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

Nicholas A. Toumpas
Commissioner

Mary Ann Cooney
Associate Commissioner

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-9196 1-800-852-3345 Ext. 9196
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October 22, 2013

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

*Retroactive
100% General funds*

REQUESTED ACTION

Authorize the Department of Health and Human Services, Bureau of Homeless and Housing Services to enter into a **retroactive** Agreement with Southern New Hampshire Services, Inc., 40 Pine Street, Manchester, NH 03103, (Vendor Number 177198-B006), to provide State Grant-In-Aid and Homeless Housing Access Fund services to homeless individuals, in an amount not to exceed \$284,550. This amount represents an award effective retroactive to July 1, 2013 upon Governor and Council approval, through June 30, 2015.

Funds to support this request are available in the following account in State Fiscal Years 2014 and 2015 upon the availability and continued appropriation of funds in the future operating budgets with the authority to adjust amounts within the price limitation and amend the related terms of the contract without further approval from Governor and Executive Council.

05-95-42-423010-7925 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS:HUMAN SERVICES, HOMELESS & HOUSING, HOMELESS HOUSING ACCESS FUND

| Fiscal Year | Appropriation | Class/Object | Class Title | |
|-------------|----------------------|--------------|--------------------------------|-------------------|
| 2014 | 05-95-42-423010-7925 | 102-500731 | Contracts for program services | \$8,325.00 |
| 2015 | 05-95-42-423010-7925 | 102-500731 | Contracts for program services | <u>\$8,325.00</u> |
| | | | Total | \$16,650.00 |

05-95-42-423010-7928 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS:HUMAN SERVICES, HOMELESS & HOUSING, EMERGENCY SHELTERS

| Fiscal Year | Appropriation | Class/Object | Class Title | |
|-------------|----------------------|--------------|--------------------------------|---------------------|
| 2014 | 05-95-42-423010-7928 | 102-500731 | Contracts for program services | \$133,950.00 |
| 2015 | 05-95-42-423010-7928 | 102-500731 | Contracts for program services | <u>\$133,950.00</u> |
| | | | Total | \$267,900.00 |

EXPLANATION

This request is **retroactive** because the Department efforts to consolidate contracts to reduce the administrative burden for the contractors as well as reduce the number of submissions to governor and Council has resulted in certain delays in the department completing the contract package.

State Grant-In-Aid

The Vendor will utilize State of New Hampshire Emergency Shelter Program Grant-In-Aid in combination with matching funds pursuant to this Agreement for Prevention/Intervention Services, such as payment of utilities arrearage, back rent with eviction notice, or mortgage arrearage with foreclosure notice. Such activities help negate instances where households are threatened by immediate homelessness.

The total bed nights provided by shelters in NH were:

SFY 2011 - 252,589
SFY 2012 - 294,138
Total - 546,727

In SFY 2012, each evening, state-funded emergency shelters provided a warm place to sleep for approximately 839 people who were without a home. Families comprised 31% of those served.

A Request for Proposal for the State Grant-in-Aid funds was issued at the annual NH Homeless Provider and Homeless Education Liaison Conference on October 24, 2012. The Request for Proposal was also posted on the Department of Health and Human Services' website. Criteria for selection included: proposal includes all elements and is assembled as required; program design and need for project; performance measures and identified outcomes; coordination with community organizations and resources; involvement with Continuum of Care/Local Service Delivery Area; soundness of approach; cost proposal, budget and leveraging of resources; accurate and timely utilization of Homeless Management Information System; staff experience and credentials; compliance with rules, statutes and life safety codes; increase in bed capacity; and increase in prevention/intervention or essential services. Each applying organization was required to submit a separate proposal for each program, which allowed for budgets and program models to be evaluated independently. Fifty (50) separate proposals that could be funded through State Grant-In-Aid, from 35 organizations, were evaluated and scored.

Homeless Housing and Access Fund

The Vendor shall also utilize Homeless Housing and Access Funds to provide loans for the first month of rent and/or security deposit for homeless individuals and families. To be eligible, applicants shall have no permanent address and shall be residing temporarily in a shelter for the homeless, a hotel, a motel, the home of another household designed for occupancy by only one household, or entirely without shelter. Repayment terms of the loans are determined by the contracted agencies. The Homeless Housing and Access Fund continues to expand the capacity of the Housing Security Guarantee Program by providing one month's rent in addition to the security deposit. This program assists homeless individuals and families in securing affordable housing that they have previously not been able to secure due to lack of resources.

Similar to the State Grant-In-Aid Request for Proposal, this Request for Proposal was also issued at the annual NH Homeless Provider and Homeless Education Liaison Conference on October 24, 2012. The Request for Proposal was also posted on the Department of Health and Human Services' website.

Criteria for selection was the same as that for State Grant-In-Aid funding. As a result of this RFP, six proposals were received, evaluated and scored. All proposals met or exceeded the minimum score required for funding.

The Bureau assures contract compliance and provider performance through the following:

- 1) Annual compliance reviews are performed, including the collection of data relating to compliance with administrative rules and contractual agreements;
- 2) Statistical reports are submitted on a semi-annual basis from all funded providers, including various demographic information reports, as well as income and expense reports, including match dollars; and
- 3) All providers funded for shelter, transitional 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 these contracts.

Should the Governor and Executive Council not approve this Request, shelter and homeless prevention resources for people who are homeless may not be available in their community, and there will be an increase in demand statewide placed upon local welfare authorities. People who are without housing and resources will resort to seeking local shelter in places that are not fit for people to live in, or will attempt to travel to shelters in other communities. This will increase the likelihood that homeless people will be in danger of injury or death, and will be cut off from basic supports for health, education and treatment. Numerous jobs would also be lost since the shelter and/or resource agencies would have to close their doors or drastically reduce staff.

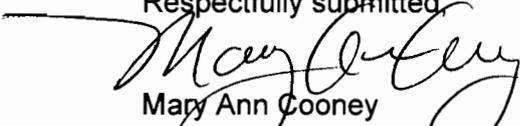
Area served: Rockingham and Hillsborough County

Source of funds:

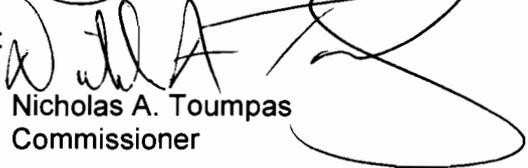
State Grant in Aid- 100% General Funds, \$267,900

Homeless Housing and Access Fund – 100% General Funds, \$16,650

Respectfully submitted


Mary Ann Cooney
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner

A Request for Proposal for state funding was issued at the annual NH Homeless Provider and Homeless Education Liaison Conference on October 24, 2012. The Request for Proposal was also posted on the Department of Health and Human Services' website.

| Homeless Housing Access Revolving Loan Fund Programs | Evaluation Score |
|---|-------------------------|
| The Way Home | 98.5 |
| Front Door Agency | 97 |
| Tri-County Community Action Program, Inc | 96 |
| Southern New Hampshire Services | 94 |
| Southwestern Community Services | 84.5 |
| Belknap-Merrimack Community Action Program, Inc | 81 |

As a result of this RFP, six proposals were received, evaluated and scored. All proposals met or exceeded the minimum score required for funding.

Criteria for selection included: proposal includes all elements and is assembled as required; program design and need for project; performance measures and identified outcomes; staff experience and credentials; coordination with community organizations and resources; involvement with Continuum of Care/Local Service Delivery Area; soundness of approach; cost effectiveness and leveraging of resources; and compliance with rules and statutes.

A Request for Proposal for state funding was issued at the annual NH Homeless Provider and Homeless Education Liaison Conference on October 24, 2012. The Request for Proposal was also posted on the Department of Health and Human Services' website.

| Shelter Programs | Evaluation Score | HMIS Utilization | Total Score |
|---|-------------------------|-------------------------|--------------------|
| Laconia Area Community | 98 | 9.8 | 107.8 |
| Front Door Agency | 95 | 10 | 105 |
| Families in Transition - Concord | 92.5 | 10 | 102.5 |
| Helping Hands Outreach Ministries | 92 | 8.6 | 100.6 |
| Families in Transition - Family Place/Amherst | 90.5 | 10 | 100.5 |
| New Horizons for New Hampshire | 90.5 | 9.5 | 100 |
| Greater Nashua Council on Alcoholism (Keystone Hall) | 90 | 9.8 | 99.8 |
| Families in Transition - Lowell St | 89.5 | 10 | 99.5 |
| Families in Transition - Family Place/Spruce St | 89.5 | 10 | 99.5 |
| Bridge House | 90.5 | 8.6 | 99.1 |
| Nashua Soup Kitchen and Shelter, Inc | 88.5 | 10 | 98.5 |
| Child and Family Services of New Hampshire | 88 | 10 | 98 |
| The Way Home | 88.5 | 9.4 | 97.9 |
| Families in Transition - Family Willows/Millyard II | 88 | 9.2 | 97.2 |
| Families in Transition - Manchester Emergency | 86.5 | 10 | 96.5 |
| Marguerite's Place, Inc | 86.5 | 10 | 96.5 |
| Harbor Homes Inc | 86.5 | 9.8 | 96.3 |
| Salvation Army - Laconia (Carey House) | 87 | 9.1 | 96.1 |
| Cross Roads House, Inc | 84.5 | 10 | 94.5 |
| Greater Nashua Interfaith Hospitality Network | 85.5 | 8 | 93.5 |
| My Friend's Place | 82.5 | 9.5 | 92 |
| NH Coalition Against Domestic and Sexual Violence | 83 | 8 | 91 |
| Samaritans (Mary's Place) | 81 | 9 | 90 |
| Southwestern Community Services - Claremont | 80.5 | 8.5 | 89 |
| New Generations, Inc | 79 | 9.6 | 88.6 |
| Friends Program | 78.5 | 10 | 88.5 |
| First Congregational Church | 81.5 | 6.5 | 88 |
| Salvation Army - Concord (McKenna House) | 78 | 10 | 88 |
| Southwestern Community Services - Keene | 80.5 | 7 | 87.5 |
| Headrest, Inc | 79 | 4.7 | 83.7 |
| Veteran Homestead, Inc | 75.5 | 8 | 83.5 |
| Tri-County Community Action Program, Inc (Tyler Blaine) | 75.5 | 7.5 | 83 |

| Prevention Programs | Evaluation Score |
|---|-------------------------|
| AIDS Response Seacoast | 103 |
| Southwestern Community Services | 99 |
| The Way Home | 99 |
| NH Legal Assistance | 98.5 |
| Harbor Homes, Inc | 98 |
| St. John Neumann Church Outreach | 98 |
| Front Door Agency | 97 |
| Merrimack Valley Assistance Program | 96.5 |
| Belknap-Merrimack Community Action Program, Inc - New Start | 96 |

| | |
|--|------|
| Strafford County Community Action Committee, Inc | 95 |
| Belknap-Merrimack Community Action Program, Inc - Prevention | 93 |
| NH 211 (United Ways of New Hampshire) - Hotel | 92.5 |
| NH 211 (United Ways of New Hampshire) - Hotline | 92 |
| Child and Family Services of New Hampshire | 91 |
| Southern New Hampshire Services | 89 |
| Southern New Hampshire Services (Rockingham Program) | 89 |
| Tri-County Community Action Program, Inc | 71 |
| Veteran Homestead, Inc | 61 |

Due to the quantity of proposals received, the reviewers were organized into twelve (12) teams, which met and presented their final evaluations and scores. The review committee teams included the following individuals:

- Natalie Allen, BA, MBA, Retired NH Department of Health and Human Services Employee – Over 30 years of social services most recently as a Community Relations Manager, served on the Local Service Delivery Areas of Concord and Laconia, and as a member of the Balance of State Continuum of Care
- Michael Bilson, BA, Program Planner I, Office of Consumer and Family Affairs, Bureau of Behavioral Health, Division of Community Based Care Services, NH Department of Health and Human Services
- John Capuco, Psy. D, Administrator, Bureau of Developmental Services, Division of Community Based Care Services, NH Department of Health and Human Services
- Christopher Cullinan, BA, MPA, Manager of Ryan White CARE Program, Division of Public Health, NH Department of Health and Human Services
- Sharon Drake, BS, Chief Executive Officer, Serenity Place (an NCADD Affiliate)
- Margaret Fogarty, MA, BA, Economic Justice Project Coordinator, American Friends Service Committee
- Ellen Fries, BA, Concord Coalition to End Homelessness
- Sherry Gould, Director, Wijokadoak, Inc
- Bill Guinther, BA, Program Policy Analyst at New Hampshire Housing Finance Authority (NHHFA)
- Janet Horne, Business Systems Analyst I, Bureau of Behavioral Health, Division of Community Based Care Services, NH Department of Health and Human Services
- David Keller, Former Minister at Concord's First Congregational Church
- Janine A Lesser, BS, MS, Child Care Program Specialist IV, TANF Policy Unit, Division of Family Assistance, NH Department of Health and Human Services
- Sandra Matheson, Director, State Office Victim/Witness Assistance, NH Attorney General's Office
- William McGonagle, Assistant Commissioner, NH Department of Corrections
- Niki Miller, MS, Senior Project Associate at Advocates for Human Potential, formerly Administrator of Women Offenders for NH Department of Corrections

- Karen Orsini, MSN, RN, Director of Quality Improvement, Bureau of Behavioral Health, Division of Community Based Care Services, NH Department of Health and Human Services
- Linda J Parker, BS, CPM, Program Specialist IV, Division of Community Based Care Services, NH Department of Health and Human Services
- Bernadette Pelczar, BA, MSW, Social Worker
- Kimberly Perez, PhD, Family HIV Program Manager, Dartmouth-Hitchcock
- Myriam Roeder, Adoption Manager, Division of Child, Youth and Families, NH Department of Health and Human Services
- Todd Ringelstein, Program Planning and Review Specialist, Division of Developmental Services, NH Department of Health and Human Services
- Michael Rogers, MHA, MT, MC, Assistant Administrator, Bureau of Drug and Alcohol Services, Division of Community Based Care Services, NH Department of Health and Human Services
- Marianne Savarese, BS, RN, Project Director of Health Care for the Homeless Program
- Barbara Thorngren, M.Ed, Collaborative Education Consultant for PeaceWorks New Hampshire, LLC
- Kristina Toth, BA, Administrator, Family Connections Center, NH Department of Corrections
- Sally Varney, BA, Program Planning and Review Specialist, Division of Community Based Care Services, NH Department of Health and Human Services
- Dave Villiotti, MS, Executive Director, Nashua Children's Home
- Donna Walker, BBA, MBA, Business Administrator IV, Bureau of Behavioral Health, Division of Community Based Care Services, NH Department of Health and Human Services
- Kathleen Walton, Masters in Human Service Administration, Human Service Director, Town of Salem

A funding distribution formula for State Grant-In-Aid was designed during March 2013, based on the most current projections of State Fiscal Years 2014 and 2015 funding available at that time. This total was approximately 4% more than the State Fiscal Years 2012 and 2013 total of State Grant-In-Aid funding. One prevention program, Veteran Homestead, Inc, received a score of 61, which was below the guideline score of 65; therefore, they were only awarded level funding for their program. One shelter program, Veteran Homestead, Inc, was not funded, especially when taking into consideration the placement of the proposal in the rankings of the shelter program scores, because the proposal was for a new shelter request and not a renewal shelter request.

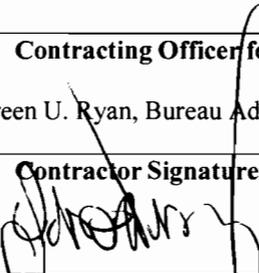
Subject: State Grant-In-Aid Funds Program and Homeless Housing Access Revolving Loan Fund

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 Southern New Hampshire Services, Inc. | | 1.4 Contractor Address 40 Pine Street Manchester, NH 03103 | |
| 1.5 Contractor Phone Number (603) 518-4000 | 1.6 Account Number 05-95-42-423010-7925 05-95-42-423010-7928 | 1.7 Completion Date June 30, 2015 | 1.8 Price Limitation \$ 284,550.00 |
| 1.9 Contracting Officer for State Agency Maureen U. Ryan, Bureau Administrator | | 1.10 State Agency Telephone Number (603) 271-9197 | |
| 1.11 Contractor Signature  | | 1.12 Name and Title of Contractor Signatory Gale F. Hennessy, Executive Director | |
| 1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>10/16/13</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block | | | |
| 1.13.1 Signature of Notary Public or Justice of the Peace <i>Diane P. Erikson, Notary Public</i> [Seal] | |  | |
| 1.13.2 Name and Title of Notary or Justice of the Peace Diane P. Erikson, Executive Assistant | | | |
| 1.14 State Agency Signature  | | 1.15 Name and Title of State Agency Signatory <i>Mary Ann Cooney</i> <i>Associate Commissioner</i> | |
| 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) By: <i>Jean P. Herick, Attorney</i> On: <i>21 Oct. 2013</i> | | | |
| 1.18 Approval by the Governor and Executive Council By: _____ On: _____ | | | |

USA
10-16-13

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, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("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. 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.

Contractor Initials: PFB
Date: 10.16.13

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 consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written 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 \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance 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 fifteen (15) 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

Contractor Initials:
Date: 10-16-18

certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) 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.

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

State Grant In Aid Program

1. PROVISIONS APPLICABLE TO ALL SERVICES:

- 1.1. Except as otherwise modified in paragraphs of EXHIBIT A, the Contractor agrees to comply with the program narrative, budget detail and narrative, and amendments thereto, for Services, operations, prevention, acquisition, or rehabilitation as approved by the Bureau of Homeless and Housing Services, Office of Human Services, Department of Health and Human Services, hereafter referred to as the State.
- 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 impact on the Services described herein, the State has the right, following consultation with the Contractor, to modify service priorities and expenditure requirements for the funds provided under this Agreement so as to achieve compliance therewith.
- 1.3. The Contractor shall pursue any and all appropriate public sources of funds that are applicable to the funding of the Services, operations, prevention, acquisition, or rehabilitation. Appropriate records shall be maintained by the Contractor to document actual funds received or denials of funding from such public sources of funds.
- 1.4. The Contractor shall provide semiannual and annual report information data by service modality describing the number of unduplicated cases served, units of services rendered, and staff required to provide the service, as may be required by the State. Monthly reports may be required at the discretion of the State. Reports shall include, but are not limited to, details of compliance with the following key program outcomes:
 - 1.4.1. 70% of households that receive this prevention assistance will achieve immediate housing stability.
 - 1.4.2. At least 60% of households that receive this prevention assistance will not experience an episode of homelessness within 12 months.
- 1.5. All programs under this contract that are emergency shelters, transitional programs or permanent programs 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>.
- 1.6. Failure to submit the above reports or enter data into 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 State.

2. SERVICES:

The Contractor hereby covenants and agrees that during the term of this Agreement, it will provide services in accordance with the description(s) cited below:

- 2.1. New Hampshire Emergency Shelter State Grant-In-Aid Program RSA 126-A:25, 126-A:27, 126-A:28, 126-A:29 and 126-A:63 as well as He-M 314
- 2.2. Contractor shall use the New Hampshire Emergency Shelter State Grant-In-Aid funds for:
 - Prevention/Intervention Services, such as rent with eviction notice, mortgage with foreclosure notice, utilities with disconnect notice, and other activities to prevent homelessness.
 - Essential Services, such as assistance in finding permanent housing, employment counseling, substance abuse counseling, assistance in accessing other community services, and staff salaries and benefits.
 - Operations Activities, including shelter operational costs such as rent, utilities, insurance, and supplies.
 - Homeless Housing and Access Revolving Loan Fund, to provide loans for the first month of rent and/or security deposit for homeless individuals and families.

[Signature]
10-10-13



Exhibit B

METHOD AND CONDITIONS PRECEDENT TO PAYMENT

State Grant In Aid Program

The following financial conditions apply to the scope of services as detailed in Exhibit A – State Grant In Aid Program.

This contract is funded 100% by the New Hampshire General Fund as follows:

NH General Funds:

SFY14 not to exceed \$142,275.00
SFY15 not to exceed \$142,275.00

Federal Funds: Not Applicable

1. PROGRESS REPORTS:

Semi-annual and annual financial and statistical progress reports which identify the status of the Services performed, the outlook for completion of the remaining services prior to the Completion Date and the changes, if any, which need to be made to the services, shall be submitted by the 15th of the month following the end of each six month period on forms supplied by the State.

2. PROJECT COSTS; PAYMENT OF PROJECT COSTS; REVIEW BY THE STATE

2.1. 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 Services, as determined by the State to be eligible and allowable for payment.

2.2. 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 purchase from the Contractor, in the amount not to exceed and for the specific time period specified above.

2.3. The Contractor shall submit documentation of expenditures of Project Costs at the conclusion of each monthly period or any other such schedule as may be required. In no event shall the funds provided exceed the amounts specified above.

2.4. Review by the State, Disallowance of Costs: At any time during the performance of the Services, and upon receipt of the semiannual reports, 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 expense which 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 been made, it shall refuse to pay such costs.

3. LINE ITEM TRANSFERS:

No more than 10% of funds in each budget line can be transferred between line items as appears on the budget page without the prior written authorization from the State. Any expenditures which exceed the approved budgets shall be solely the financial responsibility of the Contractor. However, such excess expenditures may be covered by the transfer of other funds where such transfer is permissible by this Agreement. In any event, the Contractor shall be required to continue providing the Services specified in this Agreement. The Contractor shall make no adjustments so as to incur additional expenses in State funded programs in subsequent years without prior written authorization from the State.

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Exhibit B

State Grant In Aid Program Budget detail

EXPENSE BUDGET for SFY14 and SFY15:

Rockingham Program

| EXPENSE ITEM | State GIA Funds | Match |
|---|---------------------|---------------------|
| Prevention/Intervention | \$185,672.00 | \$185,672.00 |
| <i>Rent with eviction notice, mortgage with foreclosure notice, utilities with disconnect notice, and other activities to prevent homelessness</i> | | |
| Essential Services | N/A | N/A |
| <i>Assistance in finding permanent housing, employment counseling, substance abuse counseling, assistance in accessing other community services and staff salaries and benefits</i> | | |
| Operations | N/A | N/A |
| <i>Shelter operational costs such as rent, utilities, insurance, supplies and taxes</i> | | |
| Homeless Housing and Access Revolving Loan Fund | \$16,650.00 | N/A |
| TOTALS | \$202,322.00 | \$185,672.00 |
| TOTAL GIA+Match | \$387,994.00 | |

Hillsborough Program

| EXPENSE ITEM | State GIA Funds | Match |
|---|---------------------|--------------------|
| Prevention/Intervention | \$82,228.00 | \$82,228.00 |
| <i>Rent with eviction notice, mortgage with foreclosure notice, utilities with disconnect notice, and other activities to prevent homelessness</i> | | |
| Essential Services | N/A | N/A |
| <i>Assistance in finding permanent housing, employment counseling, substance abuse counseling, assistance in accessing other community services and staff salaries and benefits</i> | | |
| Operations | N/A | N/A |
| <i>Shelter operational costs such as rent, utilities, insurance, supplies and taxes</i> | | |
| Donated Goods | 0 | |
| Volunteers @ \$10/hr. | 0 | |
| TOTALS | \$82,228.00 | \$82,228.00 |
| TOTAL GIA+Match | \$164,456.00 | |

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Exhibit C

Special 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. Add the following to Paragraph 5:

5.5. Upon execution of the Contract and satisfaction by the Contractor of any conditions in the Notification of Funding Approval, the State shall provide the Contractor with the funds, in accordance with EXHIBIT B of this Contract Agreement, in the amount specified in the attached Notification of Funding Approval.

5.6. Funds obligated under this Contract shall not be increased but may be decreased in accordance with this Contract and 24 CFR 841.400(b) and (c).

3. Add the following to Paragraph 6.1:

6.1. In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, country, or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights, equal opportunity and housing laws, Section 101 (g), P.L. 99-500, Title VIII of the Civil Rights Act of 1968, and Executive Order No. 11063, as implemented by the regulations at 24 CFR Part 107.

4. Add the following to Paragraph 6.:

6.4. The Contractor certifies as follows:

6.4.1. that the grant funds provided pursuant to this Contract shall be used in accordance with the requirements and provisions of this Contract, the Supportive Housing Program regulations, and the Application including the Fair Housing and Equal Opportunity Certifications and the Applicant Certifications contained in Exhibit 4 of the Application;

6.4.2. that the grant funds shall not be used to replace State or local assistance program funds used to assist homeless persons during the calendar year preceding the date of the Application or were designated for such use through an official action of the applicable governmental entity during the calendar year preceding the date of the Application;

6.4.3. that no more than five percent of the grant funds may be used for administrative expenses;

6.4.4. that, except as provided at 24 CFR Subsection 573.33(1)(4)(ii), the Contractor shall not:

6.4.4.1. conduct renovation, major rehabilitation, or conversion of any building listed on the National Register of Historic Places; located in an historic district;



Exhibit C

- immediately adjacent to a property listed on the National Register; or deemed to be eligible for inclusion on the National Register by the State Historic Preservation Officer;
- 6.4.4.2. conduct any such activity taking place in a 100-year flood plain designated by map by the Federal Emergency Management Agency;
 - 6.4.4.3. conduct any such activity which will jeopardize the continued existence of an endangered or threatened species designated by the U.S. Department of the Interior's Fish and Wildlife Service or by the U.S. Department of Commerce's National Maritime Fisheries Service, or affecting the critical habitat of such as species; and
 - 6.4.4.4. be inconsistent with HUD's environmental standards at 24 CFR Part 51 or with the State's Coastal Zone Management Plan;
- 6.4.5. that the Contractor shall make it known that use of the facilities and services is available to all on a nondiscriminatory basis. Where the procedures that the Contractor intends to use to make known the availability of services are unlikely to reach persons of any particular race, color, religion, age, creed, sex, handicap, or national origin who may qualify for such services, the Contractor must establish additional procedures that will ensure that these persons are made aware of the facility and services;
- 6.4.6. that the submission of applications for grants is authorized under State or local law and that the Contractor possesses legal authority to carry out the grants activities in accordance with applicable law and regulations of the U.S. Department of Housing and Urban Development;
- 6.4.7. that the Contractor shall comply with the nondiscrimination and equal opportunity requirements of 24 CFR 841.330(a);
- 6.4.8. that the Contractor shall comply with the National Environmental Policy Act of 1969, 42 U.S.C. 4332, implementing regulations at 24 CFR Part 50 and the Coastal Barriers Resources Act of 1982 (16 U.S.C. 3601); and
- 6.4.9. that the Contractor shall comply with the requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) as described in 24 CFR 841.330(d).
5. Add the following to Paragraph 7.:
- 7.4. It is understood and agreed by the parties hereto that in discharging its obligations under this Agreement, the Contractor shall ensure that no person (1) who is an employee, agent, consultant, officer, or elected or appointed official of the Contractor, subcontractor, or the State that receives Supportive Housing Grant amounts who exercises or has exercised any functions or responsibilities with respect to assisted activities or (2) who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for him or herself or those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.
 - 7.5. The Contractor shall not employ, engage for services, award contracts or fund any contractors or subcontractors during any period of their debarment, suspension or placement in ineligibility status as determined pursuant to 24 CFR Part 24.
6. Add the following to Paragraph 8.:
- 8.3. The State may deobligate amounts for any acquisition/rehabilitation advance or a moderate rehabilitation grant if the total costs of the acquisition/rehabilitation or moderate rehabilitation are less than the approved grant.
 - 8.4. The State may deobligate funds made available under this Contract if any proposed acquisition/rehabilitation or moderate rehabilitation activities are not begun or completed in accordance with the development schedule contained in the Application or within a reasonable time thereafter.

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Exhibit C

- 8.5. The Contractor shall repay the full amount of any acquisition/rehabilitation advance or moderate rehabilitation grant if it fails to use the structure for supportive housing for the homeless for a ten year period following the initial occupancy with funding under this Agreement.
 - 8.6. For each full year that the Project is used for supportive housing for the homeless following the expiration of the ten year period, the amount of the acquisition/rehabilitation advance that the Contractor will be required to repay will be reduced by one-tenth of the original advance.
 - 8.7. If the Project is used for supportive housing for the homeless for twenty years following the date of initial occupancy, the Contractor will not be required to repay any portion of the acquisition/rehabilitation advance given under this Agreement.
 - 8.8. Upon the Contractor's written request, the State may determine that the Project is no longer needed as transitional housing for the homeless and may approve an alternate use of the Project for the direct benefit of lower income persons. In such event, for purposes of determining the Contractor's repayment obligations, the Project will continue to be treated a supportive housing for the homeless as long as it is used for the approved alternate purpose.
 - 8.9. If the Project is taken by eminent domain or seizure, the Contractor must repay the acquisition/rehabilitation advance or the moderate rehabilitation grant to the extent that funds are available from the eminent domain or other proceeding.
7. Add the following to Paragraph 9.:
- 9.4. Between the effective date and a date five years after the Completion Date, at any time during the Contractor's normal business hours, and as often as the State shall reasonably demand, the Contractor shall make available to the State all data for examination, duplication, publication, translation, or for any other purpose. Nothing in this Subparagraph shall require the Contractor to make available data that would violate any statute, other provisions of this Agreement, or agreements with unrelated third parties. The term "Contractor" includes all persons, natural or fictional, who are controlled by, under common ownership with, or an affiliate of, the entity identified as the Contractor in Paragraph 1.3. of the General Provisions of this Agreement.
 - 9.5. During the performance of the Project Activities and for a period of five (5) years after the Completion Date, the Contractor shall keep the following records and accounts:
 - 9.5.1. Records of Direct Work: Detailed records of all direct work performed by its personnel under this Agreement.
 - 9.5.2. Fiscal Records: Books, records, documents and other statistical data evidencing and permitting a determination to be made by the State of all Project Costs and other expenses incurred by the Contractor and all income received or collected by the Contractor during the performance of the Project Activities. The said records shall be maintained in accordance with accounting procedures and practices acceptable to the State, and which sufficiently and properly reflect all such costs and expenses, shall include, without limitation, all ledgers, books, records, and original invoices, vouchers, bills, requisitions for materials, inventories, valuations of in kind contributions, labor time cards, payrolls and other records requested or required by the State.
 - 9.5.3. Contractor and Subcontractor Records: The Contractor shall establish, maintain, and preserve and require each of its contractors and subcontractors to establish, maintain, and preserve property management, project performance, financial management and reporting documents and systems, and such other books, records, and other data pertinent to the project as the State may require. Such records shall be retained for a period of five (5) years following completion of the project and receipt of final payment by the Contractor, or until an audit is completed and all questions arising therefrom are resolved, whichever is later.
 - 9.6. Audits and Inspections: During the performance of the Project Activities and the five (5) year retention period, at any time during normal business hours and as often as the State, HUD, or the Comptroller General of the United States, together or separately, may deem necessary, the Contractor shall make available to the State, HUD, or representatives of the Comptroller General, as requested, all records pertaining to matters covered by this Agreement. The



Exhibit C

Contractor shall permit the State, HUD, or representatives of the Comptroller General, collectively or separately, to audit, examine and reproduce such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, data and other invoices, materials, payrolls, records of personnel, data and other information relating to all matters covered in this Agreement.

8. 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 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.
9. Add the following to Paragraph 14:
 - 14.4. The Contractor shall obtain property, casualty or hazard insurance in an amount at least equal to the amount of any acquisition/rehabilitation advance or the moderate rehabilitation grant provided to the Contractor. The Contractor shall assure that such insurance remains in full force during the term of the commitment to provide supportive housing for the homeless.
10. Add the following to Paragraph 20:
 - 20.1. DEVELOPMENT
 - 20.1.1. The Contractor assures that it has control of the site and/or structure to be used for the Project as described in the Application and EXHIBIT A of this Contract.
 - 20.1.2. The Contractor shall keep and maintain such books, records, and other documents as required by the State as may be necessary to reflect and disclose fully the amount and disposition of grant funds, and the total cost of activities paid for, in whole or in part, with grant funds.
 - 20.2. OPERATION
 - 20.2.1. The Contractor agrees that it will facilitate the provision of necessary supportive services to the residents of the Project.
 - 20.2.2. The Contractor shall assure that the Project will be operated in accordance with the Project Sponsor Executive Officer Certifications contained in EXHIBIT 4 of the Application.
 - 20.2.3. The Contractor shall operate the Project as transitional housing for homeless persons for a ten-year period following the initial occupancy with grant funds provided pursuant to this Contract.
 - 20.2.4. In the event the Project is not operated as supportive housing for the homeless for ten years following the initial occupancy with grant funds as provided in Paragraph 1.8. above, the Contractor shall repay the full amount of the grant funds in accordance with Paragraph 8. of this Contract.

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Exhibit C

- 20.2.5. The Contractor shall assure that residents in the Project will be charged rent in accordance with section 3(a) of the United States Housing Act of 1937, which requires residents to pay the highest of (1) 30 percent of the family's monthly income (adjusted in accordance with 24 CFR 841.320); (2) 10 percent of the family's monthly income; or (3) if the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, is specifically designated by the agency to meet the family's housing costs, the portion of the payments that is designated.
- 20.2.6. The Contractor shall conduct an ongoing assessment of the supportive services required by the residents in the Project.
- 20.2.7. The Contractor shall provide a residential supervisor, as specified in the Application, who will facilitate the adequate provision of supportive services to the residents of the housing throughout the term of the commitment to operate the Project as supportive housing for the homeless.
- 20.2.8. The Contractor shall provide safe and sanitary housing and shall comply with all State and local housing codes, licensing requirements and other requirements regarding the condition of the structure and the operation of the Project.
- 20.3. SUPPORTIVE HOUSING PROGRAM COVENANTS
- 20.3.1. If the structure used for supportive housing is owned or leased by the Contractor, restrictions regarding the use of the structure will be contained in a covenant, running with the land recorded in the land records of the jurisdiction in which the structure is located.
- 20.3.2. The covenant running with the land, required in Paragraph 20.3.1 above, must state that the owner and his or her successors, assigns, heirs, grantees or lessees shall, if the Project is not used as supportive housing for homeless persons for ten years following initial occupancy with contract funds, the owner, his/her successors and assigns, heirs, grantees or lessees shall be required to repay the full amount of the grant unless HUD determines that the Project is no longer needed for use as supportive housing for homeless persons and approves the use of the Project for the direct benefit of lower income persons.
- 20.3.3. The Contractor shall ensure that the covenants required by Paragraph 20.2.5 above, are recorded prior to the commencement of any acquisition or rehabilitation activity, for a Project receiving a rehabilitation advance or a moderate rehabilitation grant, or, for a Project receiving an acquisition advance, recorded immediately after the recording of the deed for the structure acquired with the acquisition advance.
- 20.4. OTHER PROGRAM REQUIREMENTS
- If a structure rehabilitated with grant funds is leased from a religious organization, the Contractor shall ensure that the lease contains the following provisions:
- 20.4.1. the leased premises will be used exclusively for secular purposes and be available to all persons regardless of religion; and
- 20.4.2. the lease payments will not exceed the fair market rent of the structure without the rehabilitation; and
- 20.4.3. the cost of improvements that benefit any portion of the structure that is not used for the provision of supportive housing for the homeless is allocated to and paid for by the religious organization, and
- 20.4.4. unless the lessee, or a successor lessee acceptable to the State, retains the use of the leased premises for a wholly secular purpose for at least the useful life of the improvements, the lessor will pay to the lessee, within a reasonable time, an amount equal to the residential value of the improvements, and
- 20.4.5. the Contractor shall comply with the policies, guidelines and requirements of OMB Circular Number A-87 and A-102 as set forth in 24 CFR Part 85, except the requirements of 24 CFR 85.24 are modified by 24 CFR 841.125 and the requirements of 24 CFR 85.31 are modified by 24 CFR 841.310 and 841.315, and
- 20.4.6. the Contractor's financial management system shall provide for audits in accordance with 24 CFR Part 44, and



Exhibit C

20.4.7. the Contractor shall keep any records and make any reports that the State may require. Estimates for the cost of acquisition and/or rehabilitation or moderate rehabilitation of the Project shall be supported by documentation on file and maintained for at least three years of operation with funding under this program.



Exhibit C-1

ADDITIONAL SPECIAL PROVISIONS

1. Retroactive Payments – Individual Services

Notwithstanding anything to the contrary contained in this Agreement or in any other document, agreement or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for any services provided to any individual prior to the Effective Date of this Agreement 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.

2. Retroactive Payments – Contractor Services

Notwithstanding anything to the contrary contained in this Agreement or in any other document, agreement or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for any costs incurred for any purposes prior to the Effective Date of this Agreement.

3. Audit Requirement

The Contractor shall deliver to the State, at the address set forth in Section 1.2 of these General Provisions, an independent audit performed by a Certified Public Accountant, of the Contractor, including the funds received under this Agreement.

The following requirement shall apply if the Contractor is a State or Local Government: If the federal funds received under this or any other Agreement from any and all sources exceeds \$25,000 in the aggregate in a one year fiscal period the required audit shall be performed in accordance with the provisions of OMB Circular A-128, Single Audits of State and Local Governments.

4. Credits

All documents, notices, press releases, research reports, and other materials prepared during or resulting from the performance of the services or the Agreement shall include the following statement: "The preparation of this (report, document, etc.) was financed under an Agreement with the State of New Hampshire, Department of Health and Human Services, Bureau of Homeless and Housing Services, with funds provided in part or in whole by HUD."

[Handwritten Signature]
10-16-10

NH Department of Health and Human Services

STANDARD EXHIBIT D

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

- (A) The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) 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;
 - (b) Establishing an ongoing drug-free awareness program to inform employees about
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

- (c) 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);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
 - (1) Abide by the terms of the statement; and
 - (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;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(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;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted
 - (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
 - (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;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

(B) 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.

| | | |
|---------------------------------------|--|-------------------|
| Southern New Hampshire Services, Inc. | From: July 1, 2013 | To: June 30, 2015 |
| (Contractor Name) | (Period Covered by this Certification) | |

| |
|--|
| Gale F. Hennessy, Executive Director |
| (Name & Title of Authorized Contractor Representative) |

| | |
|---|----------|
|  | 10-16-13 |
| (Contractor Representative Signature) | (Date) |

Contractor Initials: 

Date: 10-16-13

NH Department of Health and Human Services

STANDARD EXHIBIT E 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
*Socail 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

Contract Period: July 1, 2013 through June 30, 2015

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 Representative Signature)

Gale F. Hennessy, Executive Director
(Authorized Contractor Representative Name & Title)

Southern New Hampshire Services, Inc.
(Contractor Name)

10-16-13
(Date)

NH Department of Health and Human Services

STANDARD EXHIBIT F

**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

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) 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;
 - (c) 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 (1)(b) of this certification; and
 - (d) 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.
- (2) 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).

Contractor Initials: *GA*

Date: 10-16-13

NH Department of Health and Human Services

STANDARD EXHIBIT G

**CERTIFICATION REGARDING
THE AMERICANS WITH DISABILITIES ACT COMPLIANCE**

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 make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.



 (Contractor Representative Signature)

Gale F. Hennessy, Executive Director

 (Authorized Contractor Representative Name & Title)

Southern New Hampshire Services, Inc.

 (Contractor Name)

10-16-13

 (Date)

NH Department of Health and Human Services

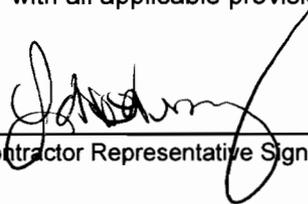
STANDARD EXHIBIT H

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 Representative Signature)

Gale F. Hennessy, Executive Director
(Authorized Contractor Representative Name & Title)

Southern New Hampshire Services, Inc.
(Contractor Name)

10-16-13
(Date)

Contractor Initials: 
Date: 10-16-13

NH Department of Health and Human Services

STANDARD EXHIBIT I
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY 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 and those parts of the HITECH Act 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.

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in Title XXX, Subtitle D. Sec. 13400.
- 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.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 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 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- l. “Required by Law” shall have the same meaning as the term “required by law” in 45 CFR Section 164.501.
- 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, unreasonable, 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) 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, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do 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 HITECH Act, Subtitle D, Part 1, Sec. 13402 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 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. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in, the HITECH Act, Subtitle D, Part 1, Sec. 13401 and Sec.13404.
- c. 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.
- d. 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)b and (3)k herein. 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 pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. 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.
- f. 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.
- g. 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.

- h. 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.
- i. 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.
- j. 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.
- k. 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 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 standard provision #10 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, and the HITECH Act as 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 and the HITECH Act.
- 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 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.

Contractor Initials: GAJ
Date: 10-16-13

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

NH DHHS Southern New Hampshire Services, Inc.
The State Agency Name Name of the Contractor

Mary Kelley Gale F. Hennessy
Signature of Authorized Representative Signature of Authorized Representative

MARY ANN COONEY Gale F. Hennessy
Name of Authorized Representative Name of Authorized Representative

Associate Commissioner Executive Director
Title of Authorized Representative Title of Authorized Representative

10/27/13 10/16/13
Date Date

NH Department of Health and Human Services

STANDARD EXHIBIT J

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.

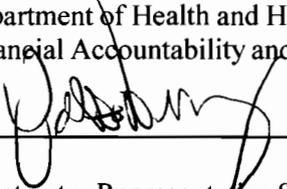
In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

- 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:
 - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
 - b. 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.

| | |
|---|---|
|  | Gale F. Hennessy, Executive Director |
| (Contractor Representative Signature) | (Authorized Contractor Representative Name & Title) |
| Southern New Hampshire Services, Inc. | 10-16-13 |

| | |
|-------------------|--------|
| (Contractor Name) | (Date) |
|-------------------|--------|

Contractor initials: GH
 Date: 10-16-13
 Page # 1 of Page # 2

NH Department of Health and Human Services

STANDARD EXHIBIT J

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: 088584065

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: _____

Contractor initials: PAK

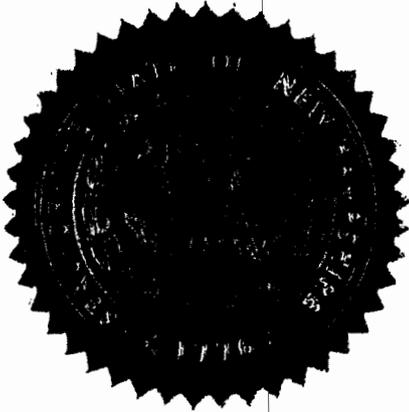
Date: 10-16-13

Page # 2 of Page # 2

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 SOUTHERN NEW HAMPSHIRE SERVICES INC. is a New Hampshire nonprofit corporation formed May 28, 1965. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 1st day of April A.D. 2013

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE
(Corporate Authority)

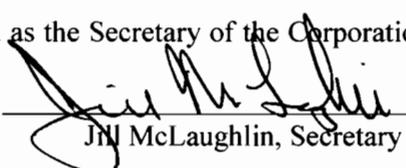
I Jill McLaughlin, Secretary of Southern New Hampshire Services, Inc.
(name) (corporation name)

(hereinafter the "Corporation"), a New Hampshire corporation, hereby certify that: (1) I am the duly
(state)
elected and acting Secretary of the Corporation; (2) I maintain and have custody and am familiar with the
minute books of the Corporation; (3) I am duly authorized to issue certificates with respect to the contents of
such books; (4) that the Board of Directors of the Corporation have authorized, on September 30, 2013,
(date)
such authority to be in force and effect until June 30, 2015.
(contract termination date)

The person(s) holding the below listed position(s) to execute and deliver on behalf of the Corporation any
contract or other instrument for the sale of products and services:

| | |
|---------------------------|---------------------------|
| <u>Gale F. Hennessy</u> | <u>Executive Director</u> |
| <u>Michael O'Shea</u> | <u>Fiscal Officer</u> |
| <u>Denise Vallancourt</u> | <u>Accounting Manager</u> |

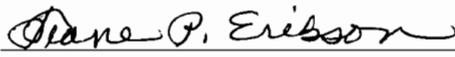
(5) the meeting of the Board of Directors was held in accordance with New Hampshire
(state of incorporation)
law and the by-laws of the Corporation; and (6) said authorization has not been modified, amended or rescinded
and continues in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand as the Secretary of the Corporation this 16th day of
October, 2013.

Jill McLaughlin, Secretary

STATE OF New Hampshire
COUNTY OF Hillsborough

On this the 16th day of October, 2013, before me, Diane P. Erikson the
undersigned Officer, personally appeared, Jill McLaughlin who acknowledged herself to be the
Secretary of Southern New Hampshire Services, Inc., a corporation, and that she as
such Secretary being authorized to do so, executed the foregoing instrument for the purposes
therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Notary Public

Commission Expiration Date:





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/15/2013

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 FIAI/Cross Ins-Manchester 1100 Elm Street Manchester NH 03101 | CONTACT NAME: Karen Shaughnessy PHONE (A/C No. Ext): (603) 669-3218 FAX (A/C No.): (603) 645-4331 E-MAIL ADDRESS: kshaughnessy@crossagency.com |
| | INSURER(S) AFFORDING COVERAGE |
| INSURED Southern NH Services SNHS Management Corp. P.O. Box 5040 Manchester NH 03108 | INSURER A: Philadelphia Ins Co |
| | INSURER B: MEMIC Indemnity Company |
| | INSURER C: |
| | INSURER D: |
| | INSURER E: |
| | INSURER F: |

COVERAGES CERTIFICATE NUMBER: 12-13 All lines 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 SUBR INSR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|--|---|-----------------------|-------------------------|-------------------------|--|
| A | GENERAL LIABILITY | | PHPK959421 | 12/31/2012 | 12/31/2013 | EACH OCCURRENCE \$ 1,000,000 |
| | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY | | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 |
| | <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR | | | | | MED EXP (Any one person) \$ 10,000 |
| | <input checked="" type="checkbox"/> Employee Benefits | | | | | PERSONAL & ADV INJURY \$ 1,000,000 |
| | <input checked="" type="checkbox"/> Professional Liab | | | | | GENERAL AGGREGATE \$ 2,000,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: | | | | | PRODUCTS - COMP/OP AGG \$ 2,000,000 |
| | <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC | | | | | \$ |
| A | AUTOMOBILE LIABILITY | | PHPK959421 | 12/31/2012 | 12/31/2013 | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 |
| | <input checked="" type="checkbox"/> ANY AUTO | | | | | BODILY INJURY (Per person) \$ |
| | <input type="checkbox"/> ALL OWNED AUTOS | <input type="checkbox"/> SCHEDULED AUTOS | | | | BODILY INJURY (Per accident) \$ |
| | <input type="checkbox"/> HIRED AUTOS | <input type="checkbox"/> NON-OWNED AUTOS | | | | PROPERTY DAMAGE (Per accident) \$ |
| | | | | | | Underinsured motorist \$ 1,000,000 |
| A | <input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR | | PHUB406269 | 12/31/2012 | 12/31/2013 | EACH OCCURRENCE \$ 5,000,000 |
| | <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE | | | | | AGGREGATE \$ |
| | DED RETENTION \$ | | | | | \$ |
| B | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | 3102801290 | | | <input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER |
| | ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) | Y/N <input checked="" type="checkbox"/> N | (3a.) ME & NH | | | E.L. EACH ACCIDENT \$ 500,000 |
| | If yes, describe under DESCRIPTION OF OPERATIONS below | N/A | All officers included | 12/31/2012 | 12/31/2013 | E.L. DISEASE - EA EMPLOYEE \$ 500,000 |
| | | | | | | E.L. DISEASE - POLICY LIMIT \$ 500,000 |
| A | Crime | | PHPK959421 | 12/31/2012 | 12/31/2013 | Fidelity \$250,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Refer to policy for exclusionary endorsements and special provisions.

| | |
|--|---|
| CERTIFICATE HOLDER Department of Health & Human Services Office of Human Services 129 Pleasant Street Concord, NH 03301 | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. |
| | AUTHORIZED REPRESENTATIVE Laura Perrin/JSC  |

Southern New Hampshire Services, Inc.

Single Audit Reports

July 31, 2012

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

SOUTHERN NEW HAMPSHIRE SERVICES, INC.

JULY 31, 2012

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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

April 30, 2013

To the Board of Directors of
Southern New Hampshire Services, Inc.
Manchester, New Hampshire

We have audited the financial statements of Southern New Hampshire Services, Inc., as of and for the year ended July 31, 2012, and have issued our report thereon dated April 30, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ron L. Beaulieu & Co.

Certified Public Accountants

**SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JULY 31, 2012**

| Federal Grantor Pass-Through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE: | | | |
| Passed-through Belknap Merrimack Community Action Emergency Assistance Food Program | 10.568 | | \$ 13,662 |
| Passed-through State of New Hampshire Department of Health and Human Services Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 1016781 | 1,488,642 |
| Commodity Supplemental Food Program | 10.565 | 1016781 | 220,008 |
| WIC Farmer's Market Nutrition Program | 10.572 | | 26,925 |
| Passed through State of New Hampshire Department of Education Child and Adult Care Food Program | 10.558 | | 392,598 |
| Summer Food Service Program for Children | 10.559 | 634 | 156,031 |
| Farmers' Market Promotion Program | 10.168 | NH-300-11 | 17,703 |
| Partnership Agreements to Develop Non-Insurance Risk Management Tools for Procedures | 10.456 | 11-IE-53102-085 | 54,152 |
| Beginning Farmer and Rancher Development Program | 10.311 | 2011-49400-30626 | 79,559 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: | | | |
| Direct Program - Section 8 Moderate Rehabilitation Single Room Occupancy | 14.249 | N/A | 292,866 |
| Passed-through State of New Hampshire Division of Behavioral Health Community Development Block Grants/Entitlement Grants | 14.218 | | 76,638 |
| Passed through State of New Hampshire Division of Mental Health Supportive Housing Program | 14.235 | NH0037B1T020802 | 77,091 |
| Passed-through Belknap Merrimack Community Action - Home Investment Partnerships Program | 14.239 | | 3,496 |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | | 188,384 |

See accompanying independent auditors' report and management's notes to schedule of expenditures of federal awards

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JULY 31, 2012

| Federal Grantor Pass-Through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Federal Expenditures |
|---|---------------------------|---------------------------------------|-------------------------|
| U.S. DEPARTMENT OF LABOR: | | | |
| Passed-through State of New Hampshire - DRED | | | |
| WIA Cluster | | | |
| WIA Adult Program | 17.258 | 1018853 | 999,368 |
| ARRA - WIA Adult Program | 17.258 | 2009-004 | 70,681 |
| WIA - Dislocated Workers | 17.278 | 1018853 | 2,314,381 |
| ARRA - Dislocated Workers | 17.278 | 2009-004 | <u>154,393</u> |
| Total Cluster | | | 3,538,823 |
| WIA - National Emergency Grants | 17.277 | 1011909 | 454,716 |
| U.S. DEPARTMENT OF ENERGY: | | | |
| Passed-through State of New Hampshire Governor's Office of Planning | | | |
| Weatherization Assistance for Low-Income Persons | 81.042 | 1020297 | 797,517 |
| ARRA - Weatherization Assistance for Low-Income Persons | 81.042 | CE861478 | <u>2,257,061</u> |
| Total Program | | | 3,054,578 |
| U.S. DEPARTMENT OF EDUCATION: | | | |
| Passed-through State of New Hampshire Department of Education | | | |
| Adult Basic Education Program | 84.002 | 27014,27019 | 112,101 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | |
| Direct Program - | | | |
| Head Start Cluster | | | |
| Headstart | 93.600 | N/A | 6,425,933 |
| ARRA - Head Start | 93.708 | N/A | <u>145,990</u> |
| Total Cluster | | | 6,571,923 |
| Passed-through State of New Hampshire Office of Planning | | | |
| Low-Income Home Energy Assistance Program | 93.568 | 1020082 | 10,734,930 |
| Passed-through State of New Hampshire Department of Health and Human Services | | | |
| Temporary Assistance for Needy Families | 93.558 | 1024239 | 1,001,062 |
| Family Support Payments to States Assistance Payments | 93.560 | | 24 |

See accompanying independent auditors' report and management's notes to schedule of expenditures of federal awards

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JULY 31, 2012

| Federal Grantor Pass-Through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|-----------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED): | | | |
| Passed-through State of New Hampshire Department of Health and Human Services | | | |
| CSBG Cluster | | | |
| Community Services Block Grant | 93.569 | 1019249 | 1,482,345 |
| ARRA - Community Service Block Grant | 93.710 | | <u>18,496</u> |
| Total Cluster | | | 1,500,841 |
| Community Services Block Grant - Discretionary Awards | | | |
| Refugee and Entrant Assistance - Voluntary Agency Program | 93.570 | | 34,573 |
| | 93.576 | #90RE0179 | 106,770 |
| CCDF Cluster | | | |
| Child Care and Development Block Grant | 93.575 | 1019818,1019732 | 330,829 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | | <u>773,663</u> |
| Total Cluster | | | 1,104,492 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICES: | | | |
| Direct Program - | | | |
| Retired and Senior Volunteer Program | 94.002 | N/A | 127,211 |
| U.S. DEPARTMENT OF HOMELAND SECURITY: | | | |
| Passed-through Regional United Way Agency - | | | |
| Emergency Food and Shelter National Board Program | 97.024 | | <u>15,736</u> |
| Total Federal Expenditures | | | <u><u>\$ 31,445,535</u></u> |

See accompanying independent auditors' report and management's notes to schedule of expenditures of federal awards

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JULY 31, 2012

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southern New Hampshire Services, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Southern New Hampshire Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southern New Hampshire Services, Inc.

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 OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

April 30, 2013

To the Board of Directors of
Southern New Hampshire Services, Inc.
Manchester, New Hampshire

Compliance

We have audited Southern New Hampshire Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southern New Hampshire Services, Inc.'s major federal programs for the year ended July 31, 2012. Southern New Hampshire Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southern New Hampshire Services, Inc.'s management. Our responsibility is to express an opinion on Southern New Hampshire Services, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Southern New Hampshire 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. Our audit does not provide a legal determination of Southern New Hampshire Services, Inc.'s compliance with those requirements.

In our opinion, Southern New Hampshire 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 July 31, 2012.

Internal Control Over Compliance

Management of Southern New Hampshire Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southern New Hampshire Services, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Southern New Hampshire 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 a 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ron L. Beaulieu & Co.

Certified Public Accountants

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JULY 31, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

 Significant deficiencies disclosed ___ yes x no

 Material weakness disclosed ___ yes x no

 Material noncompliance disclosed ___ yes x no

Federal Programs

Internal control over major programs:

 Significant deficiency disclosed ___ yes x no

 Material weakness disclosed ___ yes x no

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___ yes x no

Identification of major programs:

| <u>Name of Federal Program or Cluster</u> | <u>CFDA Number</u> |
|---|--------------------|
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 |
| Weatherization Assistance for Low-Income Persons | 81.042 |
| Low-Income Home Energy Assistance Program | 93.568 |

Dollar Threshold used to distinguish between type A and type B programs: \$ 943,366

Auditee qualified as low-risk auditee? x yes ___ no

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JULY 31, 2012

SECTION II FINDINGS – FINANCIAL STATEMENT AUDIT

No Findings

SECTION III FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

No Findings

Southern New Hampshire Services, Inc.

**Independent Auditors' Report
And
Management's Financial Statements**

July 31, 2012

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

SOUTHERN NEW HAMPSHIRE SERVICES, INC.

JULY 31, 2012

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INDEPENDENT AUDITORS' REPORT

April 30, 2013

To the Board of Directors of
Southern New Hampshire Services, Inc.
Manchester, New Hampshire

We have audited the accompanying combined statements of financial position of Southern New Hampshire Services, Inc., as of July 31, 2012 and 2011 and the related combined statements of activities, functional expenses, and cash flows for the years then ended. These combined financial statements are the responsibility of Southern New Hampshire Services, Inc.'s management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Southern New Hampshire Services, Inc. as of July 31, 2012 and 2011, and the changes in its assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013, on our consideration of Southern New Hampshire 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* and should be considered in assessing the results of our audits.

Ron L. Beaulieu & Co.

Certified Public Accountants

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED JULY 31,

| | 2012 | 2011 |
|--|---------------------|---------------------|
| REVENUES | | |
| Grant/contract support | \$ 39,204,276 | \$ 35,014,866 |
| Program service fees | 773,869 | 263,104 |
| Local funding | 261,222 | 70,574 |
| Rental income | 6,455,382 | 6,051,491 |
| Gifts and contributions | 211,906 | 333,403 |
| Special events and activities | - | 26,436 |
| Memberships | - | 22,983 |
| Interest income | 5,229 | 14,818 |
| Unrealized gain (loss) on investments | 16,620 | 160,288 |
| Revenue from commercial products | - | 8,993 |
| In-kind | 1,151,924 | 1,034,912 |
| Transfer from RCA Acquisition | (99,592) | 1,582,641 |
| Miscellaneous | 1,792,784 | 1,368,799 |
| TOTAL REVENUES | 49,773,620 | 45,953,308 |
| EXPENSES | | |
| Program services: | | |
| Child Development | 7,559,285 | 6,169,774 |
| Community Services | 1,401,685 | 1,525,600 |
| Economic and Workforce Development | 10,547,632 | 10,254,199 |
| Energy | 16,080,759 | 13,683,598 |
| Hispanic-Latino Community Services | 664,332 | 437,761 |
| Housing and Homeless | 229,264 | 75,163 |
| Nutrition and Health | 2,527,568 | 1,660,271 |
| Special Projects | 666,624 | 617,939 |
| Volunteer Services | 116,397 | 181,568 |
| SNHS Management Corporation | 1,728,474 | 1,202,170 |
| Housing Corporations | 6,586,162 | 6,406,742 |
| Total program services | 48,108,182 | 42,214,785 |
| Support services: | | |
| Management and general | 1,716,731 | 1,515,390 |
| TOTAL EXPENSES | 49,824,913 | 43,730,175 |
| INCREASE (DECREASE) IN NET ASSETS | (51,293) | 2,223,133 |
| NET ASSETS - AUGUST 1 | 3,187,052 | 963,919 |
| NET ASSETS - JULY 31 | \$ 3,135,759 | \$ 3,187,052 |

See accompanying independent auditors' report and management's notes to financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2012

| | Program Services | | | | | | |
|--------------------------------|----------------------------|----------------------------|--------------------------------------|-----------------------------|--|----------------------------|----------------------------|
| | Child Development | Community Services | Economic Workforce Development | Energy | Hispanic-Lat. Community Services | Housing and Homeless | |
| Payroll | \$ 3,825,075 | \$ 787,270 | \$ 2,143,949 | \$ 1,546,140 | \$ 421,040 | \$ 91,718 | \$ 1,159,479 |
| Payroll taxes | 398,438 | 70,054 | 203,061 | 158,257 | 48,567 | 9,885 | 120,135 |
| Fringe benefits | 890,191 | 109,347 | 320,184 | 325,678 | 40,891 | 13,274 | 183,242 |
| Workers comp. insurance | 31,080 | 3,260 | 4,504 | 8,675 | 2,497 | 935 | 14,817 |
| Retirement benefits | 191,076 | 62,962 | 107,908 | 82,722 | 8,433 | 833 | 51,764 |
| Consultant and contractual | 75,791 | 56,715 | 4,100,891 | 3,369,663 | 39,895 | 27,638 | 50,753 |
| Travel and transportation | 70,245 | 12,042 | 70,789 | 74,138 | 24,722 | 5,330 | 73,995 |
| Conferences and meetings | 2,329 | 16,569 | 3,998 | 15,543 | 3,217 | - | 939 |
| Occupancy | 444,161 | 34,853 | 876,461 | 97,123 | 21,829 | 4,518 | 131,347 |
| Advertising | 1,559 | - | 2,400 | 310 | 259 | - | 4,250 |
| Supplies | 169,401 | 10,460 | 30,242 | 46,387 | 9,688 | - | 79,614 |
| Equip. rentals and maintenance | 32,048 | 14,386 | 208,000 | 19,125 | (220) | 1 | 11,207 |
| Insurance | 20,692 | 52,304 | 3,770 | 27,854 | 113 | - | 10,285 |
| Telephone | 57,684 | 32,916 | 49,720 | 43,738 | 7,144 | 1,074 | 44,620 |
| Postage | 5,838 | 1,175 | 5,806 | 41,881 | 447 | 423 | 5,883 |
| Printing and publications | 8,958 | 585 | 1,039 | 43 | 2,149 | - | - |
| Subscriptions | - | 2,318 | - | - | - | - | - |
| Program support | - | 44,710 | 4,755 | - | 4,250 | 39,227 | - |
| Interest | 15,706 | - | - | - | - | - | - |
| Depreciation | 26,746 | 2,708 | 5,858 | 20,337 | 2,609 | - | 14,444 |
| Amortization | - | - | - | - | - | - | - |
| Assistance to clients | 5,769 | - | 2,103,840 | 10,164,607 | 200 | 29,543 | 247,078 |
| Other direct expense | 98,568 | 33,741 | 299,220 | 37,490 | - | - | 319,808 |
| Miscellaneous | 36,006 | 53,310 | 1,237 | 1,048 | 26,602 | 4,865 | 3,908 |
| In-kind | 1,151,924 | - | - | - | - | - | - |
| Loss on disposal of assets | - | - | - | - | - | - | - |
| Indirect costs | - | - | - | - | - | - | - |
| TOTAL | <u>\$ 7,559,285</u> | <u>\$ 1,401,685</u> | <u>\$ 10,547,632</u> | <u>\$ 16,080,759</u> | <u>\$ 664,332</u> | <u>\$ 229,264</u> | <u>\$ 2,527,568</u> |

See accompanying independent auditors' report and management's notes to financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2012

| | Program Services | | | | Total Program Services | Support Services | Total Expenses |
|--------------------------------|---------------------|-----------------------|-----------------------------------|-------------------------|------------------------------|------------------------------|---------------------|
| | Special Projects | Volunteer Services | SNHS Management Corporation | Housing Corporations | | Management and General | |
| Payroll | \$ 94,029 | \$ 82,042 | \$ 371,332 | \$ 1,341,642 | \$ 11,863,716 | \$ 1,081,576 | \$ 12,945,292 |
| Payroll taxes | 8,790 | 7,659 | 37,974 | 133,349 | 1,196,169 | 90,219 | 1,286,388 |
| Fringe benefits | 5,875 | 14,437 | 80,229 | 277,691 | 2,261,039 | 145,438 | 2,406,477 |
| Workers comp. insurance | 912 | 172 | 5,811 | 38,192 | 110,855 | 6,401 | 117,256 |
| Retirement benefits | 8,035 | 4,290 | 27,788 | 89,313 | 635,124 | 92,451 | 727,575 |
| Consultant and contractual | 463,877 | 237 | 230,706 | 175,649 | 8,591,815 | 114,264 | 8,706,079 |
| Travel and transportation | 4,188 | 706 | 111,390 | 20,336 | 467,881 | 18,970 | 486,851 |
| Conferences and meetings | 15,101 | - | 49,899 | 3,975 | 111,570 | 4,889 | 116,459 |
| Occupancy | 7,736 | - | 303,212 | 2,312,366 | 4,233,606 | 70,232 | 4,303,838 |
| Advertising | - | - | - | 1,782 | 10,560 | - | 10,560 |
| Supplies | 1,027 | 1,978 | 8,876 | 35,203 | 392,876 | 33,998 | 426,874 |
| Equip. rentals and maintenance | 765 | 128 | (20,716) | 2,049 | 266,773 | 1,359 | 268,132 |
| Insurance | - | 936 | 30,877 | 382,292 | 529,123 | 9,705 | 538,828 |
| Telephone | 1,951 | 2,110 | 11,571 | 64,060 | 316,588 | 14,375 | 330,963 |
| Postage | 28 | 971 | 1,333 | 6,420 | 70,205 | 19,258 | 89,463 |
| Printing and publications | 4,880 | 350 | 685 | - | 18,689 | - | 18,689 |
| Subscriptions | - | - | 295 | - | 2,613 | - | 2,613 |
| Program support | - | - | 105,285 | - | 198,227 | - | 198,227 |
| Interest | - | - | 48,355 | 205,972 | 270,033 | - | 270,033 |
| Depreciation | 6,000 | - | 230,651 | 1,411,377 | 1,720,730 | 626 | 1,721,356 |
| Amortization | - | - | - | 6,809 | 6,809 | - | 6,809 |
| Assistance to clients | 42,309 | 106 | 44,948 | - | 12,638,400 | - | 12,638,400 |
| Other direct expense | - | 152 | 349 | 15,841 | 805,169 | 1,381 | 806,550 |
| Miscellaneous | 1,121 | 123 | 13,735 | 5,343 | 147,298 | 22,637 | 169,935 |
| In-kind | - | - | - | - | 1,151,924 | - | 1,151,924 |
| Loss on disposal of assets | - | - | 33,889 | 56,501 | 90,390 | - | 90,390 |
| Indirect costs | - | - | - | - | - | (11,048) | (11,048) |
| TOTAL | \$ 666,624 | \$ 116,397 | \$ 1,728,474 | \$ 6,586,162 | \$48,108,182 | \$ 1,716,731 | \$49,824,913 |

See accompanying independent auditors' report and management's notes to financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2011

| | Program Services | | | | | | |
|--------------------------------|----------------------|-----------------------|--------------------------------------|----------------------|--|----------------------------|---------------------|
| | Child Development | Community Services | Economic Workforce Development | Energy | Hispanic-Lat. Community Services | Housing and Homeless | |
| Payroll | \$ 3,128,764 | \$ 862,834 | \$ 2,045,485 | \$ 1,313,574 | \$ 263,081 | \$ 49,391 | \$ 816,761 |
| Payroll taxes | 304,278 | 74,031 | 183,534 | 126,616 | 28,005 | 5,175 | 81,987 |
| Fringe benefits | 698,413 | 119,913 | 282,074 | 263,937 | 27,601 | 12,841 | 124,866 |
| Workers comp. insurance | 25,466 | 5,086 | 4,318 | 8,193 | 1,306 | 727 | 10,036 |
| Retirement benefits | 133,923 | 54,141 | 99,129 | 72,854 | 3,378 | - | 27,621 |
| Consultant and contractual | 59,869 | 63,742 | 4,459,078 | 3,243,045 | 23,336 | 209 | 18,585 |
| Travel and transportation | 38,605 | 25,320 | 61,809 | 74,496 | 14,453 | 2,167 | 44,376 |
| Conferences and meetings | 657 | 14,218 | 7,402 | 19,116 | 385 | - | 675 |
| Occupancy | 378,874 | 26,197 | 753,931 | 65,653 | 49,369 | 1,906 | 105,370 |
| Advertising | 2,894 | 2,143 | 766 | 3,322 | - | - | 4,154 |
| Supplies | 142,912 | 30,605 | 50,537 | 36,706 | 2,716 | 43 | 49,877 |
| Equip. rentals and maintenance | 18,806 | 5,073 | 25,022 | 35,118 | 544 | - | 17,397 |
| Insurance | 8,065 | 46,252 | 2,227 | 20,669 | - | - | 5,709 |
| Telephone | 39,877 | 23,154 | 53,915 | 34,280 | 6,222 | 1,185 | 30,375 |
| Postage | 3,609 | 1,675 | 2,541 | 36,373 | 119 | - | 3,283 |
| Printing and publications | 6,445 | 5,630 | - | 1,103 | 699 | - | - |
| Subscriptions | - | 2,443 | - | - | - | - | - |
| Program support | - | 76,923 | 325 | - | - | - | - |
| Interest | 17,368 | - | - | - | - | - | - |
| Depreciation | 34,559 | 5,609 | 6,357 | 15,216 | 2,706 | - | 15,578 |
| Amortization | - | - | - | - | - | - | - |
| Assistance to clients | 520 | - | 1,845,643 | 8,292,950 | - | 1,452 | 55,553 |
| Other direct expense | 85,881 | 28,051 | 366,004 | 19,672 | - | - | 242,392 |
| Miscellaneous | 5,077 | 52,560 | 4,102 | 705 | 13,841 | 67 | 5,676 |
| In-kind | 1,034,912 | - | - | - | - | - | - |
| Loss on disposal of assets | - | - | - | - | - | - | - |
| Indirect costs | - | - | - | - | - | - | - |
| TOTAL | \$ 6,169,774 | \$ 1,525,600 | \$ 10,254,199 | \$ 13,683,598 | \$ 437,761 | \$ 75,163 | \$ 1,660,271 |

See accompanying independent auditors' report and management's notes to financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2011

| | Program Services | | | | Total Program Services | Services | Total Expenses |
|--------------------------------|---------------------|-----------------------|-----------------------------------|-------------------------|------------------------------|------------------------------|---------------------|
| | Special Projects | Volunteer Services | SNHS Management Corporation | Housing Corporations | | Management and General | |
| Payroll | \$ 103,320 | \$ 126,251 | \$ 296,670 | \$ 1,282,081 | \$10,288,212 | \$ 875,409 | \$11,163,621 |
| Payroll taxes | 10,530 | 11,912 | 20,375 | 122,230 | 968,673 | 69,097 | 1,037,770 |
| Fringe benefits | 4,660 | 16,057 | 48,600 | 263,513 | 1,862,475 | 106,749 | 1,969,224 |
| Workers comp. insurance | 1,132 | 265 | 3,671 | 36,365 | 96,565 | 4,701 | 101,266 |
| Retirement benefits | 7,765 | 6,289 | 18,590 | 90,011 | 513,701 | 79,898 | 593,599 |
| Consultant and contractual | 395,055 | 5,100 | 75,990 | 169,477 | 8,513,486 | 120,763 | 8,634,249 |
| Travel and transportation | 5,888 | 2,103 | 117,651 | 19,902 | 406,770 | 7,421 | 414,191 |
| Conferences and meetings | 25,098 | 90 | 40,054 | 2,831 | 110,526 | 844 | 111,370 |
| Occupancy | 7,156 | - | 207,801 | 2,220,267 | 3,816,524 | 56,158 | 3,872,682 |
| Advertising | - | - | - | 1,401 | 14,680 | 765 | 15,445 |
| Supplies | 588 | 2,545 | 2,819 | 28,091 | 347,439 | 30,411 | 377,850 |
| Equip. rentals and maintenance | 218 | 170 | 36,511 | 2,663 | 141,522 | 584 | 142,106 |
| Insurance | - | 1,843 | 21,902 | 365,833 | 472,500 | 6,253 | 478,753 |
| Telephone | 2,359 | 2,286 | 6,615 | 54,994 | 255,262 | 9,778 | 265,040 |
| Postage | 174 | 1,735 | 538 | 5,778 | 55,825 | 16,046 | 71,871 |
| Printing and publications | 4,700 | 447 | - | - | 19,024 | 1,447 | 20,471 |
| Subscriptions | - | - | - | - | 2,443 | - | 2,443 |
| Program support | - | - | - | - | 77,248 | - | 77,248 |
| Interest | - | - | 43,248 | 207,648 | 268,264 | - | 268,264 |
| Depreciation | 6,000 | - | 193,550 | 1,512,895 | 1,792,470 | 626 | 1,793,096 |
| Amortization | - | - | - | 5,644 | 5,644 | - | 5,644 |
| Assistance to clients | 41,190 | - | 44,435 | - | 10,281,743 | - | 10,281,743 |
| Other direct expense | - | 586 | 25 | 3,806 | 746,417 | 3,941 | 750,358 |
| Miscellaneous | 2,106 | 3,889 | 23,125 | 6,741 | 117,889 | 853 | 118,742 |
| In-kind | - | - | - | - | 1,034,912 | - | 1,034,912 |
| Loss on disposal of assets | - | - | - | 4,571 | 4,571 | - | 4,571 |
| Indirect costs | - | - | - | - | - | 123,646 | 123,646 |
| TOTAL | \$ 617,939 | \$ 181,568 | \$ 1,202,170 | \$ 6,406,742 | \$42,214,785 | \$ 1,515,390 | \$43,730,175 |

See accompanying independent auditors' report and management's notes to financial statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31,

| | 2012 | 2011 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ (51,293) | \$ 2,223,133 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 1,721,356 | 1,793,096 |
| Amortization | 6,809 | 5,644 |
| Loss on disposal of assets | 90,390 | 4,571 |
| Unrealized (gain) loss on investments | (16,620) | (160,288) |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in contracts receivable | 1,660,191 | (2,440,432) |
| (Increase) decrease in accounts receivable | 293,924 | (257,339) |
| (Increase) decrease in prepaid expenses | 37,031 | (35,770) |
| Increase (decrease) in accounts payable | (108,207) | (1,492,533) |
| Increase (decrease) in accrued payroll and payroll taxes | (30,413) | 81,594 |
| Increase (decrease) in accrued comp. absences | (57,606) | 236,912 |
| Increase (decrease) in accrued other liabilities | 266,479 | (74,429) |
| Increase (decrease) in deferred revenue | (441,061) | 617,486 |
| Increase (decrease) in over applied overhead | 14,159 | 135,652 |
| Increase (decrease) in tenant security deposits | 7,096 | 48,309 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 3,392,235 | 685,606 |
| INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (8,082,032) | (4,583,565) |
| Purchase of investments | (345,888) | (404,112) |
| Proceeds from sale of investments | - | - |
| Deposit to restricted cash accounts | (627,723) | (322,823) |
| Other financing activities | (146,314) | (142,554) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (9,201,957) | (5,453,054) |
| FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | 7,787,152 | 3,688,047 |
| Payments on long-term debt | (1,126,123) | (165,891) |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | 6,661,029 | 3,522,156 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 851,307 | (1,245,292) |
| CASH AND CASH EQUIVALENTS - AUGUST 1 | 5,427,314 | 6,672,606 |
| CASH AND CASH EQUIVALENTS - JULY 31 | \$ 6,278,621 | \$ 5,427,314 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid during the year for: | | |
| Interest | \$ 270,033 | \$ 268,264 |

See accompanying independent auditors' report and management's notes to financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Southern New Hampshire Services, Inc. is an umbrella corporation that offers an array of services to the elderly, disabled, and low-income households in Hillsborough County, New Hampshire. The Corporation's programs provide assistance in the areas of education, child development, employment, energy and its conservation, housing and homelessness prevention. 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. Services are provided through:

| | |
|---------------------------------------|--|
| Southern New Hampshire Services, Inc. | SNHS Elderly Housing XI, Inc. |
| SNHS Management Corporation | Rural Housing for the Elderly, Inc. |
| SNHS Elderly Housing, Inc. | Rural Housing for the Elderly II, Inc. |
| SNHS Elderly Housing II, Inc. | Sundial Elderly Housing, Inc. |
| SNHS Elderly Housing III, Inc. | SNHS Ashland Elderly Housing, Inc. |
| SNHS Elderly Housing IV, Inc. | SNHS Farmington Elderly Housing, Inc. |
| SNHS Elderly Housing V, Inc. | SNHS Greenfield Elderly Housing, Inc. |
| SNHS Elderly Housing VI, Inc. | SNHS North Berwick Elderly Housing, Inc. |
| SNHS Elderly Housing VII, Inc. | SNHS Northwood Elderly Housing, Inc. |
| SNHS Elderly Housing VIII, Inc. | SNHS Pittsburg Elderly Housing, Inc. |
| SNHS Elderly Housing IX, Inc. | SNHS Raymond Elderly Housing, Inc. |
| SNHS Elderly Housing X, Inc. | |

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles which recognizes revenue when earned and expenses as incurred.

Combined Financial Statements

All significant intercompany items and transactions have been eliminated from the basic financial statements. The financial statements include the accounts of the following corporations because Southern New Hampshire Services, Inc. controls more than 50% of the voting power.

| | |
|---------------------------------------|--|
| Southern New Hampshire Services, Inc. | SNHS Elderly Housing XI, Inc. |
| SNHS Management Corporation | Rural Housing for the Elderly, Inc. |
| SNHS Elderly Housing, Inc. | Rural Housing for the Elderly II, Inc. |
| SNHS Elderly Housing II, Inc. | Sundial Elderly Housing, Inc. |
| SNHS Elderly Housing III, Inc. | SNHS Ashland Elderly Housing, Inc. |
| SNHS Elderly Housing IV, Inc. | SNHS Farmington Elderly Housing, Inc. |
| SNHS Elderly Housing V, Inc. | SNHS Greenfield Elderly Housing, Inc. |
| SNHS Elderly Housing VI, Inc. | SNHS North Berwick Elderly Housing, Inc. |
| SNHS Elderly Housing VII, Inc. | SNHS Northwood Elderly Housing, Inc. |
| SNHS Elderly Housing VIII, Inc. | SNHS Pittsburg Elderly Housing, Inc. |
| SNHS Elderly Housing IX, Inc. | SNHS Raymond Elderly Housing, Inc. |
| SNHS Elderly Housing X, Inc. | |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash equivalents

For the purpose of the statement of cash flows, the Corporation considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The contracts receivable allowance for doubtful accounts is based upon management's assessment of the credit history with customers having outstanding balances and current relationships with them.

The accounts receivable allowance for doubtful accounts is based upon an analysis of the aged accounts receivable listing.

Fixed asset acquisitions

Fixed assets acquired by the Corporation are capitalized at cost if purchased or fair value if donated. It is the Corporation's policy to capitalize expenditures for these items in excess of \$5,000.

Fixed assets purchased with grant funds are owned by the Corporation while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the fixed assets purchased with grant funds. The disposition of fixed assets, as well as the ownership of any proceeds is subject to funding source regulations.

Depreciation

Fixed assets are depreciated over their estimated useful lives on a straight-line method

In-kind

In-kind revenues and expenses represent fair market value of volunteer services and non-paid goods which were donated to the Corporation during the current fiscal year. All in-kind revenues in the fiscal year 2012 and 2011 were generated through the Headstart programs.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined generally on the first-in, first-out basis.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 2 - RISKS AND UNCERTAINTIES

Nature of Operations

The Corporation is operated in a heavily regulated environment. The operations of the Corporation 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.

Current Vulnerabilities Due to Certain Concentrations

The Corporation maintains its cash balances at several financial institutions located in New Hampshire and Maine. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. In addition, on October 2, 2008, the Corporation entered into an agreement with its principal banking partner to collateralize all deposits in excess of the FDIC insurance limitation. Therefore, as of July 31, 2012 and 2011, there are no uninsured cash balances. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

The Corporation derives approximately 57% and 63% of its total revenues from the State of New Hampshire for 2012 and 2011, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from these amounts.

Significant Estimates

None of the estimates used in preparing the financial statements are significant.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 3 - INVESTMENTS

Investments are reported at their fair value at year end. Although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at year end.

The fair value measurement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy has three levels which are described below.

Level 1 Fair Value Measurements

The fair values of investments are based on the closing price reported on the active market for identical assets where the individual securities are traded.

Level 2 Fair Value Measurements

The fair values of investments are based on the market approach using quoted prices reported on the active market for similar assets, or they are based on the market approach using quoted prices reported on a market that is not active for identical or similar assets.

Level 3 Fair Value Measurements

The fair value of certain investments is not actively traded and significant other observable inputs are not available. In this case, management decides what the best valuation technique to use is.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 3 – INVESTMENTS (CONTINUED)

The investments of the Corporation consisted of the following as of July 31:

| | | 2012 | | | |
|-------------------|--------------------|------------------------------|--|---|--|
| | | Fair value at reporting date | | | |
| Description | Cost | Fair Value | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant un-observable inputs (Level 3) |
| Equity securities | \$2,433,713 | \$2,560,800 | \$2,560,800 | \$ - | \$ - |
| Total | <u>\$2,433,713</u> | <u>\$2,560,800</u> | <u>\$2,560,800</u> | <u>\$ -</u> | <u>\$ -</u> |

| | | 2011 | | | |
|-------------------|--------------------|------------------------------|--|---|--|
| | | Fair value at reporting date | | | |
| Description | Cost | Fair Value | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant un-observable inputs (Level 3) |
| Equity securities | \$2,087,825 | \$2,198,292 | \$2,198,292 | \$ - | \$ - |
| Total | <u>\$2,087,825</u> | <u>\$2,198,292</u> | <u>\$2,198,292</u> | <u>\$ -</u> | <u>\$ -</u> |

The activities of the Organization's investment account are summarized as follows:

| | 2012 | 2011 |
|---------------------------|--------------------|--------------------|
| Fair Value - August 1 | \$2,198,292 | \$1,633,892 |
| Additions | 345,888 | 404,112 |
| Distributions | - | - |
| Realized gains (losses) | - | - |
| Unrealized gains (losses) | 16,620 | 160,288 |
| Fair Value - July 31 | <u>\$2,560,800</u> | <u>\$2,198,292</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 4 - RESTRICTED CASH

The housing projects are required to set aside amounts for the replacement of property and other expenditures. These amounts are set aside in separate accounts and generally are not available for operating purposes.

The housing projects are also required to put any surplus cash into a separate account. These accounts are also not available for operating purposes.

NOTE 5 - ACCOUNTS RECEIVABLE AND CONTRACTS RECEIVABLE

Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. The allowance for uncollectible accounts receivable was estimated to be \$0 and \$0 at July 31, 2012 and 2011, respectively.

Contracts receivable is stated at the amount management expects to collect from balances outstanding at year-end. The allowance for uncollectible contracts receivable was estimated to be \$0 and \$0 at July 31, 2012 and 2011, respectively.

NOTE 6 - PLEDGED ASSETS

The following assets are used as collateral:

| | |
|--------------|---------------|
| Fixed Assets | \$ 67,247,144 |
|--------------|---------------|

NOTE 7 - UNRESTRICTED NET ASSETS

None of the Corporation's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

NOTE 8 - OPERATING LEASES

The Corporation leases various facilities and equipment under several operating leases. Total lease payments for the years ended July 31, 2012 and 2011 equaled \$942,574 and \$950,645, respectively. The leases expire at various times through August 2015. Some of the leases contain renewal options that are contingent upon federal funding and some contain renewal options subject to renegotiation of lease terms.

The following is a schedule of future minimum lease payments for the operating leases as of July 31, 2012:

| | |
|------|-----------|
| 2013 | \$ 97,679 |
| 2014 | 89,063 |
| 2015 | 69,967 |
| 2016 | - |
| 2017 | - |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 9 - RETIREMENT BENEFITS

The Corporation has an Employer-Sponsored 403(b) plan offering coverage to all of its employees. Participating employees must contribute at least 5% of their wages, while the Corporation contributes 10% of their wages. The pension expense for the years ended July 31, 2012 and 2011 was \$727,578 and \$593,599, respectively.

NOTE 10 - INCOME TAXES

The Corporation qualifies as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes there is no tax on unrelated business income, therefore no income tax provisions have been made in the accompanying financial statements.

The Corporation is no longer subject to examinations by compliance authorities for years before 2009.

NOTE 11 – CONTINGENT LIEN J. BROWN HOMESTEAD PROPERTY

In 1999, the town of Raymond, New Hampshire, conveyed land and buildings to Rockingham Community Acton (RCA) for \$1 and a mortgage lien of \$604,418. The buildings contain four apartments limited to low-income seniors, office space for the Outreach operations, space for the Food Pantry operation, and a common meeting room for use by Town of Raymond organizations. The Town of Raymond included a requirement that the property be used for a social service center for a period of 20 years, called the benefit period, after which this requirement terminates.

RCA granted the Town of Raymond a lien on the property, such lien to be paid from the proceeds of any sale in the event that RCA sells or otherwise conveys the property within 20 years from the date of the mortgage (1999), or if not paid at the time of the sale will run with the land to any subsequent purchaser for the remaining benefit period. This mortgage lien has no scheduled principle or interest payments and is forgivable at a rate of 1/20 each year of the benefit period until it is completely forgiven in year 2019. The current value of this lien at July 31, 2012 is \$241,768.

The appraised value of the land and buildings at the time of the donation was \$220,000. RCA has operated its Raymond Community Action Center at the property since the transfer and plans to continue to do so. Therefore, since RCA has no plans to sell or transfer this property the contingent mortgage lien liability has not been included on these financial statements.

NOTE 12 – CONTINGENCIES

The Corporation receives contract funding from various sources. Under the terms of these agreements, the Corporation is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Corporation might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not yet been determined.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 13 – ACQUISITION

On July 1, 2011, Rockingham Community Action (RCA), a New Hampshire corporation, was acquired by the Corporation. The merger is classified as an acquisition by SNHS of RCA for no monetary consideration. The corporation assumed all the assets, rights, powers, properties, debts, liabilities and obligations of RCA. The acquisition was recorded in two phases, phase one was recorded on July 1, 2011, and phase two was recorded on November 1, 2011.

The following is the fair value of the assets and liabilities that were recognized and transferred from RCA on July 1, 2011:

| | |
|-----------------------------------|---------------------|
| CURRENT ASSETS | |
| Cash | \$ 17,745 |
| Accounts receivable (net) | 1,589,548 |
| Total current assets | 1,607,293 |
| FIXED ASSETS | |
| Real estate | 605,131 |
| Vehicles and equipment | 46,280 |
| Total fixed assets | 651,411 |
| Less - accumulated depreciation | - |
| Net fixed assets | 651,411 |
| OTHER ASSETS | |
| Restricted cash | 35,488 |
| Investment in limited partnership | 137,555 |
| Total other assets | 173,043 |
| TOTAL ASSETS | 2,431,747 |
| CURRENT LIABILITIES | |
| Accounts payable | 14,705 |
| Accrued expenses | 1,774 |
| Accrued compensated absences | 162,951 |
| Deferred revenue | 387,594 |
| Due to other corporations | 249,287 |
| Tenant deposits | 15,556 |
| Other reserves | 17,239 |
| Total current liabilities | 849,106 |
| TOTAL LIABILITIES | 849,106 |
| NET ASSETS | \$ 1,582,641 |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 13 – ACQUISITION (CONTINUED)

The following is the fair value of the assets and liabilities that were recognized and transferred from RCA on November 1, 2011:

| | |
|---------------------------------|-------------|
| CURRENT ASSETS | |
| Cash | \$ 267,814 |
| Accounts receivable (net) | 289,115 |
| Prepaid expenses | 37,268 |
| Total current assets | 594,197 |
| FIXED ASSETS | |
| Real estate | 120,470 |
| Vehicles and equipment | 791 |
| Total fixed assets | 121,261 |
| Less - accumulated depreciation | - |
| Net fixed assets | 121,261 |
| TOTAL ASSETS | 715,458 |
| CURRENT LIABILITIES | |
| Accounts payable | 26,178 |
| Accrued expenses | 112,937 |
| Accrued payroll | 9,396 |
| Accrued payroll liabilities | 1,347 |
| Deferred revenue | - |
| Due to other corporations | 665,192 |
| Total current liabilities | 815,050 |
| TOTAL LIABILITIES | 815,050 |
| NET ASSETS | \$ (99,592) |

NOTE 14 – TRANSFER OF ASSETS

On January 1, 2011, the Corporation transferred substantially all assets and operations of SEE Science Center (a Division) to SEE Science Center, Inc. The Division's financial position, results of operations and cash flows were separately reported for all periods presented.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 15 - LONG-TERM DEBT

| | 2012 | 2011 |
|---|---------|-----------|
| <u>SNHS, Inc.</u> | | |
| Mortgage payable to City of Manchester, secured by real estate located in Manchester, NH. A balloon payment of \$11,275 is due on June 30, 2010. Interest is at 0.000%. \$ | 11,275 | \$ 11,275 |
| Mortgage payable to bank, secured by real estate located on Temple St., Nashua, NH, payable in fixed monthly principal installments of \$1,833 plus interest through 2020. Interest is at 4.000%. | 392,669 | 414,669 |
| <u>SNHS Management Corporation</u> | | |
| Mortgage payable to bank, secured by real estate located on Allds St. Nashua, NH, payable in monthly installments of \$1,789 including interest through 2013. Interest is at 6.480%. | 17,879 | 36,858 |
| Mortgage payable to bank, secured by real estate located on Pine St., Manchester, NH, payable in monthly installments of \$2,678 including interest through 2013. Interest is at 6.460%. | 18,320 | 48,180 |
| Mortgage payable to bank, secured by real estate located on West Pearl St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 40 years. Interest is at 0.000%. | 170,000 | 170,000 |
| Mortgage payable to bank secured by real estate located on Silver St., Manchester, NH, payable in monthly installments of \$2,731 including interest through 2014. Interest is at 6.030%. | 177,246 | 198,440 |
| Mortgage payable to bank, secured by real estate located on Allds St., Nashua, NH, payable in fixed monthly principal installments of \$2,613 plus interest through 2016. Interest is at 2.996%. | 276,981 | 308,337 |
| Mortgage payable to MH Parsons and Sons Lumber, secured by real estate located in Derry, NH, payable in monthly installments of \$3,715 including interest through 2031. Interest is at 5.500%. | 528,637 | - |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 15 - LONG-TERM DEBT (CONTINUED)

| <u>Housing Corporations</u> | <u>2012</u> | <u>2011</u> |
|---|--------------|--------------|
| Mortgage payable between HUD and Rural Housing for the Elderly II, Inc., secured by real estate located in Nashua, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | \$ 3,167,200 | \$ 3,167,260 |
| Mortgage payable between Key Bank and SNHS Rural Housing for the Elderly, Inc., secured by real estate located in Greenville, NH, payable in monthly installments of \$14,044 including interest through 2040. Interest is at 5.120%. | 2,514,282 | 2,552,996 |
| Mortgage payable between Citizens Bank and SNHS Elderly Housing, Inc., secured by real estate located in Epping, NH, payable in monthly installments of \$7,793 including interest through 2028. Interest is at 9.000%. | - | 833,733 |
| Mortgage payable between Oppenheimer and SNHS Elderly Housing, Inc., secured by real estate located in Epping, NH, payable in monthly installments of \$5,932 including interest through 2047. Interest is at 3.950%. | 1,345,811 | - |
| Mortgage payable between HUD and Sundial Elderly Housing, Inc., secured by real estate located in Nashua, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is 0.000%. | 4,278,218 | 4,278,218 |
| Mortgage payable between HUD and SNHS Northwood Elderly Housing, Inc., secured by real estate located in Northwood, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 3,460,700 | 3,460,700 |
| Mortgage payable between the Town of Northwood and SNHS Northwood Elderly Housing, Inc., secured by real estate located in Northwood, NH. Mortgage will be forgiven if real estate remains low income housing for 20 years and the entity does not generate residual receipts. Interest is at 0.000%. | 95,000 | 95,000 |
| Mortgage payable between HUD and SNHS Farmington Elderly Housing, Inc., secured by real estate located in Manchester, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 2,827,000 | 2,841,617 |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 15 - LONG-TERM DEBT (CONTINUED)

| | <u>2012</u> | <u>2011</u> |
|---|--------------|--------------|
| Mortgage payable between HUD and SNHS Elderly Housing V, Inc., secured by real estate located in Manchester, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | \$ 2,948,700 | \$ 2,948,706 |
| Mortgage payable between HUD and SNHS Elderly Housing II, Inc., secured by real estate located in Rochester, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000% | 2,485,859 | 2,485,859 |
| Mortgage payable between HUD and SNHS Elderly Housing III, Inc., secured by real estate located in Rochester, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 3,522,500 | 3,518,900 |
| Mortgage payable between HUD and SNHS Elderly Housing II, Inc., secured by real estate located in Rochester, NH. Mortgage will be forgiven in real estate remains low income housing for 40 years. Interest is at 0.000%. | 2,966,900 | 2,966,900 |
| Mortgage payable between HUD and Rural Housing for the Elderly II, Inc., secured by real estate located in Nashua, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 2,337,800 | 2,410,181 |
| Mortgage payable between HUD and SNHS Elderly Housing IV, Inc., secured by real estate located in Nashua, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 4,412,500 | 4,412,500 |
| Mortgage payable between HUD and SNHS Raymond Elderly Housing, Inc., secured by real estate located in Raymond, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 1,773,900 | 1,720,923 |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 15 - LONG-TERM DEBT (CONTINUED)

| | 2012 | 2011 |
|---|--------------|--------------|
| Mortgage payable between HUD and SNHS Pittsburg Elderly Housing, Inc., secured by real estate located in Pittsburg, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | \$ 1,479,700 | \$ 1,479,700 |
| Mortgage payable between HUD and SNHS North Berwick Elderly Housing, Inc., secured by real estate located in North Berwick, ME. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 2,016,800 | 2,016,067 |
| Mortgage payable between HUD and SNHS Greenfield Elderly Housing, Inc., secured by real estate located in Greenfield, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 1,545,300 | 1,566,333 |
| Mortgage payable between NHHFA and SNHS Greenfield Elderly Housing, Inc., secured by real estate located in Greenfield, NH. Mortgage payments are based upon surplus cash. Remaining balance due in 2040 or upon sale of the property. Interest is at 0.000%. | 450,000 | 450,000 |
| Mortgage payable between HUD and SNHS Ashland Housing, Inc., secured by real estate located in Ashland, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 3,426,100 | 3,426,100 |
| Mortgage payable between HUD and SNHS Elderly Housing VI, Inc., secured by real estate located in Bristol, NH. Mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 2,711,900 | 2,719,738 |
| Mortgage payable between HUD and SNHS Elderly Housing VII, Inc., secured by real estate located in Manchester, NH. The mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 5,143,400 | 5,143,400 |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 15 - LONG-TERM DEBT (CONTINUED)

| | 2012 | 2011 |
|---|---------------|---------------|
| Mortgage payable between HUD and SNHS Elderly Housing VII, Inc., secured by real estate located in Manchester, NH. The mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | \$ 3,242,700 | \$ 2,089,845 |
| Mortgage payable between HUD and SNHS Elderly Housing VIII, Inc., secured by real estate located in Campton, NH. The mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 2,537,080 | 1,020,843 |
| Mortgage payable between HUD and SNHS Elderly Housing IX, Inc., secured by real estate located in Plymouth, NH. The mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 1,911,105 | 54,273 |
| Capital advance between HUD and SNHS Elderly Housing X, Inc., secured by real estate located in Woodstock, NH. The advance is expected to be converted into a mortgage once construction has been completed. The mortgage will be forgiven if real estate remains low income housing for 40 years. Interest is at 0.000%. | 1,360,199 | 45,081 |
| Total Long Term Debt | \$ 65,553,661 | \$ 58,892,632 |
| Current portion | \$ 185,875 | \$ 172,602 |
| Long-term portion | 65,367,786 | 58,720,030 |
| | \$ 65,553,661 | \$ 58,892,632 |

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012 AND 2011

NOTE 15 - LONG-TERM DEBT (CONTINUED)

Principal maturities for long-term debt for the subsequent fiscal years from July 31, 2012, are as follows:

| | | |
|------|----|---------|
| 2013 | \$ | 185,875 |
| 2014 | | 288,003 |
| 2015 | | 137,208 |
| 2016 | | 292,869 |
| 2017 | | 114,269 |

NOTE 16 - ADVERTISING

The Corporation uses advertising to promote programs among the people it serves. The production costs of advertising are expensed as incurred.

NOTE 17 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of April 30, 2013, the date the financial statements were available to be issued. At this time, there were no material subsequent events.

Ron L. Beaulieu & Company

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INDEPENDENT AUDITORS' REPORT ON COMBINING INFORMATION

April 30, 2013

To the Board of Directors of
Southern New Hampshire Services, Inc.
Manchester, New Hampshire

We have audited the combined financial statements of Southern New Hampshire Services, Inc. as of and for the years ended July 31, 2012 and 2011, and have issued our report thereon dated April 30, 2013, which contained an unqualified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining information in Schedules A and B is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Ron L. Beaulieu & Co.

Certified Public Accountants

SCHEDULE A

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2012

| | 10/14/15/30/4 0/50/80/81/82/ 810/845/1275 | 105 | 110 | 120 | |
|---|---|---|-------------------------------------|----------------------------|---------------------|
| | SNHS Management Corporation | Rural Housing for the Elderly II Landing II | Rural Housing for the Elderly | SNHS Elderly Housing | |
| ASSETS | SNHS, Inc. | | | | |
| CURRENT ASSETS | | | | | |
| Cash | \$ 275,551 | \$ 4,790,585 | \$ 31,631 | \$ 178,478 | \$ 27,822 |
| Investments | (4,112) | 2,564,912 | - | - | - |
| Contracts receivable (net) | 3,429,966 | 91,569 | 536 | 2,417 | 161 |
| Accounts receivable (net) | - | 38,961 | - | - | - |
| Prepaid expenses | 27,722 | 13,829 | 21,214 | 19,039 | 10,417 |
| Inventory | - | - | - | - | - |
| Due from other corporations | 4,112,773 | 1,319,810 | - | - | - |
| Total current assets | <u>7,841,900</u> | <u>8,819,666</u> | <u>53,381</u> | <u>199,934</u> | <u>38,400</u> |
| FIXED ASSETS | | | | | |
| Land | 219,849 | 1,485,728 | 2,898 | 166,890 | 58,991 |
| Buildings and improvements | 1,491,460 | 4,817,230 | 3,249,305 | 3,618,628 | 1,075,362 |
| Vehicles and equipment | 833,516 | 391,389 | 20,879 | 277,520 | 23,668 |
| Construction in progress | - | - | - | - | - |
| Total fixed assets | <u>2,544,825</u> | <u>6,694,347</u> | <u>3,273,082</u> | <u>4,063,038</u> | <u>1,158,021</u> |
| Less - accumulated depreciation | (1,099,805) | (2,197,007) | (952,211) | (2,246,523) | (652,864) |
| Net fixed assets | <u>1,445,020</u> | <u>4,497,340</u> | <u>2,320,871</u> | <u>1,816,515</u> | <u>505,157</u> |
| OTHER ASSETS | | | | | |
| Restricted cash | 9,130 | 197,375 | 157,545 | 605,539 | 457,015 |
| Miscellaneous other assets | - | 137,555 | - | 151,257 | 142,787 |
| Total other assets | <u>9,130</u> | <u>334,930</u> | <u>157,545</u> | <u>756,796</u> | <u>599,802</u> |
| TOTAL ASSETS | <u>\$ 9,296,050</u> | <u>\$ 13,651,936</u> | <u>\$ 2,531,797</u> | <u>\$ 2,773,245</u> | <u>\$ 1,143,359</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 333,980 | \$ 32,310 | \$ 300 | \$ 58,372 | \$ 4,217 |
| Accrued payroll and payroll taxes | 5,414 | 472,134 | - | 5,521 | 1,598 |
| Accrued compensated absences | - | 700,421 | - | - | - |
| Accrued other liabilities | 268,437 | 1,832 | 8,021 | 18,934 | 6,435 |
| Deferred revenue | 2,942,295 | 861 | - | 2,844 | - |
| Over applied overhead | 402,758 | - | - | - | - |
| Tenant security deposits | 9,630 | 27,083 | 16,827 | 20,934 | 6,221 |
| Due to other corporations | 4,107,701 | 89,252 | 20,573 | 58,169 | 116,694 |
| Current portion of long-term debt | 24,255 | 102,758 | - | 40,571 | 18,291 |
| Total current liabilities | <u>8,094,470</u> | <u>1,426,651</u> | <u>45,721</u> | <u>205,345</u> | <u>153,456</u> |
| LONG-TERM DEBT, less current portion | <u>379,689</u> | <u>1,086,305</u> | <u>3,167,200</u> | <u>2,473,711</u> | <u>1,327,520</u> |
| TOTAL LIABILITIES | <u>8,474,159</u> | <u>2,512,956</u> | <u>3,212,921</u> | <u>2,679,056</u> | <u>1,480,976</u> |
| NET ASSETS | | | | | |
| Unrestricted | 821,891 | 11,138,980 | (681,124) | 94,189 | (337,617) |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 9,296,050</u> | <u>\$ 13,651,936</u> | <u>\$ 2,531,797</u> | <u>\$ 2,773,245</u> | <u>\$ 1,143,359</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE A (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 COMBINING SCHEDULE OF FINANCIAL POSITION
 JULY 31, 2012

| | 130 | 140 | 145 | 146 |
|---|-------------------------------|---|--------------------------------|--------------------------------|
| | Sundial Elderly Housing | SNHS Northwood Elderly Housing | SNHS Elderly Housing VII | SNHS Elderly Housing VII |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 98,599 | \$ 56,857 | \$ 76,578 | \$ 66,879 |
| Investments | - | - | - | - |
| Contracts receivable (net) | 355 | 1,226 | 15 | 15 |
| Accounts receivable (net) | - | - | - | - |
| Prepaid expenses | 9,078 | - | 19,269 | 11,334 |
| Inventory | - | - | - | - |
| Due from other corporations | - | - | - | - |
| Total current assets | <u>108,032</u> | <u>58,083</u> | <u>95,862</u> | <u>78,228</u> |
| FIXED ASSETS | | | | |
| Land | 311,653 | 75,801 | 662,211 | 570,320 |
| Buildings and improvements | 4,025,768 | 3,474,550 | 4,421,251 | 2,650,998 |
| Vehicles and equipment | 44,333 | 20,891 | 35,003 | 24,100 |
| Construction in progress | - | - | - | - |
| Total fixed assets | <u>4,381,754</u> | <u>3,571,242</u> | <u>5,118,465</u> | <u>3,245,418</u> |
| Less - accumulated depreciation | <u>(1,602,953)</u> | <u>(539,998)</u> | <u>(245,671)</u> | <u>(54,380)</u> |
| Net fixed assets | <u>2,778,801</u> | <u>3,031,244</u> | <u>4,872,794</u> | <u>3,191,038</u> |
| OTHER ASSETS | | | | |
| Restricted cash | 223,143 | 56,930 | 60,618 | 26,491 |
| Miscellaneous other assets | - | - | 4,361 | 2,389 |
| Total other assets | <u>223,143</u> | <u>56,930</u> | <u>64,979</u> | <u>28,880</u> |
| TOTAL ASSETS | <u>\$ 3,109,976</u> | <u>\$ 3,146,257</u> | <u>\$ 5,033,635</u> | <u>\$ 3,298,146</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 3,089 | \$ 6,416 | \$ 1,927 | \$ 882 |
| Accrued payroll and payroll taxes | 4,986 | - | - | - |
| Accrued compensated absences | - | - | - | - |
| Accrued other liabilities | 10,313 | 6,436 | 15,975 | 4,200 |
| Deferred revenue | 1,032 | - | 15 | 799 |
| Over applied overhead | - | - | - | - |
| Tenant security deposits | 25,515 | 10,045 | 10,968 | 7,336 |
| Due to other corporations | 33,258 | 32,572 | 35,900 | 68,464 |
| Current portion of long-term debt | - | - | - | - |
| Total current liabilities | <u>78,193</u> | <u>55,469</u> | <u>64,785</u> | <u>81,681</u> |
| LONG-TERM DEBT, less current portion | <u>4,278,218</u> | <u>3,555,700</u> | <u>5,143,400</u> | <u>3,242,700</u> |
| TOTAL LIABILITIES | <u>4,356,411</u> | <u>3,611,169</u> | <u>5,208,185</u> | <u>3,324,381</u> |
| NET ASSETS | | | | |
| Unrestricted | <u>(1,246,435)</u> | <u>(464,912)</u> | <u>(174,550)</u> | <u>(26,235)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 3,109,976</u> | <u>\$ 3,146,257</u> | <u>\$ 5,033,635</u> | <u>\$ 3,298,146</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE A (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2012

| | 149 | 150 | 155 | 160 |
|---|--------------------------|--|------------------------------|---|
| | OLPH IIA Construction | SNHS Farmington Elderly Housing | SNHS Elderly Housing V | SNHS Elderly Housing II - Roberge |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 50 | \$ 64,357 | \$ 24,250 | \$ 54,299 |
| Investments | - | - | - | - |
| Contracts receivable (net) | - | 308 | 361 | 443 |
| Accounts receivable (net) | - | - | - | - |
| Prepaid expenses | - | 2,191 | 12,408 | 5,820 |
| Inventory | - | - | - | - |
| Due from other corporations | - | - | - | - |
| Total current assets | <u>50</u> | <u>66,856</u> | <u>37,019</u> | <u>60,562</u> |
| FIXED ASSETS | | | | |
| Land | - | 267,538 | 150,000 | 126,045 |
| Buildings and improvements | - | 2,701,779 | 2,763,653 | 2,457,246 |
| Vehicles and equipment | - | 24,778 | 37,300 | 35,697 |
| Construction in progress | 32,718 | - | - | - |
| Total fixed assets | <u>32,718</u> | <u>2,994,095</u> | <u>2,950,953</u> | <u>2,618,988</u> |
| Less - accumulated depreciation | - | (1,053,878) | (480,251) | (1,064,296) |
| Net fixed assets | <u>32,718</u> | <u>1,940,217</u> | <u>2,470,702</u> | <u>1,554,692</u> |
| OTHER ASSETS | | | | |
| Restricted cash | 10,000 | 87,198 | 106,181 | 103,716 |
| Miscellaneous other assets | - | - | - | - |
| Total other assets | <u>10,000</u> | <u>87,198</u> | <u>106,181</u> | <u>103,716</u> |
| TOTAL ASSETS | <u>\$ 42,768</u> | <u>\$ 2,094,271</u> | <u>\$ 2,613,902</u> | <u>\$ 1,718,970</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 285 | \$ 1,910 | \$ 6,811 | \$ 7,893 |
| Accrued payroll and payroll taxes | - | - | - | - |
| Accrued compensated absences | - | - | - | - |
| Accrued other liabilities | - | 20,446 | 28,033 | - |
| Deferred revenue | - | - | 417 | 300 |
| Over applied overhead | - | - | - | - |
| Tenant security deposits | - | 12,938 | 9,348 | 12,453 |
| Due to other corporations | 42,483 | 33,101 | 7,447 | 29,216 |
| Current portion of long-term debt | - | - | - | - |
| Total current liabilities | <u>42,768</u> | <u>68,395</u> | <u>52,056</u> | <u>49,862</u> |
| LONG-TERM DEBT, less current portion | <u>-</u> | <u>2,827,000</u> | <u>2,948,700</u> | <u>2,485,859</u> |
| TOTAL LIABILITIES | <u>42,768</u> | <u>2,895,395</u> | <u>3,000,756</u> | <u>2,535,721</u> |
| NET ASSETS | | | | |
| Unrestricted | - | (801,124) | (386,854) | (816,751) |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 42,768</u> | <u>\$ 2,094,271</u> | <u>\$ 2,613,902</u> | <u>\$ 1,718,970</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE A (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2012

| | 170 | 175 | 180 | 185 | 190 |
|---|--------------------------------|--|--|-------------------------------|---------------------------------------|
| | SNHS Elderly Housing III | SNHS Elderly Housing II - Chasse | Rural Housing for the Elderly II - Landing I | SNHS Elderly Housing IV | SNHS Raymond Elderly Housing |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash | \$ 97,477 | \$ 70,046 | \$ 34,647 | \$ 77,856 | \$ 67,324 |
| Investments | - | - | - | - | - |
| Contracts receivable (net) | - | 768 | 809 | 169 | - |
| Accounts receivable (net) | - | - | - | - | - |
| Prepaid expenses | 5,985 | 12,186 | 16,603 | 22,397 | 17,854 |
| Inventory | - | - | - | - | - |
| Due from other corporations | - | - | - | - | - |
| Total current assets | <u>103,462</u> | <u>83,000</u> | <u>52,059</u> | <u>100,422</u> | <u>85,178</u> |
| FIXED ASSETS | | | | | |
| Land | 288,401 | 7,420 | 7,898 | 163,377 | 118,481 |
| Buildings and improvements | 3,311,445 | 2,965,224 | 2,500,364 | 4,324,380 | 1,734,629 |
| Vehicles and equipment | 20,841 | 23,377 | 14,382 | 21,625 | 17,220 |
| Construction in progress | - | - | - | - | - |
| Total fixed assets | <u>3,620,687</u> | <u>2,996,021</u> | <u>2,522,644</u> | <u>4,509,382</u> | <u>1,870,330</u> |
| Less - accumulated depreciation | <u>(1,141,238)</u> | <u>(648,573)</u> | <u>(809,036)</u> | <u>(755,876)</u> | <u>(651,655)</u> |
| Net fixed assets | <u>2,479,449</u> | <u>2,347,448</u> | <u>1,713,608</u> | <u>3,753,506</u> | <u>1,218,675</u> |
| OTHER ASSETS | | | | | |
| Restricted cash | 250,229 | 119,471 | 130,968 | 155,885 | 172,205 |
| Miscellaneous other assets | - | - | - | - | - |
| Total other assets | <u>250,229</u> | <u>119,471</u> | <u>130,968</u> | <u>155,885</u> | <u>172,205</u> |
| TOTAL ASSETS | <u><u>\$ 2,833,140</u></u> | <u><u>\$ 2,549,919</u></u> | <u><u>\$ 1,896,635</u></u> | <u><u>\$ 4,009,813</u></u> | <u><u>\$ 1,476,058</u></u> |
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 7,440 | \$ 5,624 | \$ 525 | \$ 2,108 | \$ 7,642 |
| Accrued payroll and payroll taxes | - | - | - | - | - |
| Accrued compensated absences | - | - | - | - | - |
| Accrued other liabilities | 6,435 | 4,176 | 6,748 | 24,203 | 28,602 |
| Deferred revenue | - | 3,771 | - | 252 | - |
| Over applied overhead | - | - | - | - | - |
| Tenant security deposits | 17,183 | 11,415 | 11,393 | 15,832 | 8,900 |
| Due to other corporations | 55,145 | 31,713 | 96,974 | 48,330 | 13,777 |
| Current portion of long-term debt | - | - | - | - | - |
| Total current liabilities | <u>86,203</u> | <u>56,699</u> | <u>115,640</u> | <u>90,725</u> | <u>58,921</u> |
| LONG-TERM DEBT, less current portion | <u>3,522,500</u> | <u>2,966,900</u> | <u>2,337,800</u> | <u>4,412,500</u> | <u>1,773,900</u> |
| TOTAL LIABILITIES | <u>3,608,703</u> | <u>3,023,599</u> | <u>2,453,440</u> | <u>4,503,225</u> | <u>1,832,821</u> |
| NET ASSETS | | | | | |
| Unrestricted | <u>(775,563)</u> | <u>(473,680)</u> | <u>(556,805)</u> | <u>(493,412)</u> | <u>(356,763)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 2,833,140</u></u> | <u><u>\$ 2,549,919</u></u> | <u><u>\$ 1,896,635</u></u> | <u><u>\$ 4,009,813</u></u> | <u><u>\$ 1,476,058</u></u> |

See accompanying independent auditors' report on combining information.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2012

| | 200 Pittsburg Elderly | 210 Berwick Elderly | 220 Greenfield Elderly | 230 Ashland Elderly |
|---|-----------------------------|---------------------------|------------------------------|---------------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 18,938 | \$ 59,534 | \$ 23,050 | \$ 28,139 |
| Investments | - | - | - | - |
| Contracts receivable (net) | 708 | 31 | - | 2,137 |
| Accounts receivable (net) | - | - | - | - |
| Prepaid expenses | 16,937 | 7,078 | 16,113 | 12,546 |
| Inventory | - | - | - | - |
| Due from other corporations | - | - | - | - |
| Total current assets | <u>36,583</u> | <u>66,643</u> | <u>39,163</u> | <u>42,822</u> |
| FIXED ASSETS | | | | |
| Land | 17,190 | 116,514 | 62,337 | 295,000 |
| Buildings and improvements | 1,591,201 | 1,951,089 | 1,975,729 | 3,004,339 |
| Vehicles and equipment | 11,398 | 31,652 | 20,286 | 68,507 |
| Construction in progress | - | - | - | - |
| Total fixed assets | <u>1,619,789</u> | <u>2,099,255</u> | <u>2,058,352</u> | <u>3,367,846</u> |
| Less - accumulated depreciation | <u>(562,496)</u> | <u>(583,426)</u> | <u>(558,696)</u> | <u>(376,881)</u> |
| Net fixed assets | <u>1,057,293</u> | <u>1,515,829</u> | <u>1,499,656</u> | <u>2,990,965</u> |
| OTHER ASSETS | | | | |
| Restricted cash | 49,189 | 82,959 | 166,907 | 384,279 |
| Miscellaneous other assets | - | - | - | - |
| Total other assets | <u>49,189</u> | <u>82,959</u> | <u>166,907</u> | <u>384,279</u> |
| TOTAL ASSETS | <u>\$ 1,143,065</u> | <u>\$ 1,665,431</u> | <u>\$ 1,705,726</u> | <u>\$ 3,418,066</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 6,770 | \$ 7,210 | \$ 6,454 | \$ 6,631 |
| Accrued payroll and payroll taxes | - | - | - | - |
| Accrued compensated absences | - | - | - | - |
| Accrued other liabilities | 6,437 | 6,433 | 6,433 | 25,611 |
| Deferred revenue | 2,207 | 351 | 570 | - |
| Over applied overhead | - | - | - | - |
| Tenant security deposits | 3,481 | 8,642 | 6,736 | 9,658 |
| Due to other corporations | 87,194 | 29,145 | 42,763 | 27,352 |
| Current portion of long-term debt | - | - | - | - |
| Total current liabilities | <u>106,089</u> | <u>51,781</u> | <u>62,956</u> | <u>69,252</u> |
| LONG-TERM DEBT, less current portion | <u>1,479,700</u> | <u>2,016,800</u> | <u>1,995,300</u> | <u>3,426,100</u> |
| TOTAL LIABILITIES | <u>1,585,789</u> | <u>2,068,581</u> | <u>2,058,256</u> | <u>3,495,352</u> |
| NET ASSETS | | | | |
| Unrestricted | <u>(442,724)</u> | <u>(403,150)</u> | <u>(352,530)</u> | <u>(77,286)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,143,065</u> | <u>\$ 1,665,431</u> | <u>\$ 1,705,726</u> | <u>\$ 3,418,066</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE A (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 COMBINING SCHEDULE OF FINANCIAL POSITION
 JULY 31, 2012

| | 235 | 237 | 240 | 245 |
|---|----------------------------|--|------------------------------|----------------------------|
| | SNHS Elderly Housing VI | SNHS Elderly Housing VI Construction | SNHS Elderly Housing VIII | SNHS Elderly Housing IX |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 16,428 | \$ - | \$ 38,975 | \$ 50 |
| Investments | - | - | - | - |
| Contracts receivable (net) | 1,107 | - | 11,454 | - |
| Accounts receivable (net) | - | - | - | - |
| Prepaid expenses | 6,002 | - | - | - |
| Inventory | - | - | - | - |
| Due from other corporations | - | - | - | - |
| Total current assets | <u>23,537</u> | <u>-</u> | <u>50,429</u> | <u>50</u> |
| FIXED ASSETS | | | | |
| Land | 309,800 | - | 220,000 | - |
| Buildings and improvements | 2,575,556 | - | 2,281,821 | - |
| Vehicles and equipment | 20,356 | - | 19,078 | - |
| Construction in progress | - | - | - | - |
| Total fixed assets | <u>2,905,712</u> | <u>-</u> | <u>2,520,899</u> | <u>-</u> |
| Less - accumulated depreciation | (209,704) | - | (24,754) | - |
| Net fixed assets | <u>2,696,008</u> | <u>-</u> | <u>2,496,145</u> | <u>-</u> |
| OTHER ASSETS | | | | |
| Restricted cash | 29,102 | - | 17,941 | 10,153 |
| Miscellaneous other assets | - | - | - | - |
| Total other assets | <u>29,102</u> | <u>-</u> | <u>17,941</u> | <u>10,153</u> |
| TOTAL ASSETS | <u>\$ 2,748,647</u> | <u>\$ -</u> | <u>\$ 2,564,515</u> | <u>\$ 10,203</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 1,363 | \$ - | \$ 1,022 | \$ 3,604 |
| Accrued payroll and payroll taxes | - | - | - | - |
| Accrued compensated absences | - | - | - | - |
| Accrued other liabilities | 20,595 | - | 14,256 | - |
| Deferred revenue | - | - | - | - |
| Over applied overhead | - | - | - | - |
| Tenant security deposits | 5,640 | - | 4,254 | - |
| Due to other corporations | 52,032 | - | 12,673 | 10,663 |
| Current portion of long-term debt | - | - | - | - |
| Total current liabilities | <u>79,630</u> | <u>-</u> | <u>32,205</u> | <u>14,267</u> |
| LONG-TERM DEBT, less current portion | <u>2,711,900</u> | <u>-</u> | <u>2,537,080</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>2,791,530</u> | <u>-</u> | <u>2,569,285</u> | <u>14,267</u> |
| NET ASSETS | | | | |
| Unrestricted | (42,883) | - | (4,770) | (4,064) |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,748,647</u> | <u>\$ -</u> | <u>\$ 2,564,515</u> | <u>\$ 10,203</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE A (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 COMBINING SCHEDULE OF FINANCIAL POSITION
 JULY 31, 2012

| | 247 SNHS Elderly Housing IX - Construction | 250 SNHS Elderly Housing X | 252 SNHS Elderly Housing X (Construction) | 255 SNHS Elderly Housing XI | 257 SNHS Elderly Housing XI (Construction) |
|---|---|----------------------------------|--|-----------------------------------|---|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash | \$ 50 | \$ 15 | \$ 50 | \$ 56 | \$ 50 |
| Investments | - | - | - | - | - |
| Contracts receivable (net) | - | - | - | - | - |
| Accounts receivable (net) | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - |
| Inventory | - | - | - | - | - |
| Due from other corporations | 95,494 | - | 7,692 | - | - |
| Total current assets | <u>95,544</u> | <u>15</u> | <u>7,742</u> | <u>56</u> | <u>50</u> |
| FIXED ASSETS | | | | | |
| Land | 21,680 | - | 148,007 | - | 236,836 |
| Buildings and improvements | - | - | - | - | - |
| Vehicles and equipment | 10,073 | - | 6,174 | - | - |
| Construction in progress | 1,785,863 | - | 1,199,779 | - | 112,003 |
| Total fixed assets | <u>1,817,616</u> | <u>-</u> | <u>1,353,960</u> | <u>-</u> | <u>348,839</u> |
| Less - accumulated depreciation | - | - | - | - | - |
| Net fixed assets | <u>1,817,616</u> | <u>-</u> | <u>1,353,960</u> | <u>-</u> | <u>348,839</u> |
| OTHER ASSETS | | | | | |
| Restricted cash | - | 10,125 | - | 56 | 10,000 |
| Miscellaneous other assets | - | - | - | - | - |
| Total other assets | <u>-</u> | <u>10,125</u> | <u>-</u> | <u>56</u> | <u>10,000</u> |
| TOTAL ASSETS | <u>\$ 1,913,160</u> | <u>\$ 10,140</u> | <u>\$ 1,361,702</u> | <u>\$ 112</u> | <u>\$ 358,889</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 2,055 | \$ - | \$ 1,503 | \$ - | \$ 16,032 |
| Accrued payroll and payroll taxes | - | - | - | - | - |
| Accrued compensated absences | - | - | - | - | - |
| Accrued other liabilities | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Over applied overhead | - | - | - | - | - |
| Tenant security deposits | - | - | - | - | - |
| Due to other corporations | - | 10,165 | - | 156 | 342,857 |
| Current portion of long-term debt | - | - | - | - | - |
| Total current liabilities | <u>2,055</u> | <u>10,165</u> | <u>1,503</u> | <u>156</u> | <u>358,889</u> |
| LONG-TERM DEBT, less current portion | <u>1,911,105</u> | <u>-</u> | <u>1,360,199</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>1,913,160</u> | <u>10,165</u> | <u>1,361,702</u> | <u>156</u> | <u>358,889</u> |
| NET ASSETS | | | | | |
| Unrestricted | - | (25) | - | (44) | - |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,913,160</u> | <u>\$ 10,140</u> | <u>\$ 1,361,702</u> | <u>\$ 112</u> | <u>\$ 358,889</u> |

See accompanying independent auditors' report on combining information.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2012

| ASSETS | Sub-Total | Elimination | Totals |
|---|----------------------|-----------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash | \$ 6,278,621 | \$ - | \$ 6,278,621 |
| Investments | 2,560,800 | - | 2,560,800 |
| Contracts receivable (net) | 3,544,555 | - | 3,544,555 |
| Accounts receivable (net) | 38,961 | - | 38,961 |
| Prepaid expenses | 286,022 | - | 286,022 |
| Inventory | - | - | - |
| Due from other corporations | 5,535,769 | (5,535,769) | - |
| Total current assets | <u>18,244,728</u> | <u>(5,535,769)</u> | <u>12,708,959</u> |
| FIXED ASSETS | | | |
| Land | 6,110,865 | - | 6,110,865 |
| Buildings and improvements | 64,963,007 | - | 64,963,007 |
| Vehicles and equipment | 2,054,043 | - | 2,054,043 |
| Construction in progress | 3,130,363 | - | 3,130,363 |
| Total fixed assets | <u>76,258,278</u> | <u>-</u> | <u>76,258,278</u> |
| Less - accumulated depreciation | (18,512,172) | - | (18,512,172) |
| Net fixed assets | <u>57,746,106</u> | <u>-</u> | <u>57,746,106</u> |
| OTHER ASSETS | | | |
| Restricted cash | 3,690,350 | - | 3,690,350 |
| Miscellaneous other assets | 438,349 | - | 438,349 |
| Total other assets | <u>4,128,699</u> | <u>-</u> | <u>4,128,699</u> |
| TOTAL ASSETS | <u>80,119,533</u> | <u>\$ (5,535,769)</u> | <u>\$ 74,583,764</u> |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 534,375 | \$ - | \$ 534,375 |
| Accrued payroll and payroll taxes | 489,653 | - | 489,653 |
| Accrued compensated absences | 700,421 | - | 700,421 |
| Accrued other liabilities | 538,991 | - | 538,991 |
| Deferred revenue | 2,955,714 | - | 2,955,714 |
| Over applied overhead | 402,758 | - | 402,758 |
| Tenant security deposits | 272,432 | - | 272,432 |
| Due to other corporations | 5,535,769 | (5,535,769) | - |
| Current portion of long-term debt | 185,875 | - | 185,875 |
| Total current liabilities | <u>11,615,988</u> | <u>(5,535,769)</u> | <u>6,080,219</u> |
| LONG-TERM DEBT, less current portion | <u>65,367,786</u> | <u>-</u> | <u>65,367,786</u> |
| TOTAL LIABILITIES | <u>76,983,774</u> | <u>(5,535,769)</u> | <u>71,448,005</u> |
| NET ASSETS | | | |
| Unrestricted | <u>3,135,759</u> | <u>-</u> | <u>3,135,759</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 80,119,533</u> | <u>\$ (5,535,769)</u> | <u>\$ 74,583,764</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE B

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 COMBINING SCHEDULE OF ACTIVITIES
 YEAR ENDED JULY 31, 2012

| | 10/15/30/40/50/ 80/81/082/810/8 | 45 | 105 | 110 | 120 |
|--|------------------------------------|-----------------------------------|---|-------------------------------------|----------------------------|
| | SNHS, Inc. | SNHS Management Corporation | Rural Housing for the Elderly II Landing II | Rural Housing for the Elderly | SNHS Elderly Housing |
| REVENUES | | | | | |
| Grant/contract support | \$ 39,179,575 | \$ 24,701 | \$ - | \$ - | \$ - |
| Program service fees | 50,461 | 1,152,670 | - | - | - |
| Local funding | 25,731 | 235,491 | - | - | - |
| Rental income | 200 | 505,465 | 296,748 | 946,735 | 270,585 |
| Gifts and contributions | 208,538 | 3,368 | - | - | - |
| Special events and activities | - | - | - | - | - |
| Memberships | - | - | - | - | - |
| Interest Income | 378 | 2,895 | 87 | 388 | 162 |
| Unrealized gain (loss) on invest. | - | 16,620 | - | - | - |
| Rev. from commercial products | - | - | - | - | - |
| In-kind | 1,151,924 | - | - | - | - |
| Miscellaneous | 873,917 | 658,459 | 11,214 | 29,912 | 2,600 |
| TOTAL REVENUES | 41,490,724 | 2,599,669 | 308,049 | 977,035 | 273,347 |
| EXPENSES | | | | | |
| Program services: | | | | | |
| Child Development | 7,559,285 | - | - | - | - |
| Community Services | 1,401,685 | - | - | - | - |
| Economic and Workforce Dev. | 10,547,632 | - | - | - | - |
| Energy | 16,080,759 | - | - | - | - |
| Hispanic-Latino Com. Services | 664,332 | - | - | - | - |
| Housing and Homeless | 229,264 | - | - | - | - |
| Nutrition and Health | 2,527,568 | - | - | - | - |
| Special Projects | 666,624 | - | - | - | - |
| Volunteer Services | 116,397 | - | - | - | - |
| SNHS Management Corporation | - | 1,728,474 | - | - | - |
| Housing Corporations | - | - | 396,936 | 947,508 | 270,496 |
| Total program services | 39,793,546 | 1,728,474 | 396,936 | 947,508 | 270,496 |
| Support services: | | | | | |
| Management and general | 1,716,731 | - | - | - | - |
| TOTAL EXPENSES | 41,510,277 | 1,728,474 | 396,936 | 947,508 | 270,496 |
| INCREASE (DECREASE) IN NET ASSETS | (19,553) | 871,195 | (88,887) | 29,527 | 2,851 |
| NET ASSETS - AUGUST 1 | 841,444 | 10,267,785 | (592,237) | 64,662 | (340,468) |
| NET ASSETS - JULY 31 | \$ 821,891 | \$ 11,138,980 | \$ (681,124) | \$ 94,189 | \$ (337,617) |

See accompanying independent auditors' report on combining information.

SCHEDULE B (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF ACTIVITIES
YEAR ENDED JULY 31, 2012

| | 130 | 140 | 145 | 146 |
|--|-------------------------------|---|------------------------------|------------------------------|
| | Sundial Elderly Housing | SNHS Northwood Elderly Housing | SNHS Elderly Housing, VII | SNHS Elderly Housing, VII |
| REVENUES | | | | |
| Grant/contract support | \$ - | \$ - | \$ - | \$ - |
| Program service fees | - | - | - | - |
| Local funding | - | - | - | - |
| Rental income | 490,943 | 249,929 | 242,612 | 138,371 |
| Gifts and contributions | - | - | - | - |
| Special events and activities | - | - | - | - |
| Memberships | - | - | - | - |
| Interest Income | 170 | 36 | 43 | 77 |
| Unrealized gain (loss) on invest. | - | - | - | - |
| Rev. from commercial products | - | - | - | - |
| In-kind | - | - | - | - |
| Miscellaneous | 16,799 | 5,315 | 8,448 | 2,679 |
| TOTAL REVENUES | <u>507,912</u> | <u>255,280</u> | <u>251,103</u> | <u>141,127</u> |
| EXPENSES | | | | |
| Program services: | | | | |
| Child Development | - | - | - | - |
| Community Services | - | - | - | - |
| Economic and Workforce Dev. | - | - | - | - |
| Energy | - | - | - | - |
| Hispanic-Latino Com. Services | - | - | - | - |
| Housing and Homeless | - | - | - | - |
| Nutrition and Health | - | - | - | - |
| Special Projects | - | - | - | - |
| Volunteer Services | - | - | - | - |
| SNHS Management Corporation | - | - | - | - |
| Housing Corporations | 604,597 | 294,159 | 345,394 | 167,363 |
| Total program services | <u>604,597</u> | <u>294,159</u> | <u>345,394</u> | <u>167,363</u> |
| Support services: | | | | |
| Management and general | - | - | - | - |
| TOTAL EXPENSES | <u>604,597</u> | <u>294,159</u> | <u>345,394</u> | <u>167,363</u> |
| INCREASE (DECREASE) IN NET ASSETS | (96,685) | (38,879) | (94,291) | (26,236) |
| NET ASSETS - AUGUST 1 | <u>(1,149,750)</u> | <u>(426,033)</u> | <u>(80,259)</u> | <u>1</u> |
| NET ASSETS - JULY 31 | <u>\$ (1,246,435)</u> | <u>\$ (464,912)</u> | <u>\$ (174,550)</u> | <u>\$ (26,235)</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE B (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 COMBINING SCHEDULE OF ACTIVITIES
 YEAR ENDED JULY 31, 2012

| | 149 | 150 | 155 | 160 |
|--|--------------------------|--|------------------------------|---|
| | OLPH IIA Construction | SNHS Farmington Elderly Housing | SNHS Elderly Housing V | SNHS Elderly Housing II - Roberge |
| REVENUES | | | | |
| Grant/contract support | \$ - | \$ - | \$ - | \$ - |
| Program service fees | - | - | - | - |
| Local funding | - | - | - | - |
| Rental income | - | 305,641 | 217,660 | 333,640 |
| Gifts and contributions | - | - | - | - |
| Special events and activities | - | - | - | - |
| Memberships | - | - | - | - |
| Interest Income | - | 51 | 53 | 69 |
| Unrealized gain (loss) on invest. | - | - | - | - |
| Rev. from commercial products | - | - | - | - |
| In-kind | - | - | - | - |
| Miscellaneous | - | 9,774 | 5,937 | 8,105 |
| TOTAL REVENUES | - | 315,466 | 223,650 | 341,814 |
| EXPENSES | | | | |
| Program services: | | | | |
| Child Development | - | - | - | - |
| Community Services | - | - | - | - |
| Economic and Workforce Dev. | - | - | - | - |
| Energy | - | - | - | - |
| Hispanic-Latino Com. Services | - | - | - | - |
| Housing and Homeless | - | - | - | - |
| Nutrition and Health | - | - | - | - |
| Special Projects | - | - | - | - |
| Volunteer Services | - | - | - | - |
| SNHS Management Corporation | - | - | - | - |
| Housing Corporations | - | 354,653 | 286,773 | 363,982 |
| Total program services | - | 354,653 | 286,773 | 363,982 |
| Support services: | | | | |
| Management and general | - | - | - | - |
| TOTAL EXPENSES | - | 354,653 | 286,773 | 363,982 |
| INCREASE (DECREASE) IN NET ASSETS | - | (39,187) | (63,123) | (22,168) |
| NET ASSETS - AUGUST 1 | - | (761,937) | (323,731) | (794,583) |
| NET ASSETS - JULY 31 | \$ - | \$ (801,124) | \$ (386,854) | \$ (816,751) |

See accompanying independent auditors' report on combining information.

SCHEDULE B (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 COMBINING SCHEDULE OF ACTIVITIES
 YEAR ENDED JULY 31, 2012

| | 170 | 175 | 180 | 185 | 190 |
|--|--------------------------------|--|--|-------------------------------|------------------------------------|
| | SNHS Elderly Housing III | SNHS Elderly Housing II - Chasse | Rural Housing for the Elderly II - Landing I | SNHS Elderly Housing IV | SNHS Raymond Elderly Housing |
| REVENUES | | | | | |
| Grant/contract support | \$ - | \$ - | \$ - | \$ - | \$ - |
| Program service fees | - | - | - | - | - |
| Local funding | - | - | - | - | - |
| Rental income | 381,331 | 306,423 | 263,816 | 291,812 | 207,597 |
| Gifts and contributions | - | - | - | - | - |
| Special events and activities | - | - | - | - | - |
| Memberships | - | - | - | - | - |
| Interest Income | 153 | 73 | 65 | 88 | 68 |
| Unrealized gain (loss) on invest. | - | - | - | - | - |
| Rev. from commercial products | - | - | - | - | - |
| In-kind | - | - | - | - | - |
| Miscellaneous | 8,377 | 7,742 | 8,055 | 10,464 | 3,525 |
| TOTAL REVENUES | 389,861 | 314,238 | 271,936 | 302,364 | 211,190 |
| EXPENSES | | | | | |
| Program services: | | | | | |
| Child Development | - | - | - | - | - |
| Community Services | - | - | - | - | - |
| Economic and Workforce Dev. | - | - | - | - | - |
| Energy | - | - | - | - | - |
| Hispanic-Latino Com. Services | - | - | - | - | - |
| Housing and Homeless | - | - | - | - | - |
| Nutrition and Health | - | - | - | - | - |
| Special Projects | - | - | - | - | - |
| Volunteer Services | - | - | - | - | - |
| SNHS Management Corporation | - | - | - | - | - |
| Housing Corporations | 408,954 | 334,420 | 325,567 | 426,554 | 218,220 |
| Total program services | 408,954 | 334,420 | 325,567 | 426,554 | 218,220 |
| Support services: | | | | | |
| Management and general | - | - | - | - | - |
| TOTAL EXPENSES | 408,954 | 334,420 | 325,567 | 426,554 | 218,220 |
| INCREASE (DECREASE) IN NET ASSETS | (19,093) | (20,182) | (53,631) | (124,190) | (7,030) |
| NET ASSETS - AUGUST 1 | (756,470) | (453,498) | (503,174) | (369,222) | (349,733) |
| NET ASSETS - JULY 31 | \$ (775,563) | \$ (473,680) | \$ (556,805) | \$ (493,412) | \$ (356,763) |

See accompanying independent auditors' report on combining information.

SCHEDULE B (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF ACTIVITIES
YEAR ENDED JULY 31, 2012

| | 200 | 210 | 220 | 230 |
|--|--------------------------------------|--|---------------------------------------|---------------------------------|
| | SNHS Pittsburg Elderly Housing | SNHS North Berwick Elderly Housing | SNHS Greenfield Elderly Housing | SNHS Ashland Elderly Housing |
| REVENUES | | | | |
| Grant/contract support | \$ - | \$ - | \$ - | \$ - |
| Program service fees | - | - | - | - |
| Local funding | - | - | - | - |
| Rental income | 123,807 | 252,511 | 218,982 | 192,023 |
| Gifts and contributions | - | - | - | - |
| Special events and activities | - | - | - | - |
| Memberships | - | - | - | - |
| Interest Income | 29 | 50 | 78 | 184 |
| Unrealized gain (loss) on invest. | - | - | - | - |
| Rev. from commercial products | - | - | - | - |
| In-kind | - | - | - | - |
| Miscellaneous | 1,625 | 6,598 | 3,403 | 5,791 |
| TOTAL REVENUES | <u>125,461</u> | <u>259,159</u> | <u>222,463</u> | <u>197,998</u> |
| EXPENSES | | | | |
| Program services: | | | | |
| Child Development | - | - | - | - |
| Community Services | - | - | - | - |
| Economic and Workforce Dev. | - | - | - | - |
| Energy | - | - | - | - |
| Hispanic-Latino Com. Services | - | - | - | - |
| Housing and Homeless | - | - | - | - |
| Nutrition and Health | - | - | - | - |
| Special Projects | - | - | - | - |
| Volunteer Services | - | - | - | - |
| SNHS Management Corporation | - | - | - | - |
| Housing Corporations | 193,242 | 249,761 | 233,642 | 284,873 |
| Total program services | <u>193,242</u> | <u>249,761</u> | <u>233,642</u> | <u>284,873</u> |
| Support services: | | | | |
| Management and general | - | - | - | - |
| TOTAL EXPENSES | <u>193,242</u> | <u>249,761</u> | <u>233,642</u> | <u>284,873</u> |
| INCREASE (DECREASE) IN NET ASSETS | (67,781) | 9,398 | (11,179) | (86,875) |
| NET ASSETS - AUGUST 1 | <u>(374,943)</u> | <u>(412,548)</u> | <u>(341,351)</u> | <u>9,589</u> |
| NET ASSETS - JULY 31 | <u>\$ (442,724)</u> | <u>\$ (403,150)</u> | <u>\$ (352,530)</u> | <u>\$ (77,286)</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE B (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
 COMBINING SCHEDULE OF ACTIVITIES
 YEAR ENDED JULY 31, 2012

| | 235 | 237 | 240 | 245 |
|--|----------------------------|--|------------------------------|----------------------------|
| | SNHS Elderly Housing VI | SNHS Elderly Housing VI Construction | SNHS Elderly Housing VIII | SNHS Elderly Housing IX |
| REVENUES | | | | |
| Grant/contract support | \$ - | \$ - | \$ - | \$ - |
| Program service fees | - | - | - | - |
| Local funding | - | - | - | - |
| Rental income | 142,001 | - | 76,550 | - |
| Gifts and contributions | - | - | - | - |
| Special events and activities | - | - | - | - |
| Memberships | - | - | - | - |
| Interest Income | 15 | - | 11 | 3 |
| Unrealized gain (loss) on invest. | - | - | - | - |
| Rev. from commercial products | - | - | - | - |
| In-kind | - | - | - | - |
| Miscellaneous | 3,105 | - | 1,348 | - |
| TOTAL REVENUES | <u>145,121</u> | <u>-</u> | <u>77,909</u> | <u>3</u> |
| EXPENSES | | | | |
| Program services: | | | | |
| Child Development | - | - | - | - |
| Community Services | - | - | - | - |
| Economic and Workforce Dev. | - | - | - | - |
| Energy | - | - | - | - |
| Hispanic-Latino Com. Services | - | - | - | - |
| Housing and Homeless | - | - | - | - |
| Nutrition and Health | - | - | - | - |
| Special Projects | - | - | - | - |
| Volunteer Services | - | - | - | - |
| SNHS Management Corporation | - | - | - | - |
| Housing Corporations | 221,508 | 3 | 82,679 | 4,067 |
| Total program services | <u>221,508</u> | <u>3</u> | <u>82,679</u> | <u>4,067</u> |
| Support services: | | | | |
| Management and general | - | - | - | - |
| TOTAL EXPENSES | <u>221,508</u> | <u>3</u> | <u>82,679</u> | <u>4,067</u> |
| INCREASE (DECREASE) IN NET ASSETS | <u>(76,387)</u> | <u>(3)</u> | <u>(4,770)</u> | <u>(4,064)</u> |
| NET ASSETS - AUGUST 1 | <u>33,504</u> | <u>3</u> | <u>-</u> | <u>-</u> |
| NET ASSETS - JULY 31 | <u>\$ (42,883)</u> | <u>\$ -</u> | <u>\$ (4,770)</u> | <u>\$ (4,064)</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE B (CONTINUED)

**SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF ACTIVITIES
YEAR ENDED JULY 31, 2012**

| | 247 SNHS Elderly Housing IX - Construction | 250 SNHS Elderly Housing X | 252 SNHS Elderly Housing X (Construction) | 255 SNHS Elderly Housing XI | 257 SNHS Elderly Housing XI (Construction) |
|--|---|----------------------------------|--|-----------------------------------|---|
| REVENUES | | | | | |
| Grant/contract support | \$ - | \$ - | \$ - | \$ - | \$ - |
| Program service fees | - | - | - | - | - |
| Local funding | - | - | - | - | - |
| Rental income | - | - | - | - | - |
| Gifts and contributions | - | - | - | - | - |
| Special events and activities | - | - | - | - | - |
| Memberships | - | - | - | - | - |
| Interest Income | - | 3 | - | - | - |
| Unrealized gain (loss) on invest. | - | - | - | - | - |
| Rev. from commercial products | - | - | - | - | - |
| In-kind | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| TOTAL REVENUES | <u>-</u> | <u>3</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENSES | | | | | |
| Program services: | | | | | |
| Child Development | - | - | - | - | - |
| Community Services | - | - | - | - | - |
| Economic and Workforce Dev. | - | - | - | - | - |
| Energy | - | - | - | - | - |
| Hispanic-Latino Com. Services | - | - | - | - | - |
| Housing and Homeless | - | - | - | - | - |
| Nutrition and Health | - | - | - | - | - |
| Special Projects | - | - | - | - | - |
| Volunteer Services | - | - | - | - | - |
| SNHS Management Corporation | - | - | - | - | - |
| Housing Corporations | - | 28 | - | 44 | - |
| Total program services | <u>-</u> | <u>28</u> | <u>-</u> | <u>44</u> | <u>-</u> |
| Support services: | | | | | |
| Management and general | - | - | - | - | - |
| TOTAL EXPENSES | <u>-</u> | <u>28</u> | <u>-</u> | <u>44</u> | <u>-</u> |
| INCREASE (DECREASE) IN NET ASSETS | - | (25) | - | (44) | - |
| NET ASSETS - AUGUST 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET ASSETS - JULY 31 | <u>\$ -</u> | <u>\$ (25)</u> | <u>\$ -</u> | <u>\$ (44)</u> | <u>\$ -</u> |

See accompanying independent auditors' report on combining information.

SCHEDULE B (CONTINUED)

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
COMBINING SCHEDULE OF ACTIVITIES
YEAR ENDED JULY 31, 2012

| | Sub-Total | Elimination | Totals |
|--|---------------------|------------------|---------------------|
| REVENUES | | | |
| Grant/contract support | \$ 39,204,276 | \$ - | \$ 39,204,276 |
| Program service fees | 1,203,131 | (429,262) | 773,869 |
| Local funding | 261,222 | - | 261,222 |
| Rental income | 6,455,382 | - | 6,455,382 |
| Gifts and contributions | 211,906 | - | 211,906 |
| Special events and activities | - | - | - |
| Memberships | - | - | - |
| Interest Income | 5,229 | - | 5,229 |
| Unrealized gain (loss) on invest. | 16,620 | - | 16,620 |
| Rev. from commercial products | - | - | - |
| In-kind | 1,151,924 | - | 1,151,924 |
| Miscellaneous | 1,693,192 | - | 1,693,192 |
| TOTAL REVENUES | 50,202,882 | (429,262) | 49,773,620 |
| EXPENSES | | | |
| Program services: | | | |
| Child Development | 7,559,285 | - | 7,559,285 |
| Community Services | 1,401,685 | - | 1,401,685 |
| Economic and Workforce Dev. | 10,547,632 | - | 10,547,632 |
| Energy | 16,080,759 | - | 16,080,759 |
| Hispanic-Latino Com. Services | 664,332 | - | 664,332 |
| Housing and Homeless | 229,264 | - | 229,264 |
| Nutrition and Health | 2,527,568 | - | 2,527,568 |
| Special Projects | 666,624 | - | 666,624 |
| Volunteer Services | 116,397 | - | 116,397 |
| SNHS Management Corporation | 1,728,474 | - | 1,728,474 |
| Housing Corporations | 7,015,423 | (429,262) | 6,586,161 |
| Total program services | 48,537,443 | (429,262) | 48,108,181 |
| Support services: | | | |
| Management and general | 1,716,731 | - | 1,716,731 |
| TOTAL EXPENSES | 50,254,174 | (429,262) | 49,824,912 |
| INCREASE (DECREASE) IN NET ASSETS | (51,292) | - | (51,292) |
| NET ASSETS - AUGUST 1 | 3,187,051 | - | 3,187,051 |
| NET ASSETS - JULY 31 | \$ 3,135,759 | \$ - | \$ 3,135,759 |

See accompanying independent auditors' report on combining information.

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

April 30, 2013

To the Board of Directors of
Southern New Hampshire Services, Inc.
Manchester, New Hampshire

We have compiled the accompanying schedules of revenues and expenses – by contract of Southern New Hampshire Services, Inc. as of July 31, 2012. We have not audited or reviewed the accompanying schedules of revenues and expenses – by contract and, accordingly, do not express an opinion or provide any assurance about whether the schedules of revenues and expenses – by contract are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the schedules of revenues and expenses – by contract in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the schedules of revenues and expenses – by contract.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of schedules of revenues and expenses – by contract without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the schedules of revenues and expenses – by contract.

Ron L. Beaulieu & Co.

Certified Public Accountants

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF REVENUES AND EXPENSES – BY CONTRACT
YEAR ENDED JULY 31, 2012

State of NH Governor's Office of Energy & Community Services
Headstart Program
For the Period
August 1, 2011 to July 31, 2012
Fund # 305

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--|------------------|--------------|------------------|
| REVENUES | | | |
| Program funding | \$ 4,156,798 | \$ - | \$ 4,156,798 |
| Other revenue | 13,126 | - | 13,126 |
| In-kind | 834,236 | - | 834,236 |
| Allocated corporate unrestricted revenue | - | - | - |
| Total revenue | <u>5,004,160</u> | <u>-</u> | <u>5,004,160</u> |
| EXPENSES | | | |
| Payroll | 2,273,959 | - | 2,273,959 |
| Payroll taxes | 242,833 | - | 242,833 |
| Fringe benefits | 597,839 | - | 597,839 |
| Workers comp. insurance | 19,062 | - | 19,062 |
| Retirement benefits | 99,923 | - | 99,923 |
| Consultant and contractual | 43,515 | - | 43,515 |
| Travel and transportation | 48,125 | - | 48,125 |
| Conference and meetings | 957 | - | 957 |
| Occupancy | 227,136 | - | 227,136 |
| Advertising | 380 | - | 380 |
| Supplies | 109,682 | - | 109,682 |
| Equip. rentals and maintenance | 18,064 | - | 18,064 |
| Insurance | 17,790 | - | 17,790 |
| Telephone | 29,821 | - | 29,821 |
| Postage | 2,213 | - | 2,213 |
| Printing and publications | 6,656 | - | 6,656 |
| Subscriptions | - | - | - |
| Program support | - | - | - |
| Interest | - | - | - |
| Depreciation | (213) | - | (213) |
| Assistance to clients | 5,563 | - | 5,563 |
| Other direct expense | 46,422 | - | 46,422 |
| Miscellaneous | 12,148 | - | 12,148 |
| In-kind | 834,236 | - | 834,236 |
| Administrative costs | 368,049 | - | 368,049 |
| Total expenses | <u>5,004,160</u> | <u>-</u> | <u>5,004,160</u> |
| Excess of expenses over revenue | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying independent accountants' compilation report

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF REVENUES AND EXPENSES – BY CONTRACT
YEAR ENDED JULY 31, 2012

State of NH Governor's Office of Energy & Community Services
 LIHEAP Program
 For the Period
 October 1, 2011 to July 31, 2012
 Fund # 630-12

REVENUES

| | |
|--|-------------------|
| Program funding | \$10,594,526 |
| Other revenue | 224 |
| In-kind | - |
| Allocated corporate unrestricted revenue | - |
| Total revenue | <u>10,594,750</u> |

EXPENSES

| | |
|--------------------------------|-------------------|
| Payroll | 414,840 |
| Payroll taxes | 45,500 |
| Fringe benefits | 98,419 |
| Workers comp. insurance | 870 |
| Retirement benefits | 16,954 |
| Consultant and contractual | 27,677 |
| Travel and transportation | 7,481 |
| Conference and meetings | 1,557 |
| Occupancy | 39,710 |
| Advertising | 8 |
| Supplies | 17,849 |
| Equip. rentals and maintenance | 3,053 |
| Insurance | 913 |
| Telephone | 17,993 |
| Postage | 21,995 |
| Printing and publications | 43 |
| Subscriptions | - |
| Program support | - |
| Interest | - |
| Depreciation | 7,443 |
| Assistance to clients | 9,794,163 |
| Other direct expense | 2,179 |
| Miscellaneous | 424 |
| In-kind | - |
| Administrative costs | 75,678 |
| Total expenses | <u>10,594,750</u> |

| | |
|---------------------------------|-------------|
| Excess of expenses over revenue | <u>\$ -</u> |
|---------------------------------|-------------|

See accompanying independent accountants' compilation report.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF REVENUES AND EXPENSES – BY CONTRACT
YEAR ENDED JULY 31, 2012

State of NH Governor's Office of Energy & Community Services
LIHEAP Program
For the Period
August 1, 2011 to September 30, 2011
Fund # 630-11

REVENUES

| | |
|--|----------------|
| Program funding | \$97,712 |
| Other revenue | 38 |
| In-kind | - |
| Allocated corporate unrestricted revenue | 51,369 |
| Total revenue | <u>149,119</u> |

EXPENSES

| | |
|--------------------------------|----------------|
| Payroll | 80,243 |
| Payroll taxes | 6,373 |
| Fringe benefits | 18,830 |
| Workers comp. insurance | 169 |
| Retirement benefits | 3,505 |
| Consultant and contractual | 5,321 |
| Travel and transportation | 3,124 |
| Conference and meetings | 575 |
| Occupancy | 3,027 |
| Advertising | - |
| Supplies | 6,411 |
| Equip. rentals and maintenance | - |
| Insurance | - |
| Telephone | 3,499 |
| Postage | 3,575 |
| Printing and publications | - |
| Subscriptions | - |
| Program support | - |
| Interest | - |
| Depreciation | - |
| Assistance to clients | - |
| Other direct expense | 1,682 |
| Miscellaneous | 186 |
| In-kind | - |
| Administrative costs | 12,601 |
| Total expenses | <u>149,119</u> |

| | |
|---------------------------------|--------------------|
| Excess of expenses over revenue | <u><u>\$ -</u></u> |
|---------------------------------|--------------------|

See accompanying independent accountants' compilation report.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF REVENUES AND EXPENSES – BY CONTRACT
YEAR ENDED JULY 31, 2012

State of NH Governor's Office of Energy & Community Services
 Early Headstart Program
 For the Period
 August 1, 2011 to July 31, 2012
 Fund # 300

REVENUES

| | |
|--|------------------|
| Program funding | \$ 1,191,409 |
| Other revenue | 3,014 |
| In-kind | 303,519 |
| Allocated corporate unrestricted revenue | - |
| Total revenue | <u>1,497,942</u> |

EXPENSES

| | |
|--------------------------------|------------------|
| Payroll | 639,915 |
| Payroll taxes | 63,660 |
| Fringe benefits | 133,811 |
| Workers comp. insurance | 5,377 |
| Retirement benefits | 37,114 |
| Consultant and contractual | 11,938 |
| Travel and transportation | 6,772 |
| Conference and meetings | 339 |
| Occupancy | 99,468 |
| Advertising | 333 |
| Supplies | 35,952 |
| Equip. rentals and maintenance | 2,343 |
| Insurance | 2,049 |
| Telephone | 15,346 |
| Postage | 644 |
| Printing and publications | 1,500 |
| Subscriptions | - |
| Program support | - |
| Interest | 12,855 |
| Depreciation | 14,325 |
| Assistance to clients | - |
| Other direct expense | 28,820 |
| Miscellaneous | 4,217 |
| In-kind | 303,519 |
| Administrative costs | 77,645 |
| Total expenses | <u>1,497,942</u> |

| | |
|---------------------------------|-------------|
| Excess of expenses over revenue | <u>\$ -</u> |
|---------------------------------|-------------|

See accompanying independent accountants' compilation report.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
SCHEDULE OF REVENUES AND EXPENSES – BY CONTRACT
YEAR ENDED JULY 31, 2012

Electric Energy Assistance

For the Period
August 1, 2011 to July 31, 2012
Fund # 665

REVENUES

| | |
|--|----------------|
| Program funding | \$ 43,443 |
| Other revenue | 627,443 |
| In-kind | - |
| Allocated corporate unrestricted revenue | 4,573 |
| Total revenue | <u>675,459</u> |

EXPENSES

| | |
|--------------------------------|----------------|
| Payroll | 380,014 |
| Payroll taxes | 40,815 |
| Fringe benefits | 85,013 |
| Workers comp. insurance | 798 |
| Retirement benefits | 14,209 |
| Consultant and contractual | 14,493 |
| Travel and transportation | 6,689 |
| Conference and meetings | - |
| Occupancy | 27,195 |
| Advertising | 45 |
| Supplies | 15,791 |
| Equip. rentals and maintenance | 2,238 |
| Insurance | 82 |
| Telephone | 12,998 |
| Postage | 15,390 |
| Printing and publications | - |
| Subscriptions | - |
| Program support | - |
| Interest | - |
| Depreciation | 2,082 |
| Assistance to clients | - |
| Other direct expense | 153 |
| Miscellaneous | 230 |
| In-kind | - |
| Administrative costs | 57,224 |
| Total expenses | <u>675,459</u> |

Excess of expenses over revenue \$ -

See accompanying independent accountants' compilation report

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

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Portland, Maine 04103

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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

April 30, 2013

To the Board of Directors of
Southern New Hampshire Services, Inc.
Manchester, New Hampshire

We have audited the financial statements of Southern New Hampshire Services, Inc. as of and for the year ended July 31, 2012, and have issued our report thereon dated April 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Southern New Hampshire Services, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Southern New Hampshire Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southern New Hampshire Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

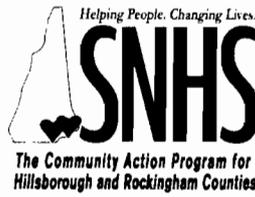
As part of obtaining reasonable assurance about whether Southern New Hampshire Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

We noted certain matters that we reported to management of Southern New Hampshire Services, Inc. in a separate letter dated April 30, 2013.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and legislation or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Ron L. Beaulieu & Co.

Certified Public Accountants



SOUTHERN NEW HAMPSHIRE SERVICES
The Community Action Partnership for Hillsborough and Rockingham Counties
Helping People. Changing Lives.

MISSION STATEMENT

Southern New Hampshire Services, Inc. (SNHS) is a private non-profit corporation chartered in the State of New Hampshire, May 21, 1965 to serve as the Community Action Partnership for Hillsborough County in compliance with the Economic Opportunity Act of 1964. From 1965 through 1969, SNHS was known as the Community Action Agency for Hillsborough County and served the City of Nashua and the twenty-nine towns. In 1969 SNHS became the Community Action Partnership for the City of Manchester as well. In 1974 the agency's name was changed to Southern New Hampshire Services, Inc. In July 2011, Rockingham Community Action (RCA), the Community Action Agency serving Rockingham County, was merged with Southern New Hampshire Services. As a result of this merger, SNHS now provides services to residents of the 66 towns and 2 cities in Hillsborough and Rockingham Counties.

The Economic Opportunity Act of 1964 and subsequent federal legislation establishing the Community Services Block Grant define our basic mission. Under these provisions the fundamental mission of SNHS is:

- A. To provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem.
- B. To provide activities designed to assist low-income participants including homeless individuals and families, migrants, and the elderly poor to:
 - 1. Secure and retain meaningful employment
 - 2. Attain an adequate education
 - 3. Make better use of available income
 - 4. Obtain and maintain adequate housing and a suitable living environment
 - 5. Obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment related assistance
 - 6. Remove obstacles and solve problems which block the achievement of self-sufficiency
 - 7. Achieve greater participation in the affairs of the community, and
 - 8. Make more effective use of other programs related to the purposes of the enabling federal legislation.
- C. To provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor.
- D. To coordinate and establish linkages between governmental and other social service programs to assure the effective delivery of such services to low-income individuals.
- E. To encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community.

SOUTHERN NEW HAMPSHIRE SERVICES, INC.

PO Box 5040, Manchester, NH 03108 - (603)668-8010

The Community Action Agency for Hillsborough and Rockingham Counties

BOARD OF DIRECTORS ~ SEPTEMBER 2013

| Public Sector | Private Sector | Low-Income Sector | HS Policy Council |
|---|--|--|--|
| <p><u>Representing Manchester</u> Lou D'Allesandro Peter Ramsey</p> | <p><u>Representing Manchester</u> German J. Ortiz <i>Term: 9/12-9/15</i></p> <p>Sarah Jacobs <i>Term: 9/11-9/14</i></p> | <p><u>Representing Manchester</u> James Brown <i>Term: 9/12-9/15</i></p> <p>Nancy Guthrie, Secretary <i>Term: 9/12-9/15</i></p> | <p>Esther Brailsford <i>Term: 3/13-12/13</i></p> |
| <p><u>Representing Nashua</u> Constance J. Erickson, Treasurer Arthur T. Craffey, Jr.</p> | <p><u>Representing Nashua</u> Dolores Bellavance, Vice-Chairman <i>Term: 9/12-9/15</i></p> <p>Wayne R. Johnson <i>Term: 9/12-9/15</i></p> | <p><u>Representing Nashua</u> Janet Allard <i>Term: 9/11-9/14</i></p> <p>Shirley Pelletier <i>Term: 6/12-9/14</i></p> | |
| <p><u>Representing Towns</u> Thomas Mullins Linda T. Foster</p> | <p><u>Representing Towns</u> Richard Delay, Sr., Chairman <i>Term: 9/12-9/15</i></p> <p>Mary M. Moriarty <i>Term: 9/12-9/15</i></p> | <p><u>Representing Towns</u> Martha Verville <i>Term: 9/13-9/16</i></p> <p>Deidre O'Malley <i>Term: 9/13-9/16</i></p> | |
| <p><u>Representing Rockingham County</u> Donna Schlachman Jill McLaughlin</p> | <p><u>Representing Rockingham County</u> Thomas Meissner <i>Term: 9/11-9/14</i></p> <p>Dan McKenna <i>Term: 12/11-9/14</i></p> | <p><u>Representing Rockingham County</u> Patti Ott <i>Term: 9/13-9/16</i></p> <p>Patricia Ryan <i>Term: 9/13-9/16</i></p> | |

GALE F. HENNESSY

EXPERIENCE

January 1976 - Present

CEO & Executive Director - Southern New Hampshire Services, Inc.

Community Action Agency for Hillsborough County, NH

Responsible for overall Agency administration, including fiscal, program development and implementation, evaluation, grants development, public relations coordination, liaison with community groups, public and private agencies as well as interaction with advisory committees and the Board of Directors.

State, Regional and National Activities:

President – NH Community Action Association – 1981 - Present

Representative of the State of New Hampshire on the Executive Committee of the New England Community Action Association – 1976 - Present

Representative of the New England Community Action Association to the Board of Directors of the National Community Action Partnership -- 1978 - Present

Chairman of the New England Community Action Association Conference Committee – 1975 - 1988

Member - Board of Directors, CAPLAW -- 1994 - Present

January 1968 - 1976

Deputy Director - Southern New Hampshire Services, Inc.

Responsible for overall Agency administration, including fiscal, program development and implementation, evaluation, grants development, public relations coordination, liaison with community groups, public and private agencies as well as interaction with advisory committees and the Board of Directors.

March 1967 - 1968

Operation HELP Director

Responsible for operating the largest self-help, information referral and direct service program funded by OEO in Hillsborough County, Operation HELP including staff direction, program implementation and development, grants development, and coordination of Board of Directors as well as evaluation of the needs of the poor of Hillsborough County.

- 1967 **Acting Director Operation HELP**
Responsible for implementation of the first OEO funded local initiative program in Hillsborough County, Operation HELP. Participated in the concept, design and implementation of this first anti-poverty activity. Established the first outreach office in Milford, followed by a second office in Nashua. Participated in the recruitment, selection and training of the original Operation HELP staff. Supervised the staff in contacting of local officials, OEO outreach activities as well as establishing mini-offices in the twenty-nine towns of Hillsborough County.
- 1964 - 1965 **Assistant Principal, Wilton High School**
Responsible for the administration of a medium size New Hampshire high school including scheduling, curriculum development, audio-visual program development, and overall educational administration.
- 1962 -1966 **Chairman, Social Studies Department, Wilton High School**
Responsible for the overall supervision of the Social Studies Department including curriculum design and implementation of modern educational techniques, staff coordination and evaluation of the entire social studies department.
- Teacher-Coach, Wilton High School**
Responsible for developing social studies curriculum grades 8 - 12 as well as implementation of modern educational techniques. Served as coach for baseball and basketball teams as well as coordination and scheduling of those and other athletic events.
- 1961-1962 **Teacher and Assistant Principal, Cornish School**
Responsible for school administration, recreation and athletic programs, discipline throughout the educational complex, class scheduling and supervision of staff members. Worked with staff and local school board on updating curriculum, evaluation and assessing current staff.

EDUCATION

Graduated Peterborough, NH High School 1956
BA Degree in Government, University of New Hampshire 1961
Graduate Work: University of New Hampshire and Keene State College
Certified Community Action Professional – Community Action Partnership 1993

AFFILIATIONS

New England Community Action Association - Member, Board of Directors
Community Action Partnership – Member, Board of Directors
New Hampshire Community Action Association - President
CAPLAW, Inc. - Member, Board of Directors

MICHAEL O'SHEA

EXPERIENCE

- 1976 - Present **Southern New Hampshire Services, Inc.**
Community Action Agency for Hillsborough County, N H
Fiscal Officer / Deputy Director
Responsible for overseeing all organization fiscal operations, including general ledgers, budget preparation, purchasing, insuring fiscal accountability, monitoring cash management systems, contracting independent annual audits, and insuring acceptable accounting standards and procedures. Responsible for maintaining fiscal and accounting practices in accordance with funding source requirements and policies of the SNHS Board of Directors.
- 1973 - 1976 **Accountant**
Assistant to comptroller in all agency accounting functions. Programs included: CETA - Department of Labor; Elderly Nutrition - State Council on Aging; Head Start - Dept. of Health, Education and Welfare; Administration, Office of Economic Opportunity; and various other Federal and State grants.

Major responsibilities included reporting to management as well as the various Government agencies on all fiscal affairs. Duties included monthly financial reports, budgets, general ledger, accounts payable, receivable, and payroll.
- 1973 - 1974 **Social Worker**
Helped with running of food co-op. Distributed surplus foods. Certified needy people for fuel loans. Placed high scholars in jobs through Rent-A-Kid.
- 1969 - 1973 **Jordan Marsh, Portland, Maine**
Shuttle driver responsible for passengers and mail from Portland to Boston and return. Stock boy.

EDUCATION

- 1972 - 1974 New Hampshire College, Manchester, NH
B.S. Accounting. Major courses in Accounting and Math.
- 1970 - 1972 Andover Institute of Business, Portland, Maine
A. S. Accounting. Major courses in Accounting and Math.

DEBORAH A GOSSELIN

EXPERIENCE

**Southern New Hampshire Services, Inc.,
(1979 – Present)
Manchester, NH**

Chief Operating Officer (1997 – Present)

- Coordinate the operations of more than two dozen current programs and implement new programs, all providing services for economically disadvantaged population
- The diverse component programs which require an integrating factor for effective management, targeting of resources and fiscal responsibility to the agency, to each other and to the general community
- Work with developmental staff to start-up, integrate with other component program through initial orientation of new Program Directors
- Facilitate meetings
- Develop partnerships with community agencies who can lend support
- Serve as resource person for development and implementation of management skills, techniques and trainings.

Head Start/Child Development Director (1994 – 1997)

- Administered federally funded Head Start Program
- Duties included Grant writing, program planning implementation, evaluation responsible for development and coordination of the major components of the Head Start program; education, health, mental health, social services, parent involvement, nutrition, disabilities and transportation.

Family Services Director (1982 – 1994)

- Administered several federally funded energy programs
- Duties included program planning, implementation, evaluation
- Designed programs with private sector which included: Neighbor Helping Neighbor, Residential Low Income Conservation and Residential Space Heating Programs
- Developed strong relationships with community organizations and funding sources
- Served as the state chairperson of New Hampshire's Fuel Assistance Directors Association
- Acted as liaison between Community Action Agencies and the Governor's Office of Energy and Planning
- Also provided supervision and training to program coordinator, oversaw the budget, approved final selection of staff for Accompanied Transportation and Parent Aide Programs.

Field Coordinator (1980 – 1983)

- Assisted the Director of the Fuel Assistance Program
- Trained, supervised and evaluated staff
- Implemented program outreach activities
- Wrote public service announcements and press releases.

Community Liaison (1979 – 1983)

- Established social service network through Hillsborough County
- Informed the general public about agency services and program criteria
- Started Citizen's Advisory Council.

Head Start Lead Teacher/Family Coordinator (1977 – 1979)

Nashua and Manchester, NH

- Responsible for classroom management of pre-school children and daily planning geared towards individual needs
- Conducted parenting skills workshops and home visits
- Developed a Parent Advisory Council and coordinator of the Curriculum Committee.

EDUCATION & TRAINING

- Bachelor of Science, Early Childhood Education – Cum Laude
University of New Hampshire, Durham, NH
- Southern New Hampshire University Graduate School of Business
Non-Profit Management for Community Development Organizations
- Head Start Program In-Service Training
Rivier College, Nashua, NH
Perspectives of Parenting and Multi-culturism
- NH Office of Alcohol and Drug Prevention
Life Balance and Stress Solutions
National Business Women's Leadership Association
National Seminars Group, Rockhurst College
- UNH Continuing Education, Nashua, NH
Whole Language in the Early Years (K-3)
- Notre Dame College, Manchester, NH
Diagnostic and Remedial Reading
- NH Office of Alcohol and Drug Prevention
Parenting Conference

COMMUNITY INVOLVEMENT / RECOGNITIONS

- CCAP, Certified Community Action Professional
- Governor's Task Force to Study Temporary Assistance to Needy (TANF) HB1461
Served as Sub-committee – Transportation, Chairperson
- NH Works Operator Consortium Committee, Member
- New Hampshire Employment Program, Oversight Team Member
- Seniors Count Coordinating Committee, Member
- Greater Manchester Association of Social Agencies (GMASA), Executive Committee Member
- James B. Sullivan Services Leadership Award

COMMUNITY INVOLVEMENT PAST

- Seniors Count Home Maintenance Committee
- Manchester Community Resource Center, Board of Directors
- Kiwanis International

Gregory Schneider

Experienced administrator, educator and business owner. Comfortable in both non-profit and for-profit sectors with a solid track record of managing complex projects through all phases from planning to implementation. Successful fundraiser, grant writer and coalition builder. Skilled manager with the capacity to engage diverse populations in community building, conflict resolution and strategic planning.

Experience

2002 – Present Southern New Hampshire Services, Inc.

Community and Multi-Cultural Services Director, EEO Officer

- Serving as Executive Administrator of Rockingham Community Action per terms of Management Agreement signed between SNHS and RCA 10/20/08, responsible for all aspects of agency administration.
- Contact person for the Agency with state CSBG office
- Development and management of programs serving low-income populations, especially linguistic and cultural minorities
- Provide administrative oversight including staff, budgets and operations of community programs, including Manchester and Nashua Academy programs, Hillsborough County Community Corrections, Pre-Placement, Accompanied Transportation, ALPHA Youth Services, Child Health Support, ESL program, Homeless Outreach, Latin American Center, North Peterborough Family Program, Pathways, and translation/ interpretation services.
- Grant development and reporting, program development and monitoring, and staff supervision
- Represent the Agency on the NHCAA Technology Committee

1996 – 2006 Sound Body Connection, LLC, Manchester, NH

Owner

Co-owned a business focused on providing services for healing and allowing people a forum to discover and express their spirituality through musical performance. Built and maintained a massage therapy practice providing services in an office setting as well as seated massage in the workplace. Directly responsible for all of the public relations, financial and managerial components associated with the performances and on-going activities of the musical groups which were part of the business.

1990 – 1996 New Horizons for New Hampshire, Inc., Manchester, NH

Executive Director

- Responsible for overall day-to-day operation of non-profit organization with annual budget of \$350,000 and 5 programs to aid those in need.
- Managed staff of 15 employees and made personnel decisions relative to hiring and dismissal of employees.
- Developed annual budget and managed public relations/solicitation process including acting as spokesperson for the organization and implementing fundraising activities.
- Represented New Horizons in coordinating programs and services with other private and public entities.
- Responsible for developing and overseeing programs to further the mission of the organization and better serve the target population.

1986 – 1990 Amoskeag Bank Shares, Inc., Manchester, NH

Senior Product Manager

- Oversaw product development, implementation and tracking for retail lending products in a holding company environment with 4 member banks.
- Coordinated on-going activities for lending products among operations, sales and marketing divisions.
- Participated in developing collateral materials for product advertising and marketing.

1984–1986 New Hampshire Catholic Charities, Inc. Manchester, NH

Administrator

- Developed state-wide program of surplus food solicitation, retrieval and distribution.
- Managed daily operations of warehousing and distribution program.
- Recruited, trained and supervised volunteers responsible for evaluation and handling of donated food
- Coordinated activities of national, regional and local programs involved in food distribution throughout the state

1981-1984 Diocese of Manchester, Manchester, NH

Community Liaison Staff

- Developed and implemented educational programs on Catholic Church's social mission for churches and groups throughout the state
- Researched issues, prepared and delivered testimony regarding Church's position on important social issues to state legislative leaders on behalf of the Bishop of Manchester.
- Conducted seminars on Church teaching and social issues to church and religious groups.

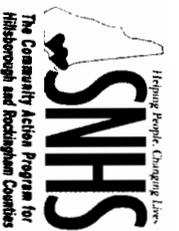
1980 – 1981 New Horizons for New Hampshire, Inc. Manchester, NH

Soup Kitchen Coordinator

Responsible for daily operations of state's first soup kitchen program, including recruiting and training volunteers, soliciting food and cash donations, and managing daily meal operation. Function required interaction with homeless and low-income individuals, volunteers, donors and city agencies and officials.

Education 1979 M.A. Theology Christ the King Graduate School of Theology/Buffalo, NY

1976 B.A. Philosophy St. John's Seminary College Boston, MA
Graduated Magna Cum Laude



SOUTHERN NEW HAMPSHIRE SERVICES, INC.
The Community Action Agency for Hillsborough and Rockingham Counties

Mailing Address: PO Box 5040, Manchester, NH 03108
40 Pine Street, Manchester, NH 03103
Telephone: (603) 668-8010 Fax: (603) 645-6734
www.snhhs.org

SNHHS Key Administrative Personnel Salaries ~ 2013

| <u>Name</u> | <u>Title</u> | <u>Annual Salary</u> |
|--------------------|---|-----------------------------|
| Gale F. Hennessy | Executive Director | \$183,001.00 |
| Michael O'Shea | Deputy Director/Fiscal Officer | \$134,006.60 |
| Deborah Gosselin | Chief Operating Officer | \$107,998.80 |
| Greg Schneider | Community & Multicultural Services Director | \$ 73,164.00 |