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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION FOR CHILDREN, YOUTH & FAMILIES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4451 1-800-852-3345 Ext. 4451
FAX: 603-271-4729 TDD Access: 1-800-735-2964

Nicholas A. Toumpas
Commissioner

Maggie Bishop
Director

April 11, 2013

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

100% federal

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Children, Youth and Families to exercise a contract renewal option with Child & Family Services of New Hampshire, 464 Chestnut Street, Manchester, New Hampshire, 03101 (Vendor #177166 B002) for the provision of statewide recruitment & retention activities for resource family homes, support services, and technical assistance for Foster and Adoptive Parent Networks, by increasing the price limitation by \$37,500.00 from \$150,000.00 to \$187,500.00 and by extending the completion date from June 30, 2013 to December 31, 2013 or date of Governor and Council approval, whichever is later. Governor and Executive Council approved the original agreement on May 25, 2011 (Item 71).

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

05-95-42-421010-29730000 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: HUMAN SERVICE, CHILD PROTECTION, PROMOTING SAFE AND STABLE FAMILIES

Class/Object	Title	Activity Code	State Fiscal Year	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
102-500734	Social Service Contracts	40130007	2012	\$75,000.00	\$0.00	\$75,000.00
102-500734	Social Service Contracts	40130007	2013	\$75,000.00	\$0.00	\$75,000.00
102-500734	Social Service Contracts	40130007	2014	\$0.00	\$37,500.00	\$37,500.00
Totals				\$150,000.00	\$37,500.00	\$187,500.00

EXPLANATION

The original agreement, approved on May 25, 2011 (Item #71), included a renewal provision for up to four additional years, subject to Governor and Executive Council approval. The Department seeks a six-month renewal of the original agreement to ensure services are not interrupted while it assesses service delivery alignment with an eye toward consolidation of service delivery. The Department intends to release a Request for Proposals (RFP) for these services before the end of the calendar year. The services will be competitively bid.

The above action is requested for the provision of recruitment and retention activities for resource family homes. These services represent one of two strategies the Division for Children, Youth and Families uses to successfully recruit and retain resource family homes for the children who come into the Division's custody. The overall strategy includes providing an appropriate level of resources to find and retain foster and adoptive families, as well as providing a support system for the families on an ongoing basis as they face the daily challenges of parenting a child or children who have been abused and/or neglected. The two activities are designed to compliment each other, and together form a comprehensive strategy to ensure that children are cared for in safe and loving homes

The services provided through this agreement include: developing and implementing local campaigns to recruit and retain foster and adoptive parents within each Division for Children, Youth and Families District Office catchment area by working with staff to create a plan based on identified local needs; conducting a minimum of three marketing campaigns for each catchment area; assisting the Division for Children, Youth and Families with developing and implementing Foster Care Month and Adoption Month activities, including, but not limited to, a media campaign and information sessions throughout the state; and a variety of other activities such as training sessions, conferences, and participating in Division for Children, Youth and Families meetings within which foster and adoptive homes may be the focus. In addition, this contract provides for the provision of technical assistance to foster and adoptive families and networks.

These services are consistent with those provided for in the Federal Promoting Safe and Stable Families grant that funds the agreement. As such, they continue to support the Division for Children, Youth and Families' ability to draw down these Federal funds, and do so without impacting General Fund dollars.

The Division has explored the concept of this service being provided in-house, however the Division currently does not have sufficient staff to organize and facilitate recruitment and retention events or to provide the necessary technical assistance to foster and adoptive families and networks at an optimal level with statewide consistency. For this reason the Division for Children, Youth and Families chose to issue a Request for Proposals for these services.

On January 28, 2011, the Division issued a Request for Proposals. In order to be eligible to provide the services, the contractor had to be either a foster parent association registered with the New Hampshire Secretary of State, or a New Hampshire licensed child placing agency (HE-C 6448), or become licensed as such. The Request for Proposals was published on the Department of Health and Human Services website and a letter of notification was sent to the twenty-three licensed child placement agencies statewide.

Three agencies submitted proposals: NH Foster and Adoptive Parent Association, Bethany Christian Services, and Child & Family Services of New Hampshire. After a review of the submissions, the evaluation committee recommended awarding the contract to Child & Family Services of New Hampshire.

The agreement calls for Child & Family Services to contribute 25% of the total program costs. By doing so, the Division successfully meets a 25% Federal funds matching requirement and ensures that General Fund dollars are not needed to support this program.

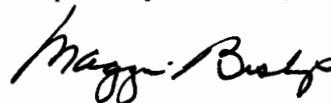
In the event that this contract is not approved by the Governor and Council, the number of available foster and adoptive homes will decline and it is anticipated that children and youth in need of out-of-home placement will enter more restrictive residential facilities instead, increasing the State's cost of care for these children and youth. In addition, the Division's goal of permanency for children and youth would be compromised.

Geographic area served: Statewide.

Source of funds: 100% Federal Funds from the US Department of Health and Human Services.

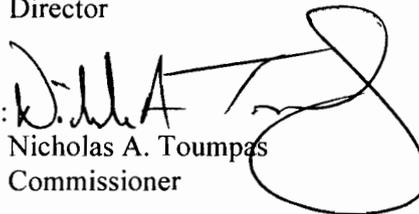
In the event that the Federal funds become no longer available, General funds will not be requested to support this program.

Respectfully submitted,



Maggie Bishop
Director

Approved by:



Nicholas A. Toumpas
Commissioner

CERTIFICATE OF VOTE
(Corporation without Seal)

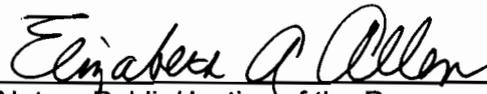
I, Michael R. Ostrowski, of Child and Family Services of NH, do hereby certify that:

1. I am the duly elected Assistant Secretary of Child and Family Services of NH;
2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Directors of the corporation, duly held on March 26th, 2013;
RESOLVED: That this corporation enters into a contract with the State of New Hampshire, acting through its Department of Health and Human Services for the provision of Recruitment and Retention for Resource Family Homes.
RESOLVED: That the Chair, Board of Trustees is hereby authorized on behalf of this corporation to enter into said contract with the State and to execute any and all documents, agreements, and other instruments; and any amendments, revisions, or modifications thereto, as he/she may deem necessary, desirable, or appropriate. Marilyn Mahoney is the duly elected Chair, Board of Trustees of the corporation.
3. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of April 11th, 2013.
4. Marilyn Mahoney is the duly elected Chair, Board of Trustees of the Corporation.


Michael R. Ostrowski, Assistant Secretary

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 11th day of April, 2013 by Michael R. Ostrowski.


Notary Public/Justice of the Peace
My Commission Expires:





**State of New Hampshire
Department of Health and Human Services
Amendment #1 to Recruitment and Retention of Resource Families Contract**

This 1st Amendment to the Recruitment and Retention of Resource Families contract (hereinafter referred to as "Amendment #1") dated this 11th day of April 2013, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and *Child and Family Services of New Hampshire* (hereinafter referred to as "the Contractor"), a Non-Profit Corporation with a place of business at 464 Chestnut Street, PO Box 448, Manchester, NH 03105.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on May 25, 2011, (Item #71), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules and terms and conditions of the contract; and

WHEREAS, pursuant to the General Provisions, Paragraph 18, and Exhibit C-1 the State may extend the completion date of the contract by written agreement of the parties and approval of the Governor and Executive Council; and

WHEREAS, the parties agree the project should be extended by six months;

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

To amend as follows:

- Form P-37, Item 1.7, Completion Date, shall be amended to read "12/31/2013";
- Form P-37, Item 1.8, Price Limitation, shall be amended to read "\$187,500.00";
- Exhibit A, Scope of Services, Contract Period shall be amended to read "July 1, 2011 to December 31, 2013";
- Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Program Period, shall be amended to read: "July 1, 2011 – December 31, 2013";
- Exhibit B, Method, Schedule, and Conditions Precedent to Payment, shall be amended to read: "...the amount not to exceed "\$187,500.00...".

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

MTJ

4/11/13

NH Division for Children, Youth and Families- Recruitment and Retention of Resource Families



This amendment shall be effective upon the date of Governor and Executive Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

4/25/13
Date

State of New Hampshire
Department of Health and Human Services

Nicholas A. Toumpas
Nicholas A. Toumpas
Commissioner

4/11/13
Date

Child & Family Services of New Hampshire

Morgan T. Morgan
NAME:
TITLE:

Acknowledgement:

State of New Hampshire County of Hillsborough on 4-11-13, before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or Justice of the Peace

Jodi A. Gorton
Name and Title of Notary or Justice of the Peace



Contractor Initials MTM
Date 4/20/13

NH Division for Children, Youth and Families- Recruitment and Retention of Resource Families



The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

22 April 2013
Date

Jeanne P. Herrick
Name: Jeanne P. Herrick
Title: Attorney

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

Date

Name:
Title:

Contractor Initials MTM
Date 4/11/13

**CHILD AND FAMILY SERVICES
OF NEW HAMPSHIRE**

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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HESSION & PARE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

62 Stark Street, Manchester, New Hampshire 03101
603-669-5477 FAX 603-669-0197

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Child and Family Services of New Hampshire
Manchester, New Hampshire

Report on the Financial Statements

We have audited the accompanying consolidated statements of Child and Family Services of New Hampshire (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

The Board of Trustees
Child and Family Services of New Hampshire

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

Opinion

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2013, on our consideration of Child and Family Services of New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Child and Family Services of New Hampshire's internal control over financial reporting and compliance.

March 20, 2013

HESSION, PARK, P.C.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2012 and 2011

	ASSETS	
	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 255,465	\$ 203,538
Cash restricted for payment of long-term debt	30,000	25,000
Accounts receivable, less allowance for doubtful accounts of \$7,505 in 2012 and \$8,205 in 2011	949,727	980,874
Prepaid expenses	82,377	62,226
Deferred expenses	24,843	42,372
Bequest receivable	50,000	-
Beneficial interest in funds held by others	1,736,855	1,646,126
Property, plant and equipment, net	7,316,090	7,602,229
Investments	<u>14,955,171</u>	<u>14,095,239</u>
Total assets	<u>\$ 25,400,528</u>	<u>\$ 24,657,604</u>
	LIABILITIES AND NET ASSETS	
Liabilities		
Line of credit	\$ -	\$ 124,535
Accounts payable	130,627	109,592
Accrued vacation	260,070	267,080
Accrued wages and related expenses	261,289	259,032
Annuities payable	1,487	2,612
Mark to market interest rate swap liability	1,558,953	1,660,401
Long-term debt	<u>5,432,682</u>	<u>5,552,679</u>
Total liabilities	<u>7,645,108</u>	<u>7,975,931</u>
Net assets		
Unrestricted	360,326	(16,618)
Designated by Board	12,114,920	11,391,434
Temporarily restricted	2,366,851	2,619,139
Permanently restricted	<u>2,913,323</u>	<u>2,687,718</u>
Total net assets	<u>17,755,420</u>	<u>16,681,673</u>
Total liabilities and net assets	<u>\$ 25,400,528</u>	<u>\$ 24,657,604</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Public support and revenue				
Public support				
Government and other grants and fees	\$ 8,236,067	\$ -	\$ -	\$ 8,236,067
Contributions	267,930	-	159,275	427,205
Foundations and trusts	602,049	-	-	602,049
United Way	304,996	-	-	304,996
Special events (net of direct costs of \$103,656)	198,954	-	-	198,954
Net assets released from restriction for operating activities	276,688	(252,288)	(24,400)	-
Total public support	<u>9,886,684</u>	<u>(252,288)</u>	<u>134,875</u>	<u>9,769,271</u>
Revenue				
Program service fees	1,823,706	-	-	1,823,706
Endowment transfer to support operations	856,719	-	-	856,719
In-kind donations	147,429	-	-	147,429
Rents	15,207	-	-	15,207
Income from HEFA trust	8,410	-	-	8,410
Total other revenue	<u>2,851,471</u>	<u>-</u>	<u>-</u>	<u>2,851,471</u>
Total public support and revenue	<u>12,738,155</u>	<u>(252,288)</u>	<u>134,875</u>	<u>12,620,742</u>
Expenses				
Program services				
Family counseling	1,047,925	-	-	1,047,925
Teen and youth	1,900,608	-	-	1,900,608
Child abuse treatment	1,984,898	-	-	1,984,898
Child abuse prevention and family strengthening	3,270,527	-	-	3,270,527
Early intervention	403,047	-	-	403,047
Homecare	1,736,040	-	-	1,736,040
Residential services	556,649	-	-	556,649
Adoptions and pregnancy counseling	152,139	-	-	152,139
Child advocacy	129,760	-	-	129,760
Summer camp	274,385	-	-	274,385
Total program services	<u>11,455,978</u>	<u>-</u>	<u>-</u>	<u>11,455,978</u>
Supporting services				
Public relations and financial development	452,551	-	-	452,551
Management and general	798,942	-	-	798,942
Total supporting services	<u>1,251,493</u>	<u>-</u>	<u>-</u>	<u>1,251,493</u>
Total expenses	<u>12,707,471</u>	<u>-</u>	<u>-</u>	<u>12,707,471</u>
Increase (decrease) in net assets before non-operating gains and losses	<u>30,684</u>	<u>(252,288)</u>	<u>134,875</u>	<u>(86,729)</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES (concluded)

Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Increase (decrease) in net assets before non-operating gains and losses	\$ 30,684	\$ (252,288)	\$ 134,875	\$ (86,729)
Non-operating gains and losses				
Investment gain reduced by the portion of cumulative net appreciation designated for current operations	968,298	-	-	968,298
Unrealized gain on mark to market interest rate swap	101,448	-	-	101,448
Change in beneficial interest in funds held by others	-	-	90,730	90,730
Increase (decrease) in net assets	1,100,430	(252,288)	225,605	1,073,747
Net assets, beginning of year	11,374,816	2,619,139	2,687,718	16,681,673
Net assets, end of year	<u>\$ 12,475,246</u>	<u>\$ 2,366,851</u>	<u>\$ 2,913,323</u>	<u>\$ 17,755,420</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2011

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Public support and revenue				
Public support				
Government and other grants and fees	\$ 7,986,444	\$ -	\$ -	\$ 7,986,444
Contributions	401,525	-	211,401	612,926
Foundations and trusts	589,090	-	-	589,090
United Way	343,962	-	-	343,962
Special events (net of direct costs of \$101,186)	159,211	-	-	159,211
Net assets released from restriction for operating activities	118,762	(118,762)	-	-
Total public support	<u>9,598,994</u>	<u>(118,762)</u>	<u>211,401</u>	<u>9,691,633</u>
Revenue				
Program service fees	1,673,422	-	-	1,673,422
Endowment transfer to support operations	663,354	-	-	663,354
In-kind donations	221,620	-	-	221,620
Rents	3,626	-	-	3,626
Income from HEFA trust	8,145	-	-	8,145
Total other revenue	<u>2,570,167</u>	<u>-</u>	<u>-</u>	<u>2,570,167</u>
Total public support and revenue	<u>12,169,161</u>	<u>(118,762)</u>	<u>211,401</u>	<u>12,261,800</u>
Expenses				
Program services				
Family counseling	1,117,703	-	-	1,117,703
Teen and youth	2,278,597	-	-	2,278,597
Child abuse treatment	1,644,015	-	-	1,644,015
Child abuse prevention and family strengthening	2,768,202	-	-	2,768,202
Early intervention	408,898	-	-	408,898
Homecare	1,539,865	-	-	1,539,865
Residential services	592,487	-	-	592,487
Adoptions and pregnancy counseling	216,263	-	-	216,263
Child advocacy	211,588	-	-	211,588
Summer camp	227,957	-	-	227,957
Total program services	<u>11,005,575</u>	<u>-</u>	<u>-</u>	<u>11,005,575</u>
Supporting services				
Public relations and financial development	427,405	-	-	427,405
Management and general	785,600	-	-	785,600
Total supporting services	<u>1,213,005</u>	<u>-</u>	<u>-</u>	<u>1,213,005</u>
Total expenses	<u>12,218,580</u>	<u>-</u>	<u>-</u>	<u>12,218,580</u>
Increase (decrease) in net assets before non-operating gains and losses	<u>(49,419)</u>	<u>(118,762)</u>	<u>211,401</u>	<u>43,220</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES (concluded)

Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Increase (decrease) in net assets before non-operating gains and losses	\$ (49,419)	\$ (118,762)	\$ 211,401	\$ 43,220
Non-operating gains and losses				
Investment loss reduced by the portion of cumulative net appreciation designated for current operations	(951,952)	-	-	(951,952)
Unrealized (loss) on mark to market interest rate swap	(748,755)	-	-	(748,755)
Change in beneficial interest in funds held by others	-	-	(130,908)	(130,908)
Increase (decrease) in net assets	(1,750,126)	(118,762)	80,493	(1,788,395)
Net assets, beginning of year	13,124,942	2,737,901	2,607,225	18,470,068
Net assets, end of year	<u>\$ 11,374,816</u>	<u>\$ 2,619,139</u>	<u>\$ 2,687,718</u>	<u>\$ 16,681,673</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 1,073,747	\$ (1,788,395)
Adjustments to reconcile change to net cash provided (used) by operating activities		
Depreciation	369,616	373,667
Reinvested income	(310,652)	(392,867)
Realized (gain) on sale of investments	(102,398)	(356,631)
Unrealized (gain) loss on investments	(1,463,682)	976,443
Unrealized (gain) loss on mark to market interest rate swap	(101,448)	748,755
Amortization of NHHFA notes payable	18,426	17,382
(Increase) in restricted cash	(5,000)	-
(Increase) decrease in accounts receivable	31,147	(199,831)
(Increase) in prepaid expenses	(20,151)	(41,023)
(Increase) decrease in deferred expenses	17,529	(591)
(Increase) in bequest receivable	(50,000)	-
(Increase) decrease in beneficial interests in trusts	(90,729)	65,434
(Decrease) in deferred contract revenue	-	(74,919)
Increase (decrease) in accounts payable	21,035	(22,578)
Increase (decrease) in accrued vacation and expenses	(4,753)	23,578
	<u>(617,313)</u>	<u>(671,576)</u>
Net cash (used in) operating activities		
Cash flows used in investing activities		
Cash paid for land, buildings and equipment	<u>(83,477)</u>	<u>(75,122)</u>
Cash flows from financing activities		
Contribution restricted to endowment	(159,275)	(210,501)
Proceeds from appropriation of endowment	1,151,675	749,219
Proceeds from release of restricted endowment	24,400	-
Net cash advance (payment) on line of credit	(124,535)	124,535
Cash payments on long-term debt	(138,423)	(88,962)
Cash paid on annuity	(1,125)	(1,125)
	<u>752,717</u>	<u>573,166</u>
Net cash provided by financing activities		
Increase (decrease) increase in cash and cash equivalents	51,927	(173,532)
Cash and cash equivalents, beginning of year	<u>203,538</u>	<u>377,070</u>
Cash and cash equivalents, end of year	<u>\$ 255,465</u>	<u>\$ 203,538</u>
Supplemental disclosure of cash flow information		
Interest paid in cash	<u>\$ 332,900</u>	<u>\$ 337,341</u>
Amortization of 2007 NHHFA note payable	<u>\$ 9,786</u>	<u>\$ 9,232</u>
Amortization of 2005 NHHFA note payable	<u>\$ 8,640</u>	<u>\$ 8,150</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2012

	Family Counseling	Teen and Youth	Child Abuse Treatment	Child Prevention and Family Strengthening	Early Intervention	Homestate	Residential Services	Adoptions and Pregnancy Counseling	Child Advocacy	Summer Camp	Financial Development	Management and General	Total
Salaries	\$ 635,022	\$ 980,976	\$ 1,018,969	\$ 1,850,539	\$ 223,647	\$ 1,263,462	\$ 324,070	\$ 86,153	\$ 90,880	\$ 90,924	\$ 226,793	\$ 567,760	\$ 7,359,195
Employee benefits	62,019	154,674	109,230	215,323	38,382	55,487	55,452	19,627	8,535	6,471	30,140	64,858	820,198
Payroll related costs	65,661	98,404	106,101	204,609	21,182	142,134	35,232	7,405	7,506	11,192	18,632	45,821	763,879
Assistance to individuals	29,206	177,457	72,615	214,692	11	4,578	18,265	730	2	49,812	95,100	4	662,472
Travel and transportation	24,096	52,934	79,841	388,858	20,320	50,256	10,100	2,666	758	4,451	3,446	186	637,912
Professional fees	81,389	60,976	161,099	24,117	46,216	17,640	19,001	9,972	376	20,588	9,412	29,116	479,902
Occupancy	43,459	82,619	43,816	118,572	10,716	39,261	19,245	4,149	2,496	41,108	8,430	3,778	417,649
Interest	32,624	56,590	111,426	53,916	12,732	56,106	16,575	4,685	4,176	8,299	-	2,264	359,393
Communications	15,213	41,282	30,509	61,441	7,981	17,712	7,302	5,184	2,429	4,463	13,447	1,649	208,612
Rental and equipment maintenance	8,342	19,195	30,641	13,277	2,474	3,117	4,175	2,257	1,180	2,842	357	36,211	124,068
Supplies	3,968	23,377	6,917	17,635	1,275	8,731	8,046	677	390	9,948	3,212	3,977	88,153
Printing and publications	3,745	2,365	8,812	18,551	1,070	5,753	600	2,111	1,522	4,884	34,547	1,233	85,193
Insurance	4,211	11,741	9,200	15,874	2,367	6,979	4,264	790	535	544	1,679	5,442	63,626
Miscellaneous	3,304	8,353	10,688	6,862	1,499	12,628	2,903	251	308	1,377	1,687	2,921	52,781
Conferences and meetings	2,858	9,334	12,963	5,721	672	913	2,105	246	3,280	4,027	2,986	6,835	51,940
Membership dues	332	1,507	2,737	1,865	269	941	1,972	86	1,146	152	1,015	3,431	15,453
Total expenses before depreciation and in-kind donations	1,015,449	1,781,784	1,815,564	3,211,852	390,813	1,685,698	529,307	146,989	125,519	261,082	450,883	775,486	12,190,426
Depreciation	32,476	58,623	103,499	51,970	12,234	50,342	21,530	5,150	4,241	11,377	-	18,174	369,616
In-kind donations	-	60,201	65,835	6,705	-	-	5,812	-	-	1,926	1,668	5,282	147,429
Total functional expenses	\$ 1,047,925	\$ 1,900,608	\$ 1,984,898	\$ 3,270,527	\$ 403,047	\$ 1,736,040	\$ 556,649	\$ 152,139	\$ 129,760	\$ 274,385	\$ 452,551	\$ 798,942	\$ 12,707,471

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2011

	Family Counseling	Teen and Youth	Child Abuse Treatment	Child Abuse Prevention and Family Strengthening	Early Intervention	Homework	Residential Services	Adoptions and Pregnancy Counseling	Child Advocacy	Summer Camp	Financial Development	Management and General	Total
Salaries	\$ 658,368	\$ 1,212,882	\$ 918,542	\$ 1,453,036	\$ 235,855	\$ 1,131,447	\$ 341,041	\$ 122,574	\$ 119,515	\$ 73,392	\$ 223,280	\$ 544,150	\$ 7,036,082
Employee benefits	71,353	201,785	97,008	180,527	45,324	54,955	51,572	26,090	16,462	4,077	29,095	51,451	829,699
Assistance to individuals	36,252	198,916	77,431	198,213	(5)	11,333	34,632	10,680	(3)	36,982	72,465	-	676,896
Payroll related costs	62,571	112,312	84,241	142,947	20,673	111,478	31,378	10,001	10,248	6,416	18,495	38,514	649,274
Travel and transportation	37,610	59,117	60,798	301,668	21,259	38,296	10,903	3,699	4,773	6,372	2,914	591	548,000
Professional fees	97,102	59,390	76,426	40,191	31,700	19,304	21,431	9,121	26,899	15,237	13,172	36,872	446,845
Occupancy	28,251	80,945	52,194	95,526	9,646	27,681	22,510	5,020	3,327	49,799	7,849	25,537	408,285
Interest	35,501	74,595	95,914	51,737	13,548	50,508	18,107	7,072	7,070	7,062	-	2,193	363,307
Communications	16,346	45,197	28,859	59,657	7,557	16,838	8,008	6,058	3,511	3,867	17,668	2,521	216,087
Rental and equipment maintenance	8,031	17,378	11,256	11,149	3,971	3,054	6,214	2,993	1,137	1,553	-	30,605	97,341
Supplies	6,222	26,186	14,747	14,253	2,018	7,100	8,020	1,076	622	2,509	3,169	6,971	92,893
Printing and publications	10,786	2,288	4,365	4,365	1,266	9,917	2,991	(10)	852	4,542	31,523	1,223	79,396
Conferences and meetings	6,663	13,428	10,227	5,248	673	691	1,634	2,432	1,782	3,307	2,266	12,221	60,572
Insurance	4,565	11,771	6,952	14,575	1,286	4,831	4,434	918	640	376	1,274	4,609	56,231
Miscellaneous	1,448	4,631	6,518	10,690	769	5,105	1,624	1,119	6,684	680	831	2,291	42,390
Membership dues	658	3,474	1,666	3,033	217	931	1,778	160	1,161	277	1,392	5,248	19,995
Total expenses before depreciation and in-kind donations	1,081,727	2,124,295	1,552,432	2,586,815	395,757	1,493,469	566,277	209,003	204,680	216,448	427,393	764,997	11,623,293
Depreciation	35,387	75,066	91,082	50,671	13,141	46,396	21,419	7,260	6,908	10,307	-	16,030	373,667
In-kind donations	589	79,236	501	130,716	-	-	4,791	-	-	1,202	12	4,573	221,620
Total functional expenses	\$ 1,117,703	\$ 2,278,597	\$ 1,644,015	\$ 2,768,202	\$ 408,898	\$ 1,539,865	\$ 592,487	\$ 216,263	\$ 211,588	\$ 227,957	\$ 427,405	\$ 785,600	\$ 12,218,580

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. NATURE OF ACTIVITIES

Child and Family Services of New Hampshire (the "Organization") operates as a voluntary, non-sectarian, non-profit organization located throughout the State of New Hampshire providing direct social services for families and children. The Organization's major source of revenue is derived from government and other grant income.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (ASC) 958-205 and subsections.

This Topic establishes standards for general-purpose external financial statements of not-for-profit organizations, including a statement of financial position, a statement of activities and a statement of cash flows. This Topic further requires classification of net assets and its revenues, expenses, gains and losses into three categories, based on the existence or absence of externally imposed restrictions. The categories, unrestricted, temporarily restricted and permanently restricted net assets are defined as follows:

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

Temporarily Restricted – Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled by actions of the Organization. It also includes the accumulated appreciation related to permanently restricted endowment gifts, which is a requirement of FASB ASC 958-205-45.

Permanently Restricted – Reflects the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes. Permanent restricted net assets also include the fair value of the Organization's beneficial interest in funds held by others.

Principles of consolidation

The financial statements include accounts of the Organization and Child and Family Realty Corporation, a commonly controlled organization. All inter-organization transactions have been eliminated.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Organization applied for and has been granted recognition of exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholders or individuals. The Organization had no unrelated business income at December 31, 2012 and 2011. Accordingly, no provision for income taxes has been recorded. The income tax filings for the tax years before 2008 are no longer subject to examination by federal and state taxing authorities.

Cash and cash equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Temporary cash investments held in the investment portfolio are excluded from cash and cash equivalents.

Cash restricted for payment of long-term debt

Per the terms of the Series 2007 Bond, which included a refinancing of Series 1999 debt, the Organization deposited \$1,056,089 at December 31, 2008 to an escrow fund in order to pay off the Series 1999 Bonds. This payment took place during January 2009. At December 31, 2012 and 2011, the balance of this escrow fund was \$30,000.

Bond refinance costs

The Series 2007 bond was refinanced in 2009. Loan costs of \$39,250 associated with the refinancing are being amortized over the initial five year term of the agreement.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable and revenue

Accounts receivable is recognized when qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grants or reductions of future grant awards. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Allowance for doubtful accounts

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. At December 31, 2012 and 2011, accounts receivable are presented net of an allowance for doubtful accounts of \$7,505 and \$8,205, respectively.

Property, plant and equipment

Property, plant and equipment are recorded at cost or, in the case of donated assets, at fair market value on the date received. Any such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Major additions and improvements of \$1,000 or more are capitalized, while ordinary maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and any gains or losses are reflected in the statement of activities.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (concluded)

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	15-50 years
Furniture and equipment	5-10 years
Leasehold improvements	10 years
Vehicles	5 years

Investments

The Organization accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments with readily determinable values and all investments in debt securities are stated at their fair values in the statement of financial position. Investments without readily determinable fair values are stated at cost. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Periodically, management reviews investments for which the market value has fallen significantly below cost and recognizes impairment losses where they believe these declines are other-than-temporary.

Annuities

Certain gifts require that the Organization pay the donor a predetermined amount during the donor's lifetime. Such gifts are recorded as revenue when received and the present value of the future amount payable is credited to a liability account. Periodically, an adjustment is made to annuities payable to record the actuarial income or expense due to the computation of the liability based upon the revised life expectancies.

Contributions and grants

In accordance with the Not-for-Profit Entities Topic of the ASC 958-605 and subsections, contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor/grantor restrictions. Contributions and grants restricted for a specific purpose are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon satisfaction of those restrictions. If the restrictions on contributions and grants are satisfied in the same fiscal period in which they are received, then management has elected to classify them as unrestricted for reporting purposes.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Donated materials and services

Donated materials and equipment are reflected in the accompanying statements at their estimated fair values at date of receipt. A substantial number of volunteers have donated significant amounts of time to Child and Family Services of New Hampshire program services; however, the value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Functional allocation of expenses

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

Note 3. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or observable inputs other than quoted market prices.

Level 3 inputs consist of inputs that are unobservable and significant to the fair value measurement and have the lowest priority.

The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	<u>2012</u>	<u>2011</u>
Grants receivable	\$ 697,348	\$ 659,227
Fees for services	<u>259,884</u>	<u>329,852</u>
	957,232	989,079
Less allowance for uncollectible accounts	<u>(7,505)</u>	<u>(8,205)</u>
Total	<u>\$ 949,727</u>	<u>\$ 980,874</u>

Note 5. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Organization is the sole beneficiary of three funds that are established at the New Hampshire Charitable Foundation (NHCF). One of the funds was established in 2005. Income from the funds is to provide assistance to children attending Camp Spaulding and for capital improvements to the camp. The fund resolution provides that distributions from the funds can be made at the discretion of the NHCF Board of Directors; however, the Organization has received distributions from the funds of an amount equal to approximately 5% of the average market value of the fund over the last five years. Excess earnings, if any, are reinvested.

At December 31, 2012 and 2011, the fair market value of the funds, which approximates the present value of future benefits expected to be received, was \$751,523 and \$706,317, respectively. The Organization received \$30,214 and \$32,695 from the funds in 2012 and 2011, respectively.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 5. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS (concluded)

In addition, the Organization has a split-interest in three charitable remainder trusts. The assets are held in trust by banks as permanent trustees of the trusts. The fair value of these beneficial interests is determined by applying the Organization's percentage interest to the fair value of the trust assets as reported by the trustee.

<u>Trust</u>	<u>Percentage Interest</u>	<u>2012</u>	<u>2011</u>
Greenleaf	100%	\$ 382,039	\$ 362,040
Spaulding	100%	329,237	312,453
Cogswell	50%	<u>274,056</u>	<u>265,316</u>
Total		<u>\$ 985,332</u>	<u>\$ 939,809</u>

Income distributed by these trusts was \$43,342 and \$40,002 in 2012 and 2011, respectively.

Beneficial interest in funds held by others is reported at its fair value, which is estimated as the present value of expected future cash inflows on a recurring basis. As discussed in Note 3, the valuation technique used by the Organization is a level 3 measure because there are no observable market transactions.

Changes in fair value of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are comprised of the following:

	<u>Beneficial Interest in Funds Held by Others</u>
Balance at December 31, 2010	\$ 1,711,560
Contribution	65,474
Change in value of beneficial interest	<u>(130,908)</u>
Balance at December 31, 2011	1,646,126
Change in value of beneficial interest	<u>90,729</u>
Balance at December 31, 2012	<u>\$ 1,736,855</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,144,949	\$ 1,144,949
Buildings and improvements	8,540,136	8,504,704
Furniture and equipment	1,864,695	1,855,844
Vehicles	128,606	163,794
Leasehold improvements	66,783	66,783
Software	<u>168,608</u>	<u>147,015</u>
	11,913,777	11,883,089
Less accumulated depreciation	<u>(4,597,687)</u>	<u>(4,280,860)</u>
Property, plant and equipment, net	<u>\$ 7,316,090</u>	<u>\$ 7,602,229</u>

Note 7. INVESTMENTS

Investments consist of the following:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Domestic equities	\$ 5,378,589	\$ 6,563,094	\$ 5,410,122	\$ 5,864,679
International equities	3,858,629	3,891,869	3,794,526	3,278,319
Fixed income securities	1,988,704	2,207,774	2,422,615	2,632,737
Inflation hedging	1,768,387	1,883,898	2,221,542	2,038,106
Cash and equivalents	<u>408,536</u>	<u>408,536</u>	<u>281,398</u>	<u>281,398</u>
Total	<u>\$ 13,402,845</u>	<u>\$ 14,955,171</u>	<u>\$ 14,130,203</u>	<u>\$ 14,095,239</u>

Under the terms of a line of credit agreement with a bank, the Organization has agreed not to pledge these assets as security on any other debt.

During 2009, the Organization requested a full redemption of its investment in the limited partnership. The limited partnership acknowledged receipt of the request, but noted that redemptions from the fund were suspended as of the year ended December 31, 2009. During 2010, the limited partnership had formally notified the Organization that all outstanding redemption requests will be honored pro rata based on the redeeming investors' total investment in the Fund relative to the total of all redeeming investors' investment in the Fund. The amount redeemed for the year ended December 31, 2012 and 2011 was \$233,349 and \$689,085, respectively.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 7. INVESTMENTS (continued)

Investment return is summarized as follows:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 310,652	\$ 392,867
Net realized and unrealized gain (loss)	<u>1,566,080</u>	<u>(619,812)</u>
Total investment gain (loss)	<u>\$ 1,876,732</u>	<u>\$ (226,945)</u>

Expenses relating to investment revenues, including management fees amounted to \$88,028 and \$100,173 for the years ended December 31, 2012 and 2011, respectively, and have been netted against investment revenues in the accompanying statements of activities.

The Organization's policy is to avail itself of a Board approved percentage of investment income for operations with any remaining interest, dividends, or appreciation reinvested. The spending policy approved by the Board of Trustees for 2012 was 6% of the average fair market value of all investments over the previous twelve quarters. The income recognized during the years ended December 31, 2012 and 2011 was \$856,719 and 663,354, respectively. The cash transferred to operations from investments during the years ended December 31, 2012 and 2011 was \$1,125,000 and \$680,000, respectively.

As discussed in Note 3 to these financial statements, the Organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of December 31, 2012. Level 2 is for investments measured using inputs such as quoted market prices for similar assets. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 7. INVESTMENTS (concluded)

The following table sets forth by level, within the fair value hierarchy, the valuation techniques used to determine the fair value of the Foundation's marketable securities as follows:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
December 31, 2012				
Value on a recurring basis				
Marketable securities				
Domestic equities	\$ 6,563,094	\$ 6,563,094	\$ -	\$ -
International equities	3,891,869	3,891,869	-	-
Fixed income securities	2,207,774	-	2,207,774	-
Inflation hedging	<u>1,883,898</u>	<u>1,883,898</u>	<u>-</u>	<u>-</u>
Total marketable securities	<u>\$ 14,546,635</u>	<u>\$ 12,338,861</u>	<u>\$ 2,207,774</u>	<u>\$ -</u>
December 31, 2011				
Value on a recurring basis				
Marketable securities				
Domestic equities	\$ 5,864,679	\$ 5,864,679	\$ -	\$ -
International equities	3,278,319	3,278,319	-	-
Fixed income securities	2,632,737	-	2,632,737	-
Inflation hedging	<u>2,038,106</u>	<u>1,806,025</u>	<u>-</u>	<u>232,081</u>
Total marketable securities	<u>\$ 13,813,841</u>	<u>\$ 10,949,023</u>	<u>\$ 2,632,737</u>	<u>\$ 232,081</u>

Note 8. LINE OF CREDIT

The Organization has available a \$1,500,000 revolving line of credit agreement with Citizens Bank. The line of credit expires on June 30, 2013, unless extended. The line carries a variable rate of interest at the Wall Street Journal prime rate (3.25% at December 31, 2012), adjusted at each change in the index. At December 31, 2012, there was no balance due on the line of credit.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 9. LONG-TERM DEBT

	<u>2012</u>	<u>2011</u>
Obligation payable, original amount \$5,540,000, in monthly sinking fund installments, through January 1, 2038, plus fixed interest at 3.915% per annum paid to a counterparty to a swap agreement, plus variable rate interest paid to bondholders, minus variable rate interest received from the counterparty to a swap agreement. The debt is secured by the Organization's investments and gross receipts. In July 2009, the Organization converted this obligation to a bank purchase mode. Reference is made to Note 11.	\$ 5,075,000	\$ 5,185,000
Capital lease payable in monthly installments of \$4,036 including interest at 7.35%, through January 2012. The lease was for a phone system.	-	2,993
Capital lease payable in monthly installments of \$1,573 including interest at 2.92%, through October 2014. The lease is for a phone system.	32,169	49,828
Capital lease payable in monthly installments of \$777 through October 2012. The lease is for equipment.	-	7,771
Note payable to the New Hampshire Housing and Finance Authority dated June 7, 2005. The face amount of the note is \$550,000, does not require the payment of interest and is due in 30 years. Accordingly, the note has been recorded at its present value with interest imputed at 6.0%. The note is secured by real estate located in Dover, New Hampshire.	152,628	143,988

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 9. LONG-TERM DEBT (concluded)

Note payable to the New Hampshire Housing and Finance Authority dated May 22, 2007. The face amount of the note is \$700,000, does not require the payment of interest and is due in 30 years. Accordingly, the note has been recorded at its present value with interest imputed at 6.0%. The note is secured by real estate located in Manchester, New Hampshire.

	<u>172,885</u>	<u>163,099</u>
Total	5,432,682	5,552,679
Less current maturities	<u>(133,093)</u>	<u>(138,336)</u>
Long-term debt	<u>\$ 5,299,589</u>	<u>\$ 5,414,343</u>

Future maturities of long-term debt are as follows:

Year ending December 31,	<u>Amount</u>
2013	\$ 133,093
2014	129,162
2015	120,000
2016	130,000
2017	135,000
Thereafter	<u>4,785,427</u>
Total	<u>\$ 5,432,682</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 10. SERIES 2007 REVENUE BONDS

During 2007, the New Hampshire Health and Education Facilities Authorities (the "Authority") sold \$5,540,000 of its Revenue Bonds, Child and Family Services Issue, Series 2007, and loaned the proceeds of the bonds to the Organization to refund its Series 1999 Series Bonds and to finance certain improvements to the Organization's facilities. The Series 2007 Bonds were issued with a variable interest rate determined on a weekly basis. Prior to issuing the Bonds, the Organization entered into an interest rate swap agreement (the "Swap Agreement") with Citizens Bank of NH (the "Counterparty") for the life of the bond issue to hedge the interest rate risk associated with the Series 2007 Bonds. The interest rate swap agreement requires the Organization to pay the Counterparty, a fixed rate of 3.915%, in exchange, the Counterparty will pay the Organization a variable rate on the notional amount based on the 67% of one-month LIBOR. Counterparty payments to the Organization were intended to offset Organization payments of variable rate interest to bond holders. Counterparty credit worthiness and market variability can impact the variable rates received and paid by the Organization, with the potential of increasing Organization interest payments. As a result, the cost of the interest rate swap for 2012 and 2011 is added to interest expense in the statement of functional expense. The bonds mature in 2038 and can be repaid at any time.

The Organization is required to include the fair value of the swap in the statement of financial position, and annual changes, if any, in the fair value of the swap in the statement of activities. For example, during the bond's 30-year holding period, the annually calculated value of the swap will be reported as an asset if interest rates increase above those in effect on the date of the swap was entered into (and as an unrealized gain in the statement of activities), which will generally be indicative that the net fixed rate the Organization is paying on the swap is below market expectations of rates during the remaining term of the swap. The swap will be reported as a liability (and as an unrealized loss in the statement of activities) if interest rates decrease below those in effect on the date the swap was entered into which will generally be indicative that the net fixed rate the Organization is paying on the swap is above market expectations of rates during the remaining term of the swap. The annual accounting adjustments of value changes in the swap transaction are non-cash recognition requirements, the net effect of which will be zero at the end of the bond's 30-year term. The Organization recorded the swap liability position of approximately \$1,558,953 and \$1,660,401 at December 31, 2012 and 2011, respectively.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 10. SERIES 2007 REVENUE BONDS (concluded)

During 2009, there occurred a downgrading of the credit rating of the Counterparty to the letter of credit reimbursement agreement, which triggered a mandatory tender of the Series 2007 Bonds in whole and a temporary conversion of one hundred percent of the principal amount to a bank purchase mode under the terms of said letter of credit reimbursement agreement. Since it became evident that the credit markets would not soon return to normalcy, the Organization elected to convert the Series 2007 Bonds from a weekly rate mode to a bank purchase mode. This new bank purchase mode created a rate period in which the Series 2007 Bonds bear interest at the tax adjusted bank purchase rate of 68 percent of the sum of the adjusted period LIBOR (30 day) rate and 325 basis points. The bank purchase mode commenced on July 31, 2009 and expires on July 31, 2014; however, the expiration date may be extended by the Counterparty and the Organization has the option to convert back to the weekly rate mode.

The Series 2007 Bond documents require the Organization to comply with certain financial covenants. As of December 31, 2012, the Organization was in compliance with these covenants.

Note 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following specific program services:

	<u>2012</u>	<u>2011</u>
Deferred loan interest	\$ 924,488	\$ 942,912
Camp Spaulding	498,104	547,880
Camp Pavillion	298,676	306,925
Union Street	238,219	245,025
Teen and youth	114,939	226,649
Teen center	101,673	111,507
Child abuse prevention	96,432	106,979
Camp	52,483	42,353
Family counseling	29,455	8,620
Child abuse treatment	6,242	50,000
Homecare	<u>6,140</u>	<u>30,289</u>
Total	<u>\$ 2,366,851</u>	<u>\$ 2,619,139</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 12. PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2012 and 2011, permanently restricted net assets of \$2,913,323 and \$2,687,718, respectively, are restricted to investments in perpetuity and for which income earned is expendable to support operations subject to certain restrictions. At December 31, 2012 and 2011, permanently restricted net assets include \$985,332 and \$939,809, respectively, in investments held in perpetual trusts.

Note 13. LEASES

The Organization leases office and counseling space located in various New Hampshire communities.

Future minimum lease payments due under these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2013	\$ 96,378
2014	63,383
2015	63,383
2016	63,383
2017	14,383
Thereafter	<u>3,437</u>
Total	<u>\$ 304,347</u>

For the years ended December 31, 2012 and 2011, rent expense in connection with these leases was \$123,117 and \$100,461, respectively. The Organization also leases office and counseling space in New Hampshire on a tenant-at-will basis.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 14. ENDOWMENT FUND ASSETS

The Not-for-Profit Entities Topic of the ASC intends to improve the quality of consistency of financial reporting of endowments held by not-for-profit organizations. This Topic provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management Institutional Funds Act (UPMIFA). New Hampshire has adopted UPMIFA. The Topic also requires additional financial statement disclosures on endowments and related net assets.

The Organization has adopted an investment and spending policy to ensure a total return (income plus capital change) necessary to preserve and enhance the principal of the fund and at the same time, provide a dependable source of support for current operations and programs. The withdrawal from the fund in support of current operations is expected to remain a constant percentage of the total fund, adjusted for new gifts to the fund.

In recognition of the prudence required of fiduciaries, reasonable diversification is sought where possible. Experience has shown financial markets and inflation rates are cyclical and, therefore, control of volatility will be achieved through diversification of asset classes and selection of investment managers of diverse investment styles. Asset allocation parameters have been developed for various funds within the structure, based on investment objectives, liquidity needs, and time horizon for intended use.

The spending policy is 5% of the average total endowment value over the trailing 12 quarters with a 1% contingency margin. This includes interest and dividends paid out to the Organization.

Measurement of investment performance against policy objectives will be computed on a total return basis, net of management fees and transaction costs. Total return is defined as dividend or interest income plus realized and unrealized capital appreciation or depreciation at fair market value.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 14. ENDOWMENT FUND ASSETS (continued)

December 31, 2012	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investments, beginning of year	\$ 12,984,428	\$ -	\$ 1,110,811	\$ 14,095,239
Investment return				
Investment income	310,652	-	-	310,652
Realized gain	102,398	-	-	102,398
Unrealized gain	<u>1,463,682</u>	<u>-</u>	<u>-</u>	<u>1,463,682</u>
Total investment return	1,876,732	-	-	1,876,732
Contribution	-	-	159,275	159,275
Appropriation of endowment assets:				
Spending rate	(856,719)	-	-	(856,719)
Additional from Board designated funds	<u>(294,956)</u>	<u>-</u>	<u>-</u>	<u>(294,956)</u>
	<u>(1,151,675)</u>	<u>-</u>	<u>-</u>	<u>(1,151,675)</u>
Release of restriction	<u>-</u>	<u>-</u>	<u>(24,400)</u>	<u>(24,400)</u>
Investments, end of year	<u>\$ 13,709,485</u>	<u>\$ -</u>	<u>\$ 1,245,686</u>	<u>\$ 14,955,171</u>

Investment Net Asset Composition by Fund Type:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Undesignated	\$ 1,594,565	\$ -	\$ -	\$ 1,663,784
Board designated	12,114,920	-	-	12,114,920
Donor designated	<u>-</u>	<u>-</u>	<u>1,245,686</u>	<u>1,176,467</u>
Total	<u>\$ 13,709,485</u>	<u>\$ -</u>	<u>\$ 1,245,686</u>	<u>\$ 14,955,171</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 14. ENDOWMENT FUND ASSETS (concluded)

December 31, 2011	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investments, beginning of year	\$ 13,965,237	\$ -	\$ 895,665	\$ 14,860,902
Investment return				
Investment income	392,867	-	-	392,867
Realized gain	356,631	-	-	356,631
Unrealized gain	<u>(976,443)</u>	<u>-</u>	<u>-</u>	<u>(976,443)</u>
Total investment return	(226,945)	-	-	(226,945)
Contribution	-	-	211,401	211,401
Appropriation of endowment assets:				
Spending rate	(663,354)	-	-	(663,354)
Additional from Board designated funds	<u>(86,765)</u>	<u>-</u>	<u>-</u>	<u>(86,765)</u>
	<u>(750,119)</u>	<u>-</u>	<u>-</u>	<u>(750,119)</u>
Transfer of funds	<u>(3,745)</u>	<u>-</u>	<u>3,745</u>	<u>-</u>
Investments, end of year	<u>\$ 12,984,428</u>	<u>\$ -</u>	<u>\$ 1,110,811</u>	<u>\$ 14,095,239</u>

Investment Net Asset Composition by Fund Type:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Undesignated	\$ 1,592,994	\$ -	\$ -	\$ 1,662,213
Board designated	11,391,434	-	-	11,391,434
Donor designated	<u>-</u>	<u>-</u>	<u>1,110,811</u>	<u>1,041,592</u>
Total	<u>\$ 12,984,428</u>	<u>\$ -</u>	<u>\$ 1,110,811</u>	<u>\$ 14,095,239</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 15. PENSION PLAN

The Organization sponsored a defined contribution plan that covered all employees at day of hire and was at least twenty-one years of age. A pre-tax voluntary contribution is permitted by employees up to limits imposed by the Internal Revenue Code and other limitations specified in the Plan. There were no contributions made to the plan by the Organization for the years ended December 31, 2012 and 2011.

Note 16. RECLASSIFICATION

Certain 2011 amounts have been reclassified to conform to 2012 classification. These reclassifications had no effect on the increase in net assets for 2011.

Note 17. RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of checking and money market accounts in one financial institution. The Federal Deposit Insurance Corporation insures the balances up to \$250,000 at each bank. As of December 31, 2012, the Organization's accounts exceeded federally insured limits by \$72,636.

The majority of the Organization's grants are received from agencies of the state of New Hampshire. As such, the Organization's ability to generate resources via grants is dependent upon the economic health of that area and of the state of New Hampshire. An economic downturn could cause a decrease in grants that coincides with an increase in demand for the Organization's services.

Note 18. SUBSEQUENT EVENTS

Child and Family Services of New Hampshire has evaluated subsequent events through March 20, 2013, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended December 31, 2012.



**STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION FOR CHILDREN, YOUTH & FAMILIES**

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4451 1-800-852-3345 Ext. 4451
FAX: 603-271-4729 TDD Access: 1-800-735-2964

Nicholas A. Toumpas
Commissioner

Maggie Bishop
Director

April 20, 2011

G&C Approved

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Date 5/25/11
Item # 71

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Children, Youth and Families to enter into an agreement with Child & Family Services of New Hampshire, Manchester, New Hampshire (Vendor #177166 B002) for the provision of statewide recruitment & retention activities for resource family homes and support services and technical assistance for Foster and Adoptive Parent Networks, effective July 1, 2011 or date of Governor and Council approval whichever is later, through June 30, 2013, with a maximum price limitation of \$150,000.00. Funds to support this request are anticipated to be available in the following account in SFY 2012 and SFY 2013 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts if needed and justified, between State Fiscal Years:

05-95-40-402010-5847 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: CHILDREN AND YOUTH, FEDERAL GRANT PROGRAMS, PROMOTING SAFE AND STABLE FAMILIES

<u>Class/Object</u>	<u>Title</u>	<u>Activity Code</u>	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>Total</u>
102-500734	Social Service Contracts	40130007	\$75,000.00	\$75,000.00	\$150,000.00

EXPLANATION

The above action is requested for the provision of recruitment and retention activities for resource family homes. These services represent one of two strategies the Division for Children, Youth and Families uses to successfully recruit and retain resource family homes for the children who come into the Division's custody. The overall strategy includes providing an appropriate level of resources to find and retain foster and adoptive families, as well as providing a support system for the families on an ongoing basis as they face the daily challenges of parenting a child or children who have been abused and/or neglected. The two activities are designed to compliment each other, and together form a comprehensive strategy to ensure that children are cared for in safe and loving homes

The services provided through this agreement include: developing and implementing local campaigns to recruit and retain foster and adoptive parents within each Division for Children, Youth and Families District

Office catchment area by working with staff to create a plan based on identified local needs; conducting a minimum of three marketing campaigns for each catchment area; assisting the Division for Children, Youth and Families with developing and implementing Foster Care Month and Adoption Month activities, including, but not limited to, a media campaign and information sessions throughout the state; and a variety of other activities such as training sessions, conferences, and participating in Division for Children, Youth and Families meetings within which foster and adoptive homes may be the focus. In addition, this contract provides for the provision of technical assistance to foster and adoptive families and networks.

These services are consistent with those provided for in the Federal Promoting Safe and Stable Families grant that funds the agreement. As such, they continue to support the Division for Children, Youth and Families' ability to draw down these Federal funds, and do so without impacting General Fund dollars.

The Division has explored the concept of this service being provided in-house, however the Division currently does not have sufficient staff to organize and facilitate recruitment and retention events or to provide the necessary technical assistance to foster and adoptive families and networks at an optimal level with statewide consistency. For this reason the Division for Children, Youth and Families has chosen to issue a Request for Proposals for these services.

Competitive Bidding Process

On January 28, 2011, the Division issued a Request for Proposals. In order to be eligible to provide the services, the contractor must be either a foster parent association registered with the New Hampshire Secretary of State, or a New Hampshire licensed child placing agency (HE-C 6448), or become licensed as such. The Request for Proposals was published on the Department of Health and Human Services website and a letter of notification was sent to the twenty-three licensed child placement agencies statewide.

The responsiveness of the Division in addressing potential bidders questions and concerns, and access to bidding templates represents new improvements to the Division's commitment to attract and encourage agencies to bid on the Division for Children, Youth and Families Request for Proposals. Essentially, by ensuring a comprehensive understanding of the Division's program needs and its strategies, and by facilitating the process associated with bidder proposal development, the Division strived to achieve multiple bids for this service.

As part of its competitive bidding process, the Division for Children, Youth and Families incorporated a mandatory bidders conference into the Request for Proposals. The conference, held on February 10, 2011, was attended by representatives from four prospective bidding agencies. Through the mandatory conference, the Division was able to fully articulate its vision and approach to deliver recruitment and retention services for resource family homes in the State. Subsequent to the conference, the Division responded to any clarifying questions raised by prospective bidders and provided bidders with electronic access to the RFPs' bidding templates. Three of these agencies submitted proposals: NH Foster and Adoptive Parent Association, Bethany Christian Services, and Child & Family Services of New Hampshire.

The Request for Proposals included evaluation criteria (see attached evaluation summary) and a description of factors that the Division for Children, Youth and Families would utilize in assessing the effectiveness of proposals received. In preparing for the review of anticipated bids, the Division formed an Evaluation Committee comprised of Division for Children, Youth and Families staff. Each Committee member was given a Confidentiality Statement to ensure that information about the bidding and evaluation process would not be inappropriately released throughout the RFP cycle. Similarly, upon learning of the actual bidding

agencies, members were given a Conflict of Interest Statement to assure that the respective bids received posed no personal or financial conflict for reviewers.

The amount of available funds to provide this service was disclosed in the Request for Proposals. Committee members individually reviewed the three proposals; the NH Foster and Adoptive Parent Association scored 79.8 points out of 100 possible points; Bethany Christian Services scored 83.3 out of a possible 100 points; and Child & Family Services of New Hampshire scored 88.9 points out of a possible 100. As a result, the Committee recommended awarding the contract to Child & Family Services of New Hampshire. The Division Director concurred with the Committees' recommendations, based on the factors shared by them and the agreement terms successfully negotiated with the contractor.

Agreement Terms

The Request for Proposals and attached agreement call for the provision of these services for two years with a possible four years of renewals, pending the satisfactory provision of services, availability of Federal funds and Governor and Council approval. The agreement also calls for Child & Family Services to contribute 25% of the total program costs. By doing so, the Division successfully meets a 25% Federal funds matching requirement and ensures that General Fund dollars are not needed to support this program.

In the event that this contract is not approved by the Governor and Council, the number of available foster and adoptive homes will decline and it is anticipated that children and youth in need of out-of-home placement will enter more restrictive residential facilities instead, increasing the State's cost of care for these children and youth. In addition, the Division's goal of permanency for children and youth would be compromised.

Source of funds: 100% Federal Funds from the US Department of Health and Human Services. In the event that the Federal funds become no longer available, General funds will not be requested to support this program.

Geographic area served: Statewide.

Respectfully submitted,



Maggie Bishop
Director

Approved by:



Nicholas A. Toumpas
Commissioner

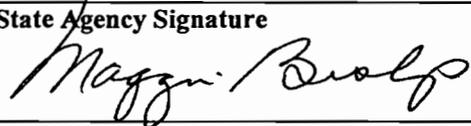
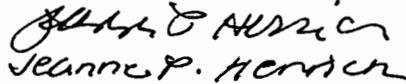
Subject: Recruitment & Retention for Resource Family Homes

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 Division for Children, Youth and Families		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Child & Family Services of New Hampshire		1.4 Contractor Address PO Box 448 Manchester, NH 03105-0448	
1.5 Contractor Phone Number 603-518-4143	1.6 Account Number 10-40-58470000-102-500731	1.7 Completion Date 6/30/2013	1.8 Price Limitation \$150,000.00
1.9 Contracting Officer for State Agency Baerbel Wills		1.10 State Agency Telephone Number 603-271-0945	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Michael R. Ostrowski President	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>4/14/11</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace  [Seal]		TRACIE J. CECENAS, Notary Public My Commission Expires February 18, 2014	
1.13.2 Name and Title of Notary or Justice of the Peace			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Maggie Bishop, Director	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By:  On: <u>5/6/2011</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

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

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, 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.

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: 

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.

The signature is a stylized cursive mark, possibly initials, followed by the date 4/14/14 written in a similar cursive style.

**EXHIBIT A
SCOPE OF SERVICES**

DATE: April 1, 2011

CONTRACT PROJECT: Recruitment & Retention for Resource Family Homes

CONTRACT PERIOD: July 1, 2011 or date of Governor and Council approval to 6/30/2013

CONTRACTOR NAME: Child & Family Services of New Hampshire

ADDRESS: PO Box 448
Manchester, NH 03305-0448

PRESIDENT/CEO: Michael R. Ostrowski

TELEPHONE: (603) 518-4000 x 4143

E-MAIL: ostrowskim@cfsnh.org

A. PROVISIONS APPLICABLE TO ALL SERVICES

1. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or Federal or State court orders may have an impact on the Services described herein, the State has the right to modify Service priorities and expenditure requirements under this Contract so as to achieve compliance therewith, in which event the price limitations for such Service(s) shall be renegotiated.
2. The Contractor agrees to use its best efforts to apply for any and all appropriate public and private sources of funds that are applicable to the funding of the Services described herein. Appropriate records shall be maintained by the Contractor to document actual funds received or denials of funding from such sources of funds.
3. The Contractor shall provide the list of services articulated below and further described in Exhibit A-1 (Contractor's Response to Specifications, RFP #12-DCYF-RRA-03) of this Agreement. If a conflict exists between Exhibit A and Exhibit A-1, then Exhibit A shall prevail.

B. PROGRAM SPECIFICATIONS

1. Population Served
 - 1.2 Potential and existing NH foster and adoptive family homes and designated DCYF staff statewide.

2. Services to be Provided

- 2.1 The Contractor shall develop and implement a campaign for recruitment and retention of resource families that reflects the identified needs of local District Offices and the State as a whole.
- 2.2 The Contractor shall work with the local District Offices to identify specific needs for children and youth they are currently serving and to identify additional resources needed.
- 2.3 The Contractor shall work with DCYF to organize a statewide team for development of a recruitment strategy utilizing a consistent message and targeted advertising for specific needs.
- 2.4 The Contractor, in collaboration with DCYF, shall develop the annual recruitment and retention plans and determines their effectiveness to meet the State's objectives.
- 2.5 The Contractor shall coordinate with the designated DCYF staff to evaluate and track the effectiveness of recruitment and retention initiatives being implemented.
- 2.6 The Contractor shall utilize various media outlets, including but not limited to, television, radio, internet, public speaking engagements and print media to advertise for all levels of resource family homes throughout the State including, but not limited to, individualized recruitment efforts for specific children identified by DCYF. All advertising shall be pre-approved by DCYF and the DHHS Public Information Office.
- 2.7 The Contractor shall develop and implement a plan to focus attention on the month of May, as National Foster Care Month, and the month of November, as National Adoption Month.
- 2.8 The Contractor shall coordinate with designated DCYF staff and other identified partners in specialized recruitment activities and projects such as the Heart Gallery Project and the "Waiting Children" booklets.
- 2.9 The Contractor, in collaboration with DCYF, shall develop a statewide recruitment and retention activities calendar.
- 2.10 The Contractor shall contribute to and participate in the development of the FAN (Foster and Adoptive Parent Newsletter).
- 2.11 The Contractor shall meet regularly with DCYF, the Community and Faith Based Initiative, "Wendy's Wonderful Kids" and other partners to ensure the cooperative coordination of recruitment and retention efforts across the State.
- 2.12 The contractor shall provide outreach to prospective families with program messaging and information designed to motivate families to provide foster and adoptive care.
- 2.13 The Contractor shall offer continuous involvement with families through the licensing process.

Contractor Initials: 

Date: 4-14-11

- 2.14 The Contractor shall provide technical assistance to DCYF in the development of foster care policy and programs, by securing suggestions from and in consultation with foster and adoptive parents. The Contractor shall ensure that representation of foster and adoptive parents reflects broad demographic and geographic participation by foster and adoptive parents working with both DCYF, at the District Office level, and child placing agencies statewide. This diverse group will represent the point of view of parents at bi-monthly meetings of the Foster Care Network; the DCYF Education and Training Partnership, at quarterly meetings with the Director of DCYF and at other DCYF meetings at which foster parent representation is requested. Proposals submitted in response to this RFP shall include a plan for ensuring broad representation.
- 2.15 The Contractor shall provide assistance to state and local foster parent groups that request services to develop cohesive state and local networks. This may include but not be limited to: group work, organizational development, leadership training, and guidance for formalizing groups.
- 2.16 The Contractor, in collaboration with the contractor for the Education and Training Partnership (E&TP), shall present a one-day competency-based conference in the fall of each year for New Hampshire foster and adoptive parents.
- 2.17 The Contractor shall develop and implement a plan to ensure that foster and adoptive parents participate in training conferences, including, but not limited to, the annual DCYF conference, the New England Foster Care Conference and other relevant conferences. The Contractor shall ensure broad representation of foster and adoptive parents and shall provide opportunities and resources for parent participation in training conferences.
- 2.18 The Contractor shall participate on and work in collaboration with members of the Council on Organizational Learning, and other DCYF identified partners.
- 2.19 The Contractor shall operate and oversee the First Initial Response Team (FIRST) – a foster parent allegation of child abuse support team. The Contractor shall plan for maintaining telephone support to foster parents who self-refer, and ongoing training for FIRST members.
- 2.20 The Contractor shall consult with DCYF in the development of a brochure outlining FIRST and shall be responsible for the distribution of the brochure to the foster parent community and DCYF staff. DCYF will be responsible for printing the brochure.

C. OPERATIONAL SPECIFICATIONS

1. General

- 1.1. The Contractor shall provide all services, either directly or through use of sub-contractor(s). If sub-contractor(s) are used, the Contractor shall first obtain DCYF written approval by notifying DCYF of the following: identify the name(s) of the sub-contractor(s); include the rationale and appropriateness of the sub-contractor(s) to be used, and indicate the terms of sub-contractor agreement(s). The Division shall review such use and notify the Contractor of its decision regarding use of the sub-contractor.

Contractor Initials: 

Date: 4/14/11

2. Reporting Requirements

2.1. On a quarterly basis, the Contractor shall provide DCYF with a report detailing:

- a. The media advertising that was submitted during the quarter;
- b. A detailed listing of recruitment and/or retention events held during the quarter;
- c. Reports of training delivered or attended during the quarter;
- d. Documentation of meetings with Resource Workers, Permanency Workers, Program Specialists, recruitment and retention teams and other partners during the quarter;
- e. The names of foster and/or adoptive parents who participated in the services provided by the Contractor, the dates of participation in the Foster Care Network, the Education and Training Partnership and any other meetings at which resource families attendance was requested;
- f. The names of conference participants and the conferences attended; and
- g. A listing of all delivered public outreach and information.

2.2 On an annual basis, the Contractor shall submit an evaluation of the contract objectives detailing:

- a. The number of referrals received for the foster parent allegation of child abuse team;
- b. The number of meetings held in support of foster and adoptive parent groups;
- c. The Contractor's costs incurred as associated with supporting foster parent participation in meetings, including child care, mileage or other stipends;
- d. The retention rate of the number of licensed foster homes;
- e. The number of newly licensed homes;
- f. The convening of District Office Recruitment and Retention teams and their membership, the number of times teams met throughout the year, compliance by recruitment and retention plans to their state plan goals; and
- g. The expenses for recruitment and retention activities and advertising.

2.3 The annual report shall be due on or before July 30th following the end of the State Fiscal Year (SFY). The report shall formally address the program outcomes and performance measures. It shall also report on the increase of new resource family homes, as well as the retention rate of current homes during each State Fiscal Year.

2.4 All satisfaction surveys shall be sent to the designated DCYF staff. DCYF will share the results with the Contractor on a quarterly basis.

3. Program Outcomes and Performance Measures

3.1 The Contractor shall facilitate recruitment and retention activities, as evidenced by:

- a. Facilitation of 95% of the Division's District Offices recruitment and retention planning team meetings that may include:
 - i. Members of the DCYF Permanency Planning Team;
 - ii. At least two foster parents; and
 - iii. Members of the community as deemed appropriate and approved by DCYF.

- b. The Contractor facilitated the coordination and development of a local recruitment and retention plan with each District Office resource worker and such plan was submitted to the Foster Care Specialist by August 30 of each contract year. The first plan shall be submitted by August 30, 2011, or within two months after the start of the contract, whichever is later.
 - c. 90% of the time the Contractor met with each District Office's Resource Worker on a quarterly basis.
 - d. In 90% of the Division's District Offices, recruitment and retention planning teams identified the need for foster homes in the area based upon past experience with matching children needing placement.
 - e. The Contractor provided to 100 % of the Division's District Offices access to a specified amount of money to support local events related to recruitment and retention plans. The Contractor ensured that 100% of the Division's District Offices were able to realize local advertising that supported recruitment.
 - f. The Contractor demonstrated the provision of sufficient assistance and support to the Resource Workers and local foster and adoptive parent support groups that resulted in a 70% retention rate of the number of licensed foster homes as of July 1 of each contract year. DCYF will provide the number of open, renewed and closed foster home licenses it recorded during the previous SFY.
 - g. The Contractor's recruitment efforts increased the number of referrals made to DCYF by 10%. DCYF will provide the number of referrals it received during the previous SFY.
 - h. The Contractor's recruitment efforts increased the number of newly licensed homes by 15%. DCYF will provide the number of new foster home licensed during the previous SFY.
 - i. The Contractor's recruitment efforts matched a minimum of 10% of the legally free waiting children with a permanent family. DCYF will provide the average number of waiting children it has had in placement during the previous SFY.
- 3.2 The Contractor ensured the participation of foster parents in meetings regarding foster care, as evidenced by proof of attendance.
- 3.3 The Contractor ensured that a strong network of support for foster parents was available to parents, as evidenced by:
- a. Documented proof that the FIRST or foster parent allegation of child abuse support team distributed brochures to the foster parent community that described the available support; and
 - b. Provided brochures to DCYF for distribution by DCYF staff in the course of their investigations of foster homes.
- 3.4 The Contractor presented 100% of the required conferences within the required contract periods as evidenced by:
- a. Coordination of the annual statewide training conference for foster parents with the E&TP contractor; and
 - b. The New England Foster Care Association conference was held as applicable.

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4. Staff Qualifications

The Contractor shall hire sufficient staff to implement a high quality, comprehensive, recruitment and retention program. At minimum, staffing must support the following functions:

- 4.1 Overall program administration, including, but not be limited to, development and implementation of recruitment and retention plans, as well as the responsibility for continuous quality improvement of the recruitment and retention activities and related activities. It also includes the responsibility for organizing support and technical assistance to foster and adoptive parent groups, both locally and statewide, as well as the management of FIRST.
- 4.2 Administrative support for this partnership including phone coverage, program materials preparation, record maintenance data collection, and reporting requirements.
- 4.3 The Contractor shall adhere to the process for hiring staff and/or recruiting volunteers who represent the diversity of the communities served. Sharing of staff with other programs or community-based agencies may occur with prior approval of DCYF.
- 4.4 The Contractor staff hired for this program shall possess:
 - a. An understanding of the principles of family support;
 - b. Experience working with community groups;
 - c. Empathy for parents and families, and an understanding of family stressors;
 - d. A working knowledge of the array of services in the community;
 - e. Experience working directly with families;
 - f. Experience in the area of child welfare services;
 - g. Good organizational skills;
 - h. Good problem solving skills;
 - i. Clear and effective oral and written communication skills;
 - j. A valid driver's license and reliable automobile transportation;
 - k. The ability to work hours that are flexible and convenient for families; and
 - l. An understanding of how to access the range of services in the delivery systems.

D. SPECIAL PROVISIONS:

1. The Contractor shall comply with the confidentiality provisions of RSA 170-G: 8-a. All information regarding the Division's clients, client families, foster families, and other involved individuals that the Contractor may learn is strictly confidential and shall not be discussed with anyone except the Division's personnel in the performance of contracted services.
2. The Contractor is not authorized to release any information regarding the Division's compliance with federal guidelines without express written authorization of the Division Director or his/her designee.

NH Department of Health and Human Services

STANDARD EXHIBIT C

SPECIAL PROVISIONS

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

2. Compliance with Federal and State Laws: If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.

3. Time and Manner of Determination: Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.

4. Documentation: In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department with all forms and documentation regarding eligibility determinations that the Department may request or require.

5. Fair Hearings: The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or reapplicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.

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

7. Retroactive Payments: Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.

8. Conditions of Purchase: Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractors costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party fundors for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such costs, or has received

payment in excess of such costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party funders, the Department may elect to:

8.1 Renegotiate the rates for payment hereunder, in which event new rates shall be established;

8.2 Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

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

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

9. Maintenance of Records: In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract Period:

9.1 Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.

9.2 Statistical Records: Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.

9.3 Medical Records: Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.

10. Audit: Contractor shall submit an annual audit to the Department within 60 days after the close of the agency fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.

10.1 Audit and Review: During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.

10.2 Audit Liabilities: In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.

11. Confidentiality of Records: All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding

the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract; and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian. Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

12. Reports: Fiscal and Statistical: The Contractor agrees to submit the following reports at the following times if requested by the Department.

12.1 Interim Financial Reports: Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.

12.2 Final Report: A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

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

14. Credits: All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:

14.1 The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, , with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

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

SPECIAL PROVISIONS – DEFINITIONS

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

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

DEPARTMENT: NH Department of Health and Human Services.

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

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

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

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

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

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

Contractor Initials 
Date: 4/14/11

NH Department of Health and Human Services

STANDARD EXHIBIT C-I

ADDITIONAL SPECIAL PROVISIONS

1. The Division reserves the right to renew the contract for up to four additional years, subject to continued availability of funds, satisfactory performance of services, and approval by the Governor and Executive Council.

Our Mission.....

Child and Family Services of New Hampshire is an independent, nonprofit agency dedicated to advancing the well-being of children by providing an array of social services to strengthen family life and by promoting community commitment to the needs of children.

KEY ADMINISTRATIVE PERSONNEL

NH Department of Health and Human Services
Division for Children, Youth and Families

Agency Name: Child and Family Services

Name of Bureau/Section: Recruitment and Retention for Resource Homes

BUDGET PERIOD:		SFY 14-7/1/2013-12/31/2013	Total Salary Amount Paid By Contract
Name & Title Key Administrative Personnel	Annual Salary Of Key Administrative Personnel	Percentage of Salary Paid By Contract	Total Salary Amount Paid By Contract
Michael Ostrowski/CEO	\$138,840	0.00%	\$0.00
Maria Gagnon/COO	\$94,994	0.00%	\$0.00
Anthony Cheek/CFO	\$92,914	0.00%	\$0.00
Jeannette Birge/Program Manager	\$64,243	20.00%	\$6,424.30
		0.00%	\$0.00
		0.00%	\$0.00
TOTAL SALARIES (Not to exceed Total/Salary Wages, Line Item 1 of Budget request)			\$6,424.30

Key Administrative Personnel are top-level agency leadership (President, Executive Director, CEO, CFO, etc), and individuals directly involved in operating and managing the program (project director, program manager, etc.). These personnel **MUST** be listed, **even if no salary is paid from the contract**. Provide their name, title, annual salary and percentage of annual salary paid from agreement.

Child and Family Services

464 Chestnut Street, PO Box 448, Manchester NH 03105-0448
800-640-6486 / 603-518-4000

Board of Trustees 2012 - 2013

Suzanne Boulter, MD

Board Position: Board Governance Committee

Waterville Valley
HomePh: ()
WorkPh:
Fax:
Email:
Employer:
Title: Doctor/Professor Pediatrics,
CellPh: ()

Elaine Brody

Board Position: Board Governance Committee

Hudson
HomePh:
WorkPh:
Fax:
Email:
Employer:
Title: Business Manager
CellPh:

William Conrad

Board Position: Chair, Finance Committee, Treasurer

Bedford
HomePh:
WorkPh:
Fax:
Email:
Employer:
Title: Managing Director
CellPh:

Gail Garceau

Board Position: Chair, Board Governance Committee

Manchester
HomePh:
WorkPh:
Fax:
Email:
Employer:
Title: General Manager
CellPh:

Lou Kaucic

Board Position: Chair, Board Development Committee

Sanbornton
HomePh:
WorkPh:
Fax:
Email:
Employer:
Title: Executive Director
CellPh: ()

Bradford Kuster, Esq.

Board Position: Board Secretary, Chair, Advocacy Committee

Concord
HomePh:
WorkPh:
Fax:
Email:
Employer: Attorney at Law
Title: Attorney
CellPh:

Peggy Lambert

Board Position: Board Development Committee

Auburn
HomePh:
WorkPh:
Fax:
Email:
Employer:
Title: Director Critical Care Services
CellPh:

Child and Family Services

464 Chestnut Street, PO Box 448, Manchester NH 03105-0448
800-640-6486 / 603-518-4000

Board of Trustees 2012 - 2013

Kirk	Leoni	Board Position: Board Finance Committee	Email:
		HomePh:	Employer:
Concord		WorkPh:	Title: CPA/President
		Fax:	CellPh:
Marilyn	Mahoney ,Esq.	Board Position: Board Chair, Executive Committee	Email:
		HomePh:	Employer:
		WorkPh:	Title: Attorney
		Fax:	CellPh:
Willard "Bud"	Martin	Board Position: Advocacy Committee	Email:
		HomePh:	Employer:
		WorkPh:	Title: Attorney
		Fax:	CellPh:
Michael	Ostrowski ,CEO	Board Position: Board Asst. Secretary/CEO	Email: ostrowskim@cfsnh.org
464 Chestnut Street - PO Box 448		HomePh:	Employer: Child and Family Services
Manchester NH 03105		WorkPh: (603) 518-4143	Title: CEO
		Fax:	CellPh:
Samantha	Pause	Board Position: Board Governance Committee	Email:
		HomePh:	Employer:
Lebanon		WorkPh:	Title: SVP Marketing
		Fax:	CellPh:
Kenneth	Sheldon	Board Position: Board Finance Committee	Email:
		HomePh:	Employer:
Manchester		WorkPh:	Title: Senior VP/Sr. Client Mgr
		Fax:	CellPh:
Lynne	Stahler	Board Position: Board 2nd Vice Chair, Executive Committee	Email:
		HomePh:	Employer:
Etna		WorkPh:	Title: Business Owner
		Fax:	CellPh:

Child and Family Services

464 Chestnut Street, PO Box 448, Manchester NH 03105-0448

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Board of Trustees 2012 - 2013

Gregory Swope, Esq.

Board Position: Concord Regional Board, Chair

Concord

Email:

HomePh:

Employer: Attorney at Law

WorkPh:

Title: Attorney

Fax:

CellPh:

Kerry Uhler

Board Position: Board 1st Vice Chair, Executive Committee

Hillsboro

Email:

HomePh:

Employer:

WorkPh:

Title: Project Steward

Fax:

CellPh:

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 CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE is a New Hampshire nonprofit corporation formed September 25, 1914. 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 25th day of January A.D. 2013

A handwritten signature in cursive script that reads "William M. Gardner".

William M. Gardner
Secretary of State

