerships	Housing Benefits	Family OutFITters	Manchester Emergency Housing	Fundraising	Management and General	Eliminations	
Salaries and benefits									
Salaries and wages	\$ 1,185,707	\$ -	\$ 323,031	\$ 362,595	\$ 98,023	\$ 225,084	\$ 180,379	\$ -	\$ 2,374,819
Employee benefits	108,661	-	47,908	40,273	5,337	20,492	16,380	-	239,051
Payroll taxes	89,466	-	22,480	27,257	7,328	16,873	13,487	-	176,891
Total salaries and benefits	1,383,834	-	393,419	430,125	110,688	262,449	210,246	-	2,790,761
Advertising	15,153	-	-	27,540	-	1,793	1,433	-	45,919
Amortization	-	6,673	6,524	-	-	-	-	-	13,197
Application and permit fees	-	2,755	2,160	-	-	-	100	-	5,015
Bad debts	11,456	7,738	13,209	-	-	-	-	-	32,403
Bank charges	-	-	-	-	-	-	15,602	-	15,602
Consultants	61,901	-	2,691	3,268	2,784	1,186	5,356	-	77,186
Depreciation	149,952	479,691	289,197	9,839	8,295	28,280	22,605	-	987,859
Events	-	-	367	6,726	-	46,081	-	-	53,174
General insurance	29,922	41,671	30,199	8,780	9,552	495	23,003	-	143,622
Interest expense	68,682	130,476	48,284	660	-	-	-	(67,770)	180,332
Management fees	75,448	228,235	260,872	-	-	-	-	(549,876)	14,679
Meals and entertainment	5,403	-	-	224	195	1,019	815	-	7,656
Membership dues	7,522	-	-	525	-	1,419	1,134	-	10,600
Office supplies	83,843	2,542	4,682	8,658	653	15,812	12,639	-	128,829
Participant expenses	44,763	165	-	190	27,093	-	1,812	-	74,023
Postage	3,493	-	-	-	-	659	527	-	4,679
Printing	15,870	-	596	695	-	2,993	2,392	-	22,546
Professional fees	-	-	-	-	-	-	127,545	-	127,545
Related entity expenditures	633,095	-	(314,293)	60,000	-	-	-	(378,802)	-
Rent	-	-	-	62,696	-	-	16,444	(79,140)	-
Rental subsidies	223,872	-	-	-	-	-	-	-	223,872
Repairs and maintenance	42,070	184,979	156,225	36,427	15,737	7,934	6,342	(20,000)	429,714
Staff development	8,989	-	-	-	-	1,695	1,355	-	12,039
Taxes	64,147	161,638	95,166	2,419	3,169	-	-	-	326,539
Technology support	54,509	218	321	344	492	10,280	8,217	-	74,381
Telephone	48,549	791	8,074	6,445	4,126	9,156	7,319	-	84,460
Travel	29,417	-	-	7,355	-	5,548	4,435	-	46,755
Utilities	31,510	219,907	119,716	29,178	16,109	-	-	-	416,420
VISTA program	288,219	2,160	-	-	-	-	-	-	290,379
Workers' compensation	31,268	-	13,613	11,498	4,649	5,897	4,713	-	71,638
Total expenses	\$ 3,412,887	\$ 1,469,639	\$ 1,131,022	\$ 713,592	\$ 203,542	\$ 402,696	\$ 474,034	\$ (1,095,588)	\$ 6,711,824

Board of Directors

Dick Anagnost, Chairperson
President, Anagnost Companies
Board member since 2007

Charla Bizios Stevens, Vice Chairperson
*Director, Litigation Department and Chair of Employment Law Practice Group
McLane, Graf, Raulerson & Middleton, P.A.*
Board member since 2013

Robert Bartley, Treasurer
President, CPA, CFP, Bartley Financial Advisor
Board member since 2015

Colleen Cone, Secretary
VP, Talent & Culture, DYN
Board member since 2014

Trevor Arp,
VP of Product Management, Comcast
Board member since 2008

Rev. Gayle Murphy
Minister at Large
Board member since 2008

Alison Hutcheson
Manager of Sales, Merchants Fleet Management
Board member since 2014

Kristy Merrill
Chief of Staff, New Hampshire Senate
Board member since 2014

Angela M. Whitcher
Assistant Vice President, Relationship Management, Lincoln Financial Group
Board member since 2014

Kitten Stearns
Realtor, Coldwell Banker Residential Brokerage
Board member since 2014

Sedra Michaelson
Strategic Account Manager, CCH, a Wolters Kluwer Business
Board member since 2015

Peter Mennis
VP of the NH Commercial Banking Division, NBT Bank
Board member since 2015

Mary Ann Aldrich
Clinical Director of Community Health, Dartmouth-Hitchcock Manchester
Board member since 2015

Alex Anagnost
Director of Philanthropy/Project Manager, Anagnost Companies
Board member since 2015

Kelly Mulholland
SVP, Business Banking Regional Director, New England, Santander Bank, N.A.
Board member since 2016

Heather Whitfield
Vice President, Commercial Lending, People's United Bank
Board member since 2016

Wayne McCormick, CFP
First Vice President- Investments, Wells Fargo Advisors
Board member since 2016

Helen Davies
Director of Community Relations, Southern New Hampshire University
Board member since 2016

Scott W. Ellison
Partner, COOK, LITTLE, ROSENBLATT & MANSON, pllc
Board member since 2016

AnnMarie French
Communications Manager, NH Fiscal Policy Institute
Board member since 2016

Kyle Battis
NH Strategic Marketing, President
Board member since 2017

Maureen Ann Beauregard

Professional Experience

November 1991 to Present: Families in Transition, 122 Market Street, Manchester, NH 03101.

1995-Present. President, Families in Transition. Developed a Board of Directors and established Families in Transition as a private nonprofit agency in 1995. Responsible for grant writing, fundraising, facility development, oversight of agency personnel, program development, day to day operations, reporting to state and federal agencies and public relations.

- 2003 to Present: Development and Implementation of 33 units permanent affordable housing in Manchester.
- 2001-2003: Development of Families in Transition – Concord, 16 units of affordable housing with 6 designated for homeless women with a disability and 10 designated for transitional housing for homeless women and their children.
- 2001 to Present: Development of Families in Transition’s social entrepreneurship, Family OutFITters thrift store and Employment Training Program.
- 1998 – 2001: Development of Millyard II Transitional Housing Program with 19 apartments and 1 interim unit for 3 families.
- 1995 – 1997: Development of Millyard I Transitional Housing Program with 12 apartments for homeless women with children.
- 1994 – 1995: Development of steering committee to form the Board of Directors for Families in Transition and Families in Transition becomes and independent 501 © (3)

1991- 1994 New Hampshire Community Loan Fund. Program Director. Designed and implemented transitional housing programs for the homeless women with and without children.

- 1993 – 1994: Development and implementation of Community Program providing supportive services to 14 homeless women and their children and assisting them in attaining and maintaining housing.
- 1992 – 1993: Development and implementation of Amherst Street Transitional Housing Program for 9 homeless single women.
- 1991 – 1992: Development and implementation of Spruce Street Transitional Housing Program for 5 homeless women and their children.

November 1989-March 1991: Child Protective Service Worker II for the Division for Children and Youth Services, 30 Maplewood Avenue, Portsmouth, NH. Advocated for abused and neglected children in court, established support network (fostercare, visitation, and counseling) to help in the abuse/neglect recovery process.

November 1988-November 1989: Substance Abuse Counselor for Team Coordinating Agency, Phoenix East, Haverhill, MA. Counseled clients, aided and found resources

(AA/NA meetings, employment, education, and counseling) for residents in halfway house for alcoholic/addicts, age 16-25. Conducted weekly support group.

Education

Bachelor of Science degree from the University of New Hampshire, College of Life Science and Agriculture. Area of study: Family Studies.

Professional Affiliations and Honors

- **1998 to 2004** – Northern New England Housing Investment Fund. Member of Board of Directors.
- **1998 to 2004** – Northern New England Equity Fund. Member Board of Directors and Investment Committee
- **2004:** New Hampshire Business Review, Business Excellence Awards 2004, Maureen Beauregard for Excellence in Non-Profit
- **2004:** The Walter J. Dunfey Awards for Excellence in Management awarded to Families in Transition
- **2003:** YWCA Susan B. Anthony Award, Woman of the Year
- **2003:** New Hampshire Housing Finance Authority Annual Conference: Maureen Beauregard and Families in Transition recognized as Best Practice for Development of Affordable Housing in New Hampshire.
- **2002:** Great Bay Foundation: \$150,000 grant award for the development and implementation of social entrepreneurship, Family OutFITters.
- **2002:** Citizens Bank and WMUR Channel – 9, 2003 Community Champions Award for Homelessness for New Hampshire
- **2001:** Manchester Continuum of Care Narrative submission to the U.S. Dept. of Housing & Urban Development, SuperNOFA: 1 of top 10 narratives in the country.
- **2003 to Present:** YMCA Diversity Committee
- **2003 to Present:** Intown Manchester, Economic Development Committee, Trustee
- **2003:** The Sharing Foundation, Caring for Cambodia's Children Parent Advisory Council
- **2003 to Present:** New Hampshire Interagency Council on Homelessness, member appointed by Governor Benson
- **2002 to Present:** Policy Academy for the Chronically Homeless, member
- **2002 to Present:** Great Bay Foundation, Work Group consisting of 5 leading initiatives, member
- **2001 to Present:** Manchester Task Force on Housing, member appointed by Mayor
- **1999 to Present:** Northern New England Housing Investment Fund, Investment Committee, Trustee
- **1998 to Present:** Manchester Continuum of Care, Chairperson in 1998, 2003, founding member

Stephanie Allain Savard, LICSW

Licensure and Education:

- New Hampshire Licensed Independent Clinical Social Worker, #941, April, 2000.
- Masters in Social Work, Boston University, 1996.
- Bachelor of Arts – Honors in Psychology, Keene State College, 1992.
- Associate of Science in Chemical Dependency, Keene State College, 1992.
- Boston University Workshop-Based Trauma Certificate, 2006.
- Low Income Housing Tax Credit Certified Credit Compliance Professional (C3P), 2000.

Professional Experience:

Chief Operating Officer, Families in Transition, Manchester, NH, 1/97 – Present.

- Oversight of clinical department and all supportive services programming within agency, including case management, therapeutic services, employment & training services, youth programming and specialized programming. Oversee and manage treatment and supportive services for a program capacity of 150+ homeless families and individuals to ensure that consistent and quality clinical services are provided. Oversight of 135+ units of affordable housing to ensure quality and safe housing for all tenants.
- Provide administrative and clinical supervision to all licensed clinicians, masters and bachelor level clinician & case managers. Provide oversight to the Property Administration Department, including management of all funding requirements for each property, including Low Income Housing Tax Credits, HOME, Housing and Urban Development, CDBG, etc.
- Assumes responsibilities and decision-making for agency in the absence of the President. Assist President on personnel issues and in oversight of agency and strategic planning.
- Provide therapeutic services to participants of program, including participation in participant team meetings. Co-facilitate support groups on various issues, including self-esteem, co-dependency, Relational/Cultural Theory, trauma and relationships.
- Families in Transition Board of Directors Programs and Supportive Services Committee Member and assist in Board of Director meetings.
- Member of the Manchester Continuum of Care, 10/00 – Present; Community Awareness Committee Chair 2003/2004; 2006 – Present.

Counselor/Family Service Worker, NFI Midway Residential Shelter, Manchester, NH, 1993 – 1996.

- Supervised 15 adolescent males utilizing behavior management and normative culture techniques.

- Supervised all shifts and summer activity program; Conducted family assessments and counseling.

MSW Clinical Intern, CASPAR Emergency Service Center, Cambridge, MA, 1995-1996.

- Provided assessments, individual and group therapy to homeless substance abusers in early recovery.
- Developed a resource manual of services for client referral and assisted in creating a program brochure.

MSW Clinical Caseworker Intern, WorkSource of Work, Inc., Quincy, MA, 1994-1995.

- Provided case management, counseling, and crisis intervention to consumers with psychiatric disabilities in a vocational rehabilitation workshop. Developed and co-facilitated support groups.
- Developed and facilitated a pre-employment program for consumers transitioning into community work.

VISTA Volunteer, Center for Human Services, Seattle, WA, 1992-1993.

- Developed, recruited, and supervised a volunteer program for multiple programs and departments.
- Diversity Committee Member; Assisted in agency fundraising and grant writing; designed and marketed public relation materials; assisted in coordinating Board of Directors and chairing Board committees.

Professional Affiliations and Volunteer Experience:

- Lazarus House Transitional Housing Advisory Council, Lawrence, MA, 2004 - Present.
- Board of Directors of the NH Coalition to End Homelessness, 12/00 - 2002.

Awards & Professional Memberships:

- National Association of Social Workers, Member 1996-Present; NH Chapter Board of Directors, Vice-President 2006 – Present.
- Union Leader and Business Industry Association “40 Under 40” Leaders of New Hampshire, 2004
- NH Homeless Service Providers Award, Office of Homeless and Housing Services, 2003.

Karissa A Leclair

PROFESSIONAL PROFILE

A highly motivated, responsible and outgoing individual looking to continue and apply her education in psychology and substance misuse to empower clients.

EDUCATION

Southern New Hampshire University, Manchester, NH

B.A in Psychology

07/2015

M.S in Clinical Mental Health Counseling

Projected finish date:12/2020

Southern New Hampshire University, Manchester, NH

Northern Essex Community College, Haverhill, MA

Drug and Alcohol Counseling certification

12/2011

- Psychology Honors society at NECC

LCAC (Lawrence County Alternative to Corrections)

Counseling Internship

01/2011-12/2011

WORK EXPERIENCE

Families in Transition, Manchester NH

4/2016-current

Housing Advocate

- Provide individual case management
- Community-agency outreach and linkage
- Utilize SBIRT to make proper referrals
- Complete documentation (progress notes, incident reports, and referrals)

Community Partners, Rochester NH

10/2016- 4/2016

Functional Support Specialist

- Manage a caseload of 35 or more adults with mental illness

- Provide support to manage symptoms and improve functioning
- Provide psychoeducation
- Complete annual paperwork, eligibilities, and progress notes per client

CVS Pharmacy, Stratham, NH

12/2011 – 4/2016

Shift Supervisor

- Supervise the store when store manager is not present
- Assist with training new employees
- Delegate tasks to employees
- Handle cash; deposits and drawers

Famous Footwear, Manchester, NH

02/2011-12/2011

Assistant Manager

- Communicated store goals and incentives
- Inventory management
- Assisted store manager with daily tasks
- Supervise employees

Justice, Manchester, NH

06/2010-02/2011

Key Holder

- Provide customer service and sales
- Responsible for opening and closing the store
- Performed financial tasks
- Merchandising

Cozy Kids Child Care, Londonderry, NH

09/2006-06/2010

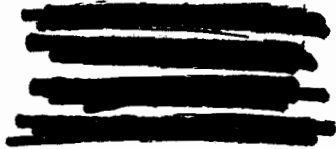
Associate Teacher

- Assist main teachers in preschool level education
- Provide care to children 6 months to 12 years of age
- Provide parents with feedback on their child's behavior and success

CERTIFICATIONS

- CRSW renewal 06/2018
- Mental health first aid renewal 10/2018
- CPI renewal 07/2017

KELLY PAQUETTE



PROFESSIONAL PROFILE

Motivated, personable professional with a successful track record of developing, managing and directing programs and services. Diplomatic and tactful with professionals and nonprofessionals at all levels. Accustomed to handling sensitive, confidential information. Demonstrated history of producing accurate, timely reports meeting stringent state and federal guidelines.

Flexible and versatile -- able to maintain a sense of humor under pressure. Poised and competent with demonstrated ability to easily transcend cultural differences. Thrive in deadline-driven environments. Excellent team-building skills.

SKILLS SUMMARY

- Results-driven achiever with exemplary planning and organizational skills, along with a high degree of detail orientation.
- Innovative problem-solver who can generate workable solutions and implement effective solutions.
- Resourceful team player who excels at building trusting relationships with customers and colleagues.
- Collaborative team member who can effectively manage and communicate with multiple management and employee levels.
- Flexible team player who thrives in environments requiring ability to effectively prioritize and juggle multiple concurrent projects.
- Goal-driven leader who maintains a productive climate and confidently motivates, mobilizes, and coaches employees to meet high performance standards.

PROFESSIONAL EXPERIENCE

Communication

- Prepare complex reports for internal and external partners, ensuring full compliance with agency, state and federal requirements and tight deadlines.
- Develop new services to meet customer needs, regional resource needs and improvement in service quality.
- Expand and maintain positive partnerships with the business community and current and potential program funders.
- Coordinate services with internal and external partners, service providers and community organizations.

Financial Management

- Contribute to budgeting process by planning, implementing and meeting or exceeding annual financial goals.
- Produces accurate and timely reports, billing and other documentation.
- Contributes in policy creation and implementation with funders and internal partners for multiple programs.
- Review federal guidance related to grant funded workforce programs and summarizes it, analyzes it and disseminates it to other interested parties.

Detail Mastery & Organization

- Manage all aspects of day-to-day operations of multiple programs.
- Manage facility logistics/maintenance of building.
- Compliance with all safety requirement.

EMPLOYMENT HISTORY

FAMILIES IN TRANSITION - Manchester, NH

Senior Manager of Housing Programs, October, 2016 - Present

GOODWILL INDUSTRIES OF NORTHERN NEW ENGLAND - Concord, NH

Senior Program Manager/Community Outreach Coordinator, 2010- October, 2016

EVERYDAY ERRANDS - Concord, NH

Owner/Operator, 2008-2010

NEW HAMPSHIRE WOMEN'S POLICY INSTITUTE - Concord, NH

WOMEN'S FUND OF NEW HAMPSHIRE - Concord, NH

LEADERSHIP NEW HAMPSHIRE- Concord, NH

Office Manager/Program Assistant, 2008-2010

ORR & RENO, PA - Concord, NH

Legal Assistant/Paralegal, 2000-2002

NELSON, KINDER, MOSSEAU & SATURLEY - Manchester, NH

Legal Assistant, 1998-2000

EDUCATION

FRANKLIN PIERCE COLLEGE -- Concord, NH

Certificate in Paralegal Studies, 1999

FRANKLIN PIERCE COLLEGE -- Concord, NH

B.S., Business Management, 1993

CONTRACTOR NAME

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Maureen Beauregard	President	144,876	0%	-
Stephanie Savard	COO	88,265	3%	2,648
Karissa LeClair	Housing Advocate	34,000	35%	11,900
Kelly Paquette	Program Manager	55,620	12%	6,674

Subject: Continuum of Care, FIT Home at Last

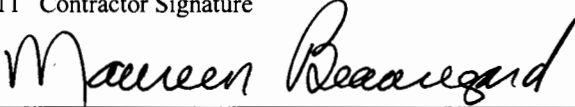
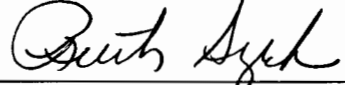
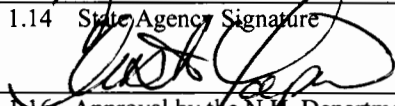
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Health and Human Services Office of Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Families in Transition		1.4 Contractor Address 122 Market Street Manchester, NH 03101	
1.5 Contractor Phone Number (603) 641-9441	1.6 Account Number 05-95-42-423010-7927-102-500731	1.7 Completion Date December 31, 2018	1.8 Price Limitation \$163,476
1.9 Contracting Officer for State Agency Jonathan V. Gallo, Esq. Interim Director, Contracts and Procurement Unit		1.10 State Agency Telephone Number (603) 271-9246	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Maureen Beauregard, President	
1.13 Acknowledgement: State of New Hampshire, County of Hillsborough On September 20, 2017, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> [Seal]  </div> <div style="text-align: right;"> RUTH A. SYREK, Notary Public My Commission Expires October 16, 2018 </div> </div>			
1.13.2 Name and Title of Notary or Justice of the Peace Ruth Syrek, Admin. Asst., Notary Public			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Christine Tappan, Associate Commissioner	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Date: <u>9/28/17</u> Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By: <u>Wentworth, Attorney</u> On: <u>10/2/17</u>			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

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

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

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

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Agreement. This provision shall survive termination of this Agreement.

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

8. EVENT OF DEFAULT/REMEDIES.

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

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

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

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

14. INSURANCE.

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

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

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

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

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

15. WORKERS' COMPENSATION.

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

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

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

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

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

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

19. CONSTRUCTION OF AGREEMENT AND TERMS.

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

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

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

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

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

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



SCOPE OF SERVICES

CONTINUUM OF CARE

Permanent Housing Program

1. Conditional Nature Of Agreement

- 1.1. Notwithstanding any provisions of this Agreement to the contrary, all obligations of the State are contingent upon receipt of federal funds under the Continuum of Care Grant. The State has applied for the Continuum of Care Grant and will continue to perform due diligence in the application process. However, the State makes no representation that it will receive the funds. In no event shall the State be liable for costs incurred or payment of any services performed by the Contractor prior to the State's receipt of federal funds applied for in the Continuum of Care Grant.
- 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. 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; submitted to:
NH DHHS
Bureau of Homeless & Housing Services (BHHS)
129 Pleasant Street
Concord, NH 03301

2. Services

- 2.1. Based on the continued receipt/availability of federal funds from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, the Contractor shall provide permanent housing to twelve (12) chronically homeless individuals.
- 2.2. The goal of this program is to facilitate the movement of chronically homeless individuals and families to permanent housing and maximum self-sufficiency.
- 2.3. To be eligible for contract services, individuals and families must be homeless as defined in HUD regulations. The Contractor must obtain and retain appropriate documentation.
- 2.4. The Contractor shall provide these services according to HUD regulations as outlined in Public Law 102-550, 24 CFR Part 578 Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program interim rule, and other written HUD policies and directives.
- 2.5. Each program participant shall have an employment assessment and employment goals included in the individual service plan, as appropriate.

3. Program Reporting Requirements

- 3.1. The Contractor shall submit the following reports:
 - 3.1.1. Annual Performance Report: Within thirty (30) days after the Completion Date, an Annual Performance Report (APR) shall be submitted to the BHHS that summarizes the results of the Project Activities, showing in particular how the Project Activities have been performed. The Annual Performance Report shall be in the form required or specified by the State, and submitted to the address listed in section 1.3 Exhibit A.
 - 3.1.2. Other Reports as requested by the State.

MAJ



Exhibit A

- 3.2. All programs under this contract are required to be licensed to provide client level data into the New Hampshire Homeless Management Information System (NH HMIS). Programs under this contract must be familiar with and follow NH HMIS policy, including specific information that is required for data entry, accuracy of data entered, and time required for data entry. Current NH HMIS policy can be accessed electronically through the following website: <http://www.nh-hmis.org>.
- 3.3. Failure to submit the above reports or enter data into NH-HMIS in a timely fashion could result in the delay or withholding of reimbursements until such reports are received or data entries are confirmed by the BHHS.

4. Contract Administration

- 4.1. The Contractor shall have appropriate levels of staff to attend all meetings or trainings requested by the BHHS. To the extent possible, BHHS shall notify the contractor of the need to attend such meetings five (5) working days in advance of each meeting.
- 4.2. The Bureau Administrator of BHHS or designee may observe performance, activities and documents under this Agreement; however, these personnel may not unreasonably interfere with contractor performance.
- 4.3. The Contractor shall inform BHHS of any staffing changes within thirty (30) days of the change.
- 4.4. Contract records shall be retained for a period of five (5) years following completion of the contract and receipt of final payment by the Contractor, or until an audit is completed and all questions arising there from are resolved, whichever is later.
- 4.5. Changes to the contract services that do not affect its scope, duration, or financial limitations may be made upon mutual agreement between the Contractor and the BHHS.

5. Financial

- 5.1. Based on the continued receipt/availability of federal funds, the Contractor shall utilize Continuum of Care Program agreement value specified in Exhibit B of this agreement from the HUD Continuum of Care Program, for contract services.

5.1.1. Operating Expenses

5.1.1.1. Eligible operating expenses include maintenance and repair of housing, property taxes and insurance (including property and car), scheduled payments to reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost), building security for a structure where more than fifty (50) percent of the units or area is paid for with grant funds, utilities (including electricity, gas and water), furniture and equipment.

5.1.1.2. Ineligible costs include rental assistance and operating costs in the same project, operating costs of emergency shelter and supportive service-only facilities, maintenance and repair of housing where the costs of maintaining and repairing the housing are included in the lease.

5.1.2. Supportive Services

5.1.2.1. Eligible supportive services costs must comply with all HUD regulations in 24 CFR 578.53. Eligible services are available to those individuals actively participating in the permanent housing program.

5.1.2.2. Eligible costs include:

5.1.2.3. mental health services;

NAB



Exhibit A

- 5.1.2.4. case management services;
 - 5.1.2.5. salaries of Contractor staff providing supportive services;
 - 5.1.2.6. reasonable one-time moving costs (truck rental and hiring a moving company);
 - 5.1.2.7. child-care costs for establishing and operating child care;
 - 5.1.2.8. providing child-care vouchers for children from families experiencing homelessness (including providing meals, snacks and comprehensive and coordinated developmental activities);
 - 5.1.2.9. education services;
 - 5.1.2.10. employment assistance and job training skills;
 - 5.1.2.11. housing search and counseling services;
 - 5.1.2.12. legal services (fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with the homeless individual or family's ability to obtain and retain housing);
 - 5.1.2.13. outpatient health services and;
 - 5.1.2.14. transportation services and utility deposits.
 - 5.1.2.15. Ineligible costs include staff training, fundraising, conference attendance, and court fines incurred by participants.
- 5.1.3. Rental Assistance
- 5.1.3.1. Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.
 - 5.1.3.2. The rental assistance may be short term, up to 3 months of rent; medium term, for 3-24 months; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in 24 CFR 578.7(a)(9) and 24 CFR 578.51.
 - 5.1.3.3. Grant funds may be used for security deposits in an amount not to exceed 2 months of rent. An advance payment of the last month's rent may be provided to the landlord, in addition to the security deposit and payment of first month's rent.
 - 5.1.3.4. Rental assistance will only be provided for a unit if the rent is reasonable. The contractor must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit.
 - 5.1.3.5. The Contractor may use grant funds in an amount not to exceed one month's rent to pay for any damage to housing due to the action of a program participant. For **Leasing** funds only: Property damages may be paid only from funds paid to the landlord from security deposits.

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Exhibit A

- 5.1.3.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
 - 5.1.3.7. The Contractor must provide one of the following types of rental assistance: Tenant-based, Project-based, or Sponsor-based rental assistance as described by HUD in 24 CFR 578.51.
 - 5.1.3.8. Tenant-based rental assistance is rental assistance in which program participants choose housing of an appropriate size in which to reside. When necessary to facilitate the coordination of supportive services, recipients and sub recipients may require program participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of their period of participation. Short and medium term rental assistance provided under the Rapid Re-Housing program component must be tenant based rental assistance.
 - 5.1.3.9. Sponsor-based rental assistance is provided through contracts between the recipient and sponsor organization. A sponsor may be a private, nonprofit organization, or a community mental health agency established as a public nonprofit organization. Program participants must reside in housing owned or leased by the sponsor.
 - 5.1.3.10. Project-based rental assistance is provided through a contract with the owner of an existing structure, where the owner agrees to lease the subsidized units to program participants. Program participants will not retain rental assistance if they move.
 - 5.1.3.11. For project-based, sponsor-based, or tenant-based rental assistance, program participants must enter into a lease agreement for a term of at least one year, which is terminable for cause. The leases must be automatically renewable upon expiration for terms that are a minimum of one month long, except on prior notice by either party.
- 5.1.4. Administrative Costs
- 5.1.4.1. Administrative costs include:
 - 5.1.4.2. preparing program budgets;
 - 5.1.4.3. schedules and amendments;
 - 5.1.4.4. developing systems for assuring compliance with program requirements;
 - 5.1.4.5. developing interagency agreements and agreements with sub recipients and contractors to carry out program activities;
 - 5.1.4.6. preparing reports and other documents related to the program for submission to HUD;
 - 5.1.4.7. evaluating program results against stated objectives;
 - 5.1.4.8. travel costs incurred for official business in carrying out the program;
 - 5.1.4.9. administrative services performed under third party contracts or agreements (including such services as general legal services, accounting services, and audit services) and;

MAB



Exhibit A

- 5.1.4.10. other costs for goods and services required for administration of the program (including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance, but not purchase, of office space).
- 5.1.5. Leasing: Leasing may include leasing one structure or leasing units scattered throughout a community.
 - 5.1.5.1. Rent paid may only reflect actual costs and must be reasonable in comparison to rents charged in the area for similar housing units. Documentation of rent reasonableness must be kept on file by the Contractor.
 - 5.1.5.2. The portion of rent paid with grant funds may not exceed HUD-determined fair market rents.
 - 5.1.5.3. The Contractor shall pay individual landlords directly; funds may not be given directly to participants to pay leasing costs.
 - 5.1.5.4. Property damages may only be paid from money paid to the landlord for security deposits.
 - 5.1.5.5. The Contractor cannot lease a building that it already owns to itself.
 - 5.1.5.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
- 5.2. The Contractor shall provide sufficient matching funds, as required by HUD regulations and policies described in 24 CFR 578.73 (a) (b) (c).
 - 5.2.1. The contractor must match all grant funds except for leasing funds, with no less than twenty-five (25) percent of funds or in-kind contributions from other sources.
 - 5.2.2. Match requirements are to be documented with each payment request.
- 5.3. The Contractor shall only be reimbursed for those costs designated as eligible and allowable costs as stated in Section 5. Financial, Exhibit A. The Contractor must have written approval from the State prior to billing for any other expenses.
- 5.4. The Contractor may charge program participants rent and utilities (heat, hot water); however, the amount charged may not exceed the maximum amounts specified in HUD regulations (24 CFR 578.77). Other services such as cable, air conditioning, telephone, Internet access, cleaning, parking, pool charges, etc. are at the participant's option.
- 5.5. The contractor shall have any staff charged in full or part to this contract or counted as match complete weekly or bi-weekly timesheets.



METHOD AND CONDITIONS PRECEDENT TO PAYMENT

CONTINUUM OF CARE

1. Permanent Housing Program

The following financial conditions apply to the scope of services as detailed in Exhibit A – Continuum of Care, Permanent Housing Program.

This contract is funded by the New Hampshire General Fund and/or by federal funds made available under the Catalog of Federal Domestic Assistance (CFDA), as follows:

NH General Fund: 0%
Federal Funds: 100%
CFDA #: 14.267
Grant Number: NH0081L1T001603
Federal Agency: U.S. Department of Housing & Urban Development
Program Title: Continuum of Care, Permanent Housing Program

Total Amount Continuum of Care;

January 1, 2018 – December 31, 2018: not to exceed \$163,476

Funds allocation under this agreement for Continuum of Care Program;

Administrative costs: \$4,125
Supportive Services: \$43,431
Rental Assistance: \$115,920
Total program amount: \$163,476

- 1.1. Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, in an amount not to exceed and for the time period specified above.

2. Reports

As part of the performance of the Project Activities, the Contractor covenants and agrees to submit the following:

- 2.1. Audited Financial Report: The Audited Financial Report shall be prepared in accordance with 2 CFR part 200. Three (3) copies of the audited financial report shall be submitted within thirty (30) days of the completion of said report to the State at the following address:

NH DHHS
Bureau of Homeless & Housing Services
129 Pleasant Street
Concord, NH 03301

- 2.2. Where the Contractor is not subject to the requirements of 2 CFR part 200, within ninety (90) days after the Completion or Termination Date, one copy of an audited financial report shall be submitted to the State. Said audit shall be conducted utilizing the guidelines set forth in "Standards for Audit of Governmental Organizations, Program Activities, and Functions" by the Comptroller General of the United States.



Exhibit B

3. Project Costs: Payment Schedule; Review by the State

- 3.1. Project Costs: As used in this Agreement, the term "Project Costs" shall mean all expenses directly or indirectly incurred by the Contractor in the performance of the Project Activities, as determined by the State to be eligible and allowable for payment in accordance with Public Law 102-550 as well as allowable cost standards set forth in 2 CFR part 200 as revised from time to time and with the rules, regulations, and guidelines established by the State. Nonprofit subcontractors shall meet the requirements of 2 CFR part 200.
- 3.2. Payment of Project Costs: Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development Title XIV Housing programs under the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act), Subtitle A-Housing Assistance (Public Law 102-550) in an amount not to exceed as specified above. Reimbursement requests for all Project Costs shall be submitted on a monthly basis and accompanied by an invoice from the Contractor for the amount of each requested disbursement along with a payment request form as designated by the State, which shall be completed and signed by the Contractor. The Contractor shall provide additional financial information if requested by the State to verify expenses.
- 3.3. Review of the State Disallowance of Costs: At any time during the performance of the Services, and upon receipt of the Annual Performance Report, Termination Report or Audited Financial Report, the State may review all Project Costs incurred by the Contractor and all payments made to date. Upon such review the State shall disallow any items of expenses that are not determined to be allowable or are determined to be in excess of actual expenditures, and shall, by written notice specifying the disallowed expenditures, inform the Contractor of any such disallowance. If the State disallows costs for which payment has not yet been made, it shall refuse to pay such costs. Any amounts awarded to the Contractor pursuant to this agreement are subject to recapture. The funds authorized to be expended under this Agreement shall be used only for operations, supportive services, leasing, rental assistance and administration or reimbursement for expenditures for operations, supportive services, leasing, and rental assistance and administration, provided by the Contractor for the project period and operating years of the Continuum of Care Program as approved by HUD and in accordance with the Continuum of Care Program Regulations, published at 24 CFR Part 578.

4. Use Of Grant Funds

- 4.1. The State agrees to provide payment for actual costs, not to exceed an amount as specified in this Exhibit, and defined by HUD under the provisions of P.L. 102-550 and other applicable regulations.
- 4.2. 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.
- 4.3. Conformance to 2 CFR part 200: Grant funds are to be used only in accordance with procedures, requirements, and principles specified in 2 CFR part 200.

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Exhibit B

5. Contractor Financial Management System

- 5.1. Fiscal Control: The Contractor shall establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, grant funds and any required nonfederal expenditures. This responsibility applies to funds disbursed in direct operations of the Contractor.
- 5.2. The Contractor shall maintain a financial management system that complies with 2 CFR part 200 or such equivalent system as the State may require. Requests for payment shall be made according to EXHIBIT B, Section 3.2, Payment of Project Costs, of this Agreement.

MB



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

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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

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- 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.



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.

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CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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

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

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

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



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

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

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

Contractor Name: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President



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:

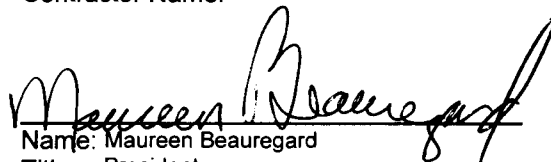
1. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection 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: Families in Transition

September 20, 2017

Date


Name: Maureen Beauregard
Title: President



**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 Order 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: Families in Transition

September 20, 2017

Date

Name: Maureen Beauregard
Title: President



**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

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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: Families in Transition

September 20, 2017

Date


Name: Maureen Beauregard
Title: President

Exhibit G

Contractor Initials 

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



CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

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

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

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

Contractor Name: Families in Transition

September 20, 2017
Date


Name: Maureen Beauregard
Title: President



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

Handwritten initials in black ink, appearing to be 'MB' or similar, written over a horizontal line.



Exhibit I

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

(4) Obligations of Covered Entity

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

(5) Termination for Cause

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

(6) Miscellaneous

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



Exhibit I

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

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

Department of Health and Human Services
The State

Christine Tappan
Signature of Authorized Representative

Christine Tappan
Name of Authorized Representative

Associate Commissioner
Title of Authorized Representative

9/28/17
Date

Families in Transition
Name of the Contractor

Maureen Beauregard
Signature of Authorized Representative

Maureen Beauregard
Name of Authorized Representative

President
Title of Authorized Representative

September 20, 2017
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: Families in Transition

September 20, 2017

Date

Name: Maureen Beauregard
Title: President

Contractor Initials

Date Sept. 20, 2017



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: 825360399

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: _____



DHHS INFORMATION SECURITY REQUIREMENTS

1. Confidential Information: In addition to Paragraph #9 of the General Provisions (P-37) for the purpose of this RFP, the Department's Confidential information includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.
2. The vendor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services. Minimum expectations include:
 - 2.1. Maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
 - 2.2. Maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
 - 2.3. Encrypt, at a minimum, any Department confidential data stored on portable media, e.g., laptops, USB drives, as well as when transmitted over public networks like the Internet using current industry standards and best practices for strong encryption.
 - 2.4. Ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
 - 2.5. Provide security awareness and education for its employees, contractors and sub-contractors in support of protecting Department confidential information
 - 2.6. Maintain a documented breach notification and incident response process. The vendor will contact the Department within twenty-four 24 hours to the Department's contract manager, and additional email addresses provided in this section, of a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
 - 2.6.1. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
Breach notifications will be sent to the following email addresses:
 - 2.6.1.1. DHHSChiefInformationOfficer@dhhs.nh.gov
 - 2.6.1.2. DHHSInformationSecurityOffice@dhhs.nh.gov
 - 2.7. If the vendor will maintain any Confidential Information on its systems (or its sub-contractor systems), the vendor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the vendor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure

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New Hampshire Department of Health and Human Services
Exhibit K



deletion, or otherwise physically destroying the media (for example, degaussing). The vendor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and vendor prior to destruction.

- 2.8. If the vendor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the vendor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the vendor, including breach notification requirements.
3. The vendor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the vendor and any applicable sub-contractors prior to system access being authorized.
4. If the Department determines the vendor is a Business Associate pursuant to 45 CFR 160.103, the vendor will work with the Department to sign and execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
5. The vendor will work with the Department at its request to complete a survey. The purpose of the survey is to enable the Department and vendor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the vendor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the vendor, or the Department may request the survey be completed when the scope of the engagement between the Department and the vendor changes. The vendor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the appropriate authorized data owner or leadership member within the Department.

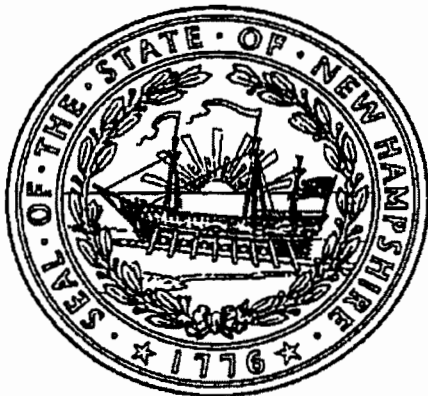
State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that FAMILIES IN TRANSITION is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on May 13, 1994. 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: 207982



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 25th day of April A.D. 2017.

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

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

1. I am a duly elected Officer of Families in Transition.
(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 September 20, 2017:
(Date)

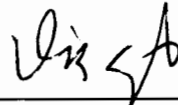
RESOLVED: That the President
(Title of Contract Signatory)

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 20 day of September, 2017.
(Date Contract Signed)

4. Maureen Beauregard is the duly elected President
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.



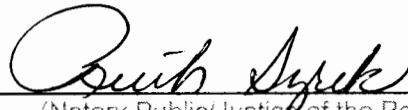
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 20 day of September, 2017.

By Dick Anagnost.
(Name of Elected Officer of the Agency)



(Notary Public/Justice of the Peace)

(NOTARY SEAL)

RUTH A. SYREK, Notary Public
My Commission Expires October 16, 2018

Commission Expires: _____



FAMIINT-01

SLAMERE

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
02/21/2017

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

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or 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 Davis & Towle Morrill & Everett, Inc. 115 Airport Road Concord, NH 03301	CONTACT NAME: Stephanie Lamere, CIC PHONE (A/C, No, Ext): (603) 715-9740 FAX (A/C, No): (603) 225-7935 E-MAIL ADDRESS: slamere@davistowle.com	
	INSURER(S) AFFORDING COVERAGE	
INSURED Families in Transition, Inc. 122 Market St Manchester, NH 03101	INSURER A: Philadelphia Insurance Company	NAIC # 23850
	INSURER B: Wesco Insurance Company	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

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	ADDL INSD	SUBR VWD	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 checked="" type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC OTHER:			PHPK1591984	01/01/2017	01/01/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY			PHPK1591987	01/01/2017	01/01/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			PHUB567749	01/01/2017	01/01/2018	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N/A <input checked="" type="checkbox"/> N N/A If yes, describe under DESCRIPTION OF OPERATIONS below			WWC3243601	01/01/2017	01/01/2018	<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

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Workers Compensation
3A State: NH

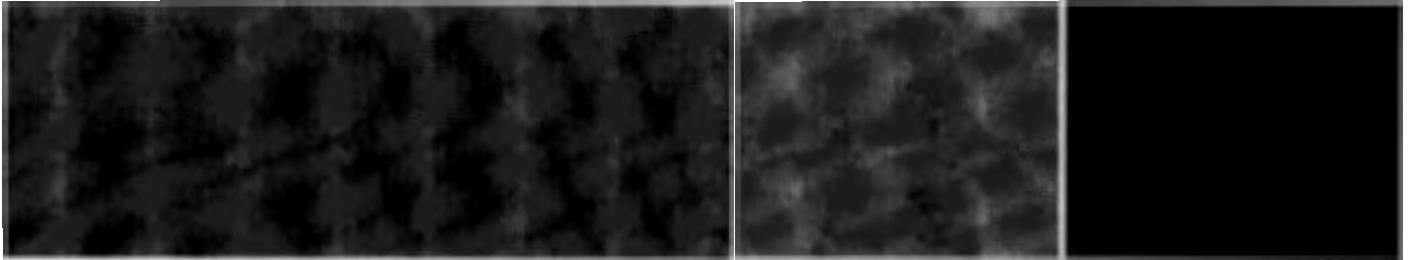
CERTIFICATE HOLDER NH DHHS 129 Pleasant St Concord, NH 03301	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

Families in Transition
122 Market Street
Manchester, NH 03101
Tel. 603-641-9441
Fax. 603-641-1244



Mission

To provide safe and affordable housing and
comprehensive social services to individuals
and families who are homeless or who are at risk of
becoming homeless, enabling them to gain
self-sufficiency and respect.



CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

December 31, 2016

(With Comparative Totals for 2015)

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Families in Transition, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Families in Transition, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2016 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2016, and the consolidated changes in their net assets and their consolidated cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 consolidated financial statements and, in our report dated March 22, 2016, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, which consists of the consolidating statement of financial position as of December 31, 2016, and the related consolidating statements of activities and functional expenses for the year then ended, is presented for purposes of additional analysis, rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
March 29, 2017

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

December 31, 2016

(With Comparative Totals for December 31, 2015)

ASSETS		
	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 773,336	\$ 1,027,626
Funds held as fiscal agent	91,897	90,123
Accounts receivable	176,659	30,212
Grants receivable	168,406	317,288
Prepaid expenses	35,838	43,155
Due from related parties	8,208	8,809
Other current assets	<u>42,795</u>	<u>41,302</u>
Total current assets	1,297,139	1,558,515
Replacement reserves	333,855	331,216
Reserve cash designated for properties	737,887	717,593
Investments	2,994	10,435
Investment in related entity	1,001	1,001
Property and equipment, net	26,990,325	25,441,709
Development in process	158,991	1,881,561
Other assets, net	<u>116,646</u>	<u>129,844</u>
Total assets	<u>\$ 29,638,838</u>	<u>\$ 30,071,874</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	\$ 204,278	\$ 184,407
Accounts payable	168,988	203,943
Accrued expenses	207,932	152,630
Funds held as fiscal agent	91,897	90,123
Due to related entity	-	869
Other current liabilities	<u>48,106</u>	<u>44,665</u>
Total current liabilities	721,201	676,637
Long-term debt, less current portion	<u>10,831,602</u>	<u>10,594,485</u>
Total liabilities	<u>11,552,803</u>	<u>11,271,122</u>
Net assets		
Unrestricted - controlling interest	12,862,952	12,946,230
Unrestricted - noncontrolling interest	<u>4,808,111</u>	<u>5,248,340</u>
Total unrestricted	17,671,063	18,194,570
Temporarily restricted	<u>414,972</u>	<u>606,182</u>
Total net assets	<u>18,086,035</u>	<u>18,800,752</u>
Total liabilities and net assets	<u>\$ 29,638,838</u>	<u>\$ 30,071,874</u>

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	Unrestricted - Controlling Interest	Unrestricted - Noncontrolling Interest	Total Unrestricted	Temporarily Restricted	Total 2016	Total 2015
Revenue and support						
Federal, state and other grant support	\$ 2,060,623	\$ -	\$ 2,060,623	\$ 288,829	\$ 2,349,452	\$ 2,782,997
Rental income, net of vacancies	1,779,729	-	1,779,729	-	1,779,729	1,762,156
Thrift store sales	733,574	-	733,574	-	733,574	721,821
Public support	291,046	-	291,046	-	291,046	188,524
Tax credit revenue	70,000	-	70,000	-	70,000	192,533
Special events	200,057	-	200,057	-	200,057	135,307
VISTA program revenue	83,649	-	83,649	-	83,649	72,888
Unrealized gains (losses) on investments	3,906	-	3,906	-	3,906	(227)
Loss on disposal of assets	(28,156)	-	(28,156)	-	(28,156)	(11,150)
Interest income	29,107	-	29,107	-	29,107	28,833
In-kind donations	22,549	-	22,549	-	22,549	4,970
Forgiveness of debt	131,267	-	131,267	-	131,267	131,267
Medicaid reimbursements	248,815	-	248,815	-	248,815	175,366
Other income	74,812	-	74,812	-	74,812	308,696
Net assets released from restrictions	480,039	-	480,039	(480,039)	-	-
Total revenue and support	6,181,017	-	6,181,017	(191,210)	5,989,807	6,493,981
Expenses						
Program activities						
Housing	5,260,642	-	5,260,642	-	5,260,642	4,839,193
Thrift store	590,896	-	590,896	-	590,896	564,569
Total program activities	5,851,538	-	5,851,538	-	5,851,538	5,403,762
Fundraising	402,696	-	402,696	-	402,696	329,373
Management and general	457,590	-	457,590	-	457,590	418,148
Total expenses	6,711,824	-	6,711,824	-	6,711,824	6,151,283
Contribution for long-term purposes	7,300	-	7,300	-	7,300	50,000
Change in net assets	(523,507)	-	(523,507)	(191,210)	(714,717)	392,698
Change in net assets attributable to noncontrolling interest in subsidiaries	440,229	(440,229)	-	-	-	-
Change in net assets after reclassification of portion attributable to noncontrolling interest	(83,278)	(440,229)	(523,507)	(191,210)	(714,717)	392,698
Net assets, beginning of year	12,946,230	5,248,340	18,194,570	606,182	18,800,752	18,408,054
Net assets, end of year	\$ 12,862,952	\$ 4,808,111	\$ 17,671,063	\$ 414,972	\$ 18,086,035	\$ 18,800,752

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	Program Activities			Management and General	2016 <u>Total</u>	2015 <u>Total</u>
	Housing	Thrift Store	Fundraising			
Salaries and benefits						
Salaries and wages	\$ 1,606,761	\$ 362,595	\$ 225,084	\$ 180,379	\$ 2,374,819	\$ 2,197,630
Employee benefits	161,906	40,273	20,492	16,380	239,051	254,849
Payroll taxes	<u>119,274</u>	<u>27,257</u>	<u>16,873</u>	<u>13,487</u>	<u>176,891</u>	<u>165,360</u>
Total salaries and benefits	1,887,941	430,125	262,449	210,246	2,790,761	2,617,839
Other expenses						
Advertising	15,153	27,540	1,793	1,433	45,919	41,689
Amortization	13,197	-	-	-	13,197	15,513
Application and permit fees	4,915	-	-	100	5,015	3,240
Bad debts	32,403	-	-	-	32,403	19,238
Bank charges	-	-	-	15,602	15,602	15,307
Consultants	67,376	3,268	1,186	5,356	77,186	8,316
Depreciation	927,135	9,839	28,280	22,605	987,859	911,306
Events	367	6,726	46,081	-	53,174	40,687
General insurance	111,344	8,780	495	23,003	143,622	124,620
Interest expense	179,672	660	-	-	180,332	203,058
Management fees	14,679	-	-	-	14,679	6,886
Meals and entertainment	5,598	224	1,019	815	7,656	4,469
Membership dues	7,522	525	1,419	1,134	10,600	6,909
Office supplies	91,720	8,658	15,812	12,639	128,829	118,425
Participant expenses	72,021	190	-	1,812	74,023	61,531
Postage	3,493	-	659	527	4,679	6,565
Printing	16,466	695	2,993	2,392	22,546	29,837
Professional fees	-	-	-	127,545	127,545	112,934
Rental subsidies	223,872	-	-	-	223,872	137,927
Repairs and maintenance	379,011	36,427	7,934	6,342	429,714	409,253
Staff development	8,989	-	1,695	1,355	12,039	8,536
Taxes	324,120	2,419	-	-	326,539	266,379
Technology support	55,540	344	10,280	8,217	74,381	59,523
Telephone	61,540	6,445	9,156	7,319	84,460	70,251
Travel	29,417	7,355	5,548	4,435	46,755	50,447
Utilities	387,242	29,178	-	-	416,420	409,871
VISTA program	290,379	-	-	-	290,379	306,283
Workers' compensation	<u>49,530</u>	<u>11,498</u>	<u>5,897</u>	<u>4,713</u>	<u>71,638</u>	<u>84,444</u>
Total expenses	<u>\$ 5,260,642</u>	<u>\$ 590,896</u>	<u>\$ 402,696</u>	<u>\$ 457,590</u>	<u>\$ 6,711,824</u>	<u>\$ 6,151,283</u>

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (714,717)	\$ 392,698
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,001,056	926,819
Contribution for long-term purposes	(7,300)	(50,000)
Forgiveness of debt	(131,267)	(131,267)
Unrealized (gains) losses on investments	(3,906)	227
Loss on asset disposal	28,156	11,150
Decrease (increase) in:		
Accounts receivable	(146,447)	9,771
Grants receivable	148,882	(34,478)
Prepaid expenses	7,317	11,432
Due from related parties	601	(599)
Other current assets	(1,493)	2,477
Increase (decrease) in:		
Accounts payable	(47,979)	20,364
Accrued expenses	55,302	(7,176)
Due to related party	(869)	(1,502)
Other current liabilities	3,441	(31,700)
Net cash provided by operating activities	<u>190,777</u>	<u>1,118,216</u>
Cash flows from investing activities		
Net deposits to reserve accounts	(22,933)	(47,633)
Proceeds from sale of investments	11,347	-
Investment in development in process	(156,432)	(862,528)
Acquisition of property and equipment	<u>(139,966)</u>	<u>(179,852)</u>
Net cash used by investing activities	<u>(307,984)</u>	<u>(1,090,013)</u>
Cash flows from financing activities		
Contributions received for long-term purposes	7,300	50,000
Proceeds from long-term borrowings	37,739	156,083
Payments on long-term debt	<u>(182,122)</u>	<u>(202,695)</u>
Net cash (used) provided by financing activities	<u>(137,083)</u>	<u>3,388</u>
Net (decrease) increase in cash and cash equivalents	<u>(254,290)</u>	<u>31,591</u>
Cash and cash equivalents, beginning of year	<u>1,027,626</u>	<u>996,035</u>
Cash and cash equivalents, end of year	\$ <u>773,336</u>	\$ <u>1,027,626</u>
Supplemental disclosure		
Acquisition of property and equipment through accounts payable	\$ <u>13,024</u>	\$ <u>-</u>
Acquisition of property and equipment through long-term borrowings	\$ <u>-</u>	\$ <u>72,410</u>
Acquisition of development in process through long-term borrowings	\$ <u>532,638</u>	\$ <u>758,086</u>
Property and equipment transferred from development in process	\$ <u>1,879,002</u>	\$ <u>-</u>

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

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

Organization

Families in Transition, Inc. (FIT or the Organization) is a New Hampshire nonprofit, incorporated on May 13, 1994, to provide housing and comprehensive social services to individuals and families who are homeless or at risk of becoming homeless in certain areas of southern New Hampshire, including Manchester, Concord and Dover.

The Organization directly owns and operates housing programs in facilities located on Amherst Street, Spruce Street, Lake Avenue and Douglas Street in Manchester, New Hampshire. Additional housing facilities are owned and operated by several limited partnerships of which the Organization is the sole general partner. These limited partnerships include Millyard Families II Limited Partnership (Millyard II), located on Market Street in Manchester, New Hampshire; Bicentennial Families Concord Limited Partnership (Bicentennial), located at Bicentennial Square in Concord, New Hampshire; Family Bridge Limited Partnership (Family Bridge), located on Second Street in Manchester, New Hampshire; and Family Willows Limited Partnership (Family Willows), located on South Beech Street in Manchester, New Hampshire (collectively referred to as the Limited Partnerships).

In 2008, the Organization created a Community Development Housing Organization, Housing Benefits, Inc. (Housing Benefits). Housing Benefits identifies and develops new housing units and refurbishes existing units to meet the persistent need of combating homelessness. Completed housing units are located on School & Third Streets, Lowell Street, Belmont Street, Market Street (Millyard Families I), Spruce Street and Hayward Street, in Manchester, New Hampshire as well as an additional housing unit located on Central Avenue in Dover, New Hampshire (Dover).

In 2012, the Organization became the sole member of Manchester Emergency Housing, Inc. (MEH), a New Hampshire nonprofit corporation providing immediate shelter to homeless families in the Manchester, New Hampshire area. MEH is the only family shelter in Manchester, New Hampshire.

The Organization also owns 100% of Family OutFITters, LLC (OutFITters), a limited liability corporation. OutFITters operates independent thrift stores in Concord and Manchester, New Hampshire with the sole purpose of generating an alternate funding stream for the Organization.

The Organization has several wholly-owned corporations which include Brick Mill House Families II, Inc. (Brick Mill), Bicentennial Families Concord, Inc. (Bicentennial Families), Second Street Family Mill, Inc. (Family Mill), and Big Shady Tree, Inc. (Big Shady Tree) (collectively referred to as the General Partners), all of which are New Hampshire corporations. These wholly-owned corporations represent the .01% sole general partners in the Limited Partnerships, whereby Brick Mill is a general partner of Millyard II, Bicentennial Families is a general partner of Bicentennial, Family Mill is a general partner of Family Bridge and Big Shady Tree is a general partner of Family Willows.

In 2012, the Organization became the sole member of The New Hampshire Coalition to End Homelessness, a statewide entity, whose mission is to "eliminate the causes for homelessness through research, education and advocacy". The activity of this entity is not deemed material and has not been included in the consolidated financial statements.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

1. Summary of Significant Accounting Policies

Principles of Consolidation

Since the General Partners have control in the Limited Partnerships, in accordance with Financial Accounting Standards Board *Accounting Standards Codification* Topic 810-20-25, *Consolidation*, the financial statements of each of the Limited Partnerships' are required to be consolidated with the Organization's consolidated financial statements. The limited partners' ownership interest is reported in the consolidated statements of financial position as noncontrolling interest.

The consolidated financial statements include the net assets of the Organization, the Limited Partnerships, the General Partners, Housing Benefits, MEH and OutFITters. All significant inter-entity balances and transactions are eliminated in the accompanying consolidated financial statements.

Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization's December 31, 2015 consolidated financial statements, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified as follows based on the existence or absence of donor imposed restrictions.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related contributions for general or specific purposes. The Organization had no permanently restricted net assets as of December 31, 2016 and 2015.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support in the year of the gift.

The Organization reports contributions of land, buildings or equipment as unrestricted support, unless a donor places explicit restriction on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support and reclassified to unrestricted net assets when the assets are acquired and placed in service.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain the potential risk at a minimum. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on these accounts.

Restricted deposits are those deposits of cash and cash equivalents not generally available for operating costs, but restricted to particular uses including operating and replacement reserves for rental properties as well as certain other social services and programs.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation less accumulated depreciation. The Organization's capitalization policy requires the capitalization of capital expenditures greater than \$1,000, while ordinary maintenance and repairs are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 30 years. Assets not in service are not depreciated.

Volunteer Services

A number of volunteers have donated their time to the Organization's various programs and administrative services. The value of these services has not been included in the accompanying consolidated financial statements since the volunteers' time does not meet criteria for recognition. The estimated value of donated time for the years ended December 31, 2016 and 2015 is approximately \$995,000 and \$870,000, respectively.

Functional Expense Allocation

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

Income Taxes

The Organization is a tax-exempt Section 170(b)(1)(A)(vi) public charity as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been reflected in these financial statements.

The standards for accounting for uncertainty in income taxes require the Organization to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2016 and 2015, the Organization determined that it had no tax positions that did not meet the more-likely-than-not threshold of being sustained by the applicable tax authority. The Organization files an informational return in the United States. This return is generally subject to examination by the federal government for up to three years.

No provision for taxes on income is made in the Limited Partnerships' financial statements since, as a partnership, all taxable income and losses are allocated to the partners for inclusion in their respective tax returns.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

2. Property and Equipment

Property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 3,112,699	\$ 3,112,699
Land improvements	602,600	595,300
Buildings and improvements	30,172,685	27,901,568
Furniture and fixtures	604,164	501,900
Equipment	182,631	324,134
Vehicles	<u>290,475</u>	<u>290,475</u>
	34,965,254	32,726,076
Less: accumulated depreciation	<u>7,974,929</u>	<u>7,284,367</u>
Property and equipment, net	<u>\$ 26,990,325</u>	<u>\$ 25,441,709</u>

At December 31, 2016 and 2015, the Organization held \$22,254,216 and \$22,708,745, respectively, of land, land improvements, and buildings and improvements, net of accumulated depreciation, for the purpose of leasing to individuals.

3. Development in Process

In December 2015, the Organization completed the construction on its Family Place Resource Center and Shelter through funding received from New Hampshire Housing Finance Authority (NHHFA), Community Development Finance Authority funds and donations. The Organization began providing services to individuals in January 2016 and placed the facility in service. The facility houses an expanded family shelter as well as a comprehensive resource center designed to meet the needs of homeless families and children. The shelter consists of 11 emergency housing units for families in immediate need of shelter. The services provided at the facility include, but are not limited to, centralized assessment and referral, hot meals, access to an onsite food pantry, onsite medical care and therapeutic preschool programming for children. At the time of completion the Organization had invested approximately \$1.8 million in the facility.

In September 2014, a three-family building and land located on Spruce Street in Manchester, New Hampshire was donated to FIT by the City of Manchester. The property was transferred from FIT to Housing Benefits. Housing Benefits rehabilitated the project into rental housing for low-income households. The construction incorporated energy efficiencies to reduce operating costs and help ensure long-term affordability. In July 2016, this facility was placed into service. At the time of completion the Organization had invested approximately \$595,000 in the facility.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

**December 31, 2016
(With Comparative Totals for December 31, 2015)**

4. Line of Credit

The Organization has an unsecured line of credit agreement, renewed annually, with a financial institution in the amount of \$100,000. During the term of the agreement, the interest rate on any outstanding principal balance shall be equal to the base rate, as defined by the financial institution, with a floor of 4%. There was no outstanding balance or activity as of and for the years ended December 31, 2016 and 2015.

5. Long-term Debt

Long-term debt consisted of the following:

	<u>2016</u>	<u>2015</u>
A mortgage loan payable to NHHFA in monthly payments of \$680, including interest at 1% and an escrow of \$289. The loan is collateralized by real estate located on Amherst Street, Manchester, New Hampshire. The loan is due and payable in full in January 2033.	\$ 60,724	\$ 64,186
A note payable to NHHFA. The note is noninterest bearing and is collateralized by real estate located on Amherst Street, Manchester, New Hampshire. The note is due and payable upon sale or refinancing of the property or in June 2042.	163,283	163,283
A mortgage loan payable to St. Mary's Bank in monthly payments of \$990, including interest at 4.55%. The loan is collateralized by real estate on Spruce Street, Manchester, New Hampshire and is due and payable in full in February 2019.	123,139	127,772
A vehicle loan on an activity bus payable to New Hampshire Health and Education Facilities Authority in monthly payments of \$525 at 1% annual interest rate. The loan is due and payable in February 2017.	1,077	7,310
A mortgage loan payable to TD Bank, N.A. in monthly payments of \$1,359, including interest at 7.1%. The loan is collateralized by real estate at Beech Street, Manchester, New Hampshire. The loan is due and payable in full in November 2023.	80,597	90,702
A mortgage loan payable to RBS Citizens Bank in monthly payments of \$2,126, including interest at 7.18%. The loan is collateralized by real estate on Douglas Street, Manchester, New Hampshire. The loan is due and payable in full in April 2024.	235,139	243,224

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A mortgage note payable by Bicentennial to NHHFA, collateralized by real estate and personal property. Monthly payments of \$1,095 include interest at 4.75% per annum until the principal and interest are fully paid with the final installment due and payable on May 1, 2034.	153,833	159,494
A noninterest bearing note payable by Bicentennial to NHHFA, collateralized by real estate and various financing instruments. Annual payments of 50% of surplus cash are due. The note is due and payable on May 28, 2034. This is nonrecourse.	85,018	85,018
A noninterest bearing note payable by Bicentennial to NHHFA, collateralized by real estate and various financing instruments. Annual payments of 25% of surplus cash are due. The note is due and payable on May 28, 2033. This note is nonrecourse and is subordinate to the \$85,018 note payable.	337,720	337,720
A noninterest bearing note payable by Bicentennial to Merrimack County, collateralized by real estate and various financing instruments. The note is due and payable in full in May 2033.	260,000	260,000
A noninterest bearing note payable by Millyard II to NHHFA, collateralized by real estate and various financing instruments. Annual payments of 25% of surplus cash are due. The note is due and payable upon sale or refinancing of the property or in May 2031. This loan is nonrecourse.	449,877	461,696
A mortgage note payable by Millyard II to NHHFA, collateralized by real estate and personal property. Monthly payments of \$1,729 include principal and interest at 3.5% per annum. The final installment is due and payable on September 1, 2032.	245,315	257,265
A note payable by Millyard II to the City of Manchester, New Hampshire, collateralized by real estate and various financing instruments. A payment of interest shall be made annually no later than August 1 each year based on 42.5% of the net cash flow. In any year where the Debt Coverage Ratio exceeds 1.15 to 1, principal payments shall be made no later than August 1 in an amount that will result in a 1.15 to 1 Debt Coverage Ratio. All unpaid amounts are due and payable in full on August 1, 2031. This note is nonrecourse.	226,725	226,725

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A noninterest bearing note payable by Millyard II to the New Hampshire Community Loan Fund, Inc. (NHCLF), collateralized by real estate. Payment of principal is due and payable on December 31, 2031. This note is nonrecourse.	250,000	250,000
A mortgage note payable by Housing Benefits to the City of Manchester Community Improvement Program, collateralized by Millyard Families I real estate. The note is noninterest bearing and is due and payable in January 2027.	230,000	230,000
A second mortgage note payable by Housing Benefits to Community Development Finance Authority (CDFA), collateralized by Millyard Families I real estate. Monthly payments of \$1,121 include principal and interest at 2% per annum. The final installment is due and payable on June 15, 2022.	69,998	81,919
A mortgage note payable by Family Bridge to NHHFA, collateralized by real estate and personal property. The note bears no interest and is to be repaid from 50% of available surplus cash annually with all remaining principal due on August 30, 2034.	850,000	850,000
A promissory note payable by Family Bridge to TD Bank, N.A., collateralized by real estate. Monthly payments of \$3,953 include principal and interest at 7.71%. The note is payable in full in November 27, 2023 and is guaranteed by FIT and Family Mill.	462,486	473,244
A promissory note payable by Family Bridge to the City of Manchester, New Hampshire. The note is noninterest bearing with annual payments of 50% of net cash flow payable by October 1. The outstanding principal is due by October 1, 2034. The note is collateralized by real estate and is nonrecourse.	600,000	600,000
A mortgage note payable by Family Willows to NHHFA, collateralized by real estate and personal property. The note bears no interest and is to be repaid from 50% of available surplus cash annually with all remaining principal due on July 9, 2037.	567,448	568,617

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A note payable by Family Willows to the City of Manchester, New Hampshire. The note is noninterest bearing and has an annual payment of \$9,091 payable on October 1. All outstanding principal is due by October 2029. The note is collateralized by real estate and is nonrecourse.	109,090	118,181
A note payable by Family Willows to RBS Citizens Bank, collateralized by real estate. Monthly payments of \$1,882 include principal and interest at 3.75%, based on the prime rate capped at 6%. The note is payable in full on June 27, 2033 and is guaranteed by FIT and Big Shady Tree.	287,593	300,086
A mortgage note payable by Housing Benefits to NHHFA, collateralized by School & Third Street real estate and personal property. Monthly payments of \$2,775 include principal and interest at 8% per annum. The note is due in February 2021.	119,838	142,347
A second mortgage note payable by Housing Benefits to NHCLF, collateralized by School & Third Street real estate and personal property. The note bears no interest and monthly payments of \$2,775 will commence on April 15, 2021 and continue until maturity in October 2039.	617,613	617,613
A mortgage note payable by Housing Benefits to NHHFA, collateralized by Belmont Street real estate and personal property. The non-interest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full by December 2040.	413,575	419,370
A privately-financed mortgage note collateralized by property located at South Main Street in Concord, New Hampshire. Monthly payments of \$3,158 include principal and interest at 6.25% per annum. The note will be paid in full in September 2031.	364,529	379,138
A mortgage note payable from Housing Benefits to NHHFA, collateralized by Lowell Street real estate and personal property. The non-interest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full in August 2040.	34,628	34,628

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A second, noninterest bearing, mortgage note payable from Housing Benefits to the City of Manchester, New Hampshire, collateralized by Lowell Street real estate. Annual payments equal to the greater of 25% of new cash flow or \$4,000 commenced in October 2012 and will continue until the maturity date in June 2041.	172,022	176,022
A noninterest promissory note payable from Housing Benefits to NHHFA collateralized by a mortgage and security agreement on Lowell Street real estate. The note will be forgiven 1/15th annually over the low-income housing tax credit compliance period which ends in 2026. During 2016 and 2015, \$131,267 was recognized as other income in the consolidated statement of activities.	1,247,031	1,378,298
A mortgage note payable from Housing Benefits to NHHFA, collateralized by Dover real estate and personal property. The noninterest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full by June 2028.	219,364	221,428
A technical assistance note payable to NHHFA to provide support to the Organization for the Hope House (the Project). If the Project is approved, NHHFA is expected to be the lead lender on the Project. At the time of closing on the construction loan, this noninterest bearing note payable will be repaid or refinanced. If the Project does not proceed to a closing, NHHFA has indicated it will forgive the loan.	13,841	-
A noninterest mortgage note payable to the City of Manchester Community Improvement Program, collateralized by real estate located at 393-395 Spruce Street The note has a borrowing limit of \$500,000. As costs are incurred Housing Benefits will be reimbursed by the City of Manchester. Annual payments of the greater of 25% of net cash flow or \$5,000 are due by October 1 commencing October 1, 2015. The note is due in full by October 1, 2045.	582,808	129,708
A mortgage note payable to TD Bank, N.A., collateralized by real estate located at 167 Lake Avenue and personal property located at 161 South Beech Street, Unit 2. Monthly payments of \$1,921 include principal and interest at 3.41%. The note is due in full by April 2019.	407,357	416,086

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

A vehicle loan payable in monthly payments of \$488, including interest at 4.06%. The loan is due in September 2020 and is collateralized by the related vehicle.	20,369	25,286
A vehicle loan payable in monthly payments of \$760, including interest at 5.374%. The loan is due in November 2020 and is collateralized by the related vehicle.	30,610	38,595
A mortgage note payable to NHHFA, collateralized by the real estate at Lake Avenue, Manchester, New Hampshire. The non-interest bearing note requires annual payments in amounts equal to 50% of surplus cash. The note is payable in full by June 2045.	750,000	646,564
A mortgage note payable to TD Bank, N.A., collateralized by real estate located at 641 Hayward Street, Manchester, New Hampshire. Monthly payments of \$1,091 include principal and interest at 4.25%. The note is due in full by January 2040.	<u>193,233</u>	<u>197,367</u>
	11,035,880	10,778,892
Less current portion	<u>204,278</u>	<u>184,407</u>
	<u>\$ 10,831,602</u>	<u>\$10,594,485</u>

Principal maturities of the above notes over the next five years and thereafter are as follows:

2017	\$ 204,278
2018	177,292
2019	674,888
2020	177,146
2021	174,492
Thereafter	<u>9,627,784</u>
	<u>\$ 11,035,880</u>

Cash paid for interest approximates interest expense.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016

(With Comparative Totals for December 31, 2015)

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
The Family Place - services	\$ 4,858	\$ 52,000
The Family Place - development	-	140,115
Scholarships	12,264	13,348
VISTA program	58,093	50,623
Housing programs	10,492	8,432
Direct care for clients	169,494	198,460
Community Gardens	42,771	46,204
Grant receivable - time restricted	<u>117,000</u>	<u>97,000</u>
	<u>\$ 414,972</u>	<u>\$ 606,182</u>

7. Commitments

Under the terms of the Limited Partnerships' Regulatory Agreements with NHHFA, each Limited Partnership is required to make deposits to various escrow accounts to fund expected future costs.

Each Limited Partnership has entered into a Land Use Restriction Agreement with NHHFA, as a condition of the allocation of low-income housing tax credits by NHHFA. Pursuant to the covenant, the Limited Partnerships are required to remain in compliance with Code Section 42 for the compliance period and an extended use period, unless terminated sooner.

8. Retirement Plan

The Organization has a tax deferred retirement plan which is available to all employees working greater than 25 hours a week. All employees are eligible to participate and are fully vested with the first contribution. The Organization matches contributions at 100% up to 3% of compensation. The Organization contributed \$34,176 and \$32,880 during the years ended December 31, 2016 and 2015, respectively.

9. Housing Action New Hampshire

In 2011, the Organization entered into a Fiscal Sponsorship Agreement with Housing Action New Hampshire (HANH), an unincorporated association. Authority to manage the programmatic activities of HANH is vested solely in HANH. The Organization maintains the books and financial records for HANH in accordance with U.S. GAAP. HANH funds are presented in the Organization's consolidated statement of financial position as funds held as fiscal agent.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2016
(With Comparative Totals for December 31, 2015)

10. Noncontrolling Interest

Noncontrolling interest, as shown in the consolidated statement of financial position, represents investments by limited partners in the Limited Partnerships as follows as of December 31:

<u>Limited Partner</u>	<u>Property</u>	<u>2016</u>	<u>2015</u>
Community Capital 2000 New Hampshire Housing Equity Fund, Inc.	Millyard II	\$ 848,610	\$ 932,812
JP Morgan Chase	Bicentennial	264,089	302,918
BCCC, Inc.	Bicentennial	263,968	303,031
Boston Capital Corporate	Family Bridge	10	10
BCCC, Inc.	Family Bridge	1,320,087	1,486,889
Boston Capital Midway	Family Willows	10	10
	Family Willows	<u>2,111,337</u>	<u>2,222,670</u>
		<u>\$ 4,808,111</u>	<u>\$ 5,248,340</u>

11. Subsequent Events

For purposes of the preparation of these consolidated financial statements in conformity with U.S. GAAP, the Organization has considered transactions or events occurring through March 29, 2017, which was the date the consolidated financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the consolidated financial statements.

Millyard II

During 2016, Millyard II reached the end of the initial 15-year low-income housing tax credit compliance period. As a result, Community Capital 2000 (the limited partner) indicated it has decided to withdraw from Millyard II and is expected to do so in the first quarter of 2017. It is management's plan to have Housing Benefits acquire the remaining assets of Millyard II.

Wilson Street Development

The Organization is currently in the process of developing the Manchester Treatment and Recovery Center (the Center) on the second and third floors of 267 Wilson Street in Manchester, New Hampshire. Management plans to use the second floor of the building to expand the Organization's Family Willows Intensive Outpatient Treatment Program and to also provide sober and recovery housing. This additional space is anticipated to allow the Organization to double the number of people served with evidence based substance use disorder treatment services. The Organization plans to rehabilitate the third floor of the building to create substance free recovery housing for single women who are in the early stages of recovery. Consistent with recent evidence regarding successful recovery housing programs, women in these units will share living space with other women in the early stages of their recovery, thereby providing peer support and accountability to mitigate chances of relapse. Cost of development of the Center is estimated to range from \$3.6 million to \$4 million and is expected to be funded from the City of Manchester, NHHFA, CDFA funds, other grants and donations and additional long-term borrowings.

SUPPLEMENTARY INFORMATION

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position

December 31, 2016

	ASSETS							
	Families In Transition Operating	Limited Partnerships	Housing Benefits	Family OutFITTERs	Manchester Emergency Housing	Families in Transition Temporarily Restricted	Eliminations	Total
Current assets								
Cash and cash equivalents	\$ 46,905	\$ 39,900	\$ 141,211	\$ 128,535	\$ 1,813	\$ 414,972	\$ -	\$ 773,336
Funds held as fiscal agent	91,897	-	-	-	-	-	-	91,897
Accounts receivable	245,259	11,657	9,064	-	-	-	(89,321)	176,659
Grants receivable	161,656	-	-	-	6,750	-	-	168,406
Prepaid expenses	7,011	18,347	10,227	21	232	-	-	35,838
Due from related party	407,439	30,613	87,039	170,632	525	-	(688,040)	8,208
Other current assets	5,078	23,829	13,888	-	-	-	-	42,795
Total current assets	965,245	124,346	261,429	299,188	9,320	414,972	(777,361)	1,297,139
Replacement reserves	43,079	186,913	103,863	-	-	-	-	333,855
Reserve cash designated for properties	54,416	381,302	302,169	-	-	-	-	737,887
Related party notes receivable	1,725,799	-	-	-	-	-	(1,725,799)	-
Accrued interest receivable on related party note	919,191	-	-	-	-	-	(919,191)	-
Investments	2,994	-	-	-	-	-	-	2,994
Investment in related entities	1,196,347	-	25,052	-	-	-	(1,220,398)	1,001
Property and equipment, net	4,641,647	13,039,082	9,266,994	42,602	-	-	-	26,990,325
Development in process	156,371	-	2,620	-	-	-	-	158,991
Other assets	-	54,683	61,963	-	-	-	-	116,646
Total assets	\$ 9,705,089	\$ 13,786,326	\$ 10,024,090	\$ 341,790	\$ 9,320	\$ 414,972	\$ (4,642,749)	\$ 29,638,838
	LIABILITIES AND NET ASSETS							
Current liabilities								
Current portion of long-term debt	\$ 72,454	\$ 70,782	\$ 53,462	\$ 7,580	\$ -	\$ -	\$ -	\$ 204,278
Accounts payable	54,850	134,405	58,485	3,749	6,820	-	(89,321)	168,988
Accrued expenses	135,370	727,878	236,630	20,472	6,773	-	(919,191)	207,932
Funds held as fiscal agent	91,897	-	-	-	-	-	-	91,897
Due to related entities	49,166	76,101	429,476	120,626	12,671	-	(688,040)	-
Other current liabilities	5,479	26,001	16,626	-	-	-	-	48,106
Total current liabilities	409,216	1,035,167	794,679	152,427	26,264	-	(1,696,552)	721,201
Long-term debt, less current portion	2,147,604	6,140,122	4,246,646	23,029	-	-	(1,725,799)	10,831,602
Total liabilities	2,556,820	7,175,289	5,041,325	175,456	26,264	-	(3,422,351)	11,552,803
Net assets								
Unrestricted - controlling interest	7,148,269	1,802,926	4,982,765	166,334	(16,944)	-	(1,220,398)	12,862,952
Unrestricted - noncontrolling interest	-	4,808,111	-	-	-	-	-	4,808,111
Total unrestricted	7,148,269	6,611,037	4,982,765	166,334	(16,944)	-	(1,220,398)	17,671,063
Temporarily restricted	-	-	-	-	-	414,972	-	414,972
Total net assets	7,148,269	6,611,037	4,982,765	166,334	(16,944)	414,972	(1,220,398)	18,086,035
Total liabilities and net assets	\$ 9,705,089	\$ 13,786,326	\$ 10,024,090	\$ 341,790	\$ 9,320	\$ 414,972	\$ (4,642,749)	\$ 29,638,838

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended December 31, 2016

	Families In Transition Operating	Limited Partnerships	Housing Benefits	Family OutFITters	Manchester Emergency Housing	Eliminations	Unrestricted Total	Temporarily Restricted	Total
Revenue and support									
Federal, state and other grant support	\$ 2,023,202	\$ 63,154	\$ 151,491	\$ -	\$ 132,337	\$ (309,561)	\$ 2,060,623	\$ 288,829	\$ 2,349,452
Rental income, net of vacancies	274,434	977,708	596,694	-	10,033	(79,140)	1,779,729	-	1,779,729
Thrift store sales	-	-	-	733,574	-	-	733,574	-	733,574
Public support	288,113	-	-	2,933	-	-	291,046	-	291,046
Tax credit revenue	70,000	-	-	-	-	-	70,000	-	70,000
Special events	200,057	-	-	-	-	-	200,057	-	200,057
Property management fees	569,876	-	-	-	-	(569,876)	-	-	-
VISTA program revenue	83,649	-	-	-	-	-	83,649	-	83,649
Unrealized gains on investments	3,906	-	-	-	-	-	3,906	-	3,906
Loss on disposal of assets	(188)	(558)	(17)	-	(27,393)	-	(28,156)	-	(28,156)
Interest income	96,059	237	581	-	-	(67,770)	29,107	-	29,107
In-kind donations	22,549	-	-	-	-	-	22,549	-	22,549
Forgiveness of debt	-	-	131,267	-	-	-	131,267	-	131,267
Medicaid reimbursements	248,815	-	-	-	-	-	248,815	-	248,815
Other income	75,340	22,131	11,071	8,462	27,049	(69,241)	74,812	-	74,812
Net assets released from restrictions	480,039	-	-	-	-	-	480,039	(480,039)	-
Total revenue and support	4,435,851	1,062,672	891,087	744,969	142,026	(1,095,588)	6,181,017	(191,210)	5,989,807
Expenses									
Program activities	3,412,887	1,469,639	1,131,022	713,592	203,542	(1,079,144)	5,851,538	-	5,851,538
Fundraising	402,696	-	-	-	-	-	402,696	-	402,696
Management and general	398,847	33,305	24,712	16,670	500	(16,444)	457,590	-	457,590
Total expenses	4,214,430	1,502,944	1,155,734	730,262	204,042	(1,095,588)	6,711,824	-	6,711,824
Excess (deficiency) of revenue and support over expenses	221,421	(440,272)	(264,647)	14,707	(62,016)	-	(530,807)	(191,210)	(722,017)
Contribution for long-term purposes	-	-	7,300	-	-	-	7,300	-	7,300
Change in net assets	\$ 221,421	\$ (440,272)	\$ (257,347)	\$ 14,707	\$ (62,016)	\$ -	\$ (523,507)	\$ (191,210)	\$ (714,717)

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses

Year Ended December 31, 2016

	Program Activities							Eliminations	Total
	Families In Transition Operating	Limited Partnerships	Housing Benefits	Family OutFITters	Manchester Emergency Housing	Fundraising	Management and General		
Salaries and benefits									
Salaries and wages	\$ 1,185,707	\$ -	\$ 323,031	\$ 362,595	\$ 98,023	\$ 225,084	\$ 180,379	\$ -	\$ 2,374,819
Employee benefits	108,661	-	47,908	40,273	5,337	20,492	16,380	-	239,051
Payroll taxes	89,466	-	22,480	27,257	7,328	16,873	13,487	-	176,891
Total salaries and benefits	1,383,834	-	393,419	430,125	110,688	262,449	210,246	-	2,790,761
Advertising	15,153	-	-	27,540	-	1,793	1,433	-	45,919
Amortization	-	6,673	6,524	-	-	-	-	-	13,197
Application and permit fees	-	2,755	2,160	-	-	-	100	-	5,015
Bad debts	11,456	7,738	13,209	-	-	-	-	-	32,403
Bank charges	-	-	-	-	-	-	15,602	-	15,602
Consultants	61,901	-	2,691	3,268	2,784	1,186	5,356	-	77,186
Depreciation	149,952	479,691	289,197	9,839	8,295	28,280	22,605	-	987,859
Events	-	-	367	6,726	-	46,081	-	-	53,174
General insurance	29,922	41,671	30,199	8,780	9,552	495	23,003	-	143,622
Interest expense	68,682	130,476	48,284	660	-	-	-	(67,770)	180,332
Management fees	75,448	228,235	260,872	-	-	-	-	(549,876)	14,679
Meals and entertainment	5,403	-	-	224	195	1,019	815	-	7,656
Membership dues	7,522	-	-	525	-	1,419	1,134	-	10,600
Office supplies	83,843	2,542	4,682	8,658	653	15,812	12,639	-	128,829
Participant expenses	44,763	165	-	190	27,093	-	1,812	-	74,023
Postage	3,493	-	-	-	-	659	527	-	4,679
Printing	15,870	-	596	695	-	2,993	2,392	-	22,546
Professional fees	-	-	-	-	-	-	127,545	-	127,545
Related entity expenditures	633,095	-	(314,293)	60,000	-	-	-	(378,802)	-
Rent	-	-	-	62,696	-	-	16,444	(79,140)	-
Rental subsidies	223,872	-	-	-	-	-	-	-	223,872
Repairs and maintenance	42,070	184,979	156,225	36,427	15,737	7,934	6,342	(20,000)	429,714
Staff development	8,989	-	-	-	-	1,695	1,355	-	12,039
Taxes	64,147	161,638	95,166	2,419	3,169	-	-	-	326,539
Technology support	54,509	218	321	344	492	10,280	8,217	-	74,381
Telephone	48,549	791	8,074	6,445	4,126	9,156	7,319	-	84,460
Travel	29,417	-	-	7,355	-	5,548	4,435	-	46,755
Utilities	31,510	219,907	119,716	29,178	16,109	-	-	-	416,420
VISTA program	288,219	2,160	-	-	-	-	-	-	290,379
Workers' compensation	31,268	-	13,613	11,498	4,649	5,897	4,713	-	71,638
Total expenses	\$ 3,412,887	\$ 1,469,639	\$ 1,131,022	\$ 713,592	\$ 203,542	\$ 402,696	\$ 474,034	\$ (1,095,588)	\$ 6,711,824

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Board member since 2015

Alex Anagnost
Director of Philanthropy/Project Manager, Anagnost Companies
Board member since 2015

Kelly Mulholland
SVP, Business Banking Regional Director, New England, Santander Bank, N.A.
Board member since 2016

Heather Whitfield
Vice President, Commercial Lending, People's United Bank
Board member since 2016

Wayne McCormick, CFP
First Vice President- Investments, Wells Fargo Advisors
Board member since 2016

Helen Davies
Director of Community Relations, Southern New Hampshire University
Board member since 2016

Scott W. Ellison
Partner, COOK, LITTLE, ROSENBLATT & MANSON, pllc
Board member since 2016

AnnMarie French
Communications Manager, NH Fiscal Policy Institute
Board member since 2016

Kyle Battis
NH Strategic Marketing, President
Board member since 2017

Maureen Ann Beauregard

Professional Experience

November 1991 to Present: Families in Transition, 122 Market Street, Manchester, NH 03101.

1995-Present. President, Families in Transition. Developed a Board of Directors and established Families in Transition as a private nonprofit agency in 1995. Responsible for grant writing, fundraising, facility development, oversight of agency personnel, program development, day to day operations, reporting to state and federal agencies and public relations.

- 2003to Present: Development and Implementation of 33 units permanent affordable housing in Manchester.
- 2001-2003: Development of Families in Transition – Concord, 16 units of affordable housing with 6 designated for homeless women with a disability and 10 designated for transitional housing for homeless women and their children.
- 2001 to Present: Development of Families in Transition’s social entrepreneurship, Family OutFITters thrift store and Employment Training Program.
- 1998 – 2001: Development of Millyard II Transitional Housing Program with 19 apartments and 1 interim unit for 3 families.
- 1995 – 1997: Development of Millyard I Transitional Housing Program with 12 apartments for homeless women with children.
- 1994 – 1995: Development of steering committee to form the Board of Directors for Families in Transition and Families in Transition becomes and independent 501 © (3)

1991- 1994 New Hampshire Community Loan Fund. Program Director. Designed and implemented transitional housing programs for the homeless women with and without children.

- 1993 – 1994: Development and implementation of Community Program providing supportive services to 14 homeless women and their children and assisting them in attaining and maintaining housing.
- 1992 – 1993: Development and implementation of Amherst Street Transitional Housing Program for 9 homeless single women.
- 1991 – 1992: Development and implementation of Spruce Street Transitional Housing Program for 5 homeless women and their children.

November 1989-March 1991: Child Protective Service Worker II for the Division for Children and Youth Services, 30 Maplewood Avenue, Portsmouth, NH. Advocated for abused and neglected children in court, established support network (fostercare, visitation, and counseling) to help in the abuse/neglect recovery process.

November 1988-November 1989: Substance Abuse Counselor for Team Coordinating Agency, Phoenix East, Haverhill, MA. Counseled clients, aided and found resources

(AA/NA meetings, employment, education, and counseling) for residents in halfway house for alcoholic/addicts, age 16-25. Conducted weekly support group.

Education

Bachelor of Science degree from the University of New Hampshire, College of Life Science and Agriculture. Area of study: Family Studies.

Professional Affiliations and Honors

- **1998 to 2004** – Northern New England Housing Investment Fund. Member of Board of Directors.
- **1998 to 2004** – Northern New England Equity Fund. Member Board of Directors and Investment Committee
- **2004:** New Hampshire Business Review, Business Excellence Awards 2004, Maureen Beauregard for Excellence in Non-Profit
- **2004:** The Walter J. Dunfey Awards for Excellence in Management awarded to Families in Transition
- **2003:** YWCA Susan B. Anthony Award, Woman of the Year
- **2003:** New Hampshire Housing Finance Authority Annual Conference: Maureen Beauregard and Families in Transition recognized as Best Practice for Development of Affordable Housing in New Hampshire.
- **2002:** Great Bay Foundation: \$150,000 grant award for the development and implementation of social entrepreneurship, Family OutFITters.
- **2002:** Citizens Bank and WMUR Channel – 9, 2003 Community Champions Award for Homelessness for New Hampshire
- **2001:** Manchester Continuum of Care Narrative submission to the U.S. Dept. of Housing & Urban Development, SuperNOFA: 1 of top 10 narratives in the country.
- **2003 to Present:** YMCA Diversity Committee
- **2003 to Present:** Intown Manchester, Economic Development Committee, Trustee
- **2003:** The Sharing Foundation, Caring for Cambodia's Children Parent Advisory Council
- **2003 to Present:** New Hampshire Interagency Council on Homelessness, member appointed by Governor Benson
- **2002 to Present:** Policy Academy for the Chronically Homeless, member
- **2002 to Present:** Great Bay Foundation, Work Group consisting of 5 leading initiatives, member
- **2001 to Present:** Manchester Task Force on Housing, member appointed by Mayor
- **1999 to Present:** Northern New England Housing Investment Fund, Investment Committee, Trustee
- **1998 to Present:** Manchester Continuum of Care, Chairperson in 1998, 2003, founding member

Stephanie Allain Savard, LICSW

Licensure and Education:

- New Hampshire Licensed Independent Clinical Social Worker, #941, April, 2000.
- Masters in Social Work, Boston University, 1996.
- Bachelor of Arts – Honors in Psychology, Keene State College, 1992.
- Associate of Science in Chemical Dependency, Keene State College, 1992.
- Boston University Workshop-Based Trauma Certificate, 2006.
- Low Income Housing Tax Credit Certified Credit Compliance Professional (C3P), 2000.

Professional Experience:

Chief Operating Officer, Families in Transition, Manchester, NH, 1/97 – Present.

- Oversight of clinical department and all supportive services programming within agency, including case management, therapeutic services, employment & training services, youth programming and specialized programming. Oversee and manage treatment and supportive services for a program capacity of 150+ homeless families and individuals to ensure that consistent and quality clinical services are provided. Oversight of 135+ units of affordable housing to ensure quality and safe housing for all tenants.
- Provide administrative and clinical supervision to all licensed clinicians, masters and bachelor level clinician & case managers. Provide oversight to the Property Administration Department, including management of all funding requirements for each property, including Low Income Housing Tax Credits, HOME, Housing and Urban Development, CDBG, etc.
- Assumes responsibilities and decision-making for agency in the absence of the President. Assist President on personnel issues and in oversight of agency and strategic planning.
- Provide therapeutic services to participants of program, including participation in participant team meetings. Co-facilitate support groups on various issues, including self-esteem, co-dependency, Relational/Cultural Theory, trauma and relationships.
- Families in Transition Board of Directors Programs and Supportive Services Committee Member and assist in Board of Director meetings.
- Member of the Manchester Continuum of Care, 10/00 – Present; Community Awareness Committee Chair 2003/2004; 2006 – Present.

Counselor/Family Service Worker, NFI Midway Residential Shelter, Manchester, NH, 1993 – 1996.

- Supervised 15 adolescent males utilizing behavior management and normative culture techniques.

- Supervised all shifts and summer activity program; Conducted family assessments and counseling.

MSW Clinical Intern, CASPAR Emergency Service Center, Cambridge, MA, 1995-1996.

- Provided assessments, individual and group therapy to homeless substance abusers in early recovery.
- Developed a resource manual of services for client referral and assisted in creating a program brochure.

MSW Clinical Caseworker Intern, WorkSource of Work, Inc., Quincy, MA, 1994-1995.

- Provided case management, counseling, and crisis intervention to consumers with psychiatric disabilities in a vocational rehabilitation workshop. Developed and co-facilitated support groups.
- Developed and facilitated a pre-employment program for consumers transitioning into community work.

VISTA Volunteer, Center for Human Services, Seattle, WA, 1992-1993.

- Developed, recruited, and supervised a volunteer program for multiple programs and departments.
- Diversity Committee Member; Assisted in agency fundraising and grant writing; designed and marketed public relation materials; assisted in coordinating Board of Directors and chairing Board committees.

Professional Affiliations and Volunteer Experience:

- Lazarus House Transitional Housing Advisory Council, Lawrence, MA, 2004 - Present.
- Board of Directors of the NH Coalition to End Homelessness, 12/00 - 2002.

Awards & Professional Memberships:

- National Association of Social Workers, Member 1996-Present; NH Chapter Board of Directors, Vice-President 2006 – Present.
- Union Leader and Business Industry Association “40 Under 40” Leaders of New Hampshire, 2004
- NH Homeless Service Providers Award, Office of Homeless and Housing Services, 2003.

ALEXANDRA SACKETT

PROFILE

I would like to help create a community that is supportive, collaborative, and compassionate community that generates opportunity, promotes autonomy, and inspires all members of our community to learn and grow.

EXPERIENCE

Program Aid- Families in Transition- April 2017- present

I am giving assistance to residents and participants. I monitor for safety concerns and create an environment that is safe, secure and enriching for the families we service.

SHIFT LEADER- HCRS- APRIL 2015- PRESENT

As a shift leader I work with the residential care coordinator to maintain compliance to federal, state, and licensing regulations. I worked as a team to bring cohesiveness and consistency to all three shifts. I am the point of contact on second shift for scheduling community outings, home visits, doctor visits, volunteering, school, etc. I supervise six employees and manage the schedule for any call outs or reconstruction of the schedule when necessary. I am responsible for documenting in our client system any document ion necessary for HCRS review.

FINANCIAL REPRESENTATIVE, GREAT-WEST RETIREMENT, WALTHAM MA JAN 2008- APRIL 2012

Covered over 100 miles in territory including city and town entities such as Quincy and Cape Cod and the Islands. I was the financial representative for the Boston Police department, the Boston Fire Department, EMS, and over 500 participants city wide. Offered Plan sponsored support to over 30 towns and cities with meetings with treasure and HR. Was available for web support and tech. Stayed attune to financial news, performances, trends, and articles. Proficient in Microsoft word, excel, power point, dragon transcription.

FINANCIAL REPRESENTATIVE, NORTHWESTERN MUTUAL, BOSTON MA, MARCH 2004 JAN 2008

Was the financial assistant to one of Boston brokers. Handled time sensitive personal financial information for over 500 clients. Maintained daily outlook calendar including meetings, phone conferences, and travel arrangements. Completed life, disability and annuity applications while assisting throughout the underwriting process.

CRISIS COUNSELOR, DEARBORN ACADEMY, ARLINGTON MA, AUG 2001- MARCH 2004

One of two on call crisis counselors for a day school. The children's ages ranged from age 6-15. There were three class rooms. The school specialized in smaller classrooms for children with learning, behavioral, social or medical needs. I attended IEP, intake meetings and private placement, completed behavioral plans for individual and classrooms, behavioral interventions, teaching problem solving skills, boundaries and social skills.

EDUCATION

FITCHBURG UNIVERSITY- EARLY CHILDHOOD EDUCATION AND ENGLISH
DEGREE, 2000

SKILLS/LICENSES

Have managed and supervised up to ten direct employees. helped manage and maintain a schedule for three shifts, facilitate groups and activities, maintain required licensing and documentation, CPI, CPR, and First Aid, IPS, Mat, life accident and health, series 6, 63, CRPC certified.

REFERRALS

Rich Wrase- Residential Coordinator - HCRS

Lysa Mosca- Care Coordinator- HCRS

Pam- Nurse-HCRS

Leah Grant HCRS

KELLY PAQUETTE



PROFESSIONAL PROFILE

Motivated, personable professional with a successful track record of developing, managing and directing programs and services. Diplomatic and tactful with professionals and nonprofessionals at all levels. Accustomed to handling sensitive, confidential information. Demonstrated history of producing accurate, timely reports meeting stringent state and federal guidelines.

Flexible and versatile -- able to maintain a sense of humor under pressure. Poised and competent with demonstrated ability to easily transcend cultural differences. Thrive in deadline-driven environments. Excellent team-building skills.

SKILLS SUMMARY

- Results-driven achiever with exemplary planning and organizational skills, along with a high degree of detail orientation.
- Innovative problem-solver who can generate workable solutions and implement effective solutions.
- Resourceful team player who excels at building trusting relationships with customers and colleagues.
- Collaborative team member who can effectively manage and communicate with multiple management and employee levels.
- Flexible team player who thrives in environments requiring ability to effectively prioritize and juggle multiple concurrent projects.
- Goal-driven leader who maintains a productive climate and confidently motivates, mobilizes, and coaches employees to meet high performance standards.

PROFESSIONAL EXPERIENCE

Communication

- Prepare complex reports for internal and external partners, ensuring full compliance with agency, state and federal requirements and tight deadlines.
- Develop new services to meet customer needs, regional resource needs and improvement in service quality.
- Expand and maintain positive partnerships with the business community and current and potential program funders.
- Coordinate services with internal and external partners, service providers and community organizations.

Financial Management

- Contribute to budgeting process by planning, implementing and meeting or exceeding annual financial goals.
- Produces accurate and timely reports, billing and other documentation.
- Contributes in policy creation and implementation with funders and internal partners for multiple programs.
- Review federal guidance related to grant funded workforce programs and summarizes it, analyzes it and disseminates it to other interested parties.

Detail Mastery & Organization

- Manage all aspects of day-to-day operations of multiple programs.
- Manage facility logistics/maintenance of building.
- Compliance with all safety requirement.

EMPLOYMENT HISTORY

FAMILIES IN TRANSITION - Manchester, NH

Senior Manager of Housing Programs, October, 2016 - Present

GOODWILL INDUSTRIES OF NORTHERN NEW ENGLAND - Concord, NH

Senior Program Manager/Community Outreach Coordinator, 2010- October, 2016

EVERYDAY ERRANDS - Concord, NH

Owner/Operator, 2008-2010

NEW HAMPSHIRE WOMEN'S POLICY INSTITUTE - Concord, NH

WOMEN'S FUND OF NEW HAMPSHIRE - Concord, NH

LEADERSHIP NEW HAMPSHIRE- Concord, NH

Office Manager/Program Assistant, 2008-2010

ORR & RENO, PA - Concord, NH

Legal Assistant/Paralegal, 2000-2002

NELSON, KINDER, MOSSEAU & SATURLEY - Manchester, NH

Legal Assistant, 1998-2000

EDUCATION

FRANKLIN PIERCE COLLEGE -- Concord, NH

Certificate in Paralegal Studies, 1999

FRANKLIN PIERCE COLLEGE -- Concord, NH

B.S., Business Management, 1993

CONTRACTOR NAME

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Maureen Beauregard	President	144,876	0%	-
Stephanie Savard	COO	88,265	0%	-
Alexandar Sackett	Housing Advocate	39,600	100%	39,600
Kelly Paquette	Program Manager	55,620	6%	3,337

Subject: Continuum of Care, Central Street Permanent Housing-SCS

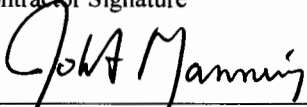
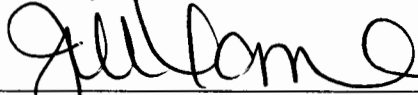
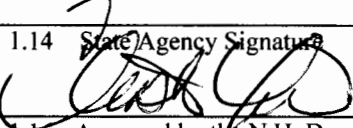
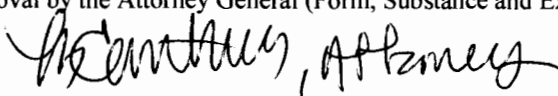
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Health and Human Services Office of Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Southwestern Community Services, Inc.		1.4 Contractor Address 63 Community Way P.O. Box 603 Keene, NH 03431-0603	
1.5 Contractor Phone Number (603) 352-7512	1.6 Account Number 05-95-42-423010-7927-102-500731	1.7 Completion Date October 31, 2018	1.8 Price Limitation \$66,421
1.9 Contracting Officer for State Agency Jonathan V. Gallo, Esq. Interim Director, Contracts and Procurement Unit		1.10 State Agency Telephone Number (603) 271-9246	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory John A. Manning, Chief Executive Officer	
1.13 Acknowledgement: State of NH , County of Cheshire On 09/11/17 , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  [Seal] </div> <div style="text-align: right;"> JILL A. TOMLIN, Justice of the Peace State of New Hampshire My Commission Expires April 5, 2022 </div> </div>			
1.13.2 Name and Title of Notary or Justice of the Peace Jill Tomlin, Justice of the Peace			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Date: 9-28-17 Christine Tappan, Associate Commissioner	
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: 10/2/17			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

am 9/11/17

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 jm
Date 9/11/17



Exhibit A

SCOPE OF SERVICES

CONTINUUM OF CARE

Permanent Housing Program

1. Conditional Nature Of Agreement

- 1.1. Notwithstanding any provisions of this Agreement to the contrary, all obligations of the State are contingent upon receipt of federal funds under the Continuum of Care Grant. The State has applied for the Continuum of Care Grant and will continue to perform due diligence in the application process. However, the State makes no representation that it will receive the funds. In no event shall the State be liable for costs incurred or payment of any services performed by the Contractor prior to the State's receipt of federal funds applied for in the Continuum of Care Grant.
- 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. 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; submitted to:
NH DHHS
Bureau of Homeless & Housing Services (BHHS)
129 Pleasant Street
Concord, NH 03301

2. Services

- 2.1. Based on the continued receipt/availability of federal funds from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, the Contractor shall provide permanent housing to twelve (12) homeless individuals and families.
- 2.2. The goal of this program is to facilitate the movement of homeless individuals and families to permanent housing and maximum self-sufficiency.
- 2.3. To be eligible for contract services, individuals and families must be homeless as defined in HUD regulations. The Contractor must obtain and retain appropriate documentation.
- 2.4. The Contractor shall provide these services according to HUD regulations as outlined in Public Law 102-550, 24 CFR Part 578 Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program interim rule, and other written HUD policies and directives.
- 2.5. Each program participant shall have an employment assessment and employment goals included in the individual service plan, as appropriate.

3. Program Reporting Requirements

- 3.1. The Contractor shall submit the following reports:
 - 3.1.1. Annual Performance Report: Within thirty (30) days after the Completion Date, an Annual Performance Report (APR) shall be submitted to the BHHS that summarizes the results of the Project Activities, showing in particular how the Project Activities have been performed. The Annual Performance Report shall be in the form required or specified by the State, and submitted to the address listed in section 1.3 Exhibit A.
 - 3.1.2. Other Reports as requested by the State.



Exhibit A

- 3.2. All programs under this contract are required to be licensed to provide client level data into the New Hampshire Homeless Management Information System (NH HMIS). Programs under this contract must be familiar with and follow NH HMIS policy, including specific information that is required for data entry, accuracy of data entered, and time required for data entry. Current NH HMIS policy can be accessed electronically through the following website: <http://www.nh-hmis.org>.
- 3.3. Failure to submit the above reports or enter data into NH-HMIS in a timely fashion could result in the delay or withholding of reimbursements until such reports are received or data entries are confirmed by the BHHS.

4. Contract Administration

- 4.1. The Contractor shall have appropriate levels of staff to attend all meetings or trainings requested by the BHHS. To the extent possible, BHHS shall notify the contractor of the need to attend such meetings five (5) working days in advance of each meeting.
- 4.2. The Bureau Administrator of BHHS or designee may observe performance, activities and documents under this Agreement; however, these personnel may not unreasonably interfere with contractor performance.
- 4.3. The Contractor shall inform BHHS of any staffing changes within thirty (30) days of the change.
- 4.4. Contract records shall be retained for a period of five (5) years following completion of the contract and receipt of final payment by the Contractor, or until an audit is completed and all questions arising there from are resolved, whichever is later.
- 4.5. Changes to the contract services that do not affect its scope, duration, or financial limitations may be made upon mutual agreement between the Contractor and the BHHS.

5. Financial

- 5.1. Based on the continued receipt/availability of federal funds, the Contractor shall utilize Continuum of Care Program agreement value specified in Exhibit B of this agreement from the HUD Continuum of Care Program, for contract services.

5.1.1. Operating Expenses

5.1.1.1. Eligible operating expenses include maintenance and repair of housing, property taxes and insurance (including property and car), scheduled payments to reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost), building security for a structure where more than fifty (50) percent of the units or area is paid for with grant funds, utilities (including electricity, gas and water), furniture and equipment.

5.1.1.2. Ineligible costs include rental assistance and operating costs in the same project, operating costs of emergency shelter and supportive service-only facilities, maintenance and repair of housing where the costs of maintaining and repairing the housing are included in the lease.

5.1.2. Supportive Services

5.1.2.1. Eligible supportive services costs must comply with all HUD regulations in 24 CFR 578.53. Eligible services are available to those individuals actively participating in the permanent housing program.

5.1.2.2. Eligible costs include:

5.1.2.3. mental health services;



Exhibit A

- 5.1.2.4. case management services;
 - 5.1.2.5. salaries of Contractor staff providing supportive services;
 - 5.1.2.6. reasonable one-time moving costs (truck rental and hiring a moving company);
 - 5.1.2.7. child-care costs for establishing and operating child care;
 - 5.1.2.8. providing child-care vouchers for children from families experiencing homelessness (including providing meals, snacks and comprehensive and coordinated developmental activities);
 - 5.1.2.9. education services;
 - 5.1.2.10. employment assistance and job training skills;
 - 5.1.2.11. housing search and counseling services;
 - 5.1.2.12. legal services (fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with the homeless individual or family's ability to obtain and retain housing);
 - 5.1.2.13. outpatient health services and;
 - 5.1.2.14. transportation services and utility deposits.
 - 5.1.2.15. Ineligible costs include staff training, fundraising, conference attendance, and court fines incurred by participants.
- 5.1.3. Rental Assistance
- 5.1.3.1. Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.
 - 5.1.3.2. The rental assistance may be short term, up to 3 months of rent; medium term, for 3-24 months; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in 24 CFR 578.7(a)(9) and 24 CFR 578.51.
 - 5.1.3.3. Grant funds may be used for security deposits in an amount not to exceed 2 months of rent. An advance payment of the last month's rent may be provided to the landlord, in addition to the security deposit and payment of first month's rent.
 - 5.1.3.4. Rental assistance will only be provided for a unit if the rent is reasonable. The contractor must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit.
 - 5.1.3.5. The Contractor may use grant funds in an amount not to exceed one month's rent to pay for any damage to housing due to the action of a program participant. For **Leasing** funds only: Property damages may be paid only from funds paid to the landlord from security deposits.

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Date 9/11/17



Exhibit A

- 5.1.3.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
 - 5.1.3.7. The Contractor must provide one of the following types of rental assistance: Tenant-based, Project-based, or Sponsor-based rental assistance as described by HUD in 24 CFR 578.51.
 - 5.1.3.8. Tenant-based rental assistance is rental assistance in which program participants choose housing of an appropriate size in which to reside. When necessary to facilitate the coordination of supportive services, recipients and sub recipients may require program participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of their period of participation. Short and medium term rental assistance provided under the Rapid Re-Housing program component must be tenant based rental assistance.
 - 5.1.3.9. Sponsor-based rental assistance is provided through contracts between the recipient and sponsor organization. A sponsor may be a private, nonprofit organization, or a community mental health agency established as a public nonprofit organization. Program participants must reside in housing owned or leased by the sponsor.
 - 5.1.3.10. Project-based rental assistance is provided through a contract with the owner of an existing structure, where the owner agrees to lease the subsidized units to program participants. Program participants will not retain rental assistance if they move.
 - 5.1.3.11. For project-based, sponsor-based, or tenant-based rental assistance, program participants must enter into a lease agreement for a term of at least one year, which is terminable for cause. The leases must be automatically renewable upon expiration for terms that are a minimum of one month long, except on prior notice by either party.
- 5.1.4. Administrative Costs
- 5.1.4.1. Administrative costs include:
 - 5.1.4.2. preparing program budgets;
 - 5.1.4.3. schedules and amendments;
 - 5.1.4.4. developing systems for assuring compliance with program requirements;
 - 5.1.4.5. developing interagency agreements and agreements with sub recipients and contractors to carry out program activities;
 - 5.1.4.6. preparing reports and other documents related to the program for submission to HUD;
 - 5.1.4.7. evaluating program results against stated objectives;
 - 5.1.4.8. travel costs incurred for official business in carrying out the program;
 - 5.1.4.9. administrative services performed under third party contracts or agreements (including such services as general legal services, accounting services, and audit services) and;



Exhibit A

- 5.1.4.10. other costs for goods and services required for administration of the program (including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance, but not purchase, of office space).
- 5.1.5. Leasing: Leasing may include leasing one structure or leasing units scattered throughout a community.
 - 5.1.5.1. Rent paid may only reflect actual costs and must be reasonable in comparison to rents charged in the area for similar housing units. Documentation of rent reasonableness must be kept on file by the Contractor.
 - 5.1.5.2. The portion of rent paid with grant funds may not exceed HUD-determined fair market rents.
 - 5.1.5.3. The Contractor shall pay individual landlords directly; funds may not be given directly to participants to pay leasing costs.
 - 5.1.5.4. Property damages may only be paid from money paid to the landlord for security deposits.
 - 5.1.5.5. The Contractor cannot lease a building that it already owns to itself.
 - 5.1.5.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
- 5.2. The Contractor shall provide sufficient matching funds, as required by HUD regulations and policies described in 24 CFR 578.73 (a) (b) (c).
 - 5.2.1. The contractor must match all grant funds except for leasing funds, with no less than twenty-five (25) percent of funds or in-kind contributions from other sources.
 - 5.2.2. Match requirements are to be documented with each payment request.
- 5.3. The Contractor shall only be reimbursed for those costs designated as eligible and allowable costs as stated in Section 5. Financial, Exhibit A. The Contractor must have written approval from the State prior to billing for any other expenses.
- 5.4. The Contractor may charge program participants rent and utilities (heat, hot water); however, the amount charged may not exceed the maximum amounts specified in HUD regulations (24 CFR 578.77). Other services such as cable, air conditioning, telephone, Internet access, cleaning, parking, pool charges, etc. are at the participant's option.
- 5.5. The contractor shall have any staff charged in full or part to this contract or counted as match complete weekly or bi-weekly timesheets.



Exhibit B

METHOD AND CONDITIONS PRECEDENT TO PAYMENT

CONTINUUM OF CARE

1. Permanent Housing Program

The following financial conditions apply to the scope of services as detailed in Exhibit A – Continuum of Care, Permanent Housing Program.

This contract is funded by the New Hampshire General Fund and/or by federal funds made available under the Catalog of Federal Domestic Assistance (CFDA), as follows:

NH General Fund: 0%
Federal Funds: 100%
CFDA #: 14.267
Grant Number: NH0066L1T001603
Federal Agency: U.S. Department of Housing & Urban Development
Program Title: Continuum of Care, Permanent Housing Program

Total Amount Continuum of Care;

November 1, 2017 – October 31, 2018: not to exceed \$66,421

Funds allocation under this agreement for Continuum of Care Program;

Administrative costs: \$1,948
Operating Costs: \$64,473
Total program amount: \$66,421

- 1.1. Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, in an amount not to exceed and for the time period specified above.

2. Reports

As part of the performance of the Project Activities, the Contractor covenants and agrees to submit the following:

- 2.1. Audited Financial Report: The Audited Financial Report shall be prepared in accordance with 2 CFR part 200. Three (3) copies of the audited financial report shall be submitted within thirty (30) days of the completion of said report to the State at the following address:

NH DHHS
Bureau of Homeless & Housing Services
129 Pleasant Street
Concord, NH 03301

- 2.2. Where the Contractor is not subject to the requirements of 2 CFR part 200, within ninety (90) days after the Completion or Termination Date, one copy of an audited financial report shall be submitted to the State. Said audit shall be conducted utilizing the guidelines set forth in "Standards for Audit of Governmental Organizations, Program Activities, and Functions" by the Comptroller General of the United States.

JAM
Date 9/11/17



Exhibit B

3. Project Costs: Payment Schedule; Review by the State

- 3.1. Project Costs: As used in this Agreement, the term "Project Costs" shall mean all expenses directly or indirectly incurred by the Contractor in the performance of the Project Activities, as determined by the State to be eligible and allowable for payment in accordance with Public Law 102-550 as well as allowable cost standards set forth in 2 CFR part 200 as revised from time to time and with the rules, regulations, and guidelines established by the State. Nonprofit subcontractors shall meet the requirements of 2 CFR part 200.
- 3.2. Payment of Project Costs: Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development Title XIV Housing programs under the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act), Subtitle A-Housing Assistance (Public Law 102-550) in an amount not to exceed as specified above. Reimbursement requests for all Project Costs shall be submitted on a monthly basis and accompanied by an invoice from the Contractor for the amount of each requested disbursement along with a payment request form as designated by the State, which shall be completed and signed by the Contractor. The Contractor shall provide additional financial information if requested by the State to verify expenses.
- 3.3. Review of the State Disallowance of Costs: At any time during the performance of the Services, and upon receipt of the Annual Performance Report, Termination Report or Audited Financial Report, the State may review all Project Costs incurred by the Contractor and all payments made to date. Upon such review the State shall disallow any items of expenses that are not determined to be allowable or are determined to be in excess of actual expenditures, and shall, by written notice specifying the disallowed expenditures, inform the Contractor of any such disallowance. If the State disallows costs for which payment has not yet been made, it shall refuse to pay such costs. Any amounts awarded to the Contractor pursuant to this agreement are subject to recapture. The funds authorized to be expended under this Agreement shall be used only for operations, supportive services, leasing, rental assistance and administration or reimbursement for expenditures for operations, supportive services, leasing, and rental assistance and administration, provided by the Contractor for the project period and operating years of the Continuum of Care Program as approved by HUD and in accordance with the Continuum of Care Program Regulations, published at 24 CFR Part 578.

4. Use Of Grant Funds

- 4.1. The State agrees to provide payment for actual costs, not to exceed an amount as specified in this Exhibit, and defined by HUD under the provisions of P.L. 102-550 and other applicable regulations.
- 4.2. 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.
- 4.3. Conformance to 2 CFR part 200: Grant funds are to be used only in accordance with procedures, requirements, and principles specified in 2 CFR part 200.



Exhibit B

5. Contractor Financial Management System

- 5.1. Fiscal Control: The Contractor shall establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, grant funds and any required nonfederal expenditures. This responsibility applies to funds disbursed in direct operations of the Contractor.
- 5.2. The Contractor shall maintain a financial management system that complies with 2 CFR part 200 or such equivalent system as the State may require. Requests for payment shall be made according to EXHIBIT B, Section 3.2, Payment of Project Costs, of this Agreement.

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Date 9/11/17



SPECIAL PROVISIONS

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

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

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- 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

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Date 9/11/17



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.



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.

Jm
Date 9/14/17



CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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

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

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

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



has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

- 1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
 - 1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- 1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.

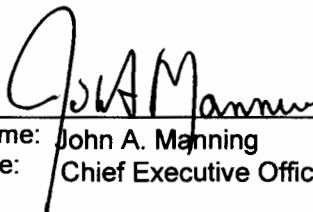
2. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

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

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

Contractor Name: Southwester Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



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

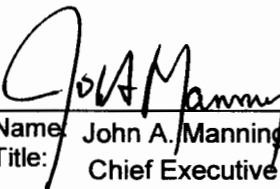
The undersigned certifies, to the best of his or her knowledge and belief, that:

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: Southwestern Community Services, Inc.

09/11/17
Date


 Name: John A. Manning
 Title: Chief Executive Officer



**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: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



**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

Jm

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: Southwestern Community Services, Inc.

09/11/17
Date

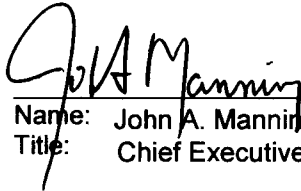

Name: John A. Manning
Title: Chief Executive Officer

Exhibit G

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

Contractor Initials 



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: Southwestern Community Services, Inc.

09/11/17
Date

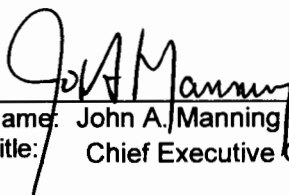

Name: John A. Manning
Title: Chief Executive Officer



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.

Jm
9/11/12



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

Jm

9/11/17



Exhibit I

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

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

(3) Obligations and Activities of Business Associate.

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

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

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



Exhibit I

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

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



Exhibit I

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

(4) Obligations of Covered Entity

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

(5) Termination for Cause

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

(6) Miscellaneous

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



Exhibit I

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

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

Department of Health and Human Services
 The State

 Signature of Authorized Representative
 Christine Tappan
 Name of Authorized Representative
 Associate Commissioner
 Title of Authorized Representative
 9/28/17
 Date

Southwestern Community Services, Inc.
 Name of the Contractor

 Signature of Authorized Representative
 John A. Manning
 Name of Authorized Representative
 Chief Executive Officer
 Title of Authorized Representative
 09/11/17
 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.

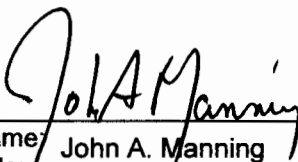
Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.


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: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer

Contractor Initials 
Date 9/11/17



FORM A

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

1. The DUNS number for your entity is: 081251381
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO YES

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

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

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

NO YES

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

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

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

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

Contractor Initials Jm
Date 9/11/17



DHHS INFORMATION SECURITY REQUIREMENTS

1. Confidential Information: In addition to Paragraph #9 of the General Provisions (P-37) for the purpose of this RFP, the Department's Confidential information includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.
2. The vendor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services. Minimum expectations include:
 - 2.1. Maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
 - 2.2. Maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
 - 2.3. Encrypt, at a minimum, any Department confidential data stored on portable media, e.g., laptops, USB drives, as well as when transmitted over public networks like the Internet using current industry standards and best practices for strong encryption.
 - 2.4. Ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
 - 2.5. Provide security awareness and education for its employees, contractors and sub-contractors in support of protecting Department confidential information
 - 2.6. Maintain a documented breach notification and incident response process. The vendor will contact the Department within twenty-four 24 hours to the Department's contract manager, and additional email addresses provided in this section, of a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
 - 2.6.1. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
Breach notifications will be sent to the following email addresses:
 - 2.6.1.1. DHHSChiefInformationOfficer@dhhs.nh.gov
 - 2.6.1.2. DHHSInformationSecurityOffice@dhhs.nh.gov
 - 2.7. If the vendor will maintain any Confidential Information on its systems (or its sub-contractor systems), the vendor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the vendor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure

Jm
Date 9/11/17

New Hampshire Department of Health and Human Services
Exhibit K



deletion, or otherwise physically destroying the media (for example, degaussing). The vendor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and vendor prior to destruction.

- 2.8. If the vendor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the vendor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the vendor, including breach notification requirements.
3. The vendor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the vendor and any applicable sub-contractors prior to system access being authorized.
4. If the Department determines the vendor is a Business Associate pursuant to 45 CFR 160.103, the vendor will work with the Department to sign and execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
5. The vendor will work with the Department at its request to complete a survey. The purpose of the survey is to enable the Department and vendor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the vendor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the vendor, or the Department may request the survey be completed when the scope of the engagement between the Department and the vendor changes. The vendor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the appropriate authorized data owner or leadership member within the Department.

JM
Date 4/11/17

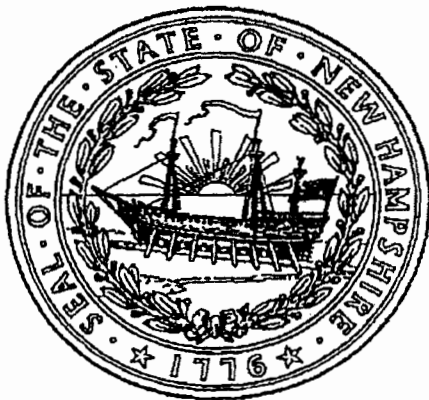
State of New Hampshire

Department of State

CERTIFICATE

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

Business ID: 65514



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

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Elaine M. Amer, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Southwestern Community Services, Inc.
(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 02/18/16:
(Date)

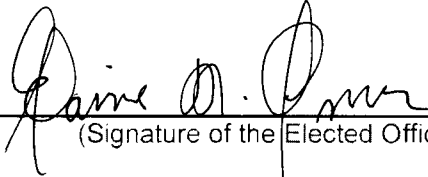
RESOLVED: That the Chief Executive Officer
(Title of Contract Signatory)

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 11th day of Sept, 20 17.
(Date Contract Signed)

4. John A. Manning is the duly elected Chief Executive Officer
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.


(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Cheshire

The forgoing instrument was acknowledged before me this 11th day of Sept, 20 17.

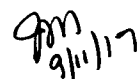
By Elaine M. Amer
(Name of Elected Officer of the Agency)


Jill Tomlin, Justice of the Peace

JILL A. TOMLIN, Justice of the Peace
State of New Hampshire
My Commission Expires April 5, 2022

(NOTARY SEAL)

Commission Expires: 4.5.22



Mission Statement

Southwestern Community Services

SCS strives to **empower** low income people and families. With **dignity and respect**, SCS will provide direct assistance, reduce stressors and advocate for such persons and families as they lift themselves toward **self-sufficiency**.

In **partnership** and close **collaboration** with local communities, SCS will provide **leadership** and **support** to develop resources, programs and services to further aid this population.

Financial Statements

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

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

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2016**

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Community Services, Inc. and related companies as of May 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Functional Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of Southwestern Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwestern Community Services, Inc.'s internal control over financial reporting and compliance.

Leone McDonnell & Roberts
Professional Association

December 9, 2016

Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2016 AND 2015**

ASSETS

	<u>2016</u>	<u>2015</u> (restated)
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,188,826	\$ 197,247
Accounts receivable	1,102,367	911,829
Prepaid expenses	23,413	45,899
Notes receivable	112,000	112,000
Interest receivable	<u>36,587</u>	<u>32,107</u>
Total current assets	<u>2,463,193</u>	<u>1,299,082</u>
PROPERTY		
Land and buildings	14,237,257	19,155,380
Vehicles and equipment	813,172	802,622
Furniture and fixtures	<u>40,986</u>	<u>144,840</u>
Total property	15,091,415	20,102,842
Less accumulated depreciation	<u>5,446,011</u>	<u>8,819,308</u>
Property, net	<u>9,645,404</u>	<u>11,283,534</u>
OTHER ASSETS		
Inventory	-	209,342
Investment in related parties	20,700	20,700
Due from related parties	281,825	352,217
Cash escrow and reserve funds	341,367	278,772
Security deposits	35,961	62,930
Other assets	<u>384</u>	<u>15,968</u>
Total other assets	<u>680,237</u>	<u>839,929</u>
Total assets	<u>\$ 12,788,834</u>	<u>\$ 13,522,545</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 155,247	\$ 720,997
Accrued expenses	146,363	117,347
Accrued payroll and payroll taxes	218,182	309,572
Other current liabilities	181,696	132,696
Refundable advances	201,084	239,234
Bank line of credit	-	249,953
Current portion of long term debt	<u>381,611</u>	<u>331,865</u>
Total current liabilities	1,284,163	2,101,664
NONCURRENT LIABILITIES		
Long term debt, less current portion shown above	<u>7,991,086</u>	<u>9,089,941</u>
Total liabilities	<u>9,275,259</u>	<u>11,171,605</u>
NET ASSETS		
Unrestricted	3,302,355	2,341,095
Temporarily restricted	<u>211,220</u>	<u>9,845</u>
Total net assets	<u>3,513,575</u>	<u>2,350,940</u>
Total liabilities and net assets	<u>\$ 12,788,834</u>	<u>\$ 13,522,545</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total (restated)</u>
REVENUES AND OTHER SUPPORT				
Government contracts	\$ 9,060,110	\$ -	\$ 9,060,110	9,154,522
Program service fees	2,030,772	-	2,030,772	1,991,293
Rental income	1,007,200	-	1,007,200	533,766
Developer income	254,004	-	254,004	347,815
Support	308,582	211,220	517,802	381,297
Fundraising	67,765	-	67,765	92,884
Interest income	4,710	-	4,710	4,549
Forgiveness of debt	61,209	-	61,209	585,457
Miscellaneous	264,795	-	264,795	122,439
In-kind contributions	<u>215,867</u>	<u>-</u>	<u>215,867</u>	<u>161,575</u>
Total revenues and other support	13,273,014	211,220	13,484,234	13,375,397
NET ASSETS RELEASED FROM RESTRICTIONS				
	<u>9,845</u>	<u>(9,845)</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	<u>13,282,859</u>	<u>201,375</u>	<u>13,484,234</u>	<u>13,375,397</u>
EXPENSES				
Program services				
Home energy programs	3,624,241	-	3,624,241	4,014,931
Education and nutrition	2,271,455	-	2,271,455	2,213,462
Homeless programs	2,122,818	-	2,122,818	2,211,640
Housing services	2,521,333	-	2,521,333	1,895,451
Economic development services	317,822	-	317,822	437,548
Other programs	<u>745,736</u>	<u>-</u>	<u>745,736</u>	<u>818,906</u>
Total program services	11,603,405	-	11,603,405	11,591,938
Supporting activities				
Management and general	<u>1,887,761</u>	<u>-</u>	<u>1,887,761</u>	<u>1,826,284</u>
Total expenses	<u>13,491,166</u>	<u>-</u>	<u>13,491,166</u>	<u>13,418,222</u>
CHANGES IN NET ASSETS BEFORE GAIN (LOSS) ON SALE OF PROPERTY	(208,307)	201,375	(6,932)	(42,825)
GAIN (LOSS) ON SALE OF PROPERTY	<u>759,643</u>	<u>-</u>	<u>759,643</u>	<u>(11,116)</u>
CHANGE IN NET ASSETS	<u>551,336</u>	<u>201,375</u>	<u>752,711</u>	<u>(53,941)</u>
NET ASSETS, BEGINNING OF YEAR	2,341,095	9,845	2,350,940	4,194,192
PRIOR PERIOD ADJUSTMENT	-	-	-	195,077
NET ASSETS TRANSFERRED FROM LIMITED PARTNERSHIPS	<u>409,924</u>	<u>-</u>	<u>409,924</u>	<u>(1,984,388)</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,751,019</u>	<u>9,845</u>	<u>2,760,864</u>	<u>2,404,881</u>
NET ASSETS, END OF YEAR	<u>\$ 3,302,355</u>	<u>\$ 211,220</u>	<u>\$ 3,513,575</u>	<u>\$ 2,350,940</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

	<u>2016</u>	<u>2015</u> (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 752,711	\$ (53,941)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	597,297	505,694
(Gain) loss on sales of property	(884,882)	-
Loss on sale of property developments sold	125,239	11,116
Forgiveness of debt	(61,209)	(585,457)
(Increase) decrease in assets:		
Accounts receivable	(190,538)	71,516
Prepaid expenses	31,980	(53,739)
Interest receivable	(4,480)	(4,480)
Due from related parties	(164,685)	944,184
Security deposits	59,036	(5,398)
Other assets	15,584	
Increase (decrease) in liabilities:		
Accounts payable	(603,671)	(334,243)
Accrued expenses	(820)	(639,853)
Accrued payroll and payroll taxes	(91,390)	196,028
Other current liabilities	49,000	2,563
Refundable advances	(38,170)	107,120
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(408,998)</u>	<u>161,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in escrow funds	237,589	29,115
Proceeds from property developments sold	266,500	261,478
Improvements to property developments	(182,397)	(158,756)
Proceeds from sales of property	4,019,878	-
Purchase of property	<u>(115,173)</u>	<u>(75,198)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,226,397</u>	<u>56,639</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on bank line of credit	(249,953)	(89,000)
Proceeds from long term debt	34,182	67,917
Repayment of long term debt	<u>(2,636,139)</u>	<u>(102,869)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,851,910)</u>	<u>(123,952)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	965,489	93,795
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	197,247	96,654
CASH TRANSFERRED FROM LIMITED PARTNERSHIPS	<u>26,090</u>	<u>6,798</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,188,826</u>	<u>\$ 197,247</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

	<u>2016</u>	<u>2015</u> (restated)
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ <u>253,726</u>	\$ <u>186,420</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Transfer of assets from newly consolidated LPs:		
Accounts receivable	\$ -	\$ 7,149
Due from related parties	40,000	-
Prepaid expenses	9,494	8,324
Land and buildings	3,097,594	6,623,002
Furniture and fixtures	28,666	111,730
Accumulated depreciation	(1,147,270)	(3,857,476)
Other assets	-	15,377
Cash escrow and reserve funds	300,184	125,050
Security deposits	<u>32,067</u>	<u>45,904</u>
Total transfer of assets from newly consolidated LPs	<u>\$ 2,360,735</u>	<u>\$ 3,079,060</u>
Transfer of liabilities from newly consolidated LPs:		
Accounts payable	\$ 37,921	\$ 504,354
Due to related parties	-	226,789
Accrued expenses	29,836	645,873
Long term debt	<u>1,909,144</u>	<u>3,693,230</u>
Total transfer of liabilities from newly consolidated LPs	<u>\$ 1,976,901</u>	<u>\$ 5,070,246</u>
Transfer of net assets from newly consolidated LPs	<u>\$ 409,924</u>	<u>\$ (1,884,388)</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2018
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	Home Energy Programs	Education and Nutrition	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Program	Management and General	2016 Total	2015 Total (restated)
Payroll	\$ 367,452	\$ 1,020,131	\$ 560,784	\$ 760,506	\$ 205,470	\$ 382,202	\$ 3,319,547	\$ 754,218	\$ 4,070,765	\$ 3,884,763
Payroll taxes	37,424	114,436	55,896	75,987	19,773	43,778	341,298	66,039	413,335	419,912
Employee benefits	125,137	298,023	156,712	217,326	54,272	119,434	870,808	140,659	1,020,467	1,241,803
Retirement	24,223	70,374	36,061	59,100	13,817	17,028	220,663	63,302	283,985	284,701
Advertising	150	28,290	1,688	2,808	1,980	-	33,036	398	33,432	24,335
Bank charges	240	-	104	5,370	-	-	5,714	8,123	13,837	10,143
Bad debt expense	-	-	-	27,060	-	-	27,060	-	27,860	878
Commercial subsidy	-	-	-	-	-	-	-	-	14,742	13,373
Computer cost	1,800	-	11,074	-	-	1,868	14,742	-	14,742	13,373
Contractual	50	3,133	3,186	-	1,310	-	7,699	129,074	136,784	159,188
Depreciation	219,626	22,816	144,801	35,717	2,388	80,035	505,183	16,144	521,327	785,393
Dues/regulation	-	21,870	91,203	321,800	-	11,557	448,433	150,864	597,297	505,694
Duplicating	-	8,915	625	235	-	7,914	15,590	3,030	18,619	26,125
Insurance	1,588	9,460	207	135	-	728	12,116	5,407	14,354	14,354
Interest	6,038	15,578	22,855	98,104	1,108	8,211	149,864	39,640	189,624	141,897
Meeting and conference	-	6,774	10,663	103,971	-	2,189	125,598	128,128	253,728	168,420
Miscellaneous expense	7,374	890	11,948	8,782	-	26,274	55,152	36,430	91,582	66,293
Miscellaneous taxes	9,396	8,715	2,975	138,707	355	5,702	183,850	31,465	198,315	49,920
Equipment purchases	-	-	-	89,068	-	-	89,068	10,175	99,243	77,676
Office expense	232	1,832	569	4,744	-	-	7,377	5,770	13,147	17,982
Postage	11,381	18,063	12,256	7,957	3,686	430	53,773	16,483	70,256	62,821
Professional fees	45	377	100	588	294	-	1,404	23,999	25,403	23,144
Staff development and training	3,300	5,335	17,882	48,030	-	-	48,030	92,569	140,599	66,297
Subscriptions	-	-	-	6,227	234	-	45,336	20,809	65,945	93,425
Telephone	1,821	15,497	23,826	458	4,347	1,050	1,742	551	2,293	978
Travel	-	-	-	-	-	-	-	-	61,160	85,550
Vehicle	5,778	18,032	20,648	7,572	5,171	764	57,965	3,429	61,394	53,997
Rent	1,668	3,382	2,713	28,122	-	5,607	41,472	36,064	77,536	78,974
Space costs	-	26,560	-	-	-	-	26,560	-	26,560	25,550
Direct client assistance	-	148,298	259,489	391,556	-	510	798,653	91,117	889,970	897,407
In-kind expenses	2,799,710	191,127	675,640	52,988	3,518	18,731	3,741,723	-	3,741,723	4,187,069
		215,867					215,867		215,867	181,575
TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION	3,824,241	2,271,455	2,122,818	2,521,333	317,822	746,738	11,603,405	1,887,781	13,481,166	13,418,222
Allocation of management and general expenses	589,629	369,544	345,382	410,106	51,707	121,323	1,887,781	(1,887,781)	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 4,213,870	\$ 2,640,999	\$ 2,468,180	\$ 2,931,528	\$ 369,529	\$ 867,059	\$ 13,491,186	\$ -	\$ 13,491,166	\$ 13,418,222

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

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

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

Basis of Presentation

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

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

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

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

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

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2015 from which the summarized information was derived.

Refundable Advances

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

In-Kind Support

The Organization records various types of in-kind support including professional services and materials. Contributed professional services are recognized if the service received creates or enhances long-lived assets or requires specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

Estimates

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Notes Receivable

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

Inventory

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

Current Vulnerability Due to Certain Concentrations

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

Concentration of Credit Risk

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

Property and Depreciation

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

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

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

Advertising

The Organization expenses advertising costs as incurred.

Revenue Recognition

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

Income Taxes

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

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

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

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

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

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

Fair Value of Financial Instruments

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

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

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

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

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

Functional Allocation of Expenses

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

NOTE 2 **BANK LINE OF CREDIT**

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

NOTE 3 **LONG TERM DEBT**

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

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

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

North Walpole - 6% note payable to a bank in monthly installments for principal and interest of \$1,351 through April 2016 at which time a balloon payment of \$123,000 was due. North Walpole was sold during the year ended May 31, 2016. The note was secured by real estate of the Organization.	-	128,971
Troy - 7% note payable to a bank in monthly installments for principal and interest of \$807 through December 2025. Troy was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by real estate of the Organization.	-	76,750
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	200,000	225,000
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	120,000	135,000
Non-Interest bearing note payable to New Hampshire Finance Authority in annual payments in the amount of 50% of annual surplus cash through July 2023 at which time the remaining balance is due. The note is secured by real estate of the Organization.	794,189	794,189
Non-interest bearing note payable to a county in New Hampshire. No payment is due and 5% of the balance is forgiven each year through 2032 when the remaining balance becomes due. The note is secured by real estate of the Organization.	402,966	424,175

3.99% note payable to a bank in monthly installments for principal and interest of \$355 through May 2018. The note is secured by a vehicle of the Organization.	8,401	12,249
Peterborough - 7% note payable to New Hampshire Housing Finance Authority in monthly installments for principal and interest of \$15,013 through June 2040. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by a mortgage and risk sharing security agreement with the U.S. Department of Housing and Urban Development on the Organization's assets.	-	2,124,114
Peterborough - Non-recourse 0% note payable to New Hampshire Housing Finance Authority. Principal is payable at the sole discretion of the lender from excess cash of the borrower determined by formula. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was due December 2041 and was secured by the Partnership's land and buildings.	-	388,657
Jaffrey - 30-year deferred note payable to the Town of Jaffrey, New Hampshire. Payment of principal and accrued interest at 1% are deferred until the note matures in June 2027. The note is secured by land and buildings. The balance included cumulative accrued interest of \$46,819.	297,668	294,721
Jaffrey - 6% note payable to a bank in monthly installments for principal and interest of \$484 through June 2027. The note is secured by land and buildings.	46,592	49,463
Hinsdale - 6% note payable to a bank in monthly installments for principal and interest of \$635 with a balloon payment due October 2017. Hinsdale was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by land and buildings.	-	66,030
4.25% note payable to a bank in monthly installments for principal and interest through December 2016. The note was secured by land and buildings and was paid off during the year ended May 31, 2016.	-	37,718

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

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

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

NOTE 4 OPERATING LEASES

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

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

NOTE 5 ACCRUED COMPENSATED BALANCES

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

NOTE 6 CONTINGENCIES

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

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

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

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

NOTE 7 **RELATED PARTY TRANSACTIONS**

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

NOTE 8 **INVESTMENT IN RELATED PARTIES**

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

NOTE 9 **RETIREMENT PLAN**

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

NOTE 10 **RESTRICTIONS ON NET ASSETS**

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

NOTE 11 **FORGIVENESS OF DEBT**

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

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

NOTE 12 **PRIOR PERIOD ADJUSTMENT**

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

NOTE 13 **TRANSFER OF PARTNERSHIP INTEREST**

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

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

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

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

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

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

NOTE 14 RECLASSIFICATION

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

NOTE 15 SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

(SEE INDEPENDENT AUDITORS' REPORT)

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES
CONSOLIDATED SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED MAY 31, 2016
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	Home Energy Programs	Education and Nutrition	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Programs	Management and General	2016 Total	2015 Total (restated)
REVENUES										
Government contracts	\$ 3,620,956	\$ 2,600,000	\$ 1,760,082	\$ 83,747	\$ 451,713	\$ 16,534	\$ 8,513,041	\$ 547,069	\$ 9,060,110	\$ 9,154,522
Program service fees	152,879	7,023	57,647	1,044,955	-	765,243	2,028,040	2,128	2,030,772	1,991,293
Rental income	-	-	100,521	908,879	-	-	1,007,200	-	1,007,200	533,766
Developer income	-	-	-	254,904	-	-	254,904	-	254,904	347,615
Support	71,870	35,480	127,248	112,000	-	171,049	517,627	175	517,802	391,707
Fundraising	-	50	-	-	-	81,715	81,715	-	81,715	92,884
Interest income	3	-	10	157	-	12	182	4,529	4,710	4,549
Forgiveness of debt	-	-	61,209	-	-	-	61,209	-	61,209	122,439
Miscellaneous	5,228	1,453	81	127,155	-	60	133,875	130,820	264,795	585,457
In-kind contributions	-	215,867	-	-	-	-	215,867	-	215,867	181,575
Total revenues and other support	3,850,933	2,680,762	2,108,748	2,508,892	451,713	1,620,813	12,739,519	684,718	13,484,234	13,375,397
EXPENSES										
Payroll	\$ 367,452	\$ 1,000,131	\$ 560,784	\$ 780,508	\$ 205,470	\$ 382,202	\$ 3,318,547	\$ 754,218	\$ 4,070,765	\$ 3,884,753
Payroll taxes	37,424	114,438	55,898	75,987	19,773	43,778	347,286	66,039	413,335	419,912
Employee benefits	125,137	298,025	150,712	217,328	54,272	119,434	970,808	149,058	1,120,587	1,241,803
Retirement	24,223	70,374	36,061	59,180	13,817	17,028	220,663	83,302	283,985	264,701
Advertising	150	28,290	1,868	2,908	1,980	-	33,036	396	33,432	24,335
Bank charges	240	-	104	5,370	-	-	5,714	8123	13,837	8,778
Bad debt expense	-	-	11,074	27,860	-	1,888	27,660	-	27,660	10,143
Commercial liability	1,800	-	-	-	-	-	1,800	-	1,800	13,373
Computer cost	3,199	3,133	-	-	1,310	-	7,690	129,074	136,764	159,188
Construction	219,878	22,618	144,801	35,717	2,380	60,035	506,183	16,144	521,327	785,353
Depreciation	-	21,870	91,203	321,803	11,557	446,433	1,155,764	150,864	1,306,628	505,894
Dues/registration	6,815	6,815	625	235	-	7,914	15,589	3,000	18,619	26,125
Duplicating	1,588	9,460	207	135	-	728	12,116	5,407	17,523	14,354
Insurance	6,038	15,578	22,855	98,104	1,198	2,180	149,984	39,040	189,024	141,687
Interest	-	10,883	10,883	103,971	-	2,180	125,598	128,128	253,726	186,420
Meeting & conference	7,374	896	11,848	8,782	-	28,274	55,152	36,430	91,582	58,253
Miscellaneous expense	9,398	6,715	2,915	136,707	355	5,702	183,850	31,465	215,315	77,878
Miscellaneous items	-	-	-	89,088	-	-	89,088	10,175	99,263	69,920
Equipment purchases	232	1,832	569	4,744	-	-	7,377	5,770	13,147	17,862
Office expense	11,381	18,063	12,756	7,957	3,688	430	53,773	16,483	70,256	82,821
Postage	45	377	100	568	284	-	1,404	23,989	25,403	23,144
Professional fees	-	-	-	48,030	-	-	48,030	91,589	140,599	88,287
Staff development and training	3,300	5,335	17,882	6,227	-	12,592	45,338	20,609	65,945	103,425
Subscriptions	-	-	-	458	234	-	1,050	551	2,293	979
Telephone	1,821	15,487	23,826	9,660	4,347	1,133	56,064	5,078	61,160	85,550
Fax	-	-	-	-	-	-	-	-	-	40
Travel	5,778	16,032	20,648	7,572	5,171	784	57,985	3,429	61,394	52,997
Vehicle	1,660	3,362	2,713	28,122	-	5,807	41,472	36,084	78,974	76,576
Rent	-	28,550	-	-	-	-	28,550	-	28,550	25,550
Space costs	-	148,298	259,489	381,556	-	510	739,853	91,117	830,970	697,407
Direct client assistance	2,750,710	101,127	675,940	52,996	3,519	16,731	3,741,723	-	3,741,723	4,187,069
In-kind expenses	-	215,867	-	-	-	-	215,867	-	215,867	181,575
TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION	3,624,241	2,271,455	2,122,818	2,521,333	317,822	745,738	11,803,405	1,887,701	13,491,166	13,418,222
Allocation of management and general expenses	589,628	369,544	345,302	410,198	51,707	121,323	1,887,761	(1,887,761)	-	-
TOTAL FUNCTIONAL EXPENSES	4,213,870	2,640,999	2,468,180	2,931,529	369,529	867,059	13,691,166	-	13,491,166	13,418,222

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2016**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NAME	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURE
<u>U.S. Department of Agriculture</u>				
Rural Housing Preservation Grants	10.433	N/A	N/A	\$ 25,000
Child and Adult Care Food Program	10.556	State of NH, Dept of Education	Unknown	127,220
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.657	State of NH Dept. of Health & Human Services	010-090-82600000-102-500734	362,975
Commodity Supplemental Food Program	10.665	State of NH Dept. of Health & Human Services	010-090-82600000-102-500734	<u>142,070</u>
Total U.S. Department of Agriculture				<u>\$ 657,295</u>
<u>U.S. Department of Housing and Urban Development</u>				
Emergency Solutions Grant Program	14.231	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	\$ 212,077
Supportive Housing Program	14.235	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	403,289
Continuum of Care Program	14.267	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	85,888
Shelter Plus Care	14.238	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	<u>272,324</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 673,338</u>
<u>U.S. Department of Labor</u>				
WIA Cluster				
WIA Adult Program	17.258	Southern NH Services	Unknown	\$ 47,297
WIA Dislocated Worker Formula Grants	17.276	Southern NH Services	Unknown	<u>51,961</u>
Total U.S. Department of Labor/WIA Cluster				<u>\$ 99,958</u>
<u>U.S. Department of Energy</u>				
Weatherization Assistance for Low-Income Persons	81.042	State of NH, Office of Energy & Planning	01-02-024010-7708-074-500587	<u>\$ 157,776</u>
Total U.S. Department of Energy				<u>\$ 157,776</u>
<u>U.S. Department of Veterans Affairs</u>				
VA Supportive Services for Veteran Families Program	64.033	N/A	N/A	<u>\$ 250,910</u>
Total U.S. Department of Veterans Affairs				<u>\$ 250,910</u>
<u>U.S. Department of Health & Human Services</u>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	State of NH, Office of Energy & Planning	1047055	\$ 5,400
Drug-Free Communities Support Program Grants	93.178	N/A	N/A	131,387
Temporary Assistance for Needy Families	93.658	Southern NH Services	Unknown	362,765
Low Income Home Energy Assistance	93.568	State of NH, Office of Energy & Planning	1045882	3,280,457
Community Services Block Grant	93.569	State of NH, DHHS, Div. of Family Assistance	500731	525,384
CSBG - Discretionary	93.570	State of NH, DHHS, Div. of Family Assistance	500731	21,675
Head Start	93.600	N/A	N/A	<u>1,981,961</u>
Total U.S. Department of Health & Human Services				<u>\$ 8,276,039</u>
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter National Board Program	97.024	State of NH, DHHS, Office of Human Services	Unknown	<u>\$ 3,622</u>
Total U.S. Department of Homeland Security				<u>\$ 3,622</u>
TOTAL				<u>\$ 8,420,906</u>

See Notes to Schedule of Expenditures of Federal Awards

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2016**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Southwestern Community Services, Inc. under programs of the federal government for the year ended May 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southwestern Community Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

Southwestern Community Services, Inc. has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 FOOD DONATION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed.

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Southwestern Community Services, Inc. (a New Hampshire nonprofit corporation) and related companies, which comprise the consolidated statement of financial position as of May 31, 2016, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated November 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Southwestern Community Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwestern Community Services, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seane McDonnell & Roberts
Professional Association

December 9, 2016
Wolfeboro, New Hampshire

**Leone,
McDonnell
& Roberts**

PROFESSIONAL ASSOCIATION

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SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Southwestern Community Services, Inc. (a New Hampshire nonprofit corporation) and related companies' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwestern Community Services, Inc.'s major federal programs for the year ended May 31, 2016. Southwestern Community Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Southwestern Community Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwestern Community Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southwestern Community Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Southwestern Community Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

Southwestern Community Services, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Community Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Southwestern Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southwestern Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. And therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a material weakness.

Southwestern Community Services, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Community Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leone McDonnell & Roberts
Professional Association
December 9, 2016
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2016**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Southwestern Community Services, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the consolidated financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Southwestern Community Services, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. One material weakness in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award programs for Southwestern Community Services, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were: U.S. Department of Health and Human Services; Low-Income Home Energy Assistance, 93.568, Head Start, 93.600, and Community Services Block Grant, 93.569.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Southwestern Community Services, Inc. was determined to not be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Department of Health and Human Services

2016-001 Head Start - CFDA No. 93.600 (material weakness)

Condition: In testing drawdowns for the Head Start program, it was noted that eight drawdowns lacked supporting documentation of the Head Start expenditures for which the drawdown was requested.

Criteria: All drawdowns must be for current expenditures incurred for the Head Start program and must be accompanied by supporting documentation.

Effect: Failure to maintain supporting documentation for each drawdown could result in advanced drawdowns of Head Start funds for purposes other than those allowed by Head Start.

Cause: Lack of internal control surrounding the documentation and approval of Head Start drawdowns.

Context: All twenty four drawdowns during the year were selected for testing. The test found that eight of the drawdowns lacked supporting documentation.

Auditors' Recommendation: The Organization needs to strengthen controls over its cash management processes to ensure compliance with federal requirements. We recommend that procedures be implemented so that each Head Start drawdown requires approval of either a member of the finance committee or the Head Start Program Director. Each drawdown must be accompanied by supporting documentation of the expenditures for which the drawdown is being made.

Views of Responsible Officials and Planned Corrective Action:

Effective December 2015, the Organization, in an effort to strengthen controls over its cash management process, ensuring compliance with federal requirements; has put into place a policy with regards to Cash Advances of Federal Grants.

Cash advances shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs [CFR Part 74.22(b)(2)].

Cash advances under this section shall require submission of satisfactory documentation of the expenses for which the cash is being drawn down, for the approval of both CEO (or designee) and a member of the Executive Committee of the Agency Board of Directors. Documentation and approvals are maintained by the CEO (or designee) in accordance with the agencies file retention policy.

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MAY 31, 2015**

Department of Health and Human Services

2015-001 Head Start - CFDA No. 93.600 (material weakness)

Condition: In testing drawdowns for the Head Start program, it was noted that all but three drawdowns lacked supporting documentation of the Head Start expenditures for which the drawdown was requested.

Auditors' Recommendation: It was recommended that the Organization needed to strengthen controls over its cash management processes to ensure compliance with federal requirements. It was recommended that procedures be implemented so that each Head Start drawdown requires approval of either a member of the finance committee or the Head Start Program Director. Each drawdown must be accompanied by supporting documentation of the expenditures for which the drawdown is being made.

Current Status: The recommendation was adopted in December 2015. There were similar audit findings in the 2016 audit until the recommendation was adopted in December 2015.

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

CHESHIRE COUNTY

SULLIVAN COUNTY

**CONSTITUENT
SECTOR**

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

Mary Lou Huffling
Fall Mountain Emergency Food Shelf
Alstead Friendly Meals

Jessi Parent
Chair, Head Start Policy Council
Parent Representative

Penny Despres
New Hope New Horizons
Program Representative

**PRIVATE
SECTOR**

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

Anne Beattie
Newport Service Organization

Kevin Watterson, Chair
Clarke Companies

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

**PUBLIC
SECTOR**

Leroy Austin
Building Inspector
Town of Winchester

David Edkins
Administrator, Planning & Zoning
Town of Charlestown

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

Raymond Gagnon
State Representative, District 5

Jessie Levine
Sullivan County Manager

John A. Manning

Summary

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

Experience

2014–Present Southwestern Community Services Inc.
Keene, NH

Chief Executive Officer

Oversees all fiscal functions for a community action agency providing services to low and moderate income individuals. Programs include Head Start, Fuel Assistance, and multiple affordable housing projects. Reports to the agency board of directors.

1990–2014 Southwestern Community Services Inc.
Keene, NH

Chief Financial Officer

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

1985-1995 Keene State College Keene, NH

Adjunct Professor

Taught evening accounting classes for their continuing education program.

1978-1990 John A. Manning, Keene, NH

Certified Public Accountant

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

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

Staff Accountant

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

Education

1971–1975 University of Mass. Amherst, Ma.

- B.S. Business Administration in Accounting
- American Institute of Certified Public Accountants
NH Society of Certified Public Accountants

Organizations

CRAIG A. HENDERSON

SUMMARY OF QUALIFICATIONS

- Proficient in: Word, Excel, PowerPoint, Access, Publisher, Internet, Outlook, Photoshop,
- Ability to prioritize in a fast paced environment and to learn new tasks quickly and effectively
- Dedicated, reliable and responsible
- Extensive background in Social Services, Property Management, Finance, and Customer Service

EDUCATION

- B.A Psychology with a specialization in counseling May, 1999
- B.S Business Management
Keene State College
Keene, NH 03435

EMPLOYMENT HISTORY

Henderson & Bosley Property Management 8/02-Present
President Keene, NH

- Adhering to NH State housing laws and government housing programs
- Advertising and marketing of vacant apartments, Creating leases, Performing credit checks
- Property inspections and maintenance- including basic carpentry, landscaping etc.
- Research and management of investment opportunities

Southwestern Community Services 10/07-Present
Assistant Director of Housing Stabilization Services Keene, NH

- Monitor quality of services, operation of assigned programs, facilities, and staff.
- Process and certify tenant/client applications for all Supportive Housing Programs; facilitate move-in process; track and collect rents/subsidies utilizing Classic Real Estate Software; track and collect all match documentation; recertify tenants when necessary and in a timely manner.
- Maintain compliance with State/Government/Agency protocols, procedures, and reporting.

Southwestern Community Services 02/03-10/07
Long Term Transitional Housing Program Administrator Keene, NH

- Responsibilities include: Assisting the homeless of Cheshire County with budgeting and referrals to other needed services; Advocating on behalf of clients to create new networks and improve current relationships; providing counsel through tough transitions, as well as, creating and maintaining an environment of success through programs such as Mediation Training, Consumer Credit Counseling, Psychological Therapy, Parenting Classes, and First Time Homebuyers programs.
- Basic maintenance of shelter properties and inventory control
- Responsible to track data and create statistical reports based on information collected to assist in budget allocations for Southwestern Community Services

Coldwell Banker / Tattersall 1/02-3/04
Real Estate Sales Associate Keene, NH

- Assisting buyers and sellers of real estate through customer/client interaction
- Informing clients/customers of federal and state regulations, financing options, and negotiating
- Creating marketing plans and researching pricing through competitive market analysis

Vision Appraisal Technology 5/02-2/03
Data Collector Keene, NH

- Assured accurate and consistent real-estate assessments with the emphasis in field work
- Position required strong attention to detail with the emphasis in property measurement and appraisal as well as requiring strong customer skill by acting as a liaison between town assessors office and the property owner

Southwestern Community Services, Inc.,
Key Personnel

Central St. Permanent Housing Program

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
John Manning	Chief Executive Officer	\$132,080.00	0%	\$0.00
Craig Henderson	Program Director	\$50,000.00	0	0.00

Subject: Continuum of Care, Sullivan County Fresh Steps PH Program

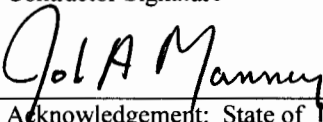
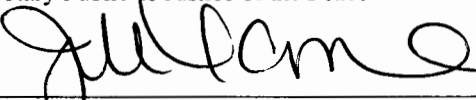
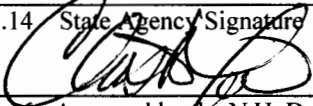
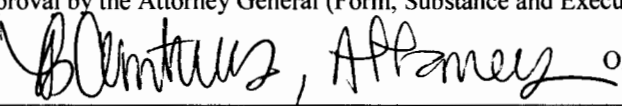
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Health and Human Services Office of Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Southwestern Community Services, Inc.		1.4 Contractor Address 63 Community Way P.O. Box 603 Keene, NH 03431-0603	
1.5 Contractor Phone Number (603) 352-7512	1.6 Account Number 05-95-42-423010-7927-102-500731	1.7 Completion Date October 31, 2018	1.8 Price Limitation \$111,088
1.9 Contracting Officer for State Agency Jonathan V. Gallo, Esq. Interim Director, Contracts and Procurement Unit		1.10 State Agency Telephone Number (603) 271-9246	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory John A Manning, Chief Executive Officer	
1.13 Acknowledgement: State of NH, County of Cheshire On 09/11/17, 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]			
JILL A. TOMLIN, Justice of the Peace State of New Hampshire My Commission Expires April 5, 2022			
1.13.2 Name and Title of Notary or Justice of the Peace Jill Tomlin, Justice of the Peace			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Christine Tappan, Associate Commissioner	
Date: 9-28-17			
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: 10/2/17			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			



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

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

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

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Agreement. This provision shall survive termination of this Agreement.

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

8. EVENT OF DEFAULT/REMEDIES.

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

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

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

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

14. INSURANCE.

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

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

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

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

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

15. WORKERS' COMPENSATION.

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

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

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

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

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

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

19. CONSTRUCTION OF AGREEMENT AND TERMS.

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

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

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

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

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

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



Exhibit A

SCOPE OF SERVICES

CONTINUUM OF CARE

Permanent Housing Program

1. Conditional Nature Of Agreement

- 1.1. Notwithstanding any provisions of this Agreement to the contrary, all obligations of the State are contingent upon receipt of federal funds under the Continuum of Care Grant. The State has applied for the Continuum of Care Grant and will continue to perform due diligence in the application process. However, the State makes no representation that it will receive the funds. In no event shall the State be liable for costs incurred or payment of any services performed by the Contractor prior to the State's receipt of federal funds applied for in the Continuum of Care Grant.
- 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. 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; submitted to:
NH DHHS
Bureau of Homeless & Housing Services (BHHS)
129 Pleasant Street
Concord, NH 03301

2. Services

- 2.1. Based on the continued receipt/availability of federal funds from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, the Contractor shall provide permanent housing to twenty-four (24) homeless individuals and families with disabilities.
- 2.2. The goal of this program is to facilitate the movement of homeless individuals and families to permanent housing and maximum self-sufficiency.
- 2.3. To be eligible for contract services, individuals and families must be homeless as defined in HUD regulations. The Contractor must obtain and retain appropriate documentation.
- 2.4. The Contractor shall provide these services according to HUD regulations as outlined in Public Law 102-550, 24 CFR Part 578 Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program interim rule, and other written HUD policies and directives.
- 2.5. Each program participant shall have an employment assessment and employment goals included in the individual service plan, as appropriate.

3. Program Reporting Requirements

- 3.1. The Contractor shall submit the following reports:
 - 3.1.1. Annual Performance Report: Within thirty (30) days after the Completion Date, an Annual Performance Report (APR) shall be submitted to the BHHS that summarizes the results of the Project Activities, showing in particular how the Project Activities have been performed. The Annual Performance Report shall be in the form required or specified by the State, and submitted to the address listed in section 1.3 Exhibit A.
 - 3.1.2. Other Reports as requested by the State.



Exhibit A

- 3.2. All programs under this contract are required to be licensed to provide client level data into the New Hampshire Homeless Management Information System (NH HMIS). Programs under this contract must be familiar with and follow NH HMIS policy, including specific information that is required for data entry, accuracy of data entered, and time required for data entry. Current NH HMIS policy can be accessed electronically through the following website: <http://www.nh-hmis.org>.
- 3.3. Failure to submit the above reports or enter data into NH-HMIS in a timely fashion could result in the delay or withholding of reimbursements until such reports are received or data entries are confirmed by the BHHS.

4. Contract Administration

- 4.1. The Contractor shall have appropriate levels of staff to attend all meetings or trainings requested by the BHHS. To the extent possible, BHHS shall notify the contractor of the need to attend such meetings five (5) working days in advance of each meeting.
- 4.2. The Bureau Administrator of BHHS or designee may observe performance, activities and documents under this Agreement; however, these personnel may not unreasonably interfere with contractor performance.
- 4.3. The Contractor shall inform BHHS of any staffing changes within thirty (30) days of the change.
- 4.4. Contract records shall be retained for a period of five (5) years following completion of the contract and receipt of final payment by the Contractor, or until an audit is completed and all questions arising there from are resolved, whichever is later.
- 4.5. Changes to the contract services that do not affect its scope, duration, or financial limitations may be made upon mutual agreement between the Contractor and the BHHS.

5. Financial

- 5.1. Based on the continued receipt/availability of federal funds, the Contractor shall utilize Continuum of Care Program agreement value specified in Exhibit B of this agreement from the HUD Continuum of Care Program, for contract services.

5.1.1. Operating Expenses

5.1.1.1. Eligible operating expenses include maintenance and repair of housing, property taxes and insurance (including property and car), scheduled payments to reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost), building security for a structure where more than fifty (50) percent of the units or area is paid for with grant funds, utilities (including electricity, gas and water), furniture and equipment.

5.1.1.2. Ineligible costs include rental assistance and operating costs in the same project, operating costs of emergency shelter and supportive service-only facilities, maintenance and repair of housing where the costs of maintaining and repairing the housing are included in the lease.

5.1.2. Supportive Services

5.1.2.1. Eligible supportive services costs must comply with all HUD regulations in 24 CFR 578.53. Eligible services are available to those individuals actively participating in the permanent housing program.

5.1.2.2. Eligible costs include:

5.1.2.3. mental health services;



Exhibit A

- 5.1.2.4. case management services;
 - 5.1.2.5. salaries of Contractor staff providing supportive services;
 - 5.1.2.6. reasonable one-time moving costs (truck rental and hiring a moving company);
 - 5.1.2.7. child-care costs for establishing and operating child care;
 - 5.1.2.8. providing child-care vouchers for children from families experiencing homelessness (including providing meals, snacks and comprehensive and coordinated developmental activities);
 - 5.1.2.9. education services;
 - 5.1.2.10. employment assistance and job training skills;
 - 5.1.2.11. housing search and counseling services;
 - 5.1.2.12. legal services (fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with the homeless individual or family's ability to obtain and retain housing);
 - 5.1.2.13. outpatient health services and;
 - 5.1.2.14. transportation services and utility deposits.
 - 5.1.2.15. Ineligible costs include staff training, fundraising, conference attendance, and court fines incurred by participants.
- 5.1.3. Rental Assistance
- 5.1.3.1. Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.
 - 5.1.3.2. The rental assistance may be short term, up to 3 months of rent; medium term, for 3-24 months; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in 24 CFR 578.7(a)(9) and 24 CFR 578.51.
 - 5.1.3.3. Grant funds may be used for security deposits in an amount not to exceed 2 months of rent. An advance payment of the last month's rent may be provided to the landlord, in addition to the security deposit and payment of first month's rent.
 - 5.1.3.4. Rental assistance will only be provided for a unit if the rent is reasonable. The contractor must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit.
 - 5.1.3.5. The Contractor may use grant funds in an amount not to exceed one month's rent to pay for any damage to housing due to the action of a program participant. For **Leasing** funds only: Property damages may be paid only from funds paid to the landlord from security deposits.



Exhibit A

- 5.1.3.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
 - 5.1.3.7. The Contractor must provide one of the following types of rental assistance: Tenant-based, Project-based, or Sponsor-based rental assistance as described by HUD in 24 CFR 578.51.
 - 5.1.3.8. Tenant-based rental assistance is rental assistance in which program participants choose housing of an appropriate size in which to reside. When necessary to facilitate the coordination of supportive services, recipients and sub recipients may require program participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of their period of participation. Short and medium term rental assistance provided under the Rapid Re-Housing program component must be tenant based rental assistance.
 - 5.1.3.9. Sponsor-based rental assistance is provided through contracts between the recipient and sponsor organization. A sponsor may be a private, nonprofit organization, or a community mental health agency established as a public nonprofit organization. Program participants must reside in housing owned or leased by the sponsor.
 - 5.1.3.10. Project-based rental assistance is provided through a contract with the owner of an existing structure, where the owner agrees to lease the subsidized units to program participants. Program participants will not retain rental assistance if they move.
 - 5.1.3.11. For project-based, sponsor-based, or tenant-based rental assistance, program participants must enter into a lease agreement for a term of at least one year, which is terminable for cause. The leases must be automatically renewable upon expiration for terms that are a minimum of one month long, except on prior notice by either party.
- 5.1.4. Administrative Costs
- 5.1.4.1. Administrative costs include:
 - 5.1.4.2. preparing program budgets;
 - 5.1.4.3. schedules and amendments;
 - 5.1.4.4. developing systems for assuring compliance with program requirements;
 - 5.1.4.5. developing interagency agreements and agreements with sub recipients and contractors to carry out program activities;
 - 5.1.4.6. preparing reports and other documents related to the program for submission to HUD;
 - 5.1.4.7. evaluating program results against stated objectives;
 - 5.1.4.8. travel costs incurred for official business in carrying out the program;
 - 5.1.4.9. administrative services performed under third party contracts or agreements (including such services as general legal services, accounting services, and audit services) and;

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Exhibit A

- 5.1.4.10. other costs for goods and services required for administration of the program (including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance, but not purchase, of office space).
- 5.1.5. Leasing: Leasing may include leasing one structure or leasing units scattered throughout a community.
 - 5.1.5.1. Rent paid may only reflect actual costs and must be reasonable in comparison to rents charged in the area for similar housing units. Documentation of rent reasonableness must be kept on file by the Contractor.
 - 5.1.5.2. The portion of rent paid with grant funds may not exceed HUD-determined fair market rents.
 - 5.1.5.3. The Contractor shall pay individual landlords directly; funds may not be given directly to participants to pay leasing costs.
 - 5.1.5.4. Property damages may only be paid from money paid to the landlord for security deposits.
 - 5.1.5.5. The Contractor cannot lease a building that it already owns to itself.
 - 5.1.5.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
- 5.2. The Contractor shall provide sufficient matching funds, as required by HUD regulations and policies described in 24 CFR 578.73 (a) (b) (c).
 - 5.2.1. The contractor must match all grant funds except for leasing funds, with no less than twenty-five (25) percent of funds or in-kind contributions from other sources.
 - 5.2.2. Match requirements are to be documented with each payment request.
- 5.3. The Contractor shall only be reimbursed for those costs designated as eligible and allowable costs as stated in Section 5. Financial, Exhibit A. The Contractor must have written approval from the State prior to billing for any other expenses.
- 5.4. The Contractor may charge program participants rent and utilities (heat, hot water); however, the amount charged may not exceed the maximum amounts specified in HUD regulations (24 CFR 578.77). Other services such as cable, air conditioning, telephone, Internet access, cleaning, parking, pool charges, etc. are at the participant's option.
- 5.5. The contractor shall have any staff charged in full or part to this contract or counted as match complete weekly or bi-weekly timesheets.

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Exhibit B

METHOD AND CONDITIONS PRECEDENT TO PAYMENT

CONTINUUM OF CARE

1. Permanent Housing Program

The following financial conditions apply to the scope of services as detailed in Exhibit A – Continuum of Care, Permanent Housing Program.

This contract is funded by the New Hampshire General Fund and/or by federal funds made available under the Catalog of Federal Domestic Assistance (CFDA), as follows:

NH General Fund: 0%
Federal Funds: 100%
CFDA #: 14.267
Grant Number: NH0079L1T001603
Federal Agency: U.S. Department of Housing & Urban Development
Program Title: Continuum of Care, Permanent Housing Program
Total Amount Continuum of Care;
November 1, 2017 – October 31, 2018: not to exceed \$111,088
Funds allocation under this agreement for Continuum of Care Program;
Administrative costs: \$2,735
Operating Costs: \$92,421
Supportive Services: \$15,932
Total program amount: \$111,088

1.1. Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, in an amount not to exceed and for the time period specified above.

2. Reports

As part of the performance of the Project Activities, the Contractor covenants and agrees to submit the following:

2.1. Audited Financial Report: The Audited Financial Report shall be prepared in accordance with 2 CFR part 200. Three (3) copies of the audited financial report shall be submitted within thirty (30) days of the completion of said report to the State at the following address:

NH DHHS
Bureau of Homeless & Housing Services
129 Pleasant Street
Concord, NH 03301

2.2. Where the Contractor is not subject to the requirements of 2 CFR part 200, within ninety (90) days after the Completion or Termination Date, one copy of an audited financial report shall be submitted to the State. Said audit shall be conducted utilizing the guidelines set forth in "Standards for Audit of Governmental Organizations, Program Activities, and Functions" by the Comptroller General of the United States.

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Exhibit B

3. Project Costs: Payment Schedule; Review by the State

- 3.1. Project Costs: As used in this Agreement, the term "Project Costs" shall mean all expenses directly or indirectly incurred by the Contractor in the performance of the Project Activities, as determined by the State to be eligible and allowable for payment in accordance with Public Law 102-550 as well as allowable cost standards set forth in 2 CFR part 200 as revised from time to time and with the rules, regulations, and guidelines established by the State. Nonprofit subcontractors shall meet the requirements of 2 CFR part 200.
- 3.2. Payment of Project Costs: Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development Title XIV Housing programs under the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act), Subtitle A-Housing Assistance (Public Law 102-550) in an amount not to exceed as specified above. Reimbursement requests for all Project Costs shall be submitted on a monthly basis and accompanied by an invoice from the Contractor for the amount of each requested disbursement along with a payment request form as designated by the State, which shall be completed and signed by the Contractor. The Contractor shall provide additional financial information if requested by the State to verify expenses.
- 3.3. Review of the State Disallowance of Costs: At any time during the performance of the Services, and upon receipt of the Annual Performance Report, Termination Report or Audited Financial Report, the State may review all Project Costs incurred by the Contractor and all payments made to date. Upon such review the State shall disallow any items of expenses that are not determined to be allowable or are determined to be in excess of actual expenditures, and shall, by written notice specifying the disallowed expenditures, inform the Contractor of any such disallowance. If the State disallows costs for which payment has not yet been made, it shall refuse to pay such costs. Any amounts awarded to the Contractor pursuant to this agreement are subject to recapture. The funds authorized to be expended under this Agreement shall be used only for operations, supportive services, leasing, rental assistance and administration or reimbursement for expenditures for operations, supportive services, leasing, and rental assistance and administration, provided by the Contractor for the project period and operating years of the Continuum of Care Program as approved by HUD and in accordance with the Continuum of Care Program Regulations, published at 24 CFR Part 578.

4. Use Of Grant Funds

- 4.1. The State agrees to provide payment for actual costs, not to exceed an amount as specified in this Exhibit, and defined by HUD under the provisions of P.L. 102-550 and other applicable regulations.
- 4.2. 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.
- 4.3. Conformance to 2 CFR part 200: Grant funds are to be used only in accordance with procedures, requirements, and principles specified in 2 CFR part 200.

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Exhibit B

5. Contractor Financial Management System

- 5.1. Fiscal Control: The Contractor shall establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, grant funds and any required nonfederal expenditures. This responsibility applies to funds disbursed in direct operations of the Contractor.
- 5.2. The Contractor shall maintain a financial management system that complies with 2 CFR part 200 or such equivalent system as the State may require. Requests for payment shall be made according to EXHIBIT B, Section 3.2, Payment of Project Costs, of this Agreement.



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;

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- 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

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Date 9/11/17



- 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.

Jon
9/11/17



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.



CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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

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

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

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



has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

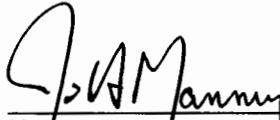
- 1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
 - 1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- 1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.

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

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

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

Contractor Name: Southwestern Community Services, Inc.


Name: John A. Manning
Title: Chief Executive Officer

09/11/17
Date



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

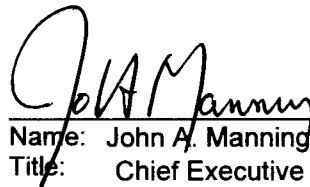
The undersigned certifies, to the best of his or her knowledge and belief, that:

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: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



**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

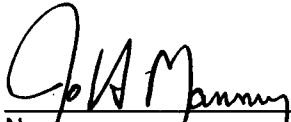
11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - 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: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



**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

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

Date

9/11/17

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: Southwestern Community Services, Inc.

09/11/17
Date

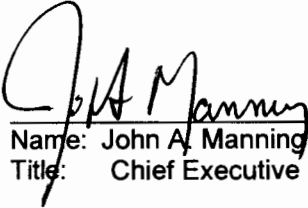

Name: John A. Manning
Title: Chief Executive Officer

Exhibit G

Contractor Initials 

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

Date 9/11/17



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: Southwestern Community Services, Inc.

09/11/17
Date

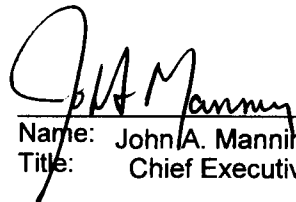

Name: John A. Manning
Title: Chief Executive Officer



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.

Jm

9/11/17



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 (l). The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI



Exhibit I

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

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



Exhibit I

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

(4) Obligations of Covered Entity

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

(5) Termination for Cause

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

(6) Miscellaneous

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



Exhibit I

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

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

Department of Health and Human Services

The State

Christine Tappan

Signature of Authorized Representative

Christine Tappan

Name of Authorized Representative

Associate Commissioner

Title of Authorized Representative

Date

9/28/17

Southwestern Community Services, Inc.

Name of the Contractor

John A. Manning

Signature of Authorized Representative

John A. Manning

Name of Authorized Representative

Chief Executive Officer

Title of Authorized Representative

09/11/17

Date



FORM A

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

1. The DUNS number for your entity is: 081251381
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

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: _____



**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.

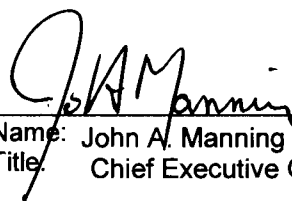
Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

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: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



DHHS INFORMATION SECURITY REQUIREMENTS

1. Confidential Information: In addition to Paragraph #9 of the General Provisions (P-37) for the purpose of this RFP, the Department's Confidential information includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.
2. The vendor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services. Minimum expectations include:
 - 2.1. Maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
 - 2.2. Maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
 - 2.3. Encrypt, at a minimum, any Department confidential data stored on portable media, e.g., laptops, USB drives, as well as when transmitted over public networks like the Internet using current industry standards and best practices for strong encryption.
 - 2.4. Ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
 - 2.5. Provide security awareness and education for its employees, contractors and sub-contractors in support of protecting Department confidential information
 - 2.6. Maintain a documented breach notification and incident response process. The vendor will contact the Department within twenty-four 24 hours to the Department's contract manager, and additional email addresses provided in this section, of a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
 - 2.6.1. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
Breach notifications will be sent to the following email addresses:
 - 2.6.1.1. DHHSChiefInformationOfficer@dhhs.nh.gov
 - 2.6.1.2. DHHSInformationSecurityOffice@dhhs.nh.gov
 - 2.7. If the vendor will maintain any Confidential Information on its systems (or its sub-contractor systems), the vendor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the vendor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure

Jm
9/11/17

New Hampshire Department of Health and Human Services
Exhibit K



deletion, or otherwise physically destroying the media (for example, degaussing). The vendor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and vendor prior to destruction.

- 2.8. If the vendor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the vendor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the vendor, including breach notification requirements.
3. The vendor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the vendor and any applicable sub-contractors prior to system access being authorized.
4. If the Department determines the vendor is a Business Associate pursuant to 45 CFR 160.103, the vendor will work with the Department to sign and execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
5. The vendor will work with the Department at its request to complete a survey. The purpose of the survey is to enable the Department and vendor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the vendor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the vendor, or the Department may request the survey be completed when the scope of the engagement between the Department and the vendor changes. The vendor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the appropriate authorized data owner or leadership member within the Department.

Jm
Date 9/11/17

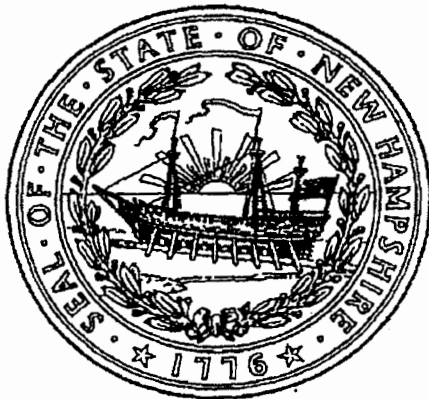
State of New Hampshire

Department of State

CERTIFICATE

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

Business ID: 65514



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

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Elaine M. Amer, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Southwestern Community Services, Inc.
(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 02/18/16:
(Date)

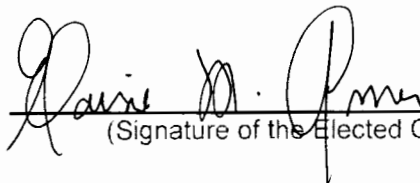
RESOLVED: That the Chief Executive Officer
(Title of Contract Signatory)

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 11th day of Sept, 2017.
(Date Contract Signed)

4. John A. Manning is the duly elected Chief Executive Officer
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.


(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Cheshire

The forgoing instrument was acknowledged before me this 11th day of Sept, 2017.

By Elaine M. Amer
(Name of Elected Officer of the Agency)


Jill Tomlin, Justice of the Peace

JILL A. TOMLIN, Justice of the Peace
State of New Hampshire
My Commission Expires April 5, 2022

(NOTARY SEAL)

Commission Expires: 4.5.22



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
8/31/2017

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

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

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

COVERAGES **CERTIFICATE NUMBER: 66207872** **REVISION NUMBER:**

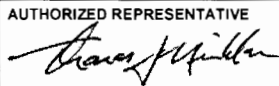
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> 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 type="checkbox"/> LOC <input type="checkbox"/> OTHER:			PHPK1668183	6/30/2017	6/30/2018	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			PHPK1668192	6/30/2017	6/30/2018	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			PHUB587872	6/30/2017	6/30/2018	EACH OCCURRENCE \$2,000,000 AGGREGATE \$2,000,000 \$
B	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	3102800768	4/1/2017	4/1/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$500,000 E.L. DISEASE - EA EMPLOYEE \$500,000 E.L. DISEASE - POLICY LIMIT \$500,000
A	Professional Liability			PHPK1668183	6/30/2017	6/30/2018	\$1,000,000 per occurrence \$2,000,000 general aggregate

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

Workers Compensation Statutory coverage provided for the State of NH
All Executive Officers are included in the Workers Compensation coverage

CERTIFICATE HOLDER **CANCELLATION**

State of NH Dept. of Health & Human Services Division of Community Based Care Services 129 Pleasant Street Concord NH 03301-3857	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 
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Mission Statement

Southwestern Community Services

SCS strives to **empower** low income people and families. With **dignity and respect**, SCS will provide direct assistance, reduce stressors and advocate for such persons and families as they lift themselves toward **self-sufficiency**.

In **partnership** and close **collaboration** with local communities, SCS will provide **leadership** and **support** to develop resources, programs and services to further aid this population.

Financial Statements

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

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

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2016**

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Community Services, Inc. and related companies as of May 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Functional Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of Southwestern Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwestern Community Services, Inc.'s internal control over financial reporting and compliance.

Leone McDonnell & Roberts
Professional Association

December 9, 2016
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2016 AND 2015**

ASSETS

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

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 155,247	\$ 720,997
Accrued expenses	146,363	117,347
Accrued payroll and payroll taxes	218,182	309,572
Other current liabilities	181,696	132,696
Refundable advances	201,084	239,234
Bank line of credit	-	249,953
Current portion of long term debt	<u>381,611</u>	<u>331,865</u>
Total current liabilities	1,284,163	2,101,664
NONCURRENT LIABILITIES		
Long term debt, less current portion shown above	<u>7,991,096</u>	<u>9,089,941</u>
Total liabilities	<u>9,275,259</u>	<u>11,171,605</u>
NET ASSETS		
Unrestricted	3,302,355	2,341,095
Temporarily restricted	<u>211,220</u>	<u>9,845</u>
Total net assets	<u>3,513,575</u>	<u>2,350,940</u>
Total liabilities and net assets	<u>\$ 12,788,834</u>	<u>\$ 13,522,545</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total (restated)</u>
REVENUES AND OTHER SUPPORT				
Government contracts	\$ 9,060,110	\$ -	\$ 9,060,110	9,154,522
Program service fees	2,030,772	-	2,030,772	1,991,293
Rental income	1,007,200	-	1,007,200	533,766
Developer income	254,004	-	254,004	347,615
Support	306,582	211,220	517,802	381,297
Fundraising	67,765	-	67,765	92,884
Interest income	4,710	-	4,710	4,549
Forgiveness of debt	61,209	-	61,209	585,457
Miscellaneous	264,795	-	264,795	122,439
In-kind contributions	<u>215,867</u>	<u>-</u>	<u>215,867</u>	<u>161,575</u>
Total revenues and other support	13,273,014	211,220	13,484,234	13,375,397
NET ASSETS RELEASED FROM RESTRICTIONS				
	<u>9,845</u>	<u>(9,845)</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	<u>13,282,859</u>	<u>201,375</u>	<u>13,484,234</u>	<u>13,375,397</u>
EXPENSES				
Program services				
Home energy programs	3,624,241	-	3,624,241	4,014,931
Education and nutrition	2,271,455	-	2,271,455	2,213,482
Homeless programs	2,122,818	-	2,122,818	2,211,640
Housing services	2,521,333	-	2,521,333	1,895,451
Economic development services	317,822	-	317,822	437,548
Other programs	<u>745,736</u>	<u>-</u>	<u>745,736</u>	<u>818,906</u>
Total program services	11,603,405	-	11,603,405	11,591,938
Supporting activities				
Management and general	<u>1,887,761</u>	<u>-</u>	<u>1,887,761</u>	<u>1,826,284</u>
Total expenses	<u>13,491,166</u>	<u>-</u>	<u>13,491,166</u>	<u>13,418,222</u>
CHANGES IN NET ASSETS BEFORE GAIN (LOSS) ON SALE OF PROPERTY	(208,307)	201,375	(6,932)	(42,825)
GAIN (LOSS) ON SALE OF PROPERTY	<u>759,643</u>	<u>-</u>	<u>759,643</u>	<u>(11,116)</u>
CHANGE IN NET ASSETS	<u>551,336</u>	<u>201,375</u>	<u>752,711</u>	<u>(53,941)</u>
NET ASSETS, BEGINNING OF YEAR	2,341,095	9,845	2,350,940	4,194,192
PRIOR PERIOD ADJUSTMENT	-	-	-	195,077
NET ASSETS TRANSFERRED FROM LIMITED PARTNERSHIPS	<u>409,924</u>	<u>-</u>	<u>409,924</u>	<u>(1,984,388)</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,751,019</u>	<u>9,845</u>	<u>2,760,864</u>	<u>2,404,881</u>
NET ASSETS, END OF YEAR	<u>\$ 3,302,355</u>	<u>\$ 211,220</u>	<u>\$ 3,513,575</u>	<u>\$ 2,350,940</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

	<u>2016</u>	<u>2015</u> (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 752,711	\$ (53,941)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	597,297	505,694
(Gain) loss on sales of property	(884,882)	-
Loss on sale of property developments sold	125,239	11,116
Forgiveness of debt	(61,209)	(585,457)
(Increase) decrease in assets:		
Accounts receivable	(190,538)	71,516
Prepaid expenses	31,980	(53,739)
Interest receivable	(4,480)	(4,480)
Due from related parties	(164,885)	944,184
Security deposits	59,036	(5,398)
Other assets	15,584	
Increase (decrease) in liabilities:		
Accounts payable	(603,671)	(334,243)
Accrued expenses	(820)	(639,853)
Accrued payroll and payroll taxes	(91,390)	196,026
Other current liabilities	49,000	2,563
Refundable advances	(38,170)	107,120
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(408,998)</u>	<u>181,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in escrow funds	237,589	29,115
Proceeds from property developments sold	266,500	261,478
Improvements to property developments	(182,397)	(158,756)
Proceeds from sales of property	4,019,878	-
Purchase of property	<u>(115,173)</u>	<u>(75,198)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,226,397</u>	<u>56,639</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on bank line of credit	(249,953)	(89,000)
Proceeds from long term debt	34,182	67,917
Repayment of long term debt	<u>(2,636,139)</u>	<u>(102,869)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,851,910)</u>	<u>(123,952)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	965,489	93,795
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	197,247	96,654
CASH TRANSFERRED FROM LIMITED PARTNERSHIPS	<u>26,090</u>	<u>6,798</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,188,826</u>	<u>\$ 197,247</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

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

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2018
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	Home Energy Programs	Education and Hydration	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Program	Management and Grants	2018 Total	2015 Total (revised)
Payroll	\$ 307,452	\$ 1,020,131	\$ 560,784	\$ 760,506	\$ 205,470	\$ 382,202	\$ 3,318,547	\$ 754,218	\$ 4,070,765	\$ 3,884,753
Payroll taxes	37,424	114,436	53,898	75,987	19,773	43,778	347,296	66,039	413,335	418,912
Employee benefits	125,137	298,025	156,712	217,326	54,272	119,434	870,808	149,659	1,120,567	1,241,803
Retirement	24,223	70,374	36,061	59,180	13,617	17,028	220,663	83,202	283,865	284,701
Advertising	150	26,290	1,068	2,908	1,980	-	33,036	396	33,432	24,335
Bank charges	240	-	104	5,370	5,714	-	5,714	8,123	13,837	10,143
Bad debt expense	-	-	-	27,660	-	-	27,660	-	27,660	878
Commercial liability	1,800	-	11,074	-	-	1,868	14,742	-	14,742	13,373
Computer cost	58	3,133	3,186	-	1,310	-	7,699	129,074	136,784	159,186
Contractual	219,626	22,818	144,801	35,717	2,386	80,035	505,163	16,144	521,307	785,393
Depreciation	-	21,870	91,203	321,803	-	11,557	446,433	150,804	597,237	505,684
Dues/registration	-	8,815	625	235	-	7,914	15,589	3,030	18,618	26,125
Duplicating	1,588	9,460	207	135	-	728	12,116	5,407	17,523	14,354
Insurance	6,036	15,578	22,855	98,104	1,106	8,211	149,964	39,640	189,604	141,667
Interest	-	8,774	10,663	103,971	-	2,180	125,588	126,128	251,716	168,470
Meeting and conference	7,374	890	11,046	8,762	-	26,274	55,152	38,430	93,582	98,293
Miscellaneous expense	9,396	8,715	2,975	136,707	355	5,702	183,850	31,465	215,315	77,876
Miscellaneous taxes	-	-	-	88,068	-	-	88,068	10,175	98,243	48,820
Equipment purchases	232	1,832	569	4,744	-	-	7,377	5,770	13,147	17,862
Office expense	11,381	16,083	12,256	7,957	3,686	430	53,773	16,483	70,256	62,621
Postage	45	377	100	548	294	-	1,404	23,999	25,403	23,144
Professional fees	-	-	-	48,030	-	-	48,030	92,569	140,599	60,297
Staff development and training	3,300	5,335	17,882	8,237	-	12,552	45,336	20,809	65,945	63,425
Subscriptions	-	-	-	458	234	1,050	1,742	551	2,293	978
Telephone	1,621	15,497	23,826	9,660	4,347	1,133	56,064	5,076	61,160	85,550
Fax	-	-	-	-	-	-	-	-	-	46
Trent	5,776	18,032	20,646	7,572	5,171	764	57,965	3,429	61,394	52,987
Vehicle	1,068	3,362	2,713	28,122	-	5,607	41,472	36,064	77,536	78,974
Rent	-	26,560	-	-	-	-	26,560	-	26,560	25,550
Space costs	-	148,288	259,489	391,556	-	510	796,653	91,117	885,970	897,407
Direct client assistance	2,799,710	191,127	675,040	57,996	3,518	18,731	3,741,723	-	3,741,723	4,187,069
In-kind assistance	-	215,867	-	-	-	-	215,867	-	215,867	181,575
TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION	3,824,241	2,271,455	2,122,818	2,521,333	317,822	745,736	11,603,405	1,887,781	13,491,166	13,418,222
Allocation of management and general expenses	589,629	369,544	345,262	410,196	51,707	121,323	1,687,761	(1,687,761)	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 4,213,870	\$ 2,640,999	\$ 2,468,180	\$ 2,931,529	\$ 369,529	\$ 867,059	\$ 13,491,166	\$ -	\$ 13,491,166	\$ 13,418,222

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

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

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

Basis of Presentation

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

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

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

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

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

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2015 from which the summarized information was derived.

Refundable Advances

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

In-Kind Support

The Organization records various types of in-kind support including professional services and materials. Contributed professional services are recognized if the service received creates or enhances long-lived assets or requires specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

Estimates

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Notes Receivable

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

Inventory

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

Current Vulnerability Due to Certain Concentrations

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

Concentration of Credit Risk

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

Property and Depreciation

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

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

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

Advertising

The Organization expenses advertising costs as incurred.

Revenue Recognition

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

Income Taxes

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

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

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

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

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

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

Fair Value of Financial Instruments

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

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

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

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

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

Functional Allocation of Expenses

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

NOTE 2 **BANK LINE OF CREDIT**

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

NOTE 3 **LONG TERM DEBT**

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

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

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

North Walpole - 6% note payable to a bank in monthly installments for principal and interest of \$1,351 through April 2016 at which time a balloon payment of \$123,000 was due. North Walpole was sold during the year ended May 31, 2016. The note was secured by real estate of the Organization.	-	128,971
Troy - 7% note payable to a bank in monthly installments for principal and interest of \$807 through December 2025. Troy was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by real estate of the Organization.	-	76,750
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	200,000	225,000
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	120,000	135,000
Non-interest bearing note payable to New Hampshire Finance Authority in annual payments in the amount of 50% of annual surplus cash through July 2023 at which time the remaining balance is due. The note is secured by real estate of the Organization.	794,189	794,189
Non-interest bearing note payable to a county in New Hampshire. No payment is due and 5% of the balance is forgiven each year through 2032 when the remaining balance becomes due. The note is secured by real estate of the Organization.	402,966	424,175

3.99% note payable to a bank in monthly installments for principal and interest of \$355 through May 2018. The note is secured by a vehicle of the Organization.	8,401	12,249
Peterborough - 7% note payable to New Hampshire Housing Finance Authority in monthly installments for principal and interest of \$15,013 through June 2040. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by a mortgage and risk sharing security agreement with the U.S. Department of Housing and Urban Development on the Organization's assets.	-	2,124,114
Peterborough - Non-recourse 0% note payable to New Hampshire Housing Finance Authority. Principal is payable at the sole discretion of the lender from excess cash of the borrower determined by formula. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was due December 2041 and was secured by the Partnership's land and buildings.	-	388,657
Jaffrey - 30-year deferred note payable to the Town of Jaffrey, New Hampshire. Payment of principal and accrued interest at 1% are deferred until the note matures in June 2027. The note is secured by land and buildings. The balance included cumulative accrued interest of \$46,819.	297,668	294,721
Jaffrey - 6% note payable to a bank in monthly installments for principal and interest of \$484 through June 2027. The note is secured by land and buildings.	46,592	49,463
Hinsdale - 6% note payable to a bank in monthly installments for principal and interest of \$635 with a balloon payment due October 2017. Hinsdale was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by land and buildings.	-	66,030
4.25% note payable to a bank in monthly installments for principal and interest through December 2016. The note was secured by land and buildings and was paid off during the year ended May 31, 2016.	-	37,718

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

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

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

NOTE 4 OPERATING LEASES

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

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

NOTE 5 ACCRUED COMPENSATED BALANCES

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

NOTE 6 CONTINGENCIES

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

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

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

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

NOTE 7 **RELATED PARTY TRANSACTIONS**

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

NOTE 8 **INVESTMENT IN RELATED PARTIES**

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

NOTE 9 **RETIREMENT PLAN**

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

NOTE 10 **RESTRICTIONS ON NET ASSETS**

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

NOTE 11 **FORGIVENESS OF DEBT**

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

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

NOTE 12 **PRIOR PERIOD ADJUSTMENT**

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

NOTE 13 **TRANSFER OF PARTNERSHIP INTEREST**

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

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

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

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

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

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

NOTE 14 RECLASSIFICATION

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

NOTE 15 SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION
(SEE INDEPENDENT AUDITORS' REPORT)

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES
CONSOLIDATED SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED MAY 31, 2016
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	Home Energy Programs	Education and Nutrition	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Programs	Management and General	2016 Total	2015 Total (restated)
REVENUES										
Government contracts	\$ 3,620,956	\$ 2,600,009	\$ 1,790,082	\$ 63,747	\$ 451,713	\$ 16,534	\$ 8,513,041	\$ 547,069	\$ 9,060,110	\$ 9,154,522
Program service fees	152,878	7,023	57,847	1,044,955	-	785,243	2,028,046	2,128	2,030,772	1,991,293
Rental income	-	-	100,521	908,679	-	-	1,007,200	-	1,007,200	533,766
Developer income	-	-	-	254,004	-	-	254,004	-	254,004	347,615
Support	71,870	35,480	127,248	112,000	-	171,049	577,627	175	577,802	381,207
Funding	-	50	-	-	-	67,715	67,765	-	67,765	92,884
Interest income	3	-	10	157	-	12	182	4,528	4,710	4,548
Forgiveness of debt	-	-	61,209	-	-	-	61,209	-	61,209	122,439
Miscellaneous	5,228	1,453	81	127,155	-	60	133,975	130,820	264,795	585,457
In-kind contributions	-	215,067	-	-	-	-	215,067	-	215,067	181,575
Total revenues and other support	3,850,933	2,880,762	2,008,798	2,508,092	451,713	1,020,013	12,798,518	684,718	13,484,234	13,376,397
EXPENSES										
Payroll	\$ 367,452	\$ 1,000,131	\$ 560,784	\$ 780,508	\$ 205,470	\$ 382,202	\$ 3,316,547	\$ 754,218	\$ 4,070,765	\$ 3,884,753
Payroll taxes	37,424	114,438	56,898	75,987	19,773	43,778	347,298	66,039	413,335	418,912
Employee benefits	125,137	298,025	158,712	217,328	64,272	119,434	970,908	149,459	1,120,587	1,241,803
Retirement	24,223	70,374	36,063	59,180	13,817	17,028	220,663	83,302	283,965	264,701
Advertising	150	28,290	1,868	2,908	1,990	-	33,036	396	33,432	24,335
Bank charges	240	-	104	5,370	-	-	5,714	8,123	13,837	878
Bad debt expense	-	-	-	27,880	-	-	27,880	-	27,880	10,143
Commercial liability	1,800	-	11,074	-	-	1,868	14,742	-	14,742	13,373
Computer cost	38	3,133	3,189	-	1,310	-	7,660	129,074	136,784	159,188
Contract	219,878	22,818	144,801	35,717	2,388	80,035	505,183	16,144	521,327	785,303
Depreciation	-	21,870	91,203	321,803	2,388	11,557	446,433	150,864	597,297	505,884
Dues/registration	-	6,815	625	235	-	7,914	15,569	3,000	18,569	20,125
Duplicating	1,588	9,480	207	135	-	728	12,116	5,407	17,523	14,354
Insurance	6,038	15,578	22,855	98,104	1,188	8,211	149,984	39,840	189,824	141,667
Interest	-	8,774	10,883	103,971	-	2,180	125,598	128,128	253,726	188,420
Meeting & conference	7,374	896	11,848	8,782	-	28,274	55,152	38,430	93,582	58,283
Miscellaneous expense	8,398	8,715	2,975	136,707	356	5,702	183,858	31,485	185,343	77,876
Miscellaneous lease	-	-	-	89,088	-	-	89,088	10,175	99,263	49,920
Equipment purchases	222	1,832	589	4,744	-	-	7,377	5,770	13,147	17,062
Office expense	11,381	16,083	12,256	7,957	3,686	430	53,773	18,483	70,256	62,821
Postage	45	377	100	588	284	-	1,404	23,869	25,403	23,144
Professional fees	-	-	-	48,000	-	-	48,000	92,589	140,589	66,287
Staff development and training	3,300	5,335	17,882	6,227	-	12,592	45,338	20,609	65,945	93,425
Subscriptions	-	-	-	458	234	1,060	1,742	551	2,293	979
Telephone	1,821	15,487	23,828	9,560	4,347	1,133	50,084	5,078	61,160	65,540
Fax	-	-	-	-	-	-	-	-	-	40
Travel	5,778	18,032	20,648	7,572	5,171	764	57,985	3,429	61,394	52,997
Vehicle	1,668	3,342	2,713	28,122	-	5,907	41,472	38,084	79,556	76,974
Rent	-	28,550	2,713	-	-	-	28,550	-	28,550	28,550
Space costs	-	148,298	259,489	381,556	-	510	798,853	91,117	890,970	697,407
Direct client assistance	2,792,710	101,127	675,840	52,998	3,519	18,731	3,741,723	-	3,741,723	4,187,089
In-kind expenses	-	215,067	-	-	-	-	215,067	-	215,067	181,575
TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION	3,824,241	2,271,455	2,122,818	2,521,333	317,822	745,758	11,803,405	1,887,781	13,491,168	13,418,222
Allocation of management and general expenses	568,828	369,544	345,302	410,198	51,707	121,323	1,687,261	(1,887,781)	-	-
TOTAL FUNCTIONAL EXPENSES	4,213,870	2,640,999	2,468,180	2,931,531	369,529	867,081	13,491,168	-	13,491,168	13,418,222

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2016**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NAME	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURE
U.S. Department of Agriculture				
Rural Housing Preservation Grants	10.433	N/A	N/A	\$ 25,000
Child and Adult Care Food Program	10.656	State of NH, Dept of Education	Unknown	127,220
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.657	State of NH Dept. of Health & Human Services	010-090-62600000-102-500734	382,875
Commodity Supplemental Food Program	10.665	State of NH Dept. of Health & Human Services	010-090-62600000-102-500734	142,070
Total U.S. Department of Agriculture				\$ 657,295
U.S. Department of Housing and Urban Development				
Emergency Solutions Grant Program	14.231	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	\$ 212,077
Supportive Housing Program	14.235	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	403,289
Continuum of Care Program	14.297	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	85,886
Shelter Plus Care	14.238	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	272,324
Total U.S. Department of Housing and Urban Development				\$ 873,336
U.S. Department of Labor				
WIA Cluster				
WIA Adult Program	17.258	Southern NH Services	Unknown	\$ 47,297
WIA Dislocated Worker Formula Grants	17.278	Southern NH Services	Unknown	61,861
Total U.S. Department of Labor/WIA Cluster				\$ 98,858
U.S. Department of Energy				
Weatherization Assistance for Low-Income Persons	81.042	State of NH, Office of Energy & Planning	01-02-024010-7708-074-500587	\$ 157,778
Total U.S. Department of Energy				\$ 157,778
U.S. Department of Veterans Affairs				
VA Supportive Services for Veteran Families Program	64.033	N/A	N/A	\$ 250,910
Total U.S. Department of Veterans Affairs				\$ 250,910
U.S. Department of Health & Human Services				
Social Programs for the Aging, Title III, Part B,				
Grants for Supportive Services and Senior Centers	93.044	State of NH, Office of Energy & Planning	1047055	\$ 5,400
Drug-Free Communities Support Program Grants	93.278	N/A	N/A	131,367
Temporary Assistance for Needy Families	93.658	Southern NH Services	Unknown	362,765
Low Income Home Energy Assistance	93.588	State of NH, Office of Energy & Planning	1045882	3,280,457
Community Services Block Grant	93.589	State of NH, DHHS, Div. of Family Assistance	500731	525,384
CSBG - Discretionary	93.570	State of NH, DHHS, Div. of Family Assistance	500731	21,675
Head Start	93.600	N/A	N/A	1,981,961
Total U.S. Department of Health & Human Services				\$ 6,279,039
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	State of NH, DHHS, Office of Human Services	Unknown	\$ 3,622
Total U.S. Department of Homeland Security				\$ 3,622
TOTAL				\$ 8,420,908

See Notes to Schedule of Expenditures of Federal Awards

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2016**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Southwestern Community Services, Inc. under programs of the federal government for the year ended May 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southwestern Community Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

Southwestern Community Services, Inc. has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 FOOD DONATION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed.

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Southwestern Community Services, Inc. (a New Hampshire nonprofit corporation) and related companies, which comprise the consolidated statement of financial position as of May 31, 2016, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated November 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Southwestern Community Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwestern Community Services, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seane McDonnell & Roberts
Professional Association

December 9, 2016
Wolfeboro, New Hampshire

**Leone,
McDonnell
& Roberts**

PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

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SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Southwestern Community Services, Inc. (a New Hampshire nonprofit corporation) and related companies' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwestern Community Services, Inc.'s major federal programs for the year ended May 31, 2016. Southwestern Community Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Southwestern Community Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwestern Community Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southwestern Community Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Southwestern Community Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

Southwestern Community Services, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Community Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Southwestern Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southwestern Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. And therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a material weakness.

Southwestern Community Services, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Community Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leane McDonnell & Roberts
Professional Association
December 9, 2016
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2016

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Southwestern Community Services, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the consolidated financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Southwestern Community Services, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. One material weakness in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award programs for Southwestern Community Services, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were: U.S. Department of Health and Human Services; Low-Income Home Energy Assistance, 93.568, Head Start, 93.600, and Community Services Block Grant, 93.569.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Southwestern Community Services, Inc. was determined to not be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Department of Health and Human Services

2016-001 Head Start - CFDA No. 93.600 (material weakness)

Condition: In testing drawdowns for the Head Start program, it was noted that eight drawdowns lacked supporting documentation of the Head Start expenditures for which the drawdown was requested.

Criteria: All drawdowns must be for current expenditures incurred for the Head Start program and must be accompanied by supporting documentation.

Effect: Failure to maintain supporting documentation for each drawdown could result in advanced drawdowns of Head Start funds for purposes other than those allowed by Head Start.

Cause: Lack of internal control surrounding the documentation and approval of Head Start drawdowns.

Context: All twenty four drawdowns during the year were selected for testing. The test found that eight of the drawdowns lacked supporting documentation.

Auditors' Recommendation: The Organization needs to strengthen controls over its cash management processes to ensure compliance with federal requirements. We recommend that procedures be implemented so that each Head Start drawdown requires approval of either a member of the finance committee or the Head Start Program Director. Each drawdown must be accompanied by supporting documentation of the expenditures for which the drawdown is being made.

Views of Responsible Officials and Planned Corrective Action:

Effective December 2015, the Organization, in an effort to strengthen controls over its cash management process, ensuring compliance with federal requirements; has put into place a policy with regards to Cash Advances of Federal Grants.

Cash advances shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs [CFR Part 74.22(b)(2)].

Cash advances under this section shall require submission of satisfactory documentation of the expenses for which the cash is being drawn down, for the approval of both CEO (or designee) and a member of the Executive Committee of the Agency Board of Directors. Documentation and approvals are maintained by the CEO (or designee) in accordance with the agencies file retention policy.

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MAY 31, 2015**

Department of Health and Human Services

2015-001 Head Start - CFDA No. 93.600 (material weakness)

Condition: In testing drawdowns for the Head Start program, it was noted that all but three drawdowns lacked supporting documentation of the Head Start expenditures for which the drawdown was requested.

Auditors' Recommendation: It was recommended that the Organization needed to strengthen controls over its cash management processes to ensure compliance with federal requirements. It was recommended that procedures be implemented so that each Head Start drawdown requires approval of either a member of the finance committee or the Head Start Program Director. Each drawdown must be accompanied by supporting documentation of the expenditures for which the drawdown is being made.

Current Status: The recommendation was adopted in December 2015. There were similar audit findings in the 2016 audit until the recommendation was adopted in December 2015.

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

CHESHIRE COUNTY

SULLIVAN COUNTY

**CONSTITUENT
SECTOR**

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

Mary Lou Huffling
Fall Mountain Emergency Food Shelf
Alstead Friendly Meals

Jessi Parent
Chair, Head Start Policy Council
Parent Representative

Penny Despres
New Hope New Horizons
Program Representative

**PRIVATE
SECTOR**

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

Anne Beattie
Newport Service Organization

Kevin Watterson, Chair
Clarke Companies

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

**PUBLIC
SECTOR**

Leroy Austin
Building Inspector
Town of Winchester

David Edkins
Administrator, Planning & Zoning
Town of Charlestown

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

Raymond Gagnon
State Representative, District 5

Jessie Levine
Sullivan County Manager

John A. Manning

Summary

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

Experience

2014–Present Southwestern Community Services Inc.
Keene, NH

Chief Executive Officer

Oversees all fiscal functions for a community action agency providing services to low and moderate income individuals. Programs include Head Start, Fuel Assistance, and multiple affordable housing projects. Reports to the agency board of directors.

1990–2014 Southwestern Community Services Inc.
Keene, NH

Chief Financial Officer

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

1985-1995 Keene State College Keene, NH

Adjunct Professor

Taught evening accounting classes for their continuing education program.

1978-1990 John A. Manning, Keene, NH

Certified Public Accountant

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

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

Staff Accountant

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

1971–1975 University of Mass. Amherst, Ma.

Education

- B.S. Business Administration in Accounting
- American Institute of Certified Public Accountants

Organizations

NH Society of Certified Public Accountants

CRAIG A. HENDERSON

SUMMARY OF QUALIFICATIONS

- Proficient in: Word, Excel, PowerPoint, Access, Publisher, Internet, Outlook, Photoshop,
- Ability to prioritize in a fast paced environment and to learn new tasks quickly and effectively
- Dedicated, reliable and responsible
- Extensive background in Social Services, Property Management, Finance, and Customer Service

EDUCATION

- B.A Psychology with a specialization in counseling May, 1999
- B.S Business Management
Keene State College
Keene, NH 03435

EMPLOYMENT HISTORY

Henderson & Bosley Property Management 8/02-Present
President Keene, NH

- Adhering to NH State housing laws and government housing programs
- Advertising and marketing of vacant apartments, Creating leases, Performing credit checks
- Property inspections and maintenance- including basic carpentry, landscaping etc.
- Research and management of investment opportunities

Southwestern Community Services 10/07-Present
Assistant Director of Housing Stabilization Services Keene, NH

- Monitor quality of services, operation of assigned programs, facilities, and staff.
- Process and certify tenant/client applications for all Supportive Housing Programs; facilitate move-in process; track and collect rents/subsidies utilizing Classic Real Estate Software; track and collect all match documentation; recertify tenants when necessary and in a timely manner.
- Maintain compliance with State/Government/Agency protocols, procedures, and reporting.

Southwestern Community Services 02/03-10/07
Long Term Transitional Housing Program Administrator Keene, NH

- Responsibilities include: Assisting the homeless of Cheshire County with budgeting and referrals to other needed services; Advocating on behalf of clients to create new networks and improve current relationships; providing counsel through tough transitions, as well as, creating and maintaining an environment of success through programs such as Mediation Training, Consumer Credit Counseling, Psychological Therapy, Parenting Classes, and First Time Homebuyers programs.
- Basic maintenance of shelter properties and inventory control
- Responsible to track data and create statistical reports based on information collected to assist in budget allocations for Southwestern Community Services

Coldwell Banker / Tattersall 1/02-3/04
Real Estate Sales Associate Keene, NH

- Assisting buyers and sellers of real estate through customer/client interaction
- Informing clients/customers of federal and state regulations, financing options, and negotiating
- Creating marketing plans and researching pricing through competitive market analysis

Vision Appraisal Technology 5/02-2/03
Data Collector Keene, NH

- Assured accurate and consistent real-estate assessments with the emphasis in field work
- Position required strong attention to detail with the emphasis in property measurement and appraisal as well as requiring strong customer skill by acting as a liaison between town assessors office and the property owner

- Responsibilities include maintaining all major accounts and new account data; managing projects and delegating responsibilities, A/R and A/P reconciliation, Collections of delinquent accounts.
 - Financial Analysis and Trend Monitoring, Billing Systems Analyst
 - Direct mediation and resolution of customer service issues.
-

AWARDS RECEIVED

- **Delta Mu Delta: National Business Honor Society**
- **Psi Chi: National Psychology Honor Society**

CONTINUING EDUCATION AND CERTIFICATIONS

04/18/2007 Certified Occupancy Specialist – National Center for Housing Management

09/23/2008 Successful completion of “Landlord and Tenant Law” seminar – Lorman Educational Services

12/15/2009 HUD Certified Housing Quality Standards Inspector

06/13/2013 Certification in Fair Housing Law – Granite State Managers Association

07/10/2013 Completed 8.5 hours of Nonviolent Crisis Intervention training

03/20/2014 Blood Borne Pathogen Training

09/30/2014 7 hours of comprehensive low income housing tax credit training – Johnson Consulting Services, Inc

Mrs. Liza Regan

EXPERIENCE

Mount Royal Academy, Sunapee, NH— *Drama Director/Substitute Teacher*

September, 2016 - PRESENT

Responsibilities include: directing student productions for the community, advertising, fundraising and budgeting, classroom education, organizing and directing a summer arts day camp.

Woodcrest Village Assisted Living, New London— *Resident Aide*

June, 2017 - PRESENT

Responsibilities include: assisting with personal care of residents, evaluating emergency situations, supervision of building during night shift, clear communication between residents, their families and staff, keeping accurate medical reporting, basic housekeeping and laundry

Woodlawn Care Center, Newport— *Residential Services Aide*

June, 2016 - June, 2017

Responsibilities include: Laundry, housekeeping, music activities

January 2010 - September 2012

Licensed Nurse's Assistant and activities assistant for Woodlawn

Self Employment:

January 2004 - PRESENT

Personal assistant and nanny; home care for the elderly

EDUCATION

Magdalen College, Warner, NH - BA in Liberal Arts

September, 1998 - May, 2002

Education included Classical Study, Rhetoric, Logic, Music and Arts, student life leadership, paid work study, choir assistant

Our Lady Of Victory, Ontario, CA — High School

September 1994 - June 1998

SKILLS

Organizational

Self-Motivated

Problem Solver

Communication

Public Relations

Fundraising

Compassionate

Professional

Adaptability

Computer Knowledge

Leadership

Creativity

PROJECTS

Maddie's Hands

Includes collecting and distributing personal care and hygiene products, food and home goods to outreach programs around NH; hosting an annual day of respite for the NH Special Needs community

Southwestern Community Services, Inc.,
Key Personnel

Sullivan County Fresh Steps Permanent Housing Program

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
John Manning	Chief Executive Officer	\$132,080.00	0%	\$0.00
Craig Henderson	Program Director	\$50,000.00	0%	0
Liza Regan	Case Manager	\$28080.00	100%	\$28,080.00

Subject: Continuum of Care, SCS Rapid Re-Housing Permanent Housing

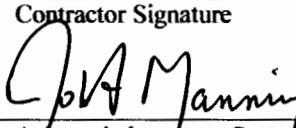
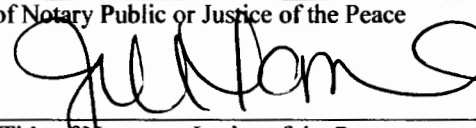
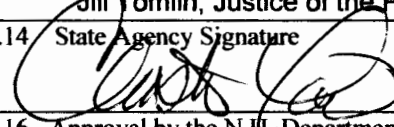
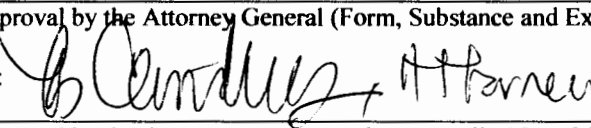
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Health and Human Services Office of Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Southwestern Community Services, Inc.		1.4 Contractor Address 63 Community Way P.O. Box 603 Keene, NH 03431-0603	
1.5 Contractor Phone Number (603) 352-7512	1.6 Account Number 05-95-42-423010-7927-102-500731	1.7 Completion Date December 31, 2018	1.8 Price Limitation \$112,267
1.9 Contracting Officer for State Agency Jonathan V. Gallo, Esq. Interim Director, Contracts and Procurement Unit		1.10 State Agency Telephone Number (603) 271-9246	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory John A. Manning, Chief Executive Officer	
1.13 Acknowledgement: State of NH, County of Cheshire On 09/11/17, 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] 		Jill A. TOMLIN, Justice of the Peace State of New Hampshire My Commission Expires April 5, 2022	
1.13.2 Name and Title of Notary or Justice of the Peace Jill Tomlin, Justice of the Peace			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Christine Tappan, Associate Commissioner	
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:  Attorney On: 10/2/17			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

gm
9/11/17

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.



Exhibit A

SCOPE OF SERVICES

CONTINUUM OF CARE

Permanent Housing Program

1. Conditional Nature Of Agreement

- 1.1. Notwithstanding any provisions of this Agreement to the contrary, all obligations of the State are contingent upon receipt of federal funds under the Continuum of Care Grant. The State has applied for the Continuum of Care Grant and will continue to perform due diligence in the application process. However, the State makes no representation that it will receive the funds. In no event shall the State be liable for costs incurred or payment of any services performed by the Contractor prior to the State's receipt of federal funds applied for in the Continuum of Care Grant.
- 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. 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; submitted to:
NH DHHS
Bureau of Homeless & Housing Services (BHHS)
129 Pleasant Street
Concord, NH 03301

2. Services

- 2.1. Based on the continued receipt/availability of federal funds from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, the Contractor shall provide permanent housing to fourteen (14) homeless individuals and families.
- 2.2. The goal of this program is to facilitate the movement of homeless individuals and families to permanent housing and maximum self-sufficiency.
- 2.3. To be eligible for contract services, individuals and families must be homeless as defined in HUD regulations. The Contractor must obtain and retain appropriate documentation.
- 2.4. The Contractor shall provide these services according to HUD regulations as outlined in Public Law 102-550, 24 CFR Part 578 Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program interim rule, and other written HUD policies and directives.
- 2.5. Each program participant shall have an employment assessment and employment goals included in the individual service plan, as appropriate.

3. Program Reporting Requirements

- 3.1. The Contractor shall submit the following reports:
 - 3.1.1. Annual Performance Report: Within thirty (30) days after the Completion Date, an Annual Performance Report (APR) shall be submitted to the BHHS that summarizes the results of the Project Activities, showing in particular how the Project Activities have been performed. The Annual Performance Report shall be in the form required or specified by the State, and submitted to the address listed in section 1.3 Exhibit A.
 - 3.1.2. Other Reports as requested by the State.



Exhibit A

- 3.2. All programs under this contract are required to be licensed to provide client level data into the New Hampshire Homeless Management Information System (NH HMIS). Programs under this contract must be familiar with and follow NH HMIS policy, including specific information that is required for data entry, accuracy of data entered, and time required for data entry. Current NH HMIS policy can be accessed electronically through the following website: <http://www.nh-hmis.org>.
- 3.3. Failure to submit the above reports or enter data into NH-HMIS in a timely fashion could result in the delay or withholding of reimbursements until such reports are received or data entries are confirmed by the BHHS.

4. Contract Administration

- 4.1. The Contractor shall have appropriate levels of staff to attend all meetings or trainings requested by the BHHS. To the extent possible, BHHS shall notify the contractor of the need to attend such meetings five (5) working days in advance of each meeting.
- 4.2. The Bureau Administrator of BHHS or designee may observe performance, activities and documents under this Agreement; however, these personnel may not unreasonably interfere with contractor performance.
- 4.3. The Contractor shall inform BHHS of any staffing changes within thirty (30) days of the change.
- 4.4. Contract records shall be retained for a period of five (5) years following completion of the contract and receipt of final payment by the Contractor, or until an audit is completed and all questions arising there from are resolved, whichever is later.
- 4.5. Changes to the contract services that do not affect its scope, duration, or financial limitations may be made upon mutual agreement between the Contractor and the BHHS.

5. Financial

- 5.1. Based on the continued receipt/availability of federal funds, the Contractor shall utilize Continuum of Care Program agreement value specified in Exhibit B of this agreement from the HUD Continuum of Care Program, for contract services.

5.1.1. Operating Expenses

- 5.1.1.1. Eligible operating expenses include maintenance and repair of housing, property taxes and insurance (including property and car), scheduled payments to reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost), building security for a structure where more than fifty (50) percent of the units or area is paid for with grant funds, utilities (including electricity, gas and water), furniture and equipment.
- 5.1.1.2. Ineligible costs include rental assistance and operating costs in the same project, operating costs of emergency shelter and supportive service-only facilities, maintenance and repair of housing where the costs of maintaining and repairing the housing are included in the lease.

5.1.2. Supportive Services

- 5.1.2.1. Eligible supportive services costs must comply with all HUD regulations in 24 CFR 578.53. Eligible services are available to those individuals actively participating in the permanent housing program.
- 5.1.2.2. Eligible costs include:
- 5.1.2.3. mental health services;



Exhibit A

- 5.1.2.4. case management services;
 - 5.1.2.5. salaries of Contractor staff providing supportive services;
 - 5.1.2.6. reasonable one-time moving costs (truck rental and hiring a moving company);
 - 5.1.2.7. child-care costs for establishing and operating child care;
 - 5.1.2.8. providing child-care vouchers for children from families experiencing homelessness (including providing meals, snacks and comprehensive and coordinated developmental activities);
 - 5.1.2.9. education services;
 - 5.1.2.10. employment assistance and job training skills;
 - 5.1.2.11. housing search and counseling services;
 - 5.1.2.12. legal services (fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with the homeless individual or family's ability to obtain and retain housing);
 - 5.1.2.13. outpatient health services and;
 - 5.1.2.14. transportation services and utility deposits.
 - 5.1.2.15. Ineligible costs include staff training, fundraising, conference attendance, and court fines incurred by participants.
- 5.1.3. Rental Assistance
- 5.1.3.1. Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.
 - 5.1.3.2. The rental assistance may be short term, up to 3 months of rent; medium term, for 3-24 months; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in 24 CFR 578.7(a)(9) and 24 CFR 578.51.
 - 5.1.3.3. Grant funds may be used for security deposits in an amount not to exceed 2 months of rent. An advance payment of the last month's rent may be provided to the landlord, in addition to the security deposit and payment of first month's rent.
 - 5.1.3.4. Rental assistance will only be provided for a unit if the rent is reasonable. The contractor must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit.
 - 5.1.3.5. The Contractor may use grant funds in an amount not to exceed one month's rent to pay for any damage to housing due to the action of a program participant. For **Leasing** funds only: Property damages may be paid only from funds paid to the landlord from security deposits.



Exhibit A

- 5.1.3.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
 - 5.1.3.7. The Contractor must provide one of the following types of rental assistance: Tenant-based, Project-based, or Sponsor-based rental assistance as described by HUD in 24 CFR 578.51.
 - 5.1.3.8. Tenant-based rental assistance is rental assistance in which program participants choose housing of an appropriate size in which to reside. When necessary to facilitate the coordination of supportive services, recipients and sub recipients may require program participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of their period of participation. Short and medium term rental assistance provided under the Rapid Re-Housing program component must be tenant based rental assistance.
 - 5.1.3.9. Sponsor-based rental assistance is provided through contracts between the recipient and sponsor organization. A sponsor may be a private, nonprofit organization, or a community mental health agency established as a public nonprofit organization. Program participants must reside in housing owned or leased by the sponsor.
 - 5.1.3.10. Project-based rental assistance is provided through a contract with the owner of an existing structure, where the owner agrees to lease the subsidized units to program participants. Program participants will not retain rental assistance if they move.
 - 5.1.3.11. For project-based, sponsor-based, or tenant-based rental assistance, program participants must enter into a lease agreement for a term of at least one year, which is terminable for cause. The leases must be automatically renewable upon expiration for terms that are a minimum of one month long, except on prior notice by either party.
- 5.1.4. Administrative Costs
- 5.1.4.1. Administrative costs include:
 - 5.1.4.2. preparing program budgets;
 - 5.1.4.3. schedules and amendments;
 - 5.1.4.4. developing systems for assuring compliance with program requirements;
 - 5.1.4.5. developing interagency agreements and agreements with sub recipients and contractors to carry out program activities;
 - 5.1.4.6. preparing reports and other documents related to the program for submission to HUD;
 - 5.1.4.7. evaluating program results against stated objectives;
 - 5.1.4.8. travel costs incurred for official business in carrying out the program;
 - 5.1.4.9. administrative services performed under third party contracts or agreements (including such services as general legal services, accounting services, and audit services) and;



Exhibit A

- 5.1.4.10. other costs for goods and services required for administration of the program (including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance, but not purchase, of office space).
- 5.1.5. Leasing: Leasing may include leasing one structure or leasing units scattered throughout a community.
 - 5.1.5.1. Rent paid may only reflect actual costs and must be reasonable in comparison to rents charged in the area for similar housing units. Documentation of rent reasonableness must be kept on file by the Contractor.
 - 5.1.5.2. The portion of rent paid with grant funds may not exceed HUD-determined fair market rents.
 - 5.1.5.3. The Contractor shall pay individual landlords directly; funds may not be given directly to participants to pay leasing costs.
 - 5.1.5.4. Property damages may only be paid from money paid to the landlord for security deposits.
 - 5.1.5.5. The Contractor cannot lease a building that it already owns to itself.
 - 5.1.5.6. Housing must be in compliance with all State and local housing codes, licensing requirements, the Lead-Based Paint Poisoning Prevention Act, and any other requirements of the jurisdiction in which the housing is located regarding the condition of the structure and operation of the housing or services.
- 5.2. The Contractor shall provide sufficient matching funds, as required by HUD regulations and policies described in 24 CFR 578.73 (a) (b) (c).
 - 5.2.1. The contractor must match all grant funds except for leasing funds, with no less than twenty-five (25) percent of funds or in-kind contributions from other sources.
 - 5.2.2. Match requirements are to be documented with each payment request.
- 5.3. The Contractor shall only be reimbursed for those costs designated as eligible and allowable costs as stated in Section 5. Financial, Exhibit A. The Contractor must have written approval from the State prior to billing for any other expenses.
- 5.4. The Contractor may charge program participants rent and utilities (heat, hot water); however, the amount charged may not exceed the maximum amounts specified in HUD regulations (24 CFR 578.77). Other services such as cable, air conditioning, telephone, Internet access, cleaning, parking, pool charges, etc. are at the participant's option.
- 5.5. The contractor shall have any staff charged in full or part to this contract or counted as match complete weekly or bi-weekly timesheets.



Exhibit B

METHOD AND CONDITIONS PRECEDENT TO PAYMENT

CONTINUUM OF CARE

1. Permanent Housing Program

The following financial conditions apply to the scope of services as detailed in Exhibit A – Continuum of Care, Permanent Housing Program.

This contract is funded by the New Hampshire General Fund and/or by federal funds made available under the Catalog of Federal Domestic Assistance (CFDA), as follows:

NH General Fund: 0%
Federal Funds: 100%
CFDA #: 14.267
Grant Number: NH0074L1T001604
Federal Agency: U.S. Department of Housing & Urban Development
Program Title: Continuum of Care, Permanent Housing Program

Total Amount Continuum of Care;

January 1, 2018 – December 31, 2018: not to exceed \$112,267

Funds allocation under this agreement for Continuum of Care Program;

Administrative costs: \$2,735
Rental Assistance: \$88,416
Supportive Services: \$21,116
Total program amount: \$112,267

1.1. Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, in an amount not to exceed and for the time period specified above.

2. Reports

As part of the performance of the Project Activities, the Contractor covenants and agrees to submit the following:

2.1. Audited Financial Report: The Audited Financial Report shall be prepared in accordance with 2 CFR part 200. Three (3) copies of the audited financial report shall be submitted within thirty (30) days of the completion of said report to the State at the following address:

NH DHHS
Bureau of Homeless & Housing Services
129 Pleasant Street
Concord, NH 03301

2.2. Where the Contractor is not subject to the requirements of 2 CFR part 200, within ninety (90) days after the Completion or Termination Date, one copy of an audited financial report shall be submitted to the State. Said audit shall be conducted utilizing the guidelines set forth in "Standards for Audit of Governmental Organizations, Program Activities, and Functions" by the Comptroller General of the United States.

Jm
9/11/17



Exhibit B

3. Project Costs: Payment Schedule; Review by the State

- 3.1. Project Costs: As used in this Agreement, the term "Project Costs" shall mean all expenses directly or indirectly incurred by the Contractor in the performance of the Project Activities, as determined by the State to be eligible and allowable for payment in accordance with Public Law 102-550 as well as allowable cost standards set forth in 2 CFR part 200 as revised from time to time and with the rules, regulations, and guidelines established by the State. Nonprofit subcontractors shall meet the requirements of 2 CFR part 200.
- 3.2. Payment of Project Costs: Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for operations, supportive services, leasing, rental assistance and administration utilizing funds provided through the U.S. Department of Housing and Urban Development Title XIV Housing programs under the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act), Subtitle A-Housing Assistance (Public Law 102-550) in an amount not to exceed as specified above. Reimbursement requests for all Project Costs shall be submitted on a monthly basis and accompanied by an invoice from the Contractor for the amount of each requested disbursement along with a payment request form as designated by the State, which shall be completed and signed by the Contractor. The Contractor shall provide additional financial information if requested by the State to verify expenses.
- 3.3. Review of the State Disallowance of Costs: At any time during the performance of the Services, and upon receipt of the Annual Performance Report, Termination Report or Audited Financial Report, the State may review all Project Costs incurred by the Contractor and all payments made to date. Upon such review the State shall disallow any items of expenses that are not determined to be allowable or are determined to be in excess of actual expenditures, and shall, by written notice specifying the disallowed expenditures, inform the Contractor of any such disallowance. If the State disallows costs for which payment has not yet been made, it shall refuse to pay such costs. Any amounts awarded to the Contractor pursuant to this agreement are subject to recapture. The funds authorized to be expended under this Agreement shall be used only for operations, supportive services, leasing, rental assistance and administration or reimbursement for expenditures for operations, supportive services, leasing, and rental assistance and administration, provided by the Contractor for the project period and operating years of the Continuum of Care Program as approved by HUD and in accordance with the Continuum of Care Program Regulations, published at 24 CFR Part 578.

4. Use Of Grant Funds

- 4.1. The State agrees to provide payment for actual costs, not to exceed an amount as specified in this Exhibit, and defined by HUD under the provisions of P.L. 102-550 and other applicable regulations.
- 4.2. 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.
- 4.3. Conformance to 2 CFR part 200: Grant funds are to be used only in accordance with procedures, requirements, and principles specified in 2 CFR part 200.

Jm

9/11/17



Exhibit B

5. Contractor Financial Management System

- 5.1. Fiscal Control: The Contractor shall establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, grant funds and any required nonfederal expenditures. This responsibility applies to funds disbursed in direct operations of the Contractor.
- 5.2. The Contractor shall maintain a financial management system that complies with 2 CFR part 200 or such equivalent system as the State may require. Requests for payment shall be made according to EXHIBIT B, Section 3.2, Payment of Project Costs, of this Agreement.



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 EEO on file and submit an EEO Certification Form to the OCR, certifying that its EEO 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 EEO Certification Form to the OCR certifying it is not required to submit or maintain an EEO. Non-profit organizations, Indian Tribes, and medical and educational institutions are exempt from the EEO requirement, but are required to submit a certification form to the OCR to claim the exemption. EEO 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

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9/11/17



- 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.



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.



CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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

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

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

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



has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

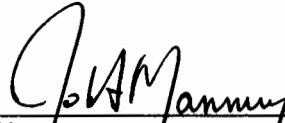
- 1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
 - 1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- 1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.

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

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

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

Contractor Name: Southwestern Community Services, Inc.


Name: John A. Manning
Title: Chief Executive Officer

09/11/17
Date



CERTIFICATION REGARDING LOBBYING

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

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

Programs (indicate applicable program covered):

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

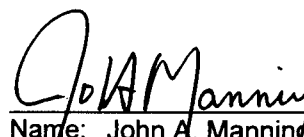
The undersigned certifies, to the best of his or her knowledge and belief, that:

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

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

Contractor Name: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



**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

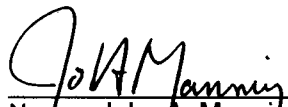
11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - 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: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



**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

Jm

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

9/11/17

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: Southwestern Community Services, Inc.

09/11/17
Date

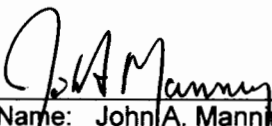

Name: John A. Manning
Title: Chief Executive Officer

Exhibit G

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

Contractor Initials gm

Date 9/11/17



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: Southwestern Community Services, Inc.

09/11/17
Date

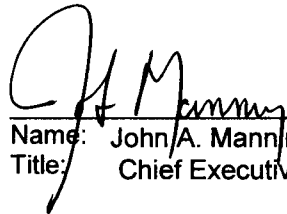

Name: John A. Manning
Title: Chief Executive Officer



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

Jm
9/11/17



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

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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.

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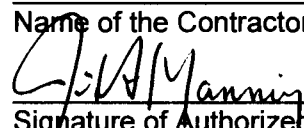
Exhibit I

- 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

 Signature of Authorized Representative
 Christine Tapan
 Name of Authorized Representative
 Associate Commissioner
 Title of Authorized Representative
 9/28/17
 Date

Southwestern Community Services, Inc.
 Name of the Contractor

 Signature of Authorized Representative
 John A. Manning
 Name of Authorized Representative
 Chief Executive Officer
 Title of Authorized Representative
 09/11/17
 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.

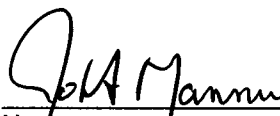
Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

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: Southwestern Community Services, Inc.

09/11/17
Date


Name: John A. Manning
Title: Chief Executive Officer



FORM A

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

1. The DUNS number for your entity is: 081251381
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

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: _____



DHHS INFORMATION SECURITY REQUIREMENTS

1. Confidential Information: In addition to Paragraph #9 of the General Provisions (P-37) for the purpose of this RFP, the Department's Confidential information includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.
2. The vendor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services. Minimum expectations include:
 - 2.1. Maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
 - 2.2. Maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
 - 2.3. Encrypt, at a minimum, any Department confidential data stored on portable media, e.g., laptops, USB drives, as well as when transmitted over public networks like the Internet using current industry standards and best practices for strong encryption.
 - 2.4. Ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
 - 2.5. Provide security awareness and education for its employees, contractors and sub-contractors in support of protecting Department confidential information
 - 2.6. Maintain a documented breach notification and incident response process. The vendor will contact the Department within twenty-four 24 hours to the Department's contract manager, and additional email addresses provided in this section, of a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
 - 2.6.1. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
Breach notifications will be sent to the following email addresses:
 - 2.6.1.1. DHHSChiefInformationOfficer@dhhs.nh.gov
 - 2.6.1.2. DHHSInformationSecurityOffice@dhhs.nh.gov
 - 2.7. If the vendor will maintain any Confidential Information on its systems (or its sub-contractor systems), the vendor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the vendor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure

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Date 9/11/17

**New Hampshire Department of Health and Human Services
Exhibit K**



deletion, or otherwise physically destroying the media (for example, degaussing). The vendor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and vendor prior to destruction.

- 2.8. If the vendor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the vendor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the vendor, including breach notification requirements.
3. The vendor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the vendor and any applicable sub-contractors prior to system access being authorized.
4. If the Department determines the vendor is a Business Associate pursuant to 45 CFR 160.103, the vendor will work with the Department to sign and execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
5. The vendor will work with the Department at its request to complete a survey. The purpose of the survey is to enable the Department and vendor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the vendor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the vendor, or the Department may request the survey be completed when the scope of the engagement between the Department and the vendor changes. The vendor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the appropriate authorized data owner or leadership member within the Department.

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Date 6/11/17

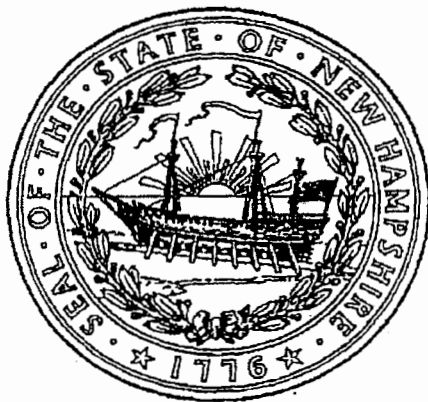
State of New Hampshire

Department of State

CERTIFICATE

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

Business ID: 65514



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

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Elaine M. Amer, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Southwestern Community Services, Inc.
(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 02/18/16:
(Date)

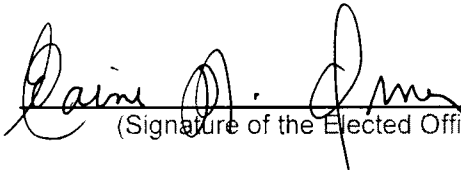
RESOLVED: That the Chief Executive Officer
(Title of Contract Signatory)

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 11th day of Sept, 2017.
(Date Contract Signed)

4. John A. Manning is the duly elected Chief Executive Officer
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.


(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Cheshire

The forgoing instrument was acknowledged before me this 11th day of Sept, 2017,

By Elaine M. Amer
(Name of Elected Officer of the Agency)


Jill Tomlin, Justice of the Peace

JILL A. TOMLIN, Justice of the Peace
State of New Hampshire
My Commission Expires April 5, 2022

(NOTARY SEAL)

Commission Expires: 4.5.22



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
8/31/2017

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

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

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

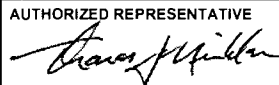
COVERAGES **CERTIFICATE NUMBER: 66207872** **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> 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 type="checkbox"/> LOC OTHER:			PHPK1668183	6/30/2017	6/30/2018	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			PHPK1668192	6/30/2017	6/30/2018	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> 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			PHUB587872	6/30/2017	6/30/2018	EACH OCCURRENCE \$2,000,000 AGGREGATE \$2,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	3102800768	4/1/2017	4/1/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$500,000 E.L. DISEASE - EA EMPLOYEE \$500,000 E.L. DISEASE - POLICY LIMIT \$500,000
A	Professional Liability			PHPK1668183	6/30/2017	6/30/2018	\$1,000,000 per occurrence \$2,000,000 general aggregate

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

Workers Compensation Statutory coverage provided for the State of NH
All Executive Officers are included in the Workers Compensation coverage

CERTIFICATE HOLDER State of NH Dept. of Health & Human Services Division of Community Based Care Services 129 Pleasant Street Concord NH 03301-3857	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 
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Mission Statement

Southwestern Community Services

SCS strives to **empower** low income people and families. With **dignity and respect**, SCS will provide direct assistance, reduce stressors and advocate for such persons and families as they lift themselves toward **self-sufficiency**.

In **partnership** and close **collaboration** with local communities, SCS will provide **leadership** and **support** to develop resources, programs and services to further aid this population.

Financial Statements

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

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

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2016**

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Community Services, Inc. and related companies as of May 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Functional Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of Southwestern Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwestern Community Services, Inc.'s internal control over financial reporting and compliance.

Leone McDonnell & Roberts
Professional Association

December 9, 2016
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2016 AND 2015**

ASSETS

	<u>2016</u>	<u>2015</u> (restated)
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,188,826	\$ 187,247
Accounts receivable	1,102,367	911,829
Prepaid expenses	23,413	45,899
Notes receivable	112,000	112,000
Interest receivable	<u>36,587</u>	<u>32,107</u>
Total current assets	<u>2,463,193</u>	<u>1,299,082</u>
PROPERTY		
Land and buildings	14,237,257	19,155,380
Vehicles and equipment	813,172	802,622
Furniture and fixtures	<u>40,986</u>	<u>144,840</u>
Total property	15,091,415	20,102,842
Less accumulated depreciation	<u>5,446,011</u>	<u>8,819,308</u>
Property, net	<u>9,645,404</u>	<u>11,283,534</u>
OTHER ASSETS		
Inventory	-	209,342
Investment in related parties	20,700	20,700
Due from related parties	281,825	352,217
Cash escrow and reserve funds	341,367	278,772
Security deposits	35,961	62,930
Other assets	<u>384</u>	<u>15,968</u>
Total other assets	<u>680,237</u>	<u>939,929</u>
Total assets	<u>\$ 12,788,834</u>	<u>\$ 13,522,545</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 155,247	\$ 720,997
Accrued expenses	146,363	117,347
Accrued payroll and payroll taxes	218,182	309,572
Other current liabilities	181,696	132,696
Refundable advances	201,064	239,234
Bank line of credit	-	249,953
Current portion of long term debt	<u>381,611</u>	<u>331,865</u>
Total current liabilities	1,284,163	2,101,664
NONCURRENT LIABILITIES		
Long term debt, less current portion shown above	<u>7,991,096</u>	<u>9,089,941</u>
Total liabilities	<u>9,275,259</u>	<u>11,171,605</u>
NET ASSETS		
Unrestricted	3,302,355	2,341,095
Temporarily restricted	<u>211,220</u>	<u>9,845</u>
Total net assets	<u>3,513,575</u>	<u>2,350,940</u>
Total liabilities and net assets	<u>\$ 12,788,834</u>	<u>\$ 13,522,545</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total (restated)</u>
REVENUES AND OTHER SUPPORT				
Government contracts	\$ 9,060,110	\$ -	\$ 9,060,110	9,154,522
Program service fees	2,030,772	-	2,030,772	1,991,293
Rental income	1,007,200	-	1,007,200	533,766
Developer income	254,004	-	254,004	347,615
Support	306,582	211,220	517,802	381,297
Fundraising	67,765	-	67,765	92,884
Interest income	4,710	-	4,710	4,549
Forgiveness of debt	61,209	-	61,209	585,457
Miscellaneous	264,795	-	264,795	122,439
In-kind contributions	<u>215,867</u>	<u>-</u>	<u>215,867</u>	<u>161,575</u>
Total revenues and other support	13,273,014	211,220	13,484,234	13,375,397
NET ASSETS RELEASED FROM RESTRICTIONS				
	<u>9,845</u>	<u>(9,845)</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	<u>13,282,859</u>	<u>201,375</u>	<u>13,484,234</u>	<u>13,375,397</u>
EXPENSES				
Program services				
Home energy programs	3,624,241	-	3,624,241	4,014,931
Education and nutrition	2,271,455	-	2,271,455	2,213,482
Homeless programs	2,122,818	-	2,122,818	2,211,840
Housing services	2,521,333	-	2,521,333	1,895,451
Economic development services	317,822	-	317,822	437,548
Other programs	<u>745,736</u>	<u>-</u>	<u>745,736</u>	<u>818,906</u>
Total program services	11,603,405	-	11,603,405	11,591,938
Supporting activities				
Management and general	<u>1,887,761</u>	<u>-</u>	<u>1,887,761</u>	<u>1,826,284</u>
Total expenses	<u>13,491,166</u>	<u>-</u>	<u>13,491,166</u>	<u>13,418,222</u>
CHANGES IN NET ASSETS BEFORE GAIN (LOSS) ON SALE OF PROPERTY	(208,307)	201,375	(6,932)	(42,825)
GAIN (LOSS) ON SALE OF PROPERTY	<u>759,643</u>	<u>-</u>	<u>759,643</u>	<u>(11,116)</u>
CHANGE IN NET ASSETS	<u>551,336</u>	<u>201,375</u>	<u>752,711</u>	<u>(53,941)</u>
NET ASSETS, BEGINNING OF YEAR	2,341,095	9,845	2,350,940	4,194,192
PRIOR PERIOD ADJUSTMENT	-	-	-	195,077
NET ASSETS TRANSFERRED FROM LIMITED PARTNERSHIPS	<u>409,924</u>	<u>-</u>	<u>409,924</u>	<u>(1,984,388)</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,751,019</u>	<u>9,845</u>	<u>2,760,864</u>	<u>2,404,881</u>
NET ASSETS, END OF YEAR	<u>\$ 3,302,355</u>	<u>\$ 211,220</u>	<u>\$ 3,513,575</u>	<u>\$ 2,350,940</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

	<u>2016</u>	<u>2015</u> (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 752,711	\$ (53,941)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	597,297	505,694
(Gain) loss on sales of property	(884,882)	-
Loss on sale of property developments sold	125,239	11,118
Forgiveness of debt	(61,209)	(585,457)
(Increase) decrease in assets:		
Accounts receivable	(190,538)	71,516
Prepaid expenses	31,980	(53,739)
Interest receivable	(4,480)	(4,480)
Due from related parties	(164,686)	944,184
Security deposits	59,036	(5,398)
Other assets	15,584	
Increase (decrease) in liabilities:		
Accounts payable	(603,671)	(334,243)
Accrued expenses	(820)	(639,853)
Accrued payroll and payroll taxes	(91,390)	196,026
Other current liabilities	49,000	2,563
Refundable advances	(38,170)	107,120
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(408,998)</u>	<u>161,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in escrow funds	237,589	29,115
Proceeds from property developments sold	266,500	261,478
Improvements to property developments	(182,397)	(158,756)
Proceeds from sales of property	4,019,878	-
Purchase of property	(115,173)	(75,198)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,226,397</u>	<u>56,639</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on bank line of credit	(249,953)	(89,000)
Proceeds from long term debt	34,182	67,917
Repayment of long term debt	(2,636,139)	(102,869)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,851,910)</u>	<u>(123,952)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	965,489	93,795
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	197,247	96,654
CASH TRANSFERRED FROM LIMITED PARTNERSHIPS	<u>26,090</u>	<u>6,798</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,188,826</u>	<u>\$ 197,247</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

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

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2018
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	Home Energy Programs	Education and Nutrition	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Program	Management and Council	2018 Total	2015 Total (restated)
Payroll	\$ 307,452	\$ 1,020,331	\$ 500,784	\$ 780,506	\$ 206,470	\$ 382,202	\$ 3,316,547	\$ 754,210	\$ 4,070,765	\$ 3,884,753
Payroll taxes	37,424	114,436	53,808	75,987	19,773	43,778	347,206	66,039	413,335	419,912
Employee benefits	125,137	299,025	156,712	217,328	54,272	119,434	870,008	149,659	1,120,967	1,241,003
Retirement	24,223	70,374	36,081	59,160	13,817	17,028	220,663	83,302	283,985	284,701
Advertising	150	28,240	1,698	2,908	1,980	-	33,036	396	33,432	24,335
Bank charges	240	-	104	5,370	-	-	5,714	6,123	13,837	10,143
Bad debt expense	-	-	-	27,060	-	-	27,060	878	27,940	878
Commercial subletty	1,900	-	11,074	-	-	1,869	14,742	-	14,742	13,373
Computer cost	58	3,133	3,180	-	1,310	-	7,690	129,074	136,764	159,186
Contractual	219,626	22,816	144,801	35,717	2,388	80,035	505,183	16,144	521,327	785,393
Depreciation	-	21,870	91,203	321,803	-	11,587	446,433	150,864	597,297	505,694
Dues/registration	-	8,815	625	235	-	7,914	15,589	3,030	18,619	28,125
Duplicating	1,588	9,460	207	135	-	728	12,116	5,407	17,523	14,354
Insurance	6,008	15,578	22,855	98,104	1,108	6,211	149,864	39,840	189,824	141,987
Interest	-	6,774	10,663	103,971	-	2,180	125,598	128,128	253,726	168,470
Meeting and conference	7,374	896	11,048	8,762	-	26,274	56,152	38,430	94,582	66,293
Miscellaneous expense	9,306	8,715	2,975	138,707	355	5,702	183,850	31,465	195,315	77,676
Miscellaneous taxes	-	-	-	88,058	-	-	88,058	10,175	98,243	49,920
Equipment purchases	232	1,832	569	4,744	-	-	7,377	5,770	13,147	17,982
Office expense	11,381	18,083	12,258	7,957	3,866	430	53,773	16,483	70,256	62,821
Postage	45	377	100	588	294	-	1,404	23,989	25,403	23,144
Professional fees	-	-	-	48,030	-	-	48,030	92,589	140,599	69,297
Staff development and training	3,300	5,335	17,982	6,227	-	12,592	45,338	20,609	65,945	93,425
Subscriptions	-	-	-	458	234	-	1,742	551	2,293	978
Telephones	1,621	15,497	23,828	9,660	4,347	1,133	56,064	5,078	61,160	85,550
Fax	-	-	-	-	-	-	-	-	-	46
Travel	5,778	18,032	20,648	7,572	5,171	764	57,985	3,429	61,394	52,997
Vehicle	1,608	3,362	2,713	28,122	-	5,607	41,472	36,064	77,536	78,974
Rent	-	26,560	-	-	-	-	26,560	-	26,560	25,550
Space costs	-	148,298	258,489	391,556	-	510	798,653	91,117	889,970	897,407
Direct client assistance	-	191,127	675,940	52,988	3,518	18,731	3,741,723	-	3,741,723	4,181,069
In-kind expenses	2,799,710	215,867	-	-	-	-	215,867	-	215,867	181,575
TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION	3,624,241	2,271,455	2,122,818	2,521,333	317,822	745,736	11,600,405	1,887,781	13,481,186	13,418,222
Allocation of management and general expenses	589,629	369,544	345,382	410,196	51,707	121,323	1,987,761	(1,887,781)	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 4,213,870	\$ 2,640,999	\$ 2,468,180	\$ 2,931,529	\$ 369,529	\$ 867,059	\$ 13,491,166	\$ -	\$ 13,491,166	\$ 13,418,222

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

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

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

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

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

Basis of Presentation

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

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

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

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

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

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2015 from which the summarized information was derived.

Refundable Advances

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

In-Kind Support

The Organization records various types of in-kind support including professional services and materials. Contributed professional services are recognized if the service received creates or enhances long-lived assets or requires specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

Estimates

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Notes Receivable

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

Inventory

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

Current Vulnerability Due to Certain Concentrations

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

Concentration of Credit Risk

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

Property and Depreciation

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

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

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

Advertising

The Organization expenses advertising costs as incurred.

Revenue Recognition

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

Income Taxes

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

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

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

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

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

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

Fair Value of Financial Instruments

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

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

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

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

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

Functional Allocation of Expenses

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

NOTE 2 **BANK LINE OF CREDIT**

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

NOTE 3 **LONG TERM DEBT**

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

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

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

North Walpole - 6% note payable to a bank in monthly installments for principal and interest of \$1,351 through April 2016 at which time a balloon payment of \$123,000 was due. North Walpole was sold during the year ended May 31, 2016. The note was secured by real estate of the Organization.	-	128,971
Troy - 7% note payable to a bank in monthly installments for principal and interest of \$807 through December 2025. Troy was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by real estate of the Organization.	-	76,750
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	200,000	225,000
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note is forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	120,000	135,000
Non-Interest bearing note payable to New Hampshire Finance Authority in annual payments in the amount of 50% of annual surplus cash through July 2023 at which time the remaining balance is due. The note is secured by real estate of the Organization.	794,189	794,189
Non-Interest bearing note payable to a county in New Hampshire. No payment is due and 5% of the balance is forgiven each year through 2032 when the remaining balance becomes due. The note is secured by real estate of the Organization.	402,966	424,175

3.99% note payable to a bank in monthly installments for principal and interest of \$355 through May 2018. The note is secured by a vehicle of the Organization.	8,401	12,249
Peterborough - 7% note payable to New Hampshire Housing Finance Authority in monthly installments for principal and interest of \$15,013 through June 2040. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by a mortgage and risk sharing security agreement with the U.S. Department of Housing and Urban Development on the Organization's assets.	-	2,124,114
Peterborough - Non-recourse 0% note payable to New Hampshire Housing Finance Authority. Principal is payable at the sole discretion of the lender from excess cash of the borrower determined by formula. Peterborough was sold during the year ended May 31, 2016 and the note was paid off. The note was due December 2041 and was secured by the Partnership's land and buildings.	-	388,657
Jaffrey - 30-year deferred note payable to the Town of Jaffrey, New Hampshire. Payment of principal and accrued interest at 1% are deferred until the note matures in June 2027. The note is secured by land and buildings. The balance included cumulative accrued interest of \$46,819.	297,668	294,721
Jaffrey - 6% note payable to a bank in monthly installments for principal and interest of \$484 through June 2027. The note is secured by land and buildings.	46,592	49,463
Hinsdale - 6% note payable to a bank in monthly installments for principal and interest of \$635 with a balloon payment due October 2017. Hinsdale was sold during the year ended May 31, 2016 and the note was paid off. The note was secured by land and buildings.	-	66,030
4.25% note payable to a bank in monthly installments for principal and interest through December 2016. The note was secured by land and buildings and was paid off during the year ended May 31, 2016.	-	37,718

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

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

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

NOTE 4 **OPERATING LEASES**

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

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

NOTE 5 **ACCRUED COMPENSATED BALANCES**

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

NOTE 6 **CONTINGENCIES**

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

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

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

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

NOTE 7 **RELATED PARTY TRANSACTIONS**

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

NOTE 8 **INVESTMENT IN RELATED PARTIES**

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

NOTE 9 **RETIREMENT PLAN**

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

NOTE 10 **RESTRICTIONS ON NET ASSETS**

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

NOTE 11 FORGIVENESS OF DEBT

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

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

NOTE 12 PRIOR PERIOD ADJUSTMENT

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

NOTE 13 TRANSFER OF PARTNERSHIP INTEREST

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

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

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

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

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

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

NOTE 14 RECLASSIFICATION

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

NOTE 15 SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

(SEE INDEPENDENT AUDITORS' REPORT)

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES
CONSOLIDATED SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED MAY 31, 2016
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	Home Energy Programs	Education and Nutrition	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Program	Management and General	2016 Total	2015 Total (restated)
REVENUES										
Government contracts	\$ 3,620,956	\$ 2,600,009	\$ 1,760,082	\$ 83,747	\$ 451,713	\$ 18,534	\$ 8,513,041	\$ 547,009	\$ 9,060,110	\$ 9,154,522
Program service fees	152,078	7,023	57,647	1,044,955	-	785,243	2,028,646	2,126	2,030,772	1,991,293
Rental income	-	-	100,521	908,879	-	-	1,007,200	-	1,007,200	533,766
Developer income	-	-	-	-	-	-	254,004	-	254,004	347,615
Support	71,870	35,460	127,248	112,000	-	171,049	577,627	175	577,802	381,291
Fundraising	-	50	-	-	-	87,715	87,715	-	87,715	92,894
Interest income	3	-	10	157	-	12	182	4,528	4,710	4,548
Forgiveness of debt	-	-	81,200	-	-	-	81,200	-	81,200	122,439
Miscellaneous	5,228	1,453	81	127,155	-	60	133,875	130,820	264,795	585,457
In-kind contributions	-	215,867	-	-	-	-	215,867	-	215,867	161,575
Total revenues and other support	3,850,933	2,880,782	2,008,798	2,508,092	451,713	1,020,813	12,798,518	994,718	13,484,234	13,375,397
EXPENSES										
Payroll	\$ 387,452	\$ 1,020,131	\$ 560,784	\$ 760,508	\$ 205,470	\$ 382,202	\$ 3,316,547	\$ 754,218	\$ 4,970,765	\$ 3,884,753
Payroll taxes	37,424	114,436	56,898	75,987	19,773	43,778	347,286	66,039	413,335	419,912
Employee benefits	125,137	298,025	159,712	217,328	54,272	119,434	970,806	149,458	1,120,587	1,241,803
Retirement	24,223	70,374	36,061	59,160	13,817	17,028	220,963	63,302	283,985	264,701
Advertising	150	26,290	1,998	2,908	1,990	-	33,036	398	33,432	24,335
Bank charges	240	-	104	5,370	-	-	5,714	8,123	13,637	878
Bad debt expense	-	-	-	27,860	-	-	27,860	-	27,860	10,143
Commercial liability	1,800	-	11,074	-	-	1,868	14,742	-	14,742	13,373
Computer cost	58	3,133	3,189	-	1,310	-	7,690	-	7,690	159,168
Contractual	219,878	22,818	144,801	35,717	2,386	60,035	505,183	136,784	641,327	521,327
Depreciation	-	21,870	91,203	321,803	2,360	11,557	446,433	150,864	597,297	505,684
Dues/registrarion	-	6,815	623	235	-	7,914	15,569	3,030	18,619	26,125
Duplicating	1,568	9,460	207	135	-	728	12,116	5,407	17,523	14,354
Insurance	6,038	15,578	22,855	98,104	1,188	6,211	149,984	39,040	189,024	141,697
Interest	-	6,774	10,863	103,971	-	2,180	125,598	128,178	253,728	188,430
Meeting & conference	7,374	896	11,846	8,762	-	28,274	55,152	36,430	91,582	58,293
Miscellaneous expense	8,398	8,715	2,975	136,707	356	5,702	163,850	31,463	195,313	77,876
Motor vehicle	-	-	-	89,068	-	-	89,068	10,175	99,243	49,920
Equipment purchase	232	1,832	589	4,744	-	-	7,377	5,770	13,147	17,962
Office expense	11,381	18,063	12,256	7,857	3,698	430	53,773	16,483	70,256	62,821
Postage	45	377	100	588	264	-	1,404	23,869	25,403	23,144
Professional fees	-	-	-	48,030	-	-	48,030	92,589	140,599	68,287
Staff development and training	3,300	5,335	17,862	8,227	-	12,592	45,338	20,609	65,945	31,425
Subscriptions	-	-	-	458	234	-	1,060	1,742	2,293	979
Telephone	1,821	15,487	23,828	9,660	4,347	1,133	56,084	5,078	61,160	85,550
Fax	-	-	-	-	-	-	-	-	-	40
Travel	5,776	18,032	20,648	7,572	5,171	784	57,965	3,429	61,394	52,997
Vehicle	1,660	3,362	2,713	28,122	-	5,807	41,472	36,084	77,538	78,974
Rent	-	28,550	-	-	-	-	28,550	-	28,550	25,550
Space costs	-	148,298	258,489	381,556	-	510	798,853	91,117	898,970	697,407
Direct client assistance	2,750,710	191,137	675,840	52,896	3,519	18,731	3,741,223	-	3,741,223	4,187,089
In-kind expenses	-	215,867	-	-	-	-	215,867	-	215,867	161,575
TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION	3,974,241	2,271,455	2,122,818	2,521,333	317,822	745,758	11,803,405	1,887,701	13,491,166	13,418,222
Allocation of management and general expenses	589,628	369,544	345,392	410,198	51,707	121,323	1,887,761	(1,887,761)	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 4,213,870	\$ 2,640,999	\$ 2,468,160	\$ 2,931,529	\$ 369,529	\$ 867,081	\$ 13,491,166	\$ -	\$ 13,491,166	\$ 13,418,222

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2019**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NAME	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURE
<u>U.S. Department of Agriculture</u>				
Rural Housing Preservation Grants	10.433	N/A	N/A	\$ 25,000
Child and Adult Care Food Program	10.558	State of NH, Dept of Education	Unknown	127,220
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.657	State of NH Dept. of Health & Human Services	010-090-82600000-102-500734	362,975
Commodity Supplemental Food Program	10.665	State of NH Dept. of Health & Human Services	010-090-82600000-102-500734	<u>142,070</u>
Total U.S. Department of Agriculture				\$ 657,265
<u>U.S. Department of Housing and Urban Development</u>				
Emergency Solutions Grant Program	14.231	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	\$ 212,077
Supportive Housing Program	14.235	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	403,269
Continuum of Care Program	14.267	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	85,888
Starter Plus Care	14.238	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	<u>272,324</u>
Total U.S. Department of Housing and Urban Development				\$ 973,338
<u>U.S. Department of Labor</u>				
<u>WIA Cluster</u>				
WIA Adult Program	17.258	Southern NH Services	Unknown	\$ 47,297
WIA Dislocated Worker Formula Grants	17.278	Southern NH Services	Unknown	<u>51,961</u>
Total U.S. Department of Labor/WIA Cluster				\$ 99,258
<u>U.S. Department of Energy</u>				
Weatherization Assistance for Low-income Persons	81.042	State of NH, Office of Energy & Planning	01-02-024010-7706-074-500587	<u>\$ 157,778</u>
Total U.S. Department of Energy				\$ 157,778
<u>U.S. Department of Veterans Affairs</u>				
VA Supportive Services for Veteran Families Program	64.033	N/A	N/A	<u>\$ 250,910</u>
Total U.S. Department of Veterans Affairs				\$ 250,910
<u>U.S. Department of Health & Human Services</u>				
<u>Social Programs for the Aging, Title III, Part B,</u>				
Grants for Supportive Services and Senior Centers	93.044	State of NH, Office of Energy & Planning	1047055	\$ 5,400
Drug-Free Communities Support Program Grants	93.278	N/A	N/A	131,397
Temporary Assistance for Needy Families	93.658	Southern NH Services	Unknown	362,755
Low Income Home Energy Assistance	93.588	State of NH, Office of Energy & Planning	1045082	3,280,457
Community Services Block Grant	93.589	State of NH, DHHS, Div. of Family Assistance	500731	525,394
CSBG - Discretionary	93.570	State of NH, DHHS, Div. of Family Assistance	500731	21,675
Head Start	93.600	N/A	N/A	<u>1,961,981</u>
Total U.S. Department of Health & Human Services				\$ 8,278,039
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter National Board Program	97.024	State of NH, DHHS, Office of Human Services	Unknown	<u>\$ 3,622</u>
Total U.S. Department of Homeland Security				\$ 3,622
TOTAL				<u>\$ 8,420,906</u>

See Notes to Schedules of Expenditures of Federal Awards

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2016**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Southwestern Community Services, Inc. under programs of the federal government for the year ended May 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southwestern Community Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity Identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

Southwestern Community Services, Inc. has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 FOOD DONATION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed.

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Southwestern Community Services, Inc. (a New Hampshire nonprofit corporation) and related companies, which comprise the consolidated statement of financial position as of May 31, 2016, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated November 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Southwestern Community Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwestern Community Services, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leone McDonnell & Roberts
Professional Association

December 9, 2016
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Southwestern Community Services, Inc. (a New Hampshire nonprofit corporation) and related companies' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwestern Community Services, Inc.'s major federal programs for the year ended May 31, 2016. Southwestern Community Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Southwestern Community Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwestern Community Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southwestern Community Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Southwestern Community Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

Southwestern Community Services, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Community Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Southwestern Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southwestern Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwestern Community Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. And therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a material weakness.

Southwestern Community Services, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Community Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Seane McDonnell & Roberts
Professional Association

December 9, 2016
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2016

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Southwestern Community Services, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the consolidated financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Southwestern Community Services, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. One material weakness in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award programs for Southwestern Community Services, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were: U.S. Department of Health and Human Services; Low-Income Home Energy Assistance, 93.568, Head Start, 93.600, and Community Services Block Grant, 93.569.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Southwestern Community Services, Inc. was determined to not be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Department of Health and Human Services

2016-001 Head Start - CFDA No. 93.600 (material weakness)

Condition: In testing drawdowns for the Head Start program, it was noted that eight drawdowns lacked supporting documentation of the Head Start expenditures for which the drawdown was requested.

Criteria: All drawdowns must be for current expenditures incurred for the Head Start program and must be accompanied by supporting documentation.

Effect: Failure to maintain supporting documentation for each drawdown could result in advanced drawdowns of Head Start funds for purposes other than those allowed by Head Start.

Cause: Lack of internal control surrounding the documentation and approval of Head Start drawdowns.

Context: All twenty four drawdowns during the year were selected for testing. The test found that eight of the drawdowns lacked supporting documentation.

Auditors' Recommendation: The Organization needs to strengthen controls over its cash management processes to ensure compliance with federal requirements. We recommend that procedures be implemented so that each Head Start drawdown requires approval of either a member of the finance committee or the Head Start Program Director. Each drawdown must be accompanied by supporting documentation of the expenditures for which the drawdown is being made.

Views of Responsible Officials and Planned Corrective Action:

Effective December 2015, the Organization, in an effort to strengthen controls over its cash management process, ensuring compliance with federal requirements; has put into place a policy with regards to Cash Advances of Federal Grants.

Cash advances shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs [CFR Part 74.22(b)(2)].

Cash advances under this section shall require submission of satisfactory documentation of the expenses for which the cash is being drawn down, for the approval of both CEO (or designee) and a member of the Executive Committee of the Agency Board of Directors. Documentation and approvals are maintained by the CEO (or designee) in accordance with the agencies file retention policy.

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MAY 31, 2015**

Department of Health and Human Services

2015-001 Head Start - CFDA No. 93.600 (material weakness)

Condition: In testing drawdowns for the Head Start program, it was noted that all but three drawdowns lacked supporting documentation of the Head Start expenditures for which the drawdown was requested.

Auditors' Recommendation: It was recommended that the Organization needed to strengthen controls over its cash management processes to ensure compliance with federal requirements. It was recommended that procedures be implemented so that each Head Start drawdown requires approval of either a member of the finance committee or the Head Start Program Director. Each drawdown must be accompanied by supporting documentation of the expenditures for which the drawdown is being made.

Current Status: The recommendation was adopted in December 2015. There were similar audit findings in the 2016 audit until the recommendation was adopted in December 2015.

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

CHESHIRE COUNTY

SULLIVAN COUNTY

**CONSTITUENT
SECTOR**

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

Mary Lou Huffling
Fall Mountain Emergency Food Shelf
Alstead Friendly Meals

Jessi Parent
Chair, Head Start Policy Council
Parent Representative

Penny Despres
New Hope New Horizons
Program Representative

**PRIVATE
SECTOR**

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

Anne Beattie
Newport Service Organization

Kevin Watterson, Chair
Clarke Companies

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

**PUBLIC
SECTOR**

Leroy Austin
Building Inspector
Town of Winchester

David Edkins
Administrator, Planning & Zoning
Town of Charlestown

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

Raymond Gagnon
State Representative, District 5

Jessie Levine
Sullivan County Manager

John A. Manning

Summary

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

Experience

2014–Present Southwestern Community Services Inc.
Keene, NH

Chief Executive Officer

Oversees all fiscal functions for a community action agency providing services to low and moderate income individuals. Programs include Head Start, Fuel Assistance, and multiple affordable housing projects. Reports to the agency board of directors.

1990–2014 Southwestern Community Services Inc.
Keene, NH

Chief Financial Officer

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

1985-1995 Keene State College Keene, NH

Adjunct Professor

Taught evening accounting classes for their continuing education program.

1978-1990 John A. Manning, Keene, NH

Certified Public Accountant

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

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

Staff Accountant

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

Education

1971–1975 University of Mass. Amherst, Ma.

- B.S. Business Administration in Accounting
- American Institute of Certified Public Accountants

Organizations

NH Society of Certified Public Accountants

CRAIG A. HENDERSON

SUMMARY OF QUALIFICATIONS

- Proficient in: Word, Excel, PowerPoint, Access, Publisher, Internet, Outlook, Photoshop,
- Ability to prioritize in a fast paced environment and to learn new tasks quickly and effectively
- Dedicated, reliable and responsible
- Extensive background in Social Services, Property Management, Finance, and Customer Service

EDUCATION

- B.A Psychology with a specialization in counseling May, 1999
- B.S Business Management
Keene State College
Keene, NH 03435

EMPLOYMENT HISTORY

Henderson & Bosley Property Management 8/02-Present
President Keene, NH

- Adhering to NH State housing laws and government housing programs
- Advertising and marketing of vacant apartments, Creating leases, Performing credit checks
- Property inspections and maintenance- including basic carpentry, landscaping etc.
- Research and management of investment opportunities

Southwestern Community Services 10/07-Present
Assistant Director of Housing Stabilization Services Keene, NH

- Monitor quality of services, operation of assigned programs, facilities, and staff.
- Process and certify tenant/client applications for all Supportive Housing Programs; facilitate move-in process; track and collect rents/subsidies utilizing Classic Real Estate Software; track and collect all match documentation; recertify tenants when necessary and in a timely manner.
- Maintain compliance with State/Government/Agency protocols, procedures, and reporting.

Southwestern Community Services 02/03-10/07
Long Term Transitional Housing Program Administrator Keene, NH

- Responsibilities include: Assisting the homeless of Cheshire County with budgeting and referrals to other needed services; Advocating on behalf of clients to create new networks and improve current relationships; providing counsel through tough transitions, as well as, creating and maintaining an environment of success through programs such as Mediation Training, Consumer Credit Counseling, Psychological Therapy, Parenting Classes, and First Time Homebuyers programs.
- Basic maintenance of shelter properties and inventory control
- Responsible to track data and create statistical reports based on information collected to assist in budget allocations for Southwestern Community Services

Coldwell Banker / Tattersall 1/02-3/04
Real Estate Sales Associate Keene, NH

- Assisting buyers and sellers of real estate through customer/client interaction
- Informing clients/customers of federal and state regulations, financing options, and negotiating
- Creating marketing plans and researching pricing through competitive market analysis

Vision Appraisal Technology 5/02-2/03
Data Collector Keene, NH

- Assured accurate and consistent real-estate assessments with the emphasis in field work
- Position required strong attention to detail with the emphasis in property measurement and appraisal as well as requiring strong customer skill by acting as a liaison between town assessors office and the property owner

Monadnet
Customer Service Supervisor

8/99-8/01
Keene, NH

- Responsibilities include maintaining all major accounts and new account data; managing projects and delegating responsibilities, A/R and A/P reconciliation, Collections of delinquent accounts.
 - Financial Analysis and Trend Monitoring, Billing Systems Analyst
 - Direct mediation and resolution of customer service issues.
-

AWARDS RECEIVED

- **Delta Mu Delta: National Business Honor Society**
- **Psi Chi: National Psychology Honor Society**

CONTINUING EDUCATION AND CERTIFICATIONS

04/18/2007 Certified Occupancy Specialist – National Center for Housing Management

09/23/2008 Successful completion of “Landlord and Tenant Law” seminar – Lorman Educational Services

12/15/2009 HUD Certified Housing Quality Standards Inspector

06/13/2013 Certification in Fair Housing Law – Granite State Managers Association

07/10/2013 Completed 8.5 hours of Nonviolent Crisis Intervention training

03/20/2014 Blood Borne Pathogen Training

09/30/2014 7 hours of comprehensive low income housing tax credit training – Johnson Consulting Services, Inc

Talitha J. Rollins

Objective

find a position working with the homeless population where my experience, knowledge and skills can be utilized to help in creating a better life for families and individuals.

Employment History

RSS

03/2015 - 06/2015 House of Hope Family Shelter 812 Merrimack St., Lowell, MA

Security of the building, rounds and room checks, keep an accurate blog, paperwork, filing, cooking breakfast for 18 families, answer questions and give information to clients, cover phones overnight with calls ranging from domestic violence to pick ups from the hospital, screen phone calls, give out medication, cleaning.

RSS

01/2015 - 03/2015 Lowell Transitional Living Center 189 Middlesex St, Lowell, MA

check in clients, get client information and put it in the computer, security, enforce rules and if needed kick clients out for violent behavior or open drug or alcohol use, call ambulances and police as needed, help clients try to find more permanent housing, answer questions and take messages, screen calls from police and hospitals for incoming clients.

Assistant Store Manager

07/2011 - 07/2014 Orneal's Liquor store 177 Gorham st, Lowell, MA

placed orders with multiple liquor and beer distributors, worked with merchandisers for advertising placements, stocked and set up new displays, scheduled employees, customer service, returns, stock determination.

Education and Training

Completion Date	Issuing Institution	Location	Qualification	Course of Study
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Middlesex
Community College

Lowell,
MA

1 Year of College or a Technical
or Vocational School

Medical

Occupational Licenses & Certificates

Certification Title Issuing Organization

Completion Date

Narcan training

Massachusetts DEA
department

02/2015

References Available on Request

Southwestern Community Services, Inc.,
Key Personnel

SCS COC Rapid Re-Housing Program

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
John Manning	Chief Executive Officer	\$132,080.00	0%	\$ 0.00
Craig Henderson	Program Director	\$50,000.00	0%	0.00
Talitha Rollins	SHP Coordinator	\$32,240	40%	12,896.00