



Jeffrey A. Meyers  
Commissioner

Carol E. Sideris  
Director

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STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF HUMAN SERVICES  
***DIVISION OF CLIENT SERVICES***

129 PLEASANT STREET, CONCORD, NH 03301  
603-271-9404 1-800-852-3345 Ext. 9404

Fax: 603-271-4232 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

September 19, 2016

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

**REQUESTED ACTION**

Authorize the Department of Health and Human Services, Division of Client Services to enter into an agreement with the University of Massachusetts Medical School (Vendor #177576) for the provision of Disability Determination Services in an amount not to exceed \$206,250 effective upon Governor and Executive Council approval through June 30, 2017. 75% Federal Funds, 25% General Funds

Funds to support this request are available in State Fiscal Year 2017, as follows:

**05-95-45-451010-7997 HEALTH AND SOCIAL SERVICES, DEPT. OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, DCBCS DISABILITY DETERMN UNIT, MEDICAL**

SFY	Class/Account	Class Title	Activity Code	Total
2017	046-500462	Contracts for Program Services	45142100	\$206,250
<b>Total :</b>				<b>\$206,250</b>

**EXPLANATION**

The purpose of this request is to enter into an agreement with the University of Massachusetts Medical School for the provision of Disability Determination Services to individuals applying for certain assistance and services.

Disability Determination Services, as required by the Federal Centers for Medicare and Medicaid Services, provide medical, psychological, and/or psychiatric consultative services in order to evaluate individual claims of disability for Medicaid eligibility purposes. Disability Determination services evaluate applicants for Aid to Permanently and Totally Disabled, Medicaid for Employed Adults with Disabilities, and Aid to Needy Blind.

Disability Determination services include requests to medical and non-medical information from applicants and medical/psychological providers in order to build a case. If no medical/psychological records exist, appointments with providers are scheduled. Fully developed cases are reviewed by a Medical Review Team that consists of physicians, nurses, and psychiatrists or psychologists. This team of professionals determines the medical eligibility of each individual applying for assistance through Aid to the Permanently and Totally Disabled, Medicaid for Employed Adults with Disabilities, or Aid to the Needy Blind on the basis of medical, diagnostic, and mental health, in accordance with criteria set forth in New Hampshire Administrative Rule He-W 504 and the Social Security Administration's grid rules.

Section 1903(a) (2) of the Social Security Act allows the Department, as the State Medicaid agency, to receive Federal match funds at an enhanced rate of seventy-five percent (75%) for contracted services with a public entity for compensation of skilled professional medical personnel and the direct support staff. Services contracted with a non-public entity are subject to the standard fifty percent (50%) reimbursement.

This contract was competitively bid. On May 10, 2016 the Department issued a Request for Application for qualified organization to provide Pre-Admission Screening and Resident Review services; and/or Nursing Facility Level of Care Determination services and/or Disability Determination services. Vendors could submit applications for one, two or all services. The request for application was available on the Department of Health and Human Services website from May 10, 2016 through June 10, 2016. Four (4) proposals were submitted.

The applications were evaluated by a team of individuals with program specific knowledge and experience, as well as individuals with significant business and management expertise. The Department selected the highest scoring vendor who submitted an application to provide Disability Determination Services only. The bid summary is attached.

This agreement contains language that allows the Department to renew contract services up to **three (3)** additional years, subject to continued availability of funds, satisfactory performance of services, and approval by the Governor and Executive Council.

Should the Governor and Executive Council not approve this request the Department may not have sufficient clinical staff to administer the Disability Determinations within the ninety (90) day time frame established by federal and state regulations. In addition, the Department would not be eligible to receive the Federal match funds at a rate of seventy-five percent for contracted services with a public entity.

Area Served: Statewide

Source of Funds: 75% Federal Funds CFDA #93.778, U.S. Department of Health & Human Services, Centers for Medicare and Medicaid Services, Medical Assistance Program, Medicaid Title XIX.

25% General Funds

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

Respectfully submitted,



Carol E. Sideris  
Director

Approved by:



Jeffrey A. Meyers  
Commissioner



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

**Pre-Admission Screening Resident Review  
Services Disability Determination Services  
Nursing Facility Level of Care  
Determination Services**

**RFA Name**

**RFA-2017-DCS-01-Disab**

**RFA Number**

**Bidder Name**

1. **Keystone Peer Review Organization, Inc.  
(KEPRO)**
2. **Pilot Health, LLC**
3. **Maximus Health Services, Inc.**
4. **UMASS Medical School**

Pass/Fail	Maximum Points	Actual Points
	200	172
	200	100
	200	180
	200	190

**Reviewer Names**

1. **Sally Varney, Administrator III**
2. **Scott Beckwith, Supervisor IV**
3. **Mickie Grimes, Supervisor VII**
- 4.
- 5.
- 6.



**STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF INFORMATION TECHNOLOGY**  
27 Hazen Dr., Concord, NH 03301  
Fax: 603-271-1516 TDD Access: 1-800-735-2964  
[www.nh.gov/doit](http://www.nh.gov/doit)

**Denis Goulet**  
*Commissioner*

September 26, 2016

Jeffrey A. Meyers  
Commissioner  
Department of Health and Human Services  
State of New Hampshire  
129 Pleasant Street  
Concord, NH 03301

Dear Commissioner Meyers:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to enter into an agreement with the University of Massachusetts Medical School for the provision of Disability Determination Services as described below and referenced as DoIT No. 2016-116.

The purpose of this request is to enter into an agreement with the University of Massachusetts Medical School for the provision of Disability Determination Services as required by the Federal Centers for Medicare and Medicaid Services, provide medical, psychological, and/or psychiatric consultative services in order to evaluate individual claims of disability for Medicaid eligibility purposes. Disability Determination Services evaluates applicants for Aid to Permanently and Totally Disabled, Medicaid for Employed Adults with Disabilities, and Aid to Needy Blind. The contract will become effective upon Governor and Council approval through June 30, 2017. The amount of the contract is not to exceed \$206,250.

A copy of this letter should accompany the submission to the Governor and Executive Council for approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Denis Goulet".

Denis Goulet

DG/mh  
DHHS 2016-116

cc: Bruce Smith



STATE OF NEW HAMPSHIRE  
 DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 OFFICE OF HUMAN SERVICES  
***DIVISION OF CLIENT SERVICES***

Jeffrey A. Meyers  
 Commissioner

Carol E. Sideris  
 Director

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 603-271-9404 1-800-852-3345 Ext. 9404  
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September 19, 2016

Denis Goulet  
 Commissioner  
 Department of Information Technology  
 27 Hazen Drive  
 Concord, NH 03301

**Requested Action**

The Department of Health and Human Services, Division of Client Services requests approval to enter into an agreement the University of Massachusetts Medical School (Vendor #177576) for the provision of Disability Determination Services in an amount not to exceed \$206,250 effective upon Governor and Executive Council approval through June 30, 2017. 75% Federal Funds, 25% General Funds

Certain tasks require computer related information to be received and accessed in this contract, these tasks are:

Access to New Hampshire Easy and Medicaid Management Information System (MMIS) for receipt and delivery of technical information in order to complete Pre-admission Screening and Resident Review, Nursing Facility Level of Care and Disability Determination Services.

**Funding Sources and Amounts**

Funds to support this request are available in State Fiscal Year 2017, as follows:

**05-95-45-451010-7997 HEALTH AND SOCIAL SERVICES, DEPT. OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, DCBCS DISABILITY DETERMN UNIT, MEDICAL**

SFY	Class/Account	Class Title	Activity Code	Total
2017	046-500462	Contracts for Program Services	45142100	\$206,250
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**Explanation**

The purpose of this request is to enter into an agreement with the University of Massachusetts Medical School for the provision of Disability Determination Services to individuals applying for certain assistance and services.

Disability Determination Services, as required by the Federal Centers for Medicare and Medicaid Services, provide medical, psychological, and/or psychiatric consultative services in order to evaluate individual claims of disability for Medicaid eligibility purposes. Disability Determination services evaluate applicants for Aid to Permanently and Totally Disabled, Medicaid for Employed Adults with Disabilities, and Aid to Needy Blind.

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team of professionals determines the medical eligibility of each individual applying for assistance through Aid to the Permanently and Totally Disabled, Medicaid for Employed Adults with Disabilities, or Aid to the Needy Blind on the basis of medical, diagnostic, and mental health, in accordance with criteria set forth in New Hampshire Administrative Rule He-W 504 and the Social Security Administration's grid rules.

Section 1903(a) (2) of the Social Security Act allows the Department, as the State Medicaid agency, to receive Federal match funds at an enhanced rate of seventy-five percent (75%) for contracted services with a public entity for compensation of skilled professional medical personnel and the direct support staff. Services contracted with a non-public entity are subject to the standard fifty percent (50%) reimbursement.

### **Prior Related Actions**

Governor and Executive Council approved a contract with the University of Massachusetts on November 12, 2014 (Late Item A) and subsequently approved Amendment #1 on June 29, 2016 (Item #13). In this agreement, the University of Massachusetts provided Pre-admission Screening and Resident Review, Nursing Facility Level of Care and Disability Determination Services.

This contract was competitively bid. On May 10, 2016 the Department issued a Request for Application for a qualified organization to provide Pre-Admission Screening and Resident Review Services; and/or Nursing Facility Level of Care Determination services and/or Disability Determination Services. Vendors could submit applications for one, two or all services. The request for application was available on the Department of Health and Human Services website from May 10, 2016 through June 10, 2016.

Alternatives to contracting these services include continuing to make Medicaid eligibility determination with Department staff in three different Divisions, Bureaus and Units. At this time, the Department does not meet the eligibility determination need, which continues to grow. Not meeting the needs of New Hampshire citizens should not be an alternative.

Benefits to contracting these services include aligning three program areas within the Department that are responsible for determining eligibility for individuals applying for certain assistance and services

### **Summary of Requested Action**

Date of most recently approved project: <u>May 10, 2016</u>
Project Name: <u>Pre-Admission Screening Resident Review Services, Disability Determination Services, Nursing Facility Level of Care Determination Services</u>
Project Number: <u>RFA 2017-DCS-01-Disab</u>

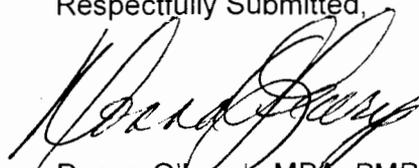
### **CONTACT PERSON**

State of New Hampshire  
Department of Health and Human Services  
Denise Sherburne  
Contracts & Procurement  
129 Pleasant Street  
Concord, New Hampshire 03301  
Email: [denise.sherburne@dhhs.nh.gov](mailto:denise.sherburne@dhhs.nh.gov)  
Fax: 603-271-4232  
Phone: 603-271-9540

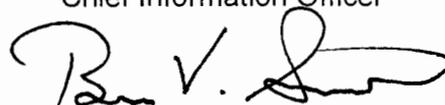
**CERTIFICATION**

The undersigned hereby certify that the information provided in this document and any attachment is complete and accurate, and that alternatives to the solution defined in this document have been appropriately considered.

Respectfully Submitted,



Donna O'Leary, MBA, PMP  
Chief Information Officer



Bruce Smith  
IT Leader  
Department of Information Technology

Approved by:



Jeffrey A. Meyers  
Commissioner

Cc: M. Hughes, DoIT Contract Manager

Subject: Disability Determination Services (RFA-2017-DCS-01-Disab-02

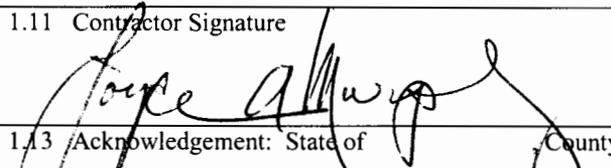
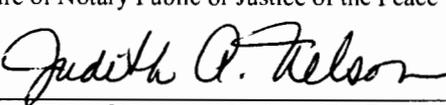
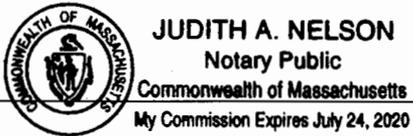
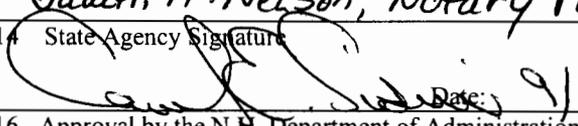
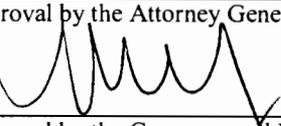
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

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

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name Department of Health & Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name University of Massachusetts Medical School		1.4 Contractor Address 333 South Street Shrewsbury, MA 01545	
1.5 Contractor Phone Number (774) 455-8326	1.6 Account Number 05-95-93-930010-7014 05-95-93-930010-5947 05-95-92-920010-5945 05-95-48-481510-6180 05-95-45-451010-7997	1.7 Completion Date June 30, 2017	1.8 Price Limitation \$206,250
1.9 Contracting Officer for State Agency Eric D. Borrin, Director		1.10 State Agency Telephone Number (603) 271-9558	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Joyce A. Murphy, Executive Vice Chancellor <i>be</i>	
1.13 Acknowledgement: State of _____ County of _____ On <u>Sept. 8, 2016</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 <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">                     [Seal]  </div> <div style="text-align: center;">  </div> </div>			
1.13.2 Name and Title of Notary or Justice of the Peace Judith A. Nelson, Notary Public			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Director	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By:  On: <u>Megan A. Ford - Attorney</u> <u>10/10/14</u>			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

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

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

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

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

**4. CONDITIONAL NATURE OF AGREEMENT.**

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

**5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.**

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

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

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

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

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

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

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

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

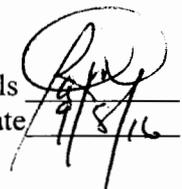
**7. PERSONNEL.**

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

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

Contractor Initials

Date

The signature is written in black ink and appears to be 'R. J. ...'. Below the signature, the date '9/5/16' is written in black ink.

Agreement. This provision shall survive termination of this Agreement.

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

#### **8. EVENT OF DEFAULT/REMEDIES.**

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

#### **9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.**

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

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

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

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

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

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

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

#### **14. INSURANCE.**

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

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

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

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

Contractor Initials

Date 9/8/16

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

**15. WORKERS' COMPENSATION.**

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

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

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

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

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

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

**19. CONSTRUCTION OF AGREEMENT AND TERMS.**

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

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

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

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

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

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

Contractor Initials   
Date 9/8/16



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**Scope of Services**

**1. Provisions Applicable to All Services**

- 1.1. The Contractor shall meet all technical requirements for information technology systems in order to collect, store, and distribute client data. Information technology systems must conform to the requirements in Exhibit A-1, Information Technology.
- 1.2. The Contractor shall submit a detailed description of the language assistance services they will provide to persons with limited English proficiency to ensure meaningful access to their programs and/or services within ten (10) days of the contract effective date.
- 1.3. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or federal or state court orders may have an impact on the Services described herein, the State Agency has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.
- 1.4. For the purposes of this contract, any reference to business days shall mean Monday through Friday, excluding NH State Employee and UMASS Medical School Employee holidays.
- 1.5. For the purposes of this contract, any reference to regular business hours shall mean from 8:00 AM through 4:00 PM, Eastern Standard Time or Eastern Daylight Savings Time (EDST), when EDST is in effect, during business days.
- 1.6. For the purposes of Disability Determination (DD) services in this contract, the Department shall:
  - 1.6.1. Receive and review all applications for assistance under the Aid to the Permanently and Totally Disabled (APTD), Aid to the Needy Blind (ANB) and Medicaid for Employed Adults with Disabilities (MEAD).
  - 1.6.2. Assemble case files for APTD and MEAD determinations.
  - 1.6.3. Transfer case files to the Contractor via the Medicaid Management Information System (MMIS).
- 1.7. The Contractor shall provide Disability Determination Services to individuals identified as:
  - 1.7.1. Qualifying for Aid to the Permanently and Totally Disabled (APTD), Medicaid for Employed Adults with Disabilities (MEAD), and Aid to the Needy Blind (ANB).
  - 1.7.2. Residents of the State of New Hampshire.

  
Date: 9/8/16



Exhibit A

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- 1.7.3. Individuals disabled as defined in the federal Social Security Act, Titles II and XVI and regulations adopted under such act, except that the minimum required duration of the impairment is 48 months.

**2. Scope of Work – Disability Determination**

- 2.1. The Contractor must establish a Medical Review Team (MRT) to complete New Hampshire Medical Eligibility Review Summaries (MERS)/5-Step Sequential Evaluation Process.
- 2.2. The Contractor's MRT must receive case files transferred via the Medicaid Management Information System (MMIS) MRT for completion of the New Hampshire Medical Eligibility Review Summary (MERS)/5-Step Sequential Evaluation Process, which complies with Federal Rule 20 CFR Part 416.
- 2.3. The Contractor must complete the MERS and determine applicant eligibility within the federally mandated time period. The Contractor must ensure:
- 2.3.1. Documentation clearly and adequately supports the determination.
- 2.3.2. All records and decisions include sign off by each member of the MRT.
- 2.3.3. Approval or denial of the applicant is completed utilizing the MMIS system.
- 2.3.4. All applicable files, relevant materials, and supporting documentation must be re-routed to the Department via the MMIS system within five (5) business days after the determination.
- 2.4. All correspondence and transferring of files and data must be handled in a secure and confidential manner.
- 2.5. The Contractor must be available to communicate with the Department during regular business hours, which may include travel to meet with Department.
- 2.6. The Contractor must maintain a security and logistics structure for handling of case files that comports with HIPAA.
- 2.7. The Contractor must maintain the confidentiality of all participant information that is acquired, by any means including computer access, in accordance with all state and federal confidentiality requirements.
- 2.8. The Contractor must ensure that access to participant information is limited to only those staff that has a need to know in order to perform their job duties.
- 2.9. The Contractor must ensure all staff are trained on the confidentiality requirements and that all contract staff sign a confidentiality statement attesting to the fact that all state and federal confidentiality requirements are understood and will be observed.

**3. Reporting Requirements**

  
Date: 9/8/16



Exhibit A

- 
- 3.1. The Contractor shall provide monthly disability determination reports to the Department that include:
- 3.1.1. The number of disability determinations completed to include the names of the individuals.
  - 3.1.2. The number of disability determinations denied to include the names of the individuals.

**4. Deliverables for Required Services**

- 4.1. The Contractor shall complete all disability determinations and return completed files within thirty (30) days from receiving applicant information from the Department.

  
Date: 9/8/16

## Exhibit A-1 Technology Requirements

EXHIBIT A-1, INFORMATION TECHNOLOGY					
State Requirements					
Req #	Requirement Description	Criticality			
<b>GENERAL SPECIFICATIONS</b>					
A1.0	State data must be available in an open data format as specified in RSA 21R-11 and 21R-13.	M	No	N/A	MS Access used for reporting until NH MMIS reports are available
B2.0	Users with standard access need to be authenticated with a unique user identifier and password	M	Yes	Standard	
B2.1	Only authorized users who have specified login credentials with a password at least ten characters in length can have access to the system	M	No	Future	60 days from approval of contract
B2.2	Require strong passwords. Password complexity needs to be managed and required, including a mixture of upper case letters, lower case letters, numbers, special characters.	M	Yes	Standard	
B2.3	Password expiration policies to include mandatory password reset intervals after a maximum of 60 days	M	Yes	Standard	
B2.4	User account access is locked after three failed login attempts	M	Yes	Standard	
B2.5	Terminated or transferred staff are removed from access immediately	M	Yes	Standard	
B2.6	Systems automatically log out a user after 15 minutes of inactivity, and after maximum session duration	M	Yes	Standard	
B2.7	The application shall not store authentication credentials or sensitive Data in its code.	M	Yes	Standard	
B2.8	User access needs to be limited to HTTPS/SSL	M	No	On our internal network behind firewall	
B2.9	All administrative access to require SSL VPN and use two factor authentication leveraging RSA tokens	M	No	On our internal network behind firewall	
B2.10	The application must allow a user to explicitly terminate a session. No remnants of the prior session should then remain.	M	Yes	Standard	
B2.11	Keep any sensitive Data or communications private from unauthorized individuals and programs.	M	Yes	Standard	
B2.12	Subsequent application enhancements or upgrades shall not remove or degrade security requirements	M	Yes	Standard	
B2.13	Create change management documentation and procedures	M	Yes	Standard	
B2.14	Systems changes need to be logged, reviewed and updated regularly by a compliance manager, senior managers and the IT Security officer	M	Yes	Standard	
C3.0	Provide the State with validation of 3rd party penetration testing performed on the application and system environment.	M	Yes	Standard	

Contractor Initials:   
 Date: 9/8/16

## Exhibit A-1 Technology Requirements

EXHIBIT A-1, INFORMATION TECHNOLOGY					
State Requirements					
Req #	Requirement Description	Criticality			
D4.0	Certify that the vendor will use a hosting environment for the New Hampshire project that meets or exceeds the following physical and electronic security measures to protect data and the network, including:	M			
D4.1	Alarms, restricted access, logbook, CCTV monitored 24 x 7 x 365 and retained for 90 days, caged / locked environment	M	Yes	Standard	
D4.2	Floor-to-ceiling walls, A/C, fluid sensors, smoke detectors, raised floors, wet/dry/chemical fire suppression, fire extinguishers, water pumps, and UPS and backup generator system	M	Yes	Standard	
D4.3	Firewalls – all external connections needs to terminate at the firewall (Internet, Intranet)	M	Yes	Standard	
D4.4	Documented process for securing and hardening all network devices; devices are configured to prevent communications from unapproved networks	M	Yes	Standard	
D4.5	Network traffic and audit event logs are maintained	M	Yes	Standard	
D4.6	Isolated production server and IP subnets, insecure protocols disabled, restricted access to diagnostic and maintenance ports on network drives	M	Yes	Standard	
D4.7	Vulnerability is assessed by daily server antivirus scans, all emails are scanned via patch management solutions: Symantec/Altiris in the data center, LANDesk on user LAN. Penetration tests are performed bi-annually and all external links are private	M	No	Custom	Penetration tests are annual
D4.8	Email servers to continuously scan for viruses embedded within attachments	M	Yes	Standard	
D4.9	Remote devices are password protected with encrypted hard drives, and have tracking and recovery software and virus protection installed. Users should not save anything to removable storage and only use secure pathways for electronic transmissions	M	Yes	Standard	
D4.10	Access into the Data Center is protected by electronic badge and biometric authentication systems	M	Yes	Standard	
D4.11	Data at rest encryption for data housed within the data center	M	No	N/A	We have physical and virtual mitigating controls to protect data at rest.
D4.12	All encryption needs to be at least 2,048 bit	M	Yes	Standard	
D4.13	Electrical support system to ensure 7x24x365 continuous electrical supply to the data center hosting NH systems	M	Yes	Standard	
	The Provider shall employ security measures to ensure that the State's application and data is protected.	M	Yes	Standard	
E5.0	State data exchanges between and among servers must be encrypted.	M	No	N/A	No server to server data exchanges
E5.1	All servers and devices must have currently-supported and hardened operating systems, the latest anti-viral, anti-hacker, anti-spam, anti-spyware, and anti-malware utilities. The environment, as a whole, shall have aggressive intrusion-detection and firewall protection.	M	Yes	Standard	
E5.2	All components of the infrastructure shall be reviewed and tested to ensure they protect the State's data and client information. Tests shall focus on the technical, administrative and physical security controls that have been designed into the System architecture in order to provide confidentiality, integrity and availability.	M	Yes	Standard	
E5.3	In the development or maintenance of any code, the Provider shall ensure that the Software is independently verified and validated using a methodology determined appropriate by the State. All software and hardware shall be free of malicious code.	M	No	N/A	There is no code development
E5.4	The Provider will notify the DHHS PASRR Manager and/or the DHHS Information Security Officer of any security breach as soon as possible, but in any event no later than three business days of the time that the Provider learns of the occurrence.	M	Yes	Standard	
E5.5	The Provider shall ensure its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the Provider' hosting infrastructure and/or the application.	M	Yes	Standard	
E5.6	The Provider shall be liable for costs associated with any breach of State data housed at its location(s) caused by the negligence, willful misconduct, or willful, wanton or reckless failure by its agents, employees, or independent contractors engaged in the performance of their related obligations.	M	Yes	Standard	
E5.7	The Provider shall authorize the State to perform scheduled and random security audits, including vulnerability assessments, of the Provider' hosting infrastructure and/or the application upon request with reasonable prior notice.	M	Yes	Standard	

Contractor Initials:   
 Date: 9/8/16

## Exhibit A-1 Technology Requirements

EXHIBIT A-1, INFORMATION TECHNOLOGY					
State Requirements					
Req #	Requirement Description	Criticality			
F6.0	Provider shall have documented disaster recovery plans that address the recovery of lost State data as well as their own. Systems shall be architected to meet the defined recovery needs.	M	Yes	Standard	
F6.1	The disaster recovery plan shall identify appropriate methods for procuring additional hardware in the event of a component failure. In most instances, systems shall offer a level of redundancy so the loss of a drive or power supply will not be sufficient to terminate services however, these failed components will have to be replaced.	M	Yes	Standard	
F6.2	Provider shall adhere to a defined and documented back-up schedule and procedure.	M	Yes	Standard	
G7.0	Training document and procedure for vendor staff to receive training on handling protected health information/personally identifying information (PHI/PII), the importance of HIPAA, and how to address HIPAA breaches including the last date of revision to the training documents	M	Yes	Standard	
G7.1	Security training document and procedure that will be used by the vendor for the DHHS PASRR manager and DHHS staff to access reports remotely and for real time access to data	M	No	N/A	DHHS uses the NH MMIS for reporting
G7.2	Guidance document for effective screening of calls to ensure that the caller has the credentials/permissions to obtain information to ensure HIPAA compliance for PHI/PII protocols	M	Yes	Standard	
G7.3	Procedure for design and implementation of role based security for all the systems used by the vendor for the NH DHHS project	M	Yes	Standard	
G7.4	Procedure for granting and terminating access to MMIS and NH Easy for vendor staff	M	Yes	Standard	
G7.5	Documentation that describes the implementation and enforcement of State-of-the-art encryption, secured networks, and role-based access for every application that will be used for the New Hampshire project	M	No	Custom	Can be tailored to meet the specific needs.
H8.0	Procedure to identify the system requirements and specifications to design the case tracking/reporting systems that will be built for NH DHHS	M	No	N/A	DHHS uses the NH MMIS for reporting
H8.1	Procedures used to ensure the system infrastructure will be designed to support internal audit capability and comply with HIPAA standards	M	No	N/A	No new infrastructure to be designed
H8.2	Security procedures used for administration of the cloud-based QuickBase system	M	No	N/A	Quickbase is not used
H8.3	Procedure used for creating management reports, PASRR Level II reports and other reports required for New Hampshire's PASRR activities	M	No	N/A	Not PASRR - Use MMIS
H8.4	Procedures used to identify records, data sets and related documents for transfer to the vendor from DHHS	M	Yes	Standard	
H8.5	Procedure for creation/configuration of secure email exchange between DHHS and the vendor	M	Yes	Standard	
H8.6	Procedure to reconcile if document will be sent to the DDU or Xerox processing center, via a secure email, fax, or courier	M	Yes	Standard	
H8.7	Risk management procedures for IT systems used for NH DHHS by the vendor	M	No	Future	Risk management procedures can be created.
H8.8	Procedure used by the vendor to track inadvertent disclosures and monitor their appropriate reporting and resolution	M	Yes	Standard	
H8.9	Document that provides step-by-step instructions for verification of identity when making or receiving telephone contacts and prevention of inadvertent disclosures via fax	M	Yes	Standard	
H8.10	Procedure to ensure security is integral and up-front to all designs	M	No	N/A	No new infrastructure to be designed
H8.11	Procedure for deployment of reports that will be made available via secure web sites, or transferred through secure email or file transfer technology	M	Yes	Standard	
H8.12	Submit a document that details the applicable SSA regulations to the New Hampshire project	M	Yes	Standard	
H8.13	Provide business and technical architecture for clinical eligibility tracking using Intuit QuickBase database	M	No	N/A	Not Quickbase
H8.14	Provide business and technical architecture for a claims reconciliation system use for the Nursing Home Application	M	No	N/A	Not a DDU function
H8.15	Provide business and technical architecture for the Community Case Management database	M	No	N/A	Not a DDU function
H8.16	Evidence that staff assigned to the DHHS project have received HIPAA training and the date each staff received this training	M	Yes	Standard	
H8.17	Copy of the confidentiality document that is used by the vendor to ensure that all staff working on the New Hampshire contract attests to the fact that all state and federal confidentiality requirements are understood and will be observed	M	Yes	Standard	
H8.18	Last date, when the vendor reviewed Data Center policies, procedures, and practices to ensure that security adheres to relevant regulatory requirements	M	Yes	Standard	

Contractor Initial   
 Date: 9/8/16

## Exhibit A-1 Technology Requirements

EXHIBIT A-1, INFORMATION TECHNOLOGY					
State Requirements					
Req #	Requirement Description	Criticality			
I9.0	Certify that the system(s) used by the vendor for the New Hampshire project are fully compliant with applicable federal and state laws, regulations, standards, and executive orders pertaining to confidential health care information including but not limited to HIPAA, HITECH, New Hampshire RSA 359-C:19, RSA 359-C:20 and RSA 359-C:21, and New Hampshire RSA 332-I:1-I:6.	M	No	Custom	laws, regulations, standards, and executive orders are under review
I9.1	Certify that the vendor will use locked containers and use an insured courier who specializes in medical transport services for transportation of paper files and materials from NH DHHS to the vendor	M	Yes	Standard	
I9.2	Certify that the vendor will use a secure encrypted email system for secure email between NH DHHS and the vendor	M	Yes	Standard	
I9.3	Certify that hard copy documents to be discarded will be placed in a locked box for shredding	M	Yes	Standard	
I9.4	Certify that the SQL database used to house the data will provide database-level and column-level encryption, to provide "at-rest" data security, and 2-factor authentication for sensitive online data such as Social Security numbers	M	No	N/A	Not SQL
I9.5	Certify that all communication between the UI and the database, and the end-platform and UI, will be encrypted using the latest available technologies (SSL/TLS) and trusted Certificate Authorities	M	No	N/A	No UI
I9.6	Certify that the systems used for the NH DHHS project will be hosted in the vendor's Data Center that follows measurements and standards set by the HIPAA and HITECH Act security standards for the storage and management of Protected Health Information (PHI)	M	Yes	Standard	
I9.7	Certify that the systems used for the NH DHHS project will be hosted in a data center that adheres to the principles of ISO/IEC 27001:2005, AICPA SSAE16 Reporting Standards and Trust Security Principles (TSP) Criteria	M	Yes	Standard	

Contractor Initials:   
 Date: 9/8/16

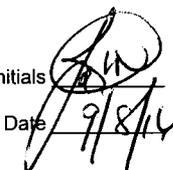


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## Method and Conditions Precedent to Payment

1. This contract is funded by federal Medicaid funds. The contractor must ensure compliance with CFDA #93.778, U.S. Department of Health & Human Services, Centers for Medicare and Medicaid Service, Medical Assistance Program, Medicaid, Title XIX.
2. The State shall pay the Contractor an amount not to exceed the Price Limitation on Form P37, Block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, as follows:
  - 2.1. Cost reimbursement for Disability Determination (DD) activities shall not exceed two hundred six thousand two hundred fifty dollars (\$206,250).
3. Payment for services shall be on a cost reimbursement basis only for actual services provided at a rate of two hundred seventy-five dollars (\$275) per case, for a maximum of seven hundred fifty (750) cases.
4. Payment for services shall be made as follows:
  - 4.1. The Contractor shall submit monthly invoices that indicate the name of the individuals and the number of Disability Determination reviews completed.
  - 4.2. The State shall make payment to the Contractor within thirty (30) days of receipt of each invoice for Contractor services provided pursuant to this Agreement.
  - 4.3. Invoices identified in Section 4.1 must be submitted to:

Financial Manager  
Division of Client Services  
129 Pleasant Street  
Concord, NH 03301
5. Payments may be withheld pending receipt of required reports or documentation as identified in Exhibit A, Scope of Services.
6. A final payment request shall be submitted no later than forty (40) days after the Contract ends. Failure to submit the invoice, and accompanying documentation could result in nonpayment.
7. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.

Handwritten signature and date: 9/8/14



**SPECIAL PROVISIONS**

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

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

Handwritten signature and date: 9/8/14



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

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

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

Handwritten initials "AN" and date "9/8/16".



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

11. **Reports:** Fiscal and Statistical: The Contractor agrees to submit the following reports at the following times if requested by the Department.
  - 11.1. Interim Financial Reports: Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.
  - 11.2. Final Report: A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.
  
12. **Completion of Services:** Disallowance of Costs: Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.
  
13. **Credits:** All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:
  - 13.1. The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.
  
14. **Prior Approval and Copyright Ownership:** All materials (written, video, audio) produced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution or use. The DHHS will retain copyright ownership for any and all original materials produced, including, but not limited to, brochures, resource directories, protocols or guidelines, posters, or reports. Contractor shall not reproduce any materials produced under the contract without prior written approval from DHHS.
  
15. **Operation of Facilities: Compliance with Laws and Regulations:** In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.
  
16. **Equal Employment Opportunity Plan (EEO):** The Contractor will provide an Equal Employment Opportunity Plan (EEO) to the Office for Civil Rights, Office of Justice Programs (OCR), if it has received a single award of \$500,000 or more. If the recipient receives \$25,000 or more and has 50 or



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

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

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

(a) This contract and employees working on this contract will be subject to the whistleblower rights and remedies in the pilot program on Contractor employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-239) and FAR 3.908.

(b) The Contractor shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation.

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

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

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

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

  
Date 9/8/16



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

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

**DEFINITIONS**

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

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

**DEPARTMENT:** NH Department of Health and Human Services.

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

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

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

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

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

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

Contractor Initials                       
Date 9/8/14



**ADDITIONAL SPECIAL PROVISIONS**

- 1. Subparagraph 4 of the General Provisions of this contract, Conditional Nature of Agreement, is replaced as follows:**

**4. CONDITIONAL NATURE OF AGREEMENT.**

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including without limitation, the continuance of payments, in whole or in part, under this Agreement are contingent upon continued appropriation or availability of funds, including any subsequent changes to the appropriation or availability of funds affected by any state or federal legislative or executive action that reduces, eliminates, or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope of Services provided in Exhibit A, Scope of Services, in whole or in part. In no event shall the State be liable for any payments hereunder in excess of appropriated or available funds. In the event of a reduction, termination or modification of appropriated or available funds, the State shall provide reasonable written notification to the Contractor and, upon such notification, have the right to withhold payment until such funds become available, if ever. The State, in consultation with the Contractor, shall have the right to reduce, terminate or modify services under this Agreement immediately upon giving the Contractor notice of such reduction, termination or modification. The State shall not be required to transfer funds from any other source or account into the Account(s) identified in block 1.6 of the General Provisions, Account Number, or any other account, in the event funds are reduced or unavailable.

- 2. Subparagraph 10 of the General Provisions of this contract, Termination, is amended by adding the following language;**

10.1 The State may terminate the Agreement at any time for any reason, at the sole discretion of the State, ninety (90) days after giving the Contractor written notice that the State is exercising its option to terminate the Agreement.

10.2 In the event of early termination, the Contractor shall, within fifteen (15) days of notice of early termination, develop and submit to the State a Transition Plan for services under the Agreement, including but not limited to, identifying the present and future needs of clients receiving services under the Agreement and establishes a process to meet those needs.

10.3 The Contractor shall fully cooperate with the State and shall promptly provide detailed information to support the Transition Plan including, but not limited to, any information or data requested by the State related to the termination of the Agreement and Transition Plan and shall provide ongoing communication and revisions of the Transition Plan to the State as requested.

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10.4 In the event that services under the Agreement, including but not limited to clients receiving services under the Agreement are transitioned to having services delivered by another entity including contracted providers or the State, the Contractor shall provide a process for uninterrupted delivery of services in the Transition Plan.

10.5 The Contractor shall establish a method of notifying clients and other affected individuals about the transition. The Contractor shall include the proposed communications in its Transition Plan submitted to the State as described above.

10.6 The Department reserves the right to renew this Agreement for up to three (3) additional years, subject to mutual agreement, continued availability of funds, satisfactory performance of services, and approval by the Governor and Executive Council.

**3. Subparagraph 13 of the General Provisions of this contract, Indemnification, is replaced as follows:**

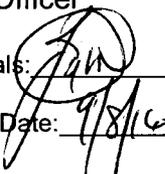
**13. INDEMNIFICATION.** The Contractor shall comply with any and all requirements of this Agreement; in the event that the Contractor fails to comply with any such requirements, including, but not limited, to disclosure of any PHI in violation of this Agreement, the Covered Entity may pursue all available remedies, at law and in equity, including without limitation any damages or losses it suffers from Contractor's breach of this Agreement. The respective rights and obligations of Contractor under this Agreement shall survive termination of this Agreement. 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.

**4. Subparagraph 14 of the General Provisions of this contract, Insurance, paragraph 14.1.2 is struck.**

Subparagraph 14.1.2 of the General Provisions shall be struck.

**5. Subparagraph 14 of the General Provisions of this contract, Insurance, paragraph 14.3 is replaced as follows:**

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 renewals 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 certificate(s) of insurance shall contain a clause requiring the insurer to provide notice in accordance with the policy provisions. The Contractor shall provide the Contracting Officer

  
Date: 9/8/16



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.

**6. Standard Exhibit C of this contract, Health Insurance Portability Act Business Associate Agreement, Special Provisions, the preamble is replaced as follows:**

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 the Department and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:

**7. Standard Exhibit C of this contract, Health Insurance Portability Act Business Associate Agreement, Special Provisions, Paragraph 3, Documentation, is replaced as follows:**

3. **Documentation:** The Contractor shall furnish the Department with all forms and documentation regarding the eligibility determinations that the Department may request or require. Contractor shall provide documentation as required for all applicants as described in Exhibit A – Scope of Services.

**8. Standard Exhibit C of this contract, Health Insurance Portability Act Business Associate Agreement, Special Provisions, Paragraph 6, Retroactive Payments, is struck.**

Paragraph 6 of the Special Provisions shall be struck.

**9. Standard Exhibit C of this contract, Health Insurance Portability Act Business Associate Agreement, Special Provisions, Paragraph 7, Conditions of Purchase, is struck.**

Paragraph 7 of the Special Provisions shall be struck.

**10. Standard Exhibit C of this contract, Health Insurance Portability Act Business Associate Agreement, Special Provisions, Paragraph 8, Maintenance of Records, Subparagraph 8.2, replaced as follows:**

8.2 Statistical Records: Contractor shall maintain records as specified in Exhibit A - Scope of Services.

**11. Standard Exhibit C of this contract, Health Insurance Portability Act Business Associate Agreement, Special Provisions, Paragraph 8, Maintenance of Records, Subparagraph 8.3, is struck.**

Subparagraph 8.3 of the Special Provisions shall be struck.

**12. Standard Exhibit C of this contract, Health Insurance Portability Act Business Associate Agreement, Special Provisions, Definitions, UNIT, is replaced as follows:**

UNIT: For each service that the Contractor is to provide for the

*[Handwritten Signature]*  
Date: 9/8/16



Department hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B and Exhibit B-1 of the Contract.

**13. Standard Exhibit I of this contract, Health Insurance Portability Act Business Associate Agreement, Paragraph 3, Obligations and Activities of Business Associate, Subparagraph (a), is replaced as follows:**

- a. The Business Associate shall notify the Covered Entity's Privacy Officer without unreasonable delay and in no case later than three (3) business days following the date upon which the Business Associate becomes aware of any use or disclosure of protected health information not provided for by the Agreement including breaches of unsecured protected health information and/or any security incident that may have an impact on the protected health information of the Covered Entity.

**14. Standard Exhibit I of this contract, Health Insurance Portability Act Business Associate Agreement, Paragraph 3, Subparagraph (b) is revised as follows:**

- b. The Business Associate shall immediately perform a risk assessment when it becomes aware of any of the above situations. The risk assessment shall include, but not be limited to:
  - The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
  - The unauthorized person used the protected health information or to whom the disclosure was made;
  - Whether the protected health information was actually acquired or viewed;
  - The extent to which the risk to the protected health information has been mitigated.

The Business Associate shall complete the risk assessment without unreasonable delay and in no case later than three (3) business days of discovery of the breach and report the findings of the risk assessment in writing to the Covered Entity.

**15. Standard Exhibit I of this contract, Health Insurance Portability Act Business Associate Agreement, Paragraph 3, Obligations and Activities of Business Associate, Subparagraph (e), is replaced as follows:**

- e. The Business Associate shall require all of its business associates that receive, use, or have access to PHI under the Agreement, to agree

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writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section 3(l). The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement from such business associates who shall be governed by standard Paragraph 13 of the standard contract provisions (P-37) of this Agreement (as amended) for the purpose of use and disclosure of protected health information.

**16. Standard Exhibit I of this contract, Health Insurance Portability Act Business Associate Agreement, Paragraph 3, Subparagraph (f) is revised as follows:**

- f. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.

**17. Standard Exhibit I of this contract, Health Insurance Portability Act Business Associate Agreement, Paragraph 6, Miscellaneous, Subparagraph (f), is replaced as follows:**

- f. Survival: Provisions of this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in Section 3(l), the defense provisions of Section 3(e) (as amended) and Paragraph 13 of the standard terms and conditions (P-37) (as amended) shall survive the termination of the Agreement.

  
Date: 9/8/16



**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

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

**ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS**

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

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

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

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



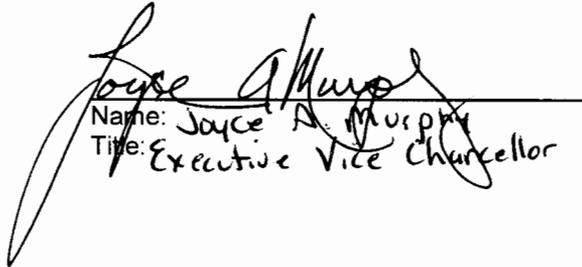
- has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- 1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted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

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

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

Contractor Name:

9/8/16  
Date

  
Name: Joyce A. Murphy  
Title: Executive Vice Chancellor

Contractor Initials   
Date 9/8/16



**CERTIFICATION REGARDING LOBBYING**

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

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

- Programs (indicate applicable program covered):
- \*Temporary Assistance to Needy Families under Title IV-A
  - \*Child Support Enforcement Program under Title IV-D
  - \*Social Services Block Grant Program under Title XX
  - \*Medicaid Program under Title XIX
  - \*Community Services Block Grant under Title VI
  - \*Child Care Development Block Grant under Title IV

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

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

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

Date 9/8/14

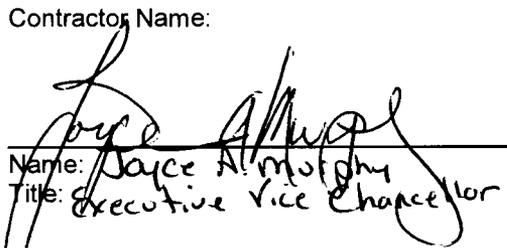
Contractor Name:  
  
Name: Joyce Armstrong  
Title: Executive Vice Chancellor

Exhibit E – Certification Regarding Lobbying

Contractor Initials   
Date 9/8/14



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

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

**INSTRUCTIONS FOR CERTIFICATION**

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

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

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

**PRIMARY COVERED TRANSACTIONS**

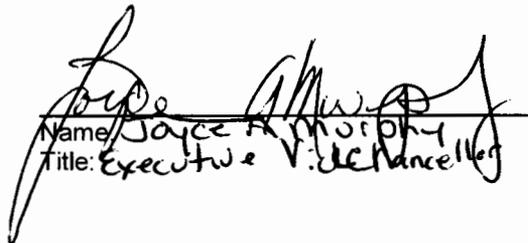
11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
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

**LOWER TIER COVERED TRANSACTIONS**

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

Contractor Name:

9/8/14  
Date

  
Name: Joyce A. Murphy  
Title: Executive Vice President

Contractor Initials:   
Date: 9/8/14



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

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

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

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

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

In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex

Contractor Initials [Signature]  
Date 9/8/16

New Hampshire Department of Health and Human Services  
Exhibit G



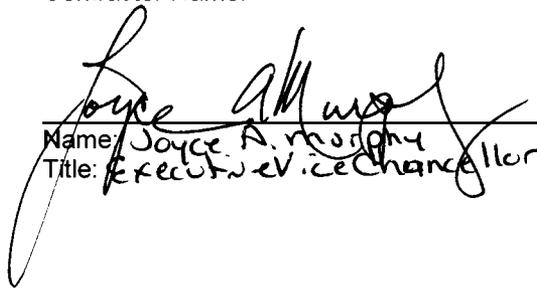
against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

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

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

Contractor Name:

Date 9/8/16

  
Name: Joyce A. Madony  
Title: Executive Vice Chancellor

Contractor Initials JAM  
Date 9/8/16



**CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE**

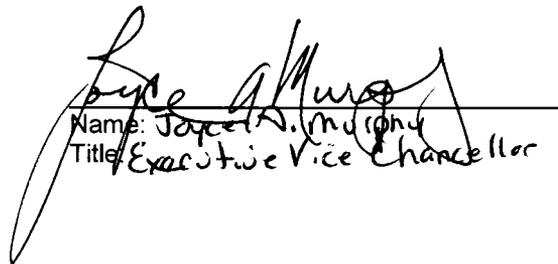
Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care,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

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

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

Contractor Name:

Date 9/8/16

  
Name: Jayce N. Mulford  
Title: Executive Vice Chancellor

Contractor Initials JM  
Date 9/8/16



Exhibit I

**HEALTH INSURANCE PORTABILITY ACT**  
**BUSINESS ASSOCIATE AGREEMENT**

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

**(1) Definitions.**

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

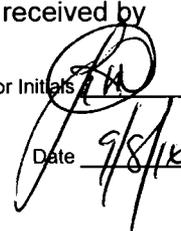
  
Date 9/8/10



Exhibit I

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

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

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

  
Date 9/8/16



Exhibit I

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

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

**(3) Obligations and Activities of Business Associate.**

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

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

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

*[Handwritten Signature]*  
Date 9/8/16



Exhibit I

- pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard Paragraph #13 of the standard contract provisions (P-37) of this Agreement for the purpose of use and disclosure of protected health information.
- f. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
  - g. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
  - h. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.
  - i. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
  - j. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
  - k. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
  - l. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business

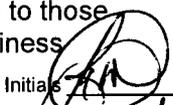
  
Date 9/8/16



Exhibit I

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

**(4) Obligations of Covered Entity**

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

**(5) Termination for Cause**

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

**(6) Miscellaneous**

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

*[Handwritten Signature]*  
Date 9/8/16



Exhibit I

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

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

<p>_____ The State</p> <p><i>Carol E. Sideris</i> Signature of Authorized Representative</p> <p><i>Carol E. Sideris</i> Name of Authorized Representative</p> <p><i>Director</i> Title of Authorized Representative</p> <p><i>9/19/16</i> Date</p>	<p><i>University of Massachusetts Medical School</i> Name of the Contractor</p> <p><i>Joyce A. Murphy</i> Signature of Authorized Representative</p> <p><i>Joyce A. Murphy</i> Name of Authorized Representative</p> <p><i>Executive Vice Chancellor</i> Title of Authorized Representative</p> <p><i>9/8/16</i> Date</p>
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Contractor Initials *[Signature]*

Date *9/8/16*



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

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

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

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

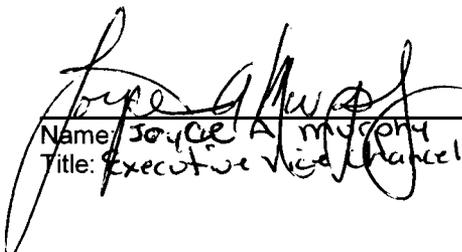
Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

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

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

Contractor Name:

\_\_\_\_\_ Date

  
Name: JOYCE A. MURPHY  
Title: Executive Vice Chancellor

  
Date 9/8/16



**FORM A**

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

1. The DUNS number for your entity is: 003-847393
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

X NO                      \_\_\_\_\_ YES

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

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

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

\_\_\_\_\_ NO                      \_\_\_\_\_ YES

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

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

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

Name: _____	Amount: _____

*[Handwritten Signature]*  
9/8/10

**EXTRACT FROM THE RECORDS OF  
UNIVERSITY OF MASSACHUSETTS**

**Granting Authority to Execute Contracts and All Other Instruments**

**I, Zunilka Barrett, Secretary of the Board of Trustees of the University of Massachusetts**, do hereby certify that the following is a true and complete copy of a vote duly adopted by the Board of Trustees of the University of Massachusetts at a meeting duly called and held on the fifth day of February, nineteen hundred and ninety-seven at the University of Massachusetts, Chancellor's Conference Room, Boston, Massachusetts:

“Further, to affirm that, except as to matters governed by the University of Massachusetts Intellectual Property Policy (Doc. T96-040), the Treasurer of the University of Massachusetts or his designee shall be the sole contracting officer of the University with the Authority to execute all contract, grants, restricted gifts (excluding endowments), and amendments thereto for sponsored programs in instruction, research, or public service, unless and until otherwise voted by the Board of Trustees.”

I further certify that the Senior Vice President for Administration & Finance and Treasurer of the University, Christine M. Wilda, has retained the right to remain the sole contracting officer of the University of Massachusetts, but in her absence, she has designated Theresa A. O'Neil, Associate Treasurer.

I further certify that effective July 1, 2016, the following is a list of designated individuals authorized in accordance with the afore referenced votes to review and execute all grants and contracts for sponsored programs in instruction, research and public service that are applicable to and received on behalf of the University of Massachusetts for their respective campuses.

**Amherst Campus**

**Kumble R. Subbaswamy**, Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Robert S. Feldman**, Deputy Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Michael Malone**, Vice Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Carol P. Sprague**, Director of the Office of Grants and Contracts Administration, Amherst Campus, Amherst, Massachusetts,  
**Jennifer A. Donais**, Director of Research Compliance, Amherst Campus, Amherst, Massachusetts,  
**Theresa W. Girardi**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**Nancy E. Stewart**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**James B. Ayres**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**Laura J. Howard**, Associate Director, Division of Continuing Education, Amherst Campus, Amherst, Massachusetts

**Boston Campus**

**J. Keith Motley**, Chancellor, Boston Campus, Boston, Massachusetts,  
**Ellen M. O'Connor**, Vice Chancellor for Administration & Finance, Boston Campus, Boston, Massachusetts,  
**Winston Langley**, Provost & Vice Chancellor for Academic Affairs, Boston Campus, Boston, Massachusetts,

**Zong-Guo Xia**, Vice Provost for Research and Strategic Initiatives, Boston Campus, Boston, Massachusetts,

**Matthew L. Meyer**, Associate Vice Provost for Research and Director of the Office of Research & Sponsored Programs, Boston Campus, Boston, Massachusetts,

**Shala A. Bonyun**, Assistant Director for the Office of Research and Sponsored Programs, Boston Campus, Boston, Massachusetts

#### **Dartmouth Campus**

**Peyton R. Helm**, Interim Chancellor, Dartmouth Campus, Dartmouth, Massachusetts,

**Mohammad A. Karim**, Provost & Executive Vice Chancellor for Academic and Student Affairs & Chief Operating Officer, Dartmouth Campus, Dartmouth, Massachusetts,

**James Sheehan**, Vice Chancellor of Administration and Finance & Chief Financial Officer, Dartmouth Campus, Dartmouth, Massachusetts,

**Mary Louise Nunes**, Associate Vice Chancellor for Financial Services, Administration & Finance, Dartmouth Campus, Dartmouth, Massachusetts,

**Tesfay Meressi**, Interim Vice Chancellor for Research & Economic Development, Dartmouth Campus, Dartmouth, Massachusetts,

**Elena Glatman**, Director of Research Administration, Dartmouth Campus, Dartmouth, Massachusetts,

**Michelle M. Plaud**, Manager of Pre and Post Award Administration, Dartmouth Campus, Dartmouth, Massachusetts,

**Gayle Baxter**, Pre-Award and Subrecipient Manager, Dartmouth Campus, Dartmouth Massachusetts

#### **Lowell Campus**

**Jacqueline F. Moloney**, Chancellor, Lowell Campus, Lowell, Massachusetts,

**Joanne Yestramski**, Vice Chancellor for Finance and Operations, Lowell Campus, Lowell, Massachusetts,

**Donald E. Pierson**, Interim Provost, Lowell Campus, Lowell, Massachusetts,

**Steven O’Riordan**, Associate Vice Chancellor for Financial Services, Lowell Campus, Lowell, Massachusetts,

**Linda Concino**, Director, Grants & Contracts Administration, Lowell Campus, Lowell, Massachusetts,

**Julie Chen**, Vice Provost for Research, Lowell Campus, Lowell, Massachusetts,

#### **President’s Office**

**Tom Chmura**, Vice President for Economic Development, President’s Office, Boston, Massachusetts,

**Lynn Griesemer**, Associate Vice President for Economic Development and Executive Director for the Donahue Institute, President’s Office, Boston, Massachusetts,

**Eric Heller**, Deputy Director for the Donahue Institute, President’s Office, Boston, Massachusetts,

#### **Worcester**

**Michael F. Collins, MD**, Chancellor, University of Massachusetts Medical School, Worcester, Massachusetts,

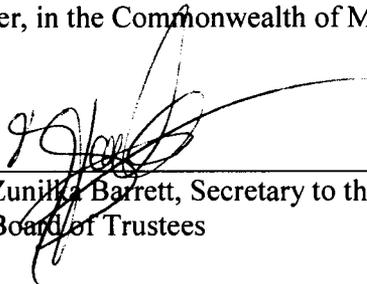
**Robert Jenal**, Executive Vice Chancellor for Administration & Finance, University of Massachusetts Medical School, Worcester, Massachusetts,

**Joyce A. Murphy**, Executive Vice Chancellor for Commonwealth Medicine, University of Massachusetts Medical School, Worcester, Massachusetts,

**Brendan M. O’Leary**, Executive Vice Chancellor Innovation & Business Development, University of Massachusetts Medical School, Worcester, Massachusetts,  
**Margaret L. Johnson**, Director, Office of Clinical Research, University of Massachusetts Medical School, Worcester, Massachusetts,  
**John Lindstedt**, Associate Vice Chancellor for Administration & Finance, University of Massachusetts Medical School, Worcester, Massachusetts,  
**Margaret J. Koziel**, MD, Assistant Vice Provost for Clinical and Translational Research, University of Massachusetts Medical School, Worcester, Massachusetts,  
**Jean A. King**, Ph.D., Associate Provost for Biomedical Science Research, University of Massachusetts Medical School, Worcester, Massachusetts,  
**Janice Lagace**, Associate Director Research Funding Services, University of Massachusetts Medical School, Worcester, Massachusetts,  
**Diego R. Vazquez**, Assistant Vice Provost for Research Funding Services, University of Massachusetts Medical School, Worcester, Massachusetts

I further certify that Christine M. Wilda, Theresa A. O’Neil, Kumble R. Subbaswamy, Robert S. Feldman, Michael Malone, Carol P. Sprague, Jennifer A. Donais, Theresa W. Girardi, Nancy E. Stewart, James B. Ayres, Laura J. Howard, J. Keith Motley, Ellen M. O’Connor, Winston Langley, Zong-Guo Xia, Matthew L. Meyer, Shala A. Bonyun, Peyton R. Helm, Mohammad A. Karim, James Sheehan, Mary Louise Nunes, Tesfay Meressi, Elena Glatman, Michelle M. Plaud, Gayle Baxter, Jacqueline F. Moloney, Joanne Yestranski, Donald E. Pierson, Steven O’Riordan, Linda Concino, Julie Chen, Tom Chmura, Lynn Griesemer, Eric Heller, Michael F. Collins, MD, Robert Jenal, Joyce A. Murphy, Brendan M. O’Leary, Margaret L. Johnson, John Lindstedt, Margaret J. Koziel, Jean A. King, Janice Lagace and Diego R. Vazquez are members of the University Administration with its principal office located at 333 South Street, Shrewsbury, County of Worcester, in the Commonwealth of Massachusetts

Date: 9/8/16

  
\_\_\_\_\_  
Zunilla Barrett, Secretary to the  
Board of Trustees



# CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)  
09/09/2016

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

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

<b>PRODUCER</b> Aon Risk Services Northeast, Inc. Providence RI Office 100 Westminster Street, 10th Floor Providence RI 02903-2393 USA	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): (866) 283-7122      FAX (A/C, No.): (800) 363-0105		
	<b>E-MAIL ADDRESS:</b>		
<b>INSURED</b> University of Massachusetts 333 South Street, Suite 450 Shrewsbury MA 01545 USA	<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
	INSURER A: Lexington Insurance Company		19437
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			

**COVERAGES**      **CERTIFICATE NUMBER: 570063573688**      **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			004055483 SIR applies per policy terms & conditions	05/01/2016	05/01/2017	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 SIR \$100,000
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY ( Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	<input type="checkbox"/> <b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED    RETENTION						EACH OCCURRENCE AGGREGATE
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N N/A				PER STATUTE    OTH-ER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Re: CWM DES - New Hampshire Dept. of Health and Human Services Contract for Disability Determination Services (RFA-2017-DCS-01-Disab-02).

<b>CERTIFICATE HOLDER</b>  State of New Hampshire Attn: Denise Sherburne 129 Pleasant Street, Brown Building Concord NH 03301 USA	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE  

Holder Identifier :

Certificate No : 570063573688



# University of Massachusetts

Amherst • Boston • Dartmouth • Lowell • Medical School • UMassOnline

To Whom It May Concern:

The University of Massachusetts, as an entity of the Commonwealth of Massachusetts, is self-insured for Worker's Compensation in accordance with Chapter 152 of the Massachusetts General Laws.

If you have any questions or concerns please contact me at 774-455-7616. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Kate Leahy".

Kate Leahy, J.D.  
Insurance Analyst

## An Introduction to UMass Medical School

Our mission is to **advance the health and well-being of the people of the commonwealth and the world through pioneering education, research and health care delivery** with clinical partner UMass Memorial Health Care, the largest health care provider in Central Massachusetts.

- UMMS was founded in 1962 to provide affordable, high-quality medical education to state residents and to increase the number of primary care physicians practicing in underserved areas of the state.
- Consistently ranked by *U.S. News & World Report* as one of the leading medical schools in the nation for primary care education.
- Federal and private research grants and contracts exceeding \$244 million in fiscal year 2014.
- Enhancing health and science education, ensuring community health, building a diverse workforce and enriching lives through extensive community outreach.
- Located in Worcester, Massachusetts, one of five University of Massachusetts campuses.

The three UMMS graduate schools are the School of Medicine, the Graduate School of Biomedical Sciences and the Graduate School of Nursing.

- The School of Medicine is committed to training in the full range of medical disciplines, with an emphasis on practice in the primary care specialties, in the public sector and in underserved areas of Massachusetts.
- Graduate School of Biomedical Sciences students receive a broad background in the basic medical sciences and are trained in their selected specialty area in preparation for research with direct relevance to human disease.
- The Graduate School of Nursing offers master's, post-master's and doctoral degrees, providing high quality education to prepare registered professional and advanced practice nurses within nurse practitioner and nurse educator specialties and for faculty, research and other nursing leadership positions.

UMMS is a world-class research institution, consistently producing noteworthy advances in clinical and basic research.

- In 2006 the **Nobel Prize in Physiology or Medicine** was awarded to UMMS professor **Craig C. Mello**, PhD, and his colleague Andrew Fire, PhD, of Stanford University, for their discoveries related to RNA interference (RNAi), a cellular process that offers astounding potential for understanding and, ultimately treating, human disease.
- Our research programs are central to the Massachusetts Life Sciences Initiative, with major funding from the \$1 billion Massachusetts Life Sciences Bill signed into law in 2008.
- Our researchers have made pivotal advances in HIV, cancer, diabetes, infectious disease, and in understanding the molecular basis of disease.
- Programs and centers include the RNA Therapeutics Institute, the Gene Therapy Center, Program in Gene Function and Expression, Systems Biology and Neurotherapeutics.

# **2015**

# **Annual Financial**

# **Report**



**The University of Massachusetts**  
*Amherst • Boston • Dartmouth • Lowell • Worcester • UMassOnline*



**University of Massachusetts**

AMHERST • BOSTON • DARTMOUTH • LOWELL • WORCESTER • UMASSONLINE

Office of the President

December 9, 2015

To the Board of Trustees  
and President Martin T. Meehan J.D.

We are pleased to submit the annual Financial Report of the University of Massachusetts for the year ended June 30, 2015. The enclosed financial statements incorporate all financial activity of the University and its five campuses. This statement has been audited by an independent auditing firm and is fully represented in the financial report of the Commonwealth of Massachusetts. Detailed information about each campus is provided as supplemental information.

The financial information presented in the Financial Report is designed to aid a wide variety of readers to assess the effectiveness of the University's management of its resources in meeting its primary mission of instruction, research, and public service. This report is intended to form a comprehensive and permanent record of the finances of the University of Massachusetts, and it is submitted as the public accounting of the University's financial affairs for the fiscal year ended June 30, 2015 including comparative information as of June 30, 2014.

The University's net assets decreased \$150.9 million from \$2.82 billion in fiscal year 2014 to \$2.67 billion in fiscal year 2015. This decrease is primarily attributed to the recording of pension liability related to the implementation of GASB 68, *Accounting and Reporting for Pensions*.

Each year, the Board of Trustees reviews a five-year projection for key financial indicators that are likely to determine the success of the University over the long term. The development of this projection is currently underway at each of the campuses. For the key indicators of operating margin, primary reserve, and debt service to operations, for FY2015, the University was on target with meeting initial projections with the exception of the impact of GASB 68 on the primary reserve ratio. Overall, the University continues to make strategic investments that support the achievement of its long-term financial objectives of growth and stability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Christine M. Wilda', written in a cursive style.

Christine M. Wilda  
Senior Vice President for Administration and  
Finance & Treasurer

A handwritten signature in black ink, appearing to read 'Sarah B. Mongeau', written in a cursive style.

Sarah B. Mongeau  
University Controller

**University of Massachusetts  
2015 Annual Financial Report  
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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees of the  
**University of Massachusetts**

### Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of Massachusetts (the "University"), an enterprise fund of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

#### 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 University'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 University'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.

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 basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the University of Massachusetts as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in Note 1 to the financial statements, the University adopted new accounting guidance effective July 1, 2014 related to accounting and financial reporting for pensions. Our opinion is not modified with respect to this matter.

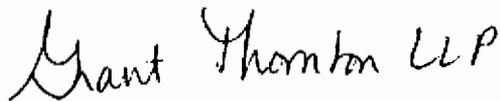
Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 and the Schedule of the University's Proportionate Share of the Net Pension Liability and the Schedule of the University's Contributions for the Massachusetts State Employees' Retirement System on page 41 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other reporting required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 18, 2015, on our consideration of the University'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 the effectiveness of 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 the University's internal control over financial reporting and compliance.



Boston, Massachusetts

December 18, 2015

**University of Massachusetts  
Management's Discussion and Analysis (unaudited)  
June 30, 2015**

**Introduction**

This unaudited section of the University of Massachusetts (the "University") Annual Financial Report presents our discussion and analysis of the financial position and performance of the University and its component units during the fiscal year ended June 30, 2015 with comparative information as of June 30, 2014 and June 30, 2013. This discussion and analysis has been prepared by management along with the accompanying financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The accompanying financial statements, footnotes and this discussion are the responsibility of management.

The University of Massachusetts is a state coeducational institution for higher education with separate campuses at Amherst, Boston, Dartmouth, Lowell and Worcester all located in the Commonwealth of Massachusetts (the "Commonwealth"). The University was established in 1863 in Amherst, under the provisions of the 1862 Morrill Land Grant Acts, as the Massachusetts Agricultural College. It became known as the Massachusetts State College in 1932 and in 1947 became the University of Massachusetts. The Boston campus was opened in 1965 and the Worcester campus, Medical School, was opened in 1970. The Lowell and Dartmouth campuses (previously the University of Lowell and Southeastern Massachusetts University, respectively) were made a part of the University by a legislative act of the Commonwealth, effective September 1, 1991.

The University's mission is to provide an affordable and accessible education of high quality and to conduct programs of research and public service that advance knowledge and improve the lives of the people of the Commonwealth, the nation and the world. In the fall of 2014, the University enrolled 62,301 full-time equivalent ("FTE") students. The University is committed to providing, without discrimination, diverse program offerings to meet the needs of the whole of the state's population. The University's five campuses are geographically dispersed throughout Massachusetts and possess unique and complementary missions.

**Financial Highlights**

The University's combined net position decreased \$150.9 million from \$2.82 billion in fiscal year 2014 to \$2.67 billion in fiscal year 2015. Net position at June 30, 2013 was \$2.61 billion. From fiscal year 2014 to fiscal year 2015, total liabilities for the year increased by \$484.0 million or 13.8% over fiscal year 2014. The most significant changes were the increase in pension liability due to the implementation of GASB 68, Accounting and Reporting for Pensions of \$237.1 million and the increase in Bonds Payable of \$258.8 million.

From fiscal year 2014 to fiscal year 2015, Deferred Outflows of Resources and Deferred Inflows of Resources increased \$54.8 million and \$48.8 million, respectively. These increases were primarily due to the implementation of GASB 68.

From fiscal year 2014 to fiscal year 2015, the University's operating revenue decreased by \$96.5 million and operating expenditures decreased \$27.6 million. These decreases are attributed to decreased Public Service Activities. From fiscal year 2013 to fiscal year 2014, the University's operating revenue increased by \$56.5 million.

From fiscal year 2014 to fiscal year 2015, the University's net non-operating revenues/(expenses) decreased \$30.0 million. This decrease was primarily attributed to poor market performance of University investments offset by increased State Appropriations related to the Commonwealth's support of the University's 50/50 plan (see State Appropriations).

**Using the Annual Financial Report**

One of the most important questions asked about University finances is whether the University as a whole is better off or worse off as a result of the year's activities. The key to understanding this question lies within the Statement of Net Position, Statement of Revenues, Expenses and Changes in Position and the Statement of Cash Flows. These statements present financial information in a form similar to that used by private sector companies. The University's net position (the difference between assets and liabilities) is one indicator of the University's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of an institution's financial health when considered with non-financial facts such as enrollment levels, operating expenses, and the condition of the facilities.

The Statement of Net Position includes all assets, liabilities, as well as deferred inflows and outflows of resources of the University. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the services are provided and expenses and liabilities are recognized when services are incurred, regardless of when cash is exchanged. Net Position is further broken down into three categories: invested in capital assets-net of related debt, restricted and unrestricted. Amounts reported in invested in capital assets-net of related debt represent the historical cost of property and equipment, reduced by the balance of related debt outstanding and depreciation expense charged over the years. Net Position is reported as restricted when constraints are imposed by third parties, such as donors or enabling legislation. Restricted net position is either non-expendable, as in the case of endowment gifts to be held in perpetuity, or expendable, as in the case of funds to be spent on scholarships and research. All other assets are unrestricted; however, they may be committed for use under contract or designation by the Board of Trustees.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned or received and expenses incurred during the year. Activities are reported as either operating or non-operating. Operating revenues and expenses include tuition and fees, grant and contract activity, auxiliary enterprises and activity for the general operations of the institution not including appropriations from state and federal sources. Non-operating revenues and expenses include appropriations, capital grants and contracts, endowment, gifts, investment income, and non-operating federal grants (Pell Grants). With a public University's dependency on support from the state, Pell grants, and gifts, it is common for institutions to have operating expenses

exceed operating revenues. That is because the prescribed financial reporting model classifies state appropriations, Pell grants, and gifts as non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation expense, which amortizes the cost of a capital asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the University's ability to meet financial obligations as they mature. The statement of cash flows presents information related to cash inflows and outflows summarized by operating, capital and non-capital, financing and investing activities.

The footnotes provide additional information that is essential to understanding the information provided in the external financial statements.

### Reporting Entity

The financial statements report information about the University as a whole using accounting methods similar to those used by private-sector companies. The financial statements of the University are separated between University (including its blended component units) and its discretely presented Component Unit activities. The University's discretely presented Component Units (or Related Organizations) are the University of Massachusetts Foundation, Inc., and the University of Massachusetts Dartmouth Foundation, Inc.

### Condensed Financial Information

<b>University of Massachusetts</b>				
<b>Condensed Statement of Net Position</b>				
<b>As of June 30, 2015, 2014, and 2013</b>				
<b>(in thousands of dollars)</b>				
	<b>University June 30, 2015</b>	<b>University June 30, 2014</b>	<b>FY14-15 Change</b>	<b>University June 30, 2013</b>
<b>ASSETS</b>				
Current Assets	\$ 692,679	\$ 592,750	\$ 99,929	\$ 579,824
Noncurrent Assets				
Investment in Plant Net of Accumulated Depreciation	4,333,761	4,064,786	268,975	3,705,517
All Other Noncurrent Assets	1,501,421	1,543,391	(41,970)	1,403,449
<b>Total Assets</b>	<b>6,527,861</b>	<b>6,200,927</b>	<b>326,934</b>	<b>5,688,790</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>178,410</b>	<b>123,567</b>	<b>54,843</b>	<b>114,286</b>
<b>LIABILITIES</b>				
Current Liabilities	856,460	674,330	182,130	772,922
Noncurrent Liabilities	3,133,710	2,831,869	301,841	2,415,798
<b>Total Liabilities</b>	<b>3,990,170</b>	<b>3,506,199</b>	<b>483,971</b>	<b>3,188,720</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>48,753</b>		<b>48,753</b>	
<b>NET POSITION</b>				
Invested in Capital Assets Net of Related Debt	1,887,941	1,800,767	87,174	1,682,173
Restricted				
Nonexpendable	18,378	17,387	991	18,058
Expendable	169,591	174,530	(4,939)	156,469
Unrestricted	591,438	825,611	(234,173)	757,656
<b>Total Net Position</b>	<b>\$ 2,667,348</b>	<b>\$ 2,818,295</b>	<b>\$ (150,947)</b>	<b>\$ 2,614,356</b>

**University of Massachusetts**  
**Condensed Statement of Net Position for Related Organizations**  
**As of June 30, 2015, 2014, and 2013**  
(in thousands of dollars)

	University Related Organizations June 30, 2015	University Related Organizations June 30, 2014	FY14-15 Change	University Related Organizations June 30, 2013
<b>ASSETS</b>				
Current Assets	\$ 1,373	\$ 1,678	\$ (305)	\$ 3,830
Noncurrent Assets				
Investment in Plant Net of Accumulated Depreciation	8,293	8,478	(185)	8,619
All Other Noncurrent Assets	478,645	454,646	23,999	391,699
<b>Total Assets</b>	<b>488,311</b>	<b>464,802</b>	<b>23,509</b>	<b>404,148</b>
<b>LIABILITIES</b>				
Current Liabilities	31,421	15,525	15,896	14,604
Noncurrent Liabilities	3,505	3,483	22	3,332
<b>Total Liabilities</b>	<b>34,926</b>	<b>19,008</b>	<b>15,918</b>	<b>17,936</b>
<b>NET POSITION</b>				
Invested in Capital Assets Net of Related Debt	8,293	8,477	(184)	8,619
Restricted				
Nonexpendable	330,301	309,718	20,583	290,858
Expendable	90,413	101,195	(10,782)	74,706
Unrestricted	24,378	26,404	(2,026)	12,029
<b>Total Net Position</b>	<b>\$ 453,385</b>	<b>\$ 445,794</b>	<b>\$ 7,591</b>	<b>\$ 386,212</b>

At June 30, 2015, total University net position was \$2.67 billion, a decrease of \$150.9 million over the \$2.82 billion in net position for fiscal year 2014. The University's largest asset continues to be its net investment in its physical plant of \$4.33 billion at June 30, 2015, \$4.06 billion at June 30, 2014 and \$3.71 billion in fiscal year 2013.

University liabilities totaled \$3.99 billion at June 30, 2015, an increase of \$484.0 million over fiscal year 2014. Long-term liabilities represent 78.5% of the total liabilities which primarily consist of bonds payable amounting to \$3.08 billion at June 30, 2015.

The University's current assets as of June 30, 2015 of \$692.68 million were below the current liabilities of \$856.46 million, and as a result the current ratio was .81 dollars in assets to every one dollar in liabilities. Current assets of \$592.8 million at June 30, 2014 were below the current liabilities of \$674.3 million, resulting in a current ratio of 0.88.

The unrestricted and restricted expendable net position totaled \$761.0 million in fiscal year 2015, which represents 27.4% of total operating expenditures of \$2.78 billion for fiscal year 2015. The unrestricted and restricted expendable net position totaled \$1.00 billion in fiscal year 2014, which represents 36% of total operating expenditures of \$2.81 billion. The unrestricted and restricted expendable net position totaled \$914.1 million in fiscal year 2013, which represents 34% of total operating expenditures of \$2.66 billion.

University of Massachusetts  
Condensed Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2015, 2014 and 2013  
(in thousands of dollars)

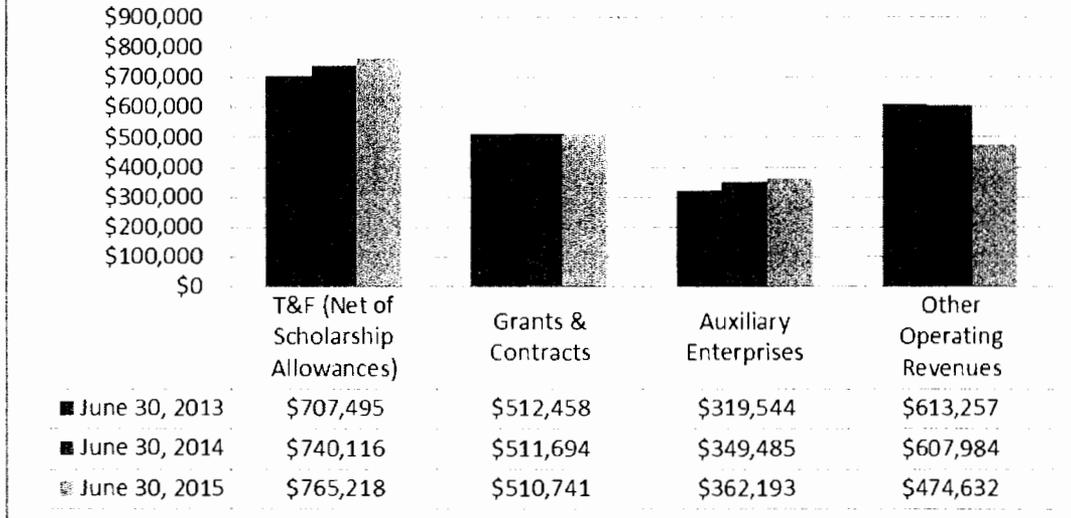
	University June 30, 2015	University June 30, 2014	FY14-15 Change	University June 30, 2013
<b>Operating Revenues</b>				
Tuition and Fees (net of scholarship allowances)	\$ 765,218	\$ 740,116	\$ 25,102	\$ 707,495
Grants and Contracts	510,741	511,694	(953)	512,458
Auxiliary Enterprises	362,193	349,485	12,708	319,544
Other Operating Revenues	474,632	607,984	(133,352)	613,257
<b>Total Operating Revenues</b>	<b>2,112,784</b>	<b>2,209,279</b>	<b>(96,495)</b>	<b>2,152,754</b>
<b>Operating Expenses</b>	<b>2,782,297</b>	<b>2,809,900</b>	<b>(27,603)</b>	<b>2,663,837</b>
<b>Operating Loss</b>	<b>(669,513)</b>	<b>(600,621)</b>	<b>(68,892)</b>	<b>(511,083)</b>
<b>Nonoperating Revenues / (Expenses)</b>				
Federal Appropriations	6,619	7,020	(401)	6,774
State Appropriations	621,200	570,618	50,582	519,311
Interest on Indebtedness	(100,332)	(89,496)	(10,836)	(91,364)
Other Nonoperating Income	61,806	133,386	(71,580)	100,697
Nonoperating Federal Grants	76,539	74,279	2,260	70,586
<b>Net Nonoperating Revenues</b>	<b>665,832</b>	<b>695,807</b>	<b>(29,975)</b>	<b>606,004</b>
<b>Income Before Other Revenues, Expenses, Gains and Losses</b>	<b>(3,681)</b>	<b>95,186</b>	<b>(98,867)</b>	<b>94,921</b>
Capital Appropriations, Grants and Other Sources	118,405	134,369	(15,964)	156,442
Disposal of Plant Facilities	(12,120)	(6,198)	(5,922)	(8,802)
Other Additions / (Deductions)	(14,645)	(19,418)	4,773	2,939
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>91,640</b>	<b>108,753</b>	<b>(17,113)</b>	<b>150,579</b>
<b>Total Increase in Net Position</b>	<b>87,959</b>	<b>203,939</b>	<b>(115,980)</b>	<b>245,500</b>
<b>Net Position</b>				
Net Position at the Beginning of the Year	2,818,295	2,614,356	203,939	2,389,377
<i>Cummulative effect of change in accounting principle *</i>	(238,906)		(238,906)	(20,521)
<i>Net Position at the Beginning of the Year, adjusted</i>	2,579,389		2,579,389	2,368,856
<b>Net Position at the End of the Year</b>	<b>\$ 2,667,348</b>	<b>\$ 2,818,295</b>	<b>\$ (150,947)</b>	<b>\$ 2,614,356</b>

\*Adoption of GASB 65 for the year ended 6/30/2013 and GASB 68 for the year ended 6/30/2015. See Footnote 13 Pensions for detailed discussion of the impact of GASB 68 Implementation.

University of Massachusetts  
Condensed Statement of Revenues, Expenses, and Changes in Net Position for University Related Organizations  
For the Year Ended June 30, 2015, 2014 and 2013  
(in thousands of dollars)

	University Related Organizations June 30, 2015	University Related Organizations June 30, 2014	FY14-15 Change	University Related Organizations June 30, 2013
<b>Operating Expenses</b>	<b>\$ 16,709</b>	<b>\$ 11,443</b>	<b>\$ 5,266</b>	<b>\$ 12,852</b>
<b>Operating Loss</b>	<b>(16,709)</b>	<b>(11,443)</b>	<b>5,266</b>	<b>(12,852)</b>
<b>Nonoperating Revenues / (Expenses)</b>				
Other Nonoperating Income	(18,811)	54,982	(73,793)	35,152
<b>Net Nonoperating Revenues</b>	<b>(18,811)</b>	<b>54,982</b>	<b>(73,793)</b>	<b>35,152</b>
<b>Income Before Other Revenues, Expenses, Gains and Losses</b>	<b>(35,520)</b>	<b>43,539</b>	<b>(79,059)</b>	<b>22,300</b>
Additions to Permanent Endowments	42,842	17,566	25,276	16,056
Other Additions	269	(1,523)	1,792	(9,979)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>43,111</b>	<b>16,043</b>	<b>27,068</b>	<b>6,077</b>
<b>Total Increase in Net Position</b>	<b>7,591</b>	<b>59,582</b>	<b>(51,991)</b>	<b>28,377</b>
<b>Net Position</b>				
Net Position at the Beginning of the Year	445,794	386,212	59,582	357,835
<b>Net Position at the End of the Year</b>	<b>\$ 453,385</b>	<b>\$ 445,794</b>	<b>\$ 7,591</b>	<b>\$ 386,212</b>

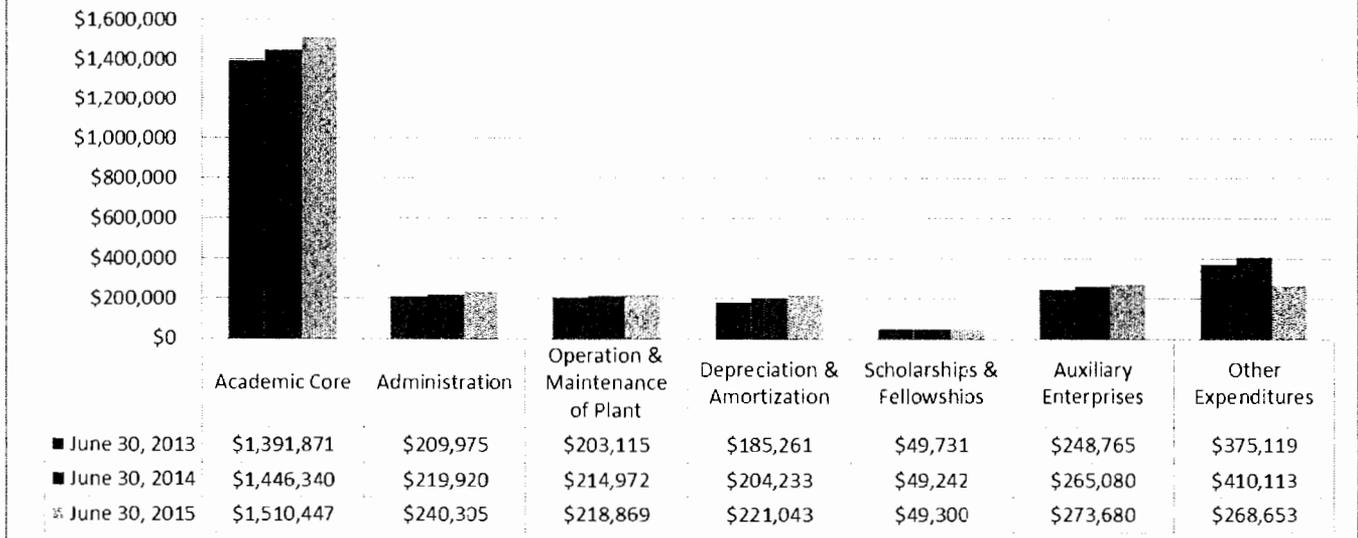
### Sources of Operating Revenues, FY 2013, 2014, 2015



Total operating revenues for fiscal year 2015 were \$2.11 billion. This represents a \$96.5 million decrease from the \$2.21 billion in operating revenues in fiscal year 2014. The most significant sources of operating revenue for the University are tuition and fees, grants and contracts, auxiliary services and public service activities at the Worcester Medical School campus categorized in the chart above as "Other Operating Revenues". While not classified on the financial statements as operating revenue, state appropriations serve as a primary source for funding the core mission of the University. State appropriation revenue, described in detail in a section below, is used almost exclusively to fund payroll for University employees. The chart above displays operating revenues by source for the University in fiscal years 2015, 2014 and 2013.

In fiscal year 2015, operating expenditures, including depreciation and amortization of \$221.0 million, totaled \$2.78 billion. of this total, \$1.38 billion or 50% was used to support the academic core activities of the University, including \$431.6 million in research. In fiscal year 2014, operating expenditures, including depreciation and amortization of \$204.2 million, totaled \$2.81 billion. The chart below displays fiscal years 2015, 2014 and 2013 operating spend.

### Operating Expenses by Category, FY 2013, 2014 and 2015



#### Public Service Activities

Other operating revenues includes Public Service Activities and consists largely of sales and services provided to third parties by the UMass Medical School campus through its Commonwealth Medicine ("CWM") programs, which provide public consulting and services in health care financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. Included in this category of activities are CWM revenues of \$310.2 million and \$349.0 million for the years ended June 30, 2015 and 2014, respectively. Included in expenditures are CWM expenditures of \$296.3 million and \$318.2 million for the years ended June 30, 2015 and 2014, respectively.

In addition to CWM activities, Public Service Activities also includes payments received by the Medical School for educational services it provides to its clinical affiliate UMass Memorial Health Care, Inc. ("UMass Memorial") as required by the enabling legislation enacted by the Commonwealth in 1997. Educational services revenues included in public service revenues were \$43.8 million and \$163.8 million for the years ended June 30, 2015 and 2014, respectively. Finally, Public Service Activity expenditures also include payments made to the Commonwealth of Massachusetts of \$120 million for the year ended June 30, 2014, pursuant to requirements of legislation enacted by the State Legislature of Massachusetts.

### State Appropriations

In fiscal year 2015, state appropriations represent approximately 22% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. Although the state appropriation is unrestricted revenue, nearly 100% of the state appropriation supports payroll and benefits for University employees.

The net state appropriation for the University increased by \$50.6 million from fiscal year 2014, with the increase attributable to a higher level of State Appropriation and related fringe benefit support through the State's investment in the University's 50/50 plan. This plan, phased in over FY14 and FY15, had the State providing additional state appropriations in order to bring State funding levels closer to historical amounts that will allow for the State to support 50% of the educational costs of an in state undergraduate while the student funds the remaining 50%. In return for this State investment, the University and the Board committed to freezing the in state undergraduate curriculum fee during this same time period.

During the year ended June 30, 2015, the University reported approximately \$31.1 million of tuition revenues remitted to the State Treasurer's Office for the general fund of the Commonwealth of Massachusetts. Through fiscal year 2016, the University is required to remit tuition revenue received to the Commonwealth. Therefore, the University collects student tuition on behalf of the Commonwealth and remits it to the Commonwealth's General Fund. The amount of tuition remitted to the Commonwealth was \$34.3 million in fiscal year 2014 and \$35.1 million in fiscal year 2013. There is no direct connection between the amount of tuition revenues collected by the University and the amount of state funds appropriated in any given year.

In fiscal year 2004, a pilot program authorized by the Commonwealth enabled the Amherst campus to retain tuition for out-of-state students. This pilot program was extended indefinitely for the Amherst Campus in fiscal year 2005 and starting in fiscal year 2012 all of the University's campuses were authorized to retain tuition from out-of-state students. The amount of tuition retained by the University during 2015, 2014 and 2013 was \$82.0 million, \$75.8 million and \$74.5 million, respectively. Beginning in fiscal year 2017, the University has been granted the Legislative authority to retain all tuition.

The following table details the Commonwealth operating appropriations received by the University for fiscal years ending June 30, 2015, 2014 and 2013:

	FY2015	FY2014	FY2013
Gross Commonwealth Appropriations	\$ 516,794	\$ 486,656	\$ 447,837
Plus: Fringe Benefits*	159,403	141,881	130,005
	<b>676,197</b>	<b>628,537</b>	<b>577,842</b>
Less: Tuition Remitted	(31,055)	(34,325)	(35,103)
Less: Mandatory Waivers	(23,942)	(23,594)	(23,428)
<b>Net Commonwealth Support</b>	<b>\$ 621,200</b>	<b>\$ 570,618</b>	<b>\$ 519,311</b>

\*The Commonwealth pays the fringe benefits for University employees paid from Commonwealth operating appropriations. Therefore, such fringe benefit support is added to the "State Appropriations" financial statement line item as presented in the above table. The University pays the Commonwealth for the fringe benefit cost of the employees paid from funding sources other than Commonwealth operating appropriations.

### Capital Appropriations from the Commonwealth

The University faces a financial challenge to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. In order to have a successful capital program, the University must rely on a combination of revenue sources to fund its investment. In fiscal year 2015, there was \$62.58 million of capital support provided to the University through appropriations and grants from the Commonwealth. This funding is attributed to the Commonwealth's Division of Capital Asset Management ("DCAM") which funded several large capital projects in fiscal year 2014 and 2015 through the State's Higher Education Bond Bill and Life Sciences Bond Bill, both passed in 2008 and have projects funded on each of the campuses. The completion of major construction projects managed by DCAM are underway at all five of the University's campuses and current bond support continues for key projects in the plan.

## Grant and Contract Revenue

Collectively, the University's Amherst Campus and Medical School in Worcester account for approximately 77% of University grant and contract activity. The Boston, Dartmouth, and Lowell campuses continue to have significant sponsored research activity.

The following table details the University's grant and contract revenues (in thousands) for the fiscal years ended June 30, 2015, 2014 and 2013:

	FY2015	FY2014	FY2013
Federal Grants and Contracts	\$ 313,754	\$ 322,047	\$ 334,697
State Grants and Contracts	70,871	74,996	68,794
Local Grants and Contracts	1,717	2,223	2,253
Private Grants and Contracts	124,399	112,428	106,714
<b>Total Grants and Contracts</b>	<b>\$ 510,741</b>	<b>\$ 511,694</b>	<b>\$ 512,458</b>

## Discretely Presented Component Units

### University of Massachusetts Foundation, Inc.

The combined University and Foundation endowment has increased to approximately \$768.4 million at June 30, 2015 from \$757.5 million at June 30, 2014 and from \$664.7 million at June 30, 2013.

The Foundation utilizes the pooled investment concept whereby all invested funds are in one investment pool, except for investments of certain funds that are otherwise restricted. Pooled investment funds will receive an annual distribution of 4% of the endowment fund's average market value for the preceding twelve quarters on a one year lag. Only quarters with funds on deposit shall be included in the average. In addition, a prudence rule will be utilized to limit spending from a particular endowment fund to no lower than 93% of its book value. The Foundation distributed \$24.6 million (4%) and \$17.7 million (4%) in fiscal year 2015 and 2014, respectively.

The total investment loss of the Foundation for fiscal year 2015 was \$5.7 million as compared to 2014, which, including realized and unrealized investment activity, was a net gain of approximately \$112.2 million. This is consistent with investment return performance at other institutions.

### University of Massachusetts Dartmouth Foundation, Inc.

Total marketable securities for the Dartmouth Foundation were \$54.8 million at June 30, 2015 up from \$53.5 million at June 30, 2014, which are held by the University of Massachusetts Foundation, Inc. The increase was primarily due to new gifts. The Dartmouth Foundation total investment return for fiscal year 2015, including realized and unrealized investment activity, was a net loss of \$.5million as compared to a net gain of \$4.9 million in 2014.

## Tuition and Fees

Due to declining State Appropriations, the University's Board of Trustees voted to increase mandatory student charges by 7.5% for resident undergraduate students for the 2011-2012 academic year and an additional 4.9% for the 2012-2013 academic year. For academic years 2013-2014 and 2014-2015, the Board of Trustees voted to freeze the mandatory curriculum fee for in state undergraduate students based on the increase to the State appropriation known as the 50/50 described above. Affordability will continue to be a priority of the University and increases in fees will be considered in conjunction with State support on an annual basis.

## Enrollment

Admission to the University is open to residents of the Commonwealth and non-residents on a competitive basis. In the fall 2014 semester, Massachusetts residents accounted for approximately 82% and 53% of the University's total undergraduate and graduate enrollment, respectively. Total enrollment in the fall of 2014 was 62,301 FTE (72,789 headcount students). Enrollments at the University have shown significant increases over the last five years (55,740 FTE in fall 2009). The 12% enrollment growth is consistent with the University's efforts to increase its reach across the Commonwealth and to recruit non-resident students and is reflective of the quality education provided by the University of Massachusetts.

## Degrees Awarded

The University awards four levels of degrees, as follows: associate, bachelors, masters and doctoral/professional degrees. A total of 17,174 degrees were awarded in the 2013-2014 academic year reflecting a 4.4% increase from the previous year. Of these awards, 67% were at the undergraduate level and 26% were at the graduate level. The remaining were associates degrees and undergraduate certificates.

## Bonds Payable

As of June 30, 2015, the University had outstanding bonds of approximately \$3.1 billion representing \$2.9 billion of University of Massachusetts Building Authority bonds (the "Building Authority Bonds"), \$58.0 million of University of Massachusetts bonds financed through the Massachusetts Health and Educational Facilities Authority which has been merged into MassDevelopment (the "UMass HEFA Bonds"), and \$100.3 million of bonds financed through the Worcester City Campus

Corporation (the "WCCC Bonds"). Bonds payable is the University's largest liability at June 30, 2015. The Building Authority's active projects include residence hall construction and renovation, renovation of general education buildings, replacement of core infrastructure, and construction of academic, laboratory, and research facilities. The proceeds from the UMass HEFA Bonds were used to create a revolving loan program and to fund the construction of two new campus centers at the Boston and Lowell campuses (funded jointly with the Commonwealth).

On July 3, 2014, the Building Authority issued \$67,365,000 of Refunding Revenue Bonds, Senior Series 2014-3 (the "2014-3 Bonds"). The 2014-3 Bonds included a premium of \$12.0 million. The 2014-3 Bonds are tax-exempt and mature at various dates through 2029. The interest on the bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup> and the interest rates on the bonds range from 2.0% to 5.0%. The 2014-3 Bonds were issued to refinance a portion of the Massachusetts Health and Educational Facilities Authority's Revenue Bonds, Worcester City Campus Corporation Issue (University of Massachusetts Project), Series D (2005).

On March 25, 2015, the Building Authority issued \$298,795,000 of Project Revenue Bonds, Senior Series 2015-1 (the "2015-1 Bonds") and \$191,825,000 of Refunding Revenue Bonds, Senior Series 2015-2 (the "2015-2 Bonds"). The 2015-1 Bonds included a premium of \$35.7 million. The 2015-1 Bonds are tax-exempt and mature at various dates through 2045. The interest on the 2015-1 Bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup> and the interest rates on the 2015-1 Bonds range from 4.0% to 5.0%. The 2015-2 Bonds included a premium of \$34.0 million. The 2015-2 Bonds are tax-exempt and mature at various dates through 2036. The interest on the 2015-2 Bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup> and the interest rates on the 2015-2 Bonds range from 3.0% to 5.0%. The 2015-2 Bonds were issued to refinance a portion of the Massachusetts Health and Educational Facilities Authority's Revenue Bonds, Worcester City Campus Corporation Issue (University of Massachusetts Project), Series E & F (2007).

### Capitalized Lease Obligations

At June 30, 2015, the University had no capital lease obligations.

### University Rating

The University is relying on a carefully planned and executed debt strategy to support master and strategic planning at the campuses and for the University as a whole. The University has been rewarded for its strategic planning by recent ratings upgrades. Bonds issued by the University of Massachusetts and the University of Massachusetts Building Authority are now AA, Aa2 and AA- as rated by Fitch, Moody's and Standard & Poor's rating agencies, respectively.

### Limitations on Additional Indebtedness

The University may, without limit, issue additional indebtedness or request the Building Authority to issue additional indebtedness on behalf of the University so long as such indebtedness is payable from all available funds of the University. However, the University may request that the Building Authority issue additional indebtedness not payable from all available funds of the University provided that the additional indebtedness is secured by certain pledged revenues and the maximum annual debt service on all revenue indebtedness does not exceed 8% of the University's available revenues.

The Building Authority is authorized by its enabling act to issue bonds with the unconditional guarantee of the Commonwealth of Massachusetts for the punctual payment of the interest and principal payments on the guaranteed bonds. The full faith and credit of the Commonwealth are pledged for the performance of its guarantee. The enabling act, as amended, presently limits to \$200 million the total principal amount of notes and bonds of the Building Authority that may be Commonwealth guaranteed and outstanding at any one time. The amount of bond obligations guaranteed by the Commonwealth at June 30, 2015 and 2014 was \$121.6 million and \$125.6 million, respectively.

### Capital Plan

In December 2014, the University's Trustees approved a \$7.0 billion five-year (fiscal years 2015-2019) update to its capital plan with \$3.4 billion of projects approved to continue or commence over the next 24 months. The University generally has funded its capital plans through a combination of funding received from University operations, bonds issued by the University of Massachusetts Building Authority, MassDevelopment financing, Commonwealth appropriations, and private fundraising. The execution of many projects from the University's capital plan is from funding from the Commonwealth through the Higher Education and Life Sciences Bond Bills.

Campus	Total 5-Year Plan (in millions) FY15 - FY19	Total Approved Projects (in millions and as of June 2015)
Amherst	\$2,582,836	\$1,280,300
Boston	\$1,323,325	\$967,875
Dartmouth	\$702,809	\$275,838
Lowell	\$1,727,900	\$666,600
Worcester	\$639,746	\$173,340
<b>TOTAL</b>	<b>\$6,976,616</b>	<b>\$3,363,953</b>
<b># of Projects</b>	208	104

The University's five-year capital plan for fiscal years 2015-2019 includes both new projects and major projects that were previously approved by the University Trustees in prior-year capital plans. Over the last year the University has been working with

the Board to enhance its policy regarding its approval of capital projects to ensure a clear process for the review and approval of projects and to provide for multiple reviews during the process so that the President's Office, Building Authority and the Board of Trustees (the Board) are actively involved. Since the capital program requires significant investment, the President's office and the Board wanted to ensure that the proper steps were in place for reviewing and approving projects so that the University continues to live within its current capital and debt policies.

### **Factors Impacting Future Periods**

There are a number of issues of University-wide importance that directly impact the financial operations of the University. Many of these issues, such as improving academic quality, realizing strong financial results, investing in capital assets, expanding fundraising capacity, operating more efficiently, being the most effective University for students and the Commonwealth given the available resources, and measuring performance are ongoing activities of continuous importance to the Board of Trustees and University leadership that impact the financial and budget planning each year. The level of state support, the impact of collectively bargained wage increases, and the ability of student-fee supported activities to meet inflationary pressures determine the limits of program expansion, new initiatives and strategic investments, as well as the ability of the University to meet its core mission and ongoing operational needs.

Despite challenging economic times in the Commonwealth since fiscal year 2009, the University of Massachusetts continues to focus on improving its competitive position. To meet increased student demand, boost academic credentials, and improve campus infrastructure, the University has expanded and acquired several strategic properties in the past few fiscal years:

- In the fall of 2014, the University opened the Springfield Satellite Center to offer bachelor and master level courses associated with a variety of existing academic degrees and certificates that are already available to citizens of Greater Springfield at nearby locations and/or online. The Center will also house selected outreach, research, and economic development programs and activities.
- A satellite campus associated with UMass Lowell, in Haverhill, is currently being planned to better serve its student population. A permanent site is being explored and a temporary site is being utilized in the current year in partnership with Northern Essex Community College. Additionally, a new site on Beacon Hill in Boston will serve as another collaboration between the five campuses to offer the University experience.

Despite these successful acquisitions, the ability to address priority capital needs and requirements for deferred maintenance, technology, repairs and adaptation, and selected new construction projects is one of the largest challenges facing the University. In spite of investing more than \$2.7 billion on capital improvements over the last decade, the University's FY15-19 capital plan projects spending another \$3.4 billion over the next five years. The commitment of operating funds for servicing debt and/or funding capital expenditures has an ongoing impact on the overall financial position of the University. In order to support the University's capital plan, the University of Massachusetts Building Authority will be issuing new bonds for renovations, new construction, and deferred maintenance projects at the Amherst, Boston, Dartmouth, Lowell, and Worcester campuses in support of the capital plan.

The University, as well as Legislative and Executive Leadership in the Commonwealth, understand that despite the significant level of capital activity being financed through University debt, a much higher level of state support needs to be dedicated to higher education facilities. As such, the Massachusetts Legislature passed a higher education bond bill in August 2008. The Higher Education Improvement Act authorized \$2.2 billion for capital improvement spending over the next ten years at community colleges, state universities, and the University. More than \$1 billion of these funds are directed to University projects exclusively. Although the financial challenges faced by the Commonwealth have slowed down the pace of this funding, the University continues to work to ensure that critical needs are met.

In addition, a major state effort to assist the Commonwealth in increasing its competitive position in the Life Sciences Industry was signed into law by the Governor on June 16, 2008. The \$1 billion Life Sciences Industry Investment Act authorized \$500 million of capital funding over ten years. It is anticipated that some portion of this funding, possibly as much as \$242 million, will be used to support facility improvements at the University. \$90 million has already been dedicated to partially fund the Sherman Center at the University's Medical School in Worcester. Additionally \$95 million has been provided for a research facility at the Amherst Campus and significant capital investments in collaborative facilities and programs involving the Boston, Dartmouth, and Lowell campuses.

In addition to capital funding, the life sciences initiative provides a number of opportunities for the University to participate in the planning and program implementation of this important economic development effort.

The University's Boston Campus is situated on a peninsula in Boston Harbor which is also home to the John F. Kennedy Presidential Library and the Massachusetts State Archives and Commonwealth Museum. In fiscal year 2015 construction was completed on the Edward M. Kennedy Institute for the United States Senate which focuses on political study, training sessions for students and politicians, and historical records.

Research funding for the University of Massachusetts was strong despite Federal sequestration of funds. For the University, research expenditures were \$603 million in fiscal year 2014 and \$591.1 million in fiscal year 2013. Most research at the University is externally funded, with the federal government providing a majority of the funding through the National Institutes of Health, the National Science Foundation, and other sources. Among Massachusetts colleges and universities, UMass ranks third in research and development expenditures, behind only MIT and Harvard. The University, as well as most major public research universities across the United States, is closely monitoring the potential reduction in federal funding for research and development programs.

In recent years the online learning consortium of the University, UMassOnline, has shown significant growth in enrollments, course offerings and revenue generation benefiting the campuses and raising the profile of the University throughout this important sector of the higher education market. UMassOnline provides marketing and technology support for UMass' online offerings that enable students, professionals, and lifelong learners to take courses anywhere, anytime. With over 140 undergraduate and graduate degree, certificate and professional development programs and more than 1,500 courses available from University faculty, UMassOnline is one of the largest accredited online programs available.

For fiscal year 2015, UMassOnline and the Continuing Education units at the five campuses collaboratively generated tuition revenue in excess of \$89.6 million and supported 66,767 course enrollments, an increase of 5.3% for revenue and an increase of 5.2% for course enrollments as compared to fiscal year 2014.

The University continues to increase its global reach through a coordinated effort in international activities to develop partnerships and programs to bring faculty, visiting scholars and students from other countries to the University; to integrate study abroad opportunities into the undergraduate and graduate curriculum; and to encourage faculty to engage in research, teaching and service activities around the world.

The Commonwealth's fiscal year 2013 budget approved in June 2012 included a base state appropriation amount for the University equal to the base state appropriation received in fiscal year 2012. In addition to the base state appropriation, the budget also provided \$25.6 million to cover the fiscal year 2013 cost of the collective bargaining increases for the University's union employees and \$6.6 million of line item funding specific to the University. With state support consistent with the FY11 level despite the fact that enrollment has increased at the University by 15% over the last five years, the University's Board of Trustees approved a 4.9% tuition and fee increase for undergraduate students for the 2012-2013 academic year. In January of 2013, the Governor imposed mid-year budget reductions to bring the State budget into balance. As part of the reductions, the University received a 1% reduction equating to \$4.2 million. Through working with the Legislature, the University was able to utilize revenues to meet the reduction so that there would be no impact on the fringe support provided by the State. Each campus and the central office absorbed the reduction into operations for fiscal year 2013.

The fiscal year 2014 budget approved in July 2013 included a new funding model that would have the State assume 50% of the cost to educate a Massachusetts student at the University. The 50:50 funding proposal required an investment by the Commonwealth of \$39.1 million in each of the next two fiscal years, 2014 and 2015. This investment, along with the additional fringe support of \$10.8 million gained from the increase in the State appropriation did provide the University with \$100 million in additional appropriation in fiscal years 2014 and 2015. The 2014 State budget included language (outside section 162) providing for the second year commitment to reach the goal of 50:50. This initiative has had an immediate and meaningful impact on thousands of Massachusetts residents who have not had an increase in their tuition and mandatory curriculum fees for the upcoming academic year. It also provides them with more long-term relief by allowing them to graduate and enter the workforce with less student debt. These State funds are used entirely to support salary costs and the associated fringe benefit from having employees funded using the State appropriation.

The fiscal year 2015 budget approved in July 2014 provided for a base state appropriation of \$519.0 million which represents the second installment of the 50:50 plan which began in fiscal year 2014. This investment, along with the additional fringe support, allowed the University to freeze the mandatory curriculum fee for the second consecutive year for in state undergraduate students. However, the State did not fund the first year of collective bargaining contracts to date that cost approximately \$13.1 million in State support. Although \$2.2 million of the collective bargaining costs were received in fiscal year 2015, the University did not receive the remaining \$10.9 million. Additionally, the University was issued a 9C budget reduction in February 2015 totaling \$7.8 million which was absorbed into operations.

### **Contacting the University**

This financial report is designed to provide the University, the Commonwealth, the public and other interested parties with an overview of the financial results of the University and an explanation of the University's financial condition. If you have any questions about this report or require additional information, you can contact the University by calling the University Controller, Sarah Mongeau, at (774) 455-7520 or by email at [smongeau@umassp.edu](mailto:smongeau@umassp.edu).

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**University of Massachusetts**  
**Consolidated Statements of Net Position**  
**As of June 30, 2015 and 2014**  
(in thousands of dollars)

	University June 30, 2015	University Related Organizations June 30, 2015	University June 30, 2014	University Related Organizations June 30, 2014
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$89,965		\$63,752	
Cash Held By State Treasurer	27,597		27,867	
Accounts, Grants and Loans Receivable, net	249,517		231,156	
Pledges Receivable, net	10,620	500	11,320	785
Short Term Investments	265,248		192,957	
Inventories, net	17,472		16,298	
Accounts Receivable from UMass Memorial	17,463		40,807	
Due From Related Organizations	59	203	181	354
Other Assets	14,738	670	8,412	539
<b>Total Current Assets</b>	<b>692,679</b>	<b>1,373</b>	<b>592,750</b>	<b>1,678</b>
<b>Noncurrent Assets</b>				
Cash and Cash Equivalents		2,018		1,378
Cash Held By State Treasurer	5,403		8,429	
Cash and Securities Held By Trustees	707,061		704,186	
Accounts, Grants and Loans Receivable, net	38,382		40,498	
Pledges Receivable, net	6,275	293	6,465	677
Investments	737,788	476,272	775,953	452,529
Other Assets	6,512	62	7,860	62
Investment in Plant, net	4,333,761	8,293	4,064,786	8,478
<b>Total Noncurrent Assets</b>	<b>5,835,182</b>	<b>486,938</b>	<b>5,608,177</b>	<b>463,124</b>
<b>Total Assets</b>	<b>\$6,527,861</b>	<b>\$488,311</b>	<b>\$6,200,927</b>	<b>\$464,802</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Change in Fair Value of Interest Rate Swaps	\$44,648		\$41,082	
Loss on Debt Refunding	86,723		82,485	
Pensions	47,039			
<b>Total Deferred Outflows of Resources</b>	<b>\$178,410</b>		<b>\$123,567</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$120,090	\$691	\$113,650	\$174
Accrued Salaries and Wages	127,341		110,464	
Accrued Compensated Absences	76,634		74,092	
Accrued Workers' Compensation	3,495		4,352	
Accrued Interest Payable	22,650		21,872	
Bonds Payable	398,015		196,608	
Capital Lease Obligations	170		2,232	
Accelerated variable rate debt, current	6,000		50,000	
Assets Held on behalf of Others		29,284		13,797
Accounts Payable to UMass Memorial	2,787		3,864	
Due To Related Organizations	203	59	354	181
Unearned Revenues and Credits	45,530	1,387	40,923	1,373
Advances and Deposits	6,191		6,912	
Other Liabilities	47,354		49,007	
<b>Total Current Liabilities</b>	<b>856,460</b>	<b>31,421</b>	<b>674,330</b>	<b>15,525</b>
<b>Noncurrent Liabilities</b>				
Accrued Compensated Absences	31,813		31,779	
Accrued Workers' Compensation	10,886		10,811	
Bonds Payable	2,685,235		2,627,836	
Capital Lease Obligations	562		-	
Derivative Instruments, Interest Rate Swaps	71,054		68,843	
Net Pension Liability	237,135			
Unearned Revenues and Credits	26,821		21,243	
Advances and Deposits	28,621		28,094	
Other Liabilities	41,583	3,505	43,263	3,483
<b>Total Noncurrent Liabilities</b>	<b>3,133,710</b>	<b>3,505</b>	<b>2,831,869</b>	<b>3,483</b>
<b>Total Liabilities</b>	<b>\$3,990,170</b>	<b>\$34,926</b>	<b>\$3,506,199</b>	<b>\$19,008</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	\$48,753			
<b>Net Position:</b>				
Invested in Capital Assets Net of Related Debt	\$1,887,941	\$8,293	\$1,800,767	\$8,477
Restricted				
Nonexpendable	18,378	330,301	17,387	309,718
Expendable	169,591	90,413	174,530	101,195
Unrestricted	591,438	24,378	825,611	26,404
<b>Total Net Position</b>	<b>\$2,667,348</b>	<b>\$453,385</b>	<b>\$2,818,295</b>	<b>\$445,794</b>

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

**University of Massachusetts**  
**Consolidated Statements of Revenues, Expenses, and Changes in Net Position**  
**For The Years Ended June 30, 2015 and 2014**  
(in thousands of dollars)

	University Related Organizations		University Related Organizations	
	University June 30, 2015	June 30, 2015	University June 30, 2014	June 30, 2014
<b>REVENUES</b>				
<b>Operating Revenues</b>				
Tuition and Fees (net of scholarship allowances of \$212,469 at June 30, 2015 and \$201,186 at June 30, 2014)	\$765,218		\$740,116	
Federal Grants and Contracts	313,754		322,047	
State Grants and Contracts	70,871		74,996	
Local Grants and Contracts	1,717		2,223	
Private Grants and Contracts	124,399		112,428	
Sales and Service, Educational	25,601		21,792	
Auxiliary Enterprises	362,193		349,485	
Other Operating Revenues:				
Sales and Service, Independent Operations	48,368		44,296	
Sales and Service, Public Service Activities	295,429		448,478	
Other	105,234		93,418	
<b>Total Operating Revenues</b>	<b>2,112,784</b>		<b>2,209,279</b>	
<b>EXPENSES</b>				
<b>Operating Expenses</b>				
<b>Educational and General</b>				
Instruction	712,430		690,635	
Research	431,586		407,425	
Public Service	72,910	\$16,359	77,985	\$11,066
Academic Support	165,533		151,000	
Student Services	127,988		119,295	
Institutional Support	240,305		219,920	
Operation and Maintenance of Plant	218,869		214,972	
Depreciation and Amortization	221,043	201	204,233	200
Scholarships and Fellowships	49,300	149	49,242	177
Auxiliary Enterprises	273,680		265,080	
Other Expenditures				
Independent Operations	40,961		44,861	
Public Service Activities	227,692		365,252	
<b>Total Operating Expenses</b>	<b>2,782,297</b>	<b>16,709</b>	<b>2,809,900</b>	<b>11,443</b>
<b>Operating Loss</b>	<b>(669,513)</b>	<b>(16,709)</b>	<b>(600,621)</b>	<b>(11,443)</b>
<b>NONOPERATING REVENUES(EXPENSES)</b>				
Federal Appropriations	6,619		7,020	
State Appropriations	621,200		570,618	
Gifts	30,351	10,438	29,013	11,063
Investment Income	11,670	(30,383)	86,685	42,849
Endowment Income	16,858	1,134	16,642	1,070
Interest on Indebtedness	(100,332)		(89,496)	
Nonoperating Federal Grants	76,539		74,279	
Other Nonoperating Income	2,927		1,046	
<b>Net Nonoperating Revenues</b>	<b>665,832</b>	<b>(18,811)</b>	<b>695,807</b>	<b>54,982</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>(3,681)</b>	<b>(35,520)</b>	<b>95,186</b>	<b>43,539</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>				
Capital Appropriations	62,582		112,132	
Capital Grants and Contracts	55,823		21,987	
Additions to Permanent Endowments	920	42,842		17,566
Net Amounts Earned/Received on Behalf of Others		12		(1,555)
Capital Contribution			250	
Disposal of Plant Facilities	(12,120)		(6,198)	
Other Additions/(Deductions)	(15,565)	257	(19,418)	32
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>91,640</b>	<b>43,111</b>	<b>108,753</b>	<b>16,043</b>
<b>Total Increase in Net Position</b>	<b>87,959</b>	<b>7,591</b>	<b>203,939</b>	<b>59,582</b>
<b>NET POSITION</b>				
Net Position at Beginning of Year, as previously reported	2,818,295	445,794	2,614,356	386,212
Cummulative effect of adoption GASB 68	(238,906)			
Net Position at Beginning of Year, Adjusted	2,579,389		2,614,356	
<b>Net Position at End of Year</b>	<b>\$2,667,348</b>	<b>\$453,385</b>	<b>\$2,818,295</b>	<b>\$445,794</b>

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

**University of Massachusetts**  
**Consolidated Statements of Cash Flows**  
**For The Years Ended June 30, 2015 and 2014**  
(in thousands of dollars)

	University June 30, 2015	University June 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees	\$802,554	\$793,246
Grants and Contracts	778,001	798,973
Payments to Suppliers	(1,046,986)	(1,273,331)
Payments to Employees	(1,352,448)	(1,298,736)
Payments for Benefits	(295,584)	(288,286)
Payments for Scholarships and Fellowships	(49,294)	(49,236)
Loans Issued to Students and Employees	(5,899)	(7,212)
Collections of Loans to Students and Employees	8,668	5,302
Auxiliary Enterprises Receipts	354,192	336,456
Sales and Service, Educational	22,720	21,613
Sales and Service, Independent Operations	54,621	49,781
Sales and Service, Public Service Activities	317,039	471,119
<b>Net Cash Provided Used in Operating Activities</b>	<b>(412,417)</b>	<b>(440,311)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	676,197	628,537
Tuition Remitted to the State	(31,055)	(34,325)
Federal Appropriations	6,619	7,020
Gifts and Grants for Other Than Capital Purposes	27,106	25,990
Nonoperating Federal Grants	76,539	74,279
Student Organization Agency Transactions	(431)	31
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>754,975</b>	<b>701,533</b>
<b>CASH FLOWS FROM CAPITAL AND OTHER FINANCING ACTIVITIES</b>		
Proceeds from Capital Debt	365,501	587,555
Bond Issuance Costs Paid	(789)	(3,647)
Capital Appropriations	62,497	112,132
Capital Grants and Contracts	50,199	37,584
Purchases of Capital Assets and Construction	(152,369)	(208,444)
Principal Paid on Capital Debt and Leases	(161,296)	(257,837)
Interest Paid on Capital Debt and Leases	(106,625)	(104,441)
Use of Debt Proceeds on Deposit with Trustees	(330,330)	(357,204)
<b>Net Cash Used in Capital Financing Activities</b>	<b>(273,212)</b>	<b>(194,302)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments	876,156	1,141,204
Interest on Investments	8,651	8,959
Purchase of Investments	(928,361)	(1,162,801)
<b>Net Cash Used in Investing Activities</b>	<b>(43,554)</b>	<b>(12,638)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>25,792</b>	<b>54,282</b>
<b>Cash and Cash Equivalents - Beginning of the Year</b>	<b>804,234</b>	<b>749,952</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$830,026</b>	<b>\$804,234</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Loss	(\$669,513)	(\$600,621)
<i>Adjustments to reconcile loss to net cash used in Operating Activities:</i>		
Depreciation and Amortization Expense	\$221,043	204,233
<i>Changes in Assets and Liabilities:</i>		
Receivables, net	(15,355)	2,306
Inventories	(1,174)	3,471
Due to/from Related Organizations	(273)	(75)
Accounts Receivable/Payable UMass Memorial	22,267	(28,573)
Other Assets	(5,067)	(16,748)
Accounts Payable (non-capital)	3,419	(10,550)
Accrued Liabilities	18,671	7,327
Deferred Revenue	10,185	1,579
Advances and Deposits	(194)	(883)
Other Liabilities	3,574	(1,777)
<b>Net Cash Provided in Operating Activities</b>	<b>(\$412,417)</b>	<b>(\$440,311)</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:</b>		
The Authority issued Project and Refunding revenue bonds to refund certain debt	\$302,388	
Pension Liability	237,135	
Assets acquired and included in accounts payable and other liabilities	59,726	\$56,705
Loss on disposal of capital assets	(12,120)	(6,198)
Unrealized gain (loss) on investments	(6,971)	50,353

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

**University of Massachusetts**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

ORGANIZATION

The consolidated financial statements herein present the financial position, results of operations, changes in net position, and cash flows of the University of Massachusetts ("University"), a federal land grant institution. The financial statements of the University include the Amherst, Boston, Dartmouth, Lowell and Worcester Medical School campuses, and the Central Administration office of the University, Worcester City Campus Corporation ("WCCC"), the University of Massachusetts Amherst Foundation ("UMass Amherst Foundation"), as well as the University of Massachusetts Building Authority ("the Building Authority").

The Building Authority is a public instrumentality of the Commonwealth created by Chapter 773 of the Acts of 1960 (referred to as the "Enabling Act"), whose purpose is to provide dormitories, dining commons, and other buildings and structures for use by the University. WCCC is a tax exempt organization founded to support research and real property activities for the University. The UMass Amherst Foundation was established in 2003 as a tax exempt organization founded to foster and promote the growth, progress, and general welfare of the University. These component units are included in the financial statements of the University because of the significance and exclusivity of their financial relationships with the University.

The University Related Organizations column in the accompanying financial statements includes the financial information of the University's discretely presented component units. The University of Massachusetts Foundation, Inc. ("Foundation") and the University of Massachusetts Dartmouth Foundation, Inc. ("Dartmouth Foundation") are related tax exempt organizations founded to foster and promote the growth, progress and general welfare of the University, and are reported in a separate column to emphasize that they are Massachusetts not-for-profit organizations legally separate from the University. These component units are included as part of the University's financial statements because of the nature and the significance of their financial relationship with the University. The financial statement presentation of the discretely presented component units has been reclassified to conform to the University presentation. The financial reports of all above mentioned component units are available upon request from the University.

The University is an enterprise fund of the Commonwealth of Massachusetts ("Commonwealth"). The financial balances and activities included in these financial statements are, therefore, also included in the Commonwealth's comprehensive annual financial report.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB") using the economic resources measurement focus and the accrual basis of accounting. These financial statements are reported on a consolidated basis, and all intra-University transactions are eliminated.

Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities (including royalties from licensing agreements) and auxiliary enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, subcontracts on grants and contracts, supplies and services, and depreciation and amortization. All other revenues and expenses of the University are reported as non-operating revenues and expenses including state general appropriations, federal appropriations, non-capital gifts, short term investment income, endowment income used in operations, interest expense, and capital additions and deductions. Other revenues, expenses, gains and losses represent all capital items, other changes in long term plant, and changes in endowment net position. Revenues are recognized when earned and expenses are recognized when incurred with the exception of revenue earned on certain public service activities (see Note 5). Restricted grant revenue is recognized only when all eligibility requirements have been met, that is to the extent grant revenues are expended or in the case of fixed price contracts, when the contract terms are met or completed. Contributions, including unconditional promises to give (pledges) for non-endowment or non-capital purposes, are recognized as revenues in the period received. Pledges to restricted non-expendable endowments are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The University applies restricted net assets first when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, and disclosures of contingencies at the date of the financial statements and revenues and expenditures recognized during the reporting period. Significant estimates include the accrual for employee compensated absences, the accrual for workers' compensation liability, the allowance for doubtful accounts, valuation of certain investments, and best estimates of selling price associated with certain multiple element arrangements. Actual results could differ from those estimates.

The University reports its financial statements as a "business-type activity" ("BTA") under GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services.

In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the University are maintained internally in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are maintained in separate funds in accordance with the activities or objectives specified. GASB 35 establishes standards for external financial reporting by public colleges and universities that resources be classified into the following net position categories:

- **Invested in capital assets, net of related debt:** Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted Nonexpendable:** Resources subject to externally imposed stipulations that they be maintained permanently by the University.
- **Restricted Expendable:** Resources whose use by the University is subject to externally imposed stipulations. Such assets include restricted grants and contracts, the accumulated net gains/losses on true endowment funds, as well as restricted funds loaned to students, restricted gifts and endowment income, and other similar restricted funds.
- **Unrestricted:** Resources that are not subject to externally imposed stipulations. Substantially all unrestricted net assets are designated to support academic, research, auxiliary enterprises or unrestricted funds functioning as endowments, or are committed to capital construction projects.

Revenues are reported net of discounts and allowances. As a result, student financial aid expenditures are reported as an allowance against tuition and fees revenue while stipends and other payments made directly to students are recorded as scholarship and fellowship expenditures on the statements of revenues, expenses, and changes in net position, and included in supplies and services in the statements of cash flows. Discounts and allowances for tuition and fees and auxiliary enterprises are calculated using the Alternate Method which reports tuition and fee revenue net of scholarship allowances.

#### ADOPTION OF ACCOUNTING PRONOUNCEMENT - PENSION

For the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Retirement Benefits* – an amendment of GASB Statement No. 27. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have certain characteristics and establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. The implementation of GASB 68 resulted in a cumulative effect adjustment of (\$ 238,906) to the beginning net position of the 2015 Statement of Revenues, Expenses and Changes in Net Position as of July 1, 2014 for the recording of pensions. The application of GASB 68 was recorded effective in the beginning of fiscal year 2015 because this was the earliest date for which was practical based on available information.

#### NEW GASB PRONOUNCEMENTS

On March 2, 2015, the Governmental Accounting Standards Board (GASB) released Statement No. 72, *Fair Value Measurement and Application*, which would generally require state and local governments to measure investments at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The requirements are effective for financial statements for periods beginning after June 15, 2015, with early application encouraged. The University plans to implement GASB 72 in fiscal year 2016.

In June 2015 the Governmental Accounting Standards Board (GASB) released Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Management is evaluating the impact this pronouncement will have on the University.

#### CLASSIFICATION OF ASSETS AND LIABILITIES

The University presents current and non-current assets and liabilities in the statements of net position. Assets and liabilities are considered current if they mature in one year or less, or are expected to be received, used, or paid within one year or less. Investments with a maturity of greater than one year and balances that have externally imposed restrictions as to use are considered non-current. Cash Held by State Treasurer includes balances with restrictions as to use and balances that may be rolled forward for use toward the restricted purposes in future years, and such balances are classified as non-current. Cash held by trustees is presented based upon its expected period of use and the restrictions imposed on the balances by external parties.

## CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts, with a maturity of three months or less when purchased.

Investments are reported at their respective fair values. Short-term investments consist of deposits with original maturities of less than one year and are available for current use. Securities received as a gift are recorded at estimated fair value at the date of the gift.

Private equities and certain other non-marketable securities held by the Foundation are valued using current estimates of fair value by management based on information provided by the general partner or investment manager for the respective securities. The Foundation believes that the carrying amounts of these investments are a reasonable estimate of fair value, however, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investment existed. Venture capital investments represent initial investments made to certain funds and are reported at cost until distributions are made from the funds or until market values are reported on the funds.

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 changes could materially affect the amounts reported in the accompanying financial statements.

Investment income includes dividends and interest income and is recognized on the accrual basis. In computing realized gains and losses, cost is determined on a specific identification basis.

## RESTRICTED GRANTS AND CONTRACTS

The University receives monies from federal and state government agencies under grants and contracts for research and other activities including medical service reimbursements. The University records the recovery of indirect costs applicable to research programs, and other activities which provide for the full or partial reimbursement of such costs, as revenue. Recovery of indirect costs for the years ended June 30, 2015 and 2014 was \$112.2 million and \$114.0 million, respectively, and is a component of grants and contracts revenue. The costs, both direct and indirect, charged to these grants and contracts are subject to audit by the granting agency. The University believes that any audit adjustments would not have a material effect on the University's financial statements.

## PLEDGES AND ENDOWMENT SPENDING

Pledges for non-endowment purposes are presented net of amounts deemed uncollectible, and after discounting to the present value of the expected future cash flows. Because of uncertainties with regard to whether they are realizable, bequests and intentions and other conditional promises are not recognized as assets until the specified conditions are met.

The Foundation utilizes the pooled investment concept whereby all invested funds are in one investment pool, except for investments of certain funds that are otherwise restricted. Pooled investment funds will receive an annual distribution of 4% of the endowment fund's average market value for the preceding twelve quarters on a one year lag. Only quarters with funds on deposit shall be included in the average. In addition, a prudence rule will be utilized limiting spending from a particular endowment fund to no lower than 93% of its book value. The actual spending rate approved was 4% for 2015 and 2014. Future utilization of gains is dependent on market performance. Deficiencies for donor-restricted endowment funds resulting from declines in market value would be offset by an allocation from unrestricted net position to restricted expendable net position, and would be recorded in realized and unrealized gains (losses) on sale of investments. In fiscal years 2015 and 2014, the deficiencies were \$0.1 million and \$0.0 million, respectively. The Foundation believes that these adjustments are temporary and will not require permanent funding.

## INVENTORIES

The University's inventories consist of books, general merchandise, central stores, vaccines, and operating supplies which are carried at the lower of cost (first-in, first-out and average cost methods) or market value.

## INVESTMENT IN PLANT

Capital assets are stated at cost or fair value upon receipt as a gift. Net interest costs incurred during the construction period for major capital projects are capitalized. Repairs and maintenance costs are expensed as incurred, whereas major improvements that extend the estimated useful lives of the assets are capitalized as additions to property and equipment. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets. The University records a full year of depreciation in the year of acquisition. Land is not depreciated. The University does not capitalize works of art, historical treasures or library books.

Following is the range of useful lives for the University's depreciable assets:

Buildings	20-50 years
Building Improvements	3-20 years
Equipment, Furniture and IT Infrastructure	3-15 years
Software	5 years
Land Improvements	20 years

### COMPENSATED ABSENCES

Employees earn the right to be compensated during absences for annual vacation leave and sick leave. The accompanying statements of net position reflect an accrual for the amounts earned and ultimately payable for such benefits as of the end of the fiscal year. The accrual equates to the entire amount of vacation time earned and an actuarially determined liability for the sick leave component of compensated absences. Employees are only entitled to 20% of their sick leave balance upon retirement. The actuarial calculation utilized the probability of retirement for this estimate.

### UNEARNED REVENUE

Unearned revenue consists of amounts billed or received in advance of the University providing goods or services. Unearned revenue is recognized as revenue as expenses are incurred and therefore earned.

### ADVANCES AND DEPOSITS

Advances from the U.S. Government for Federal Perkins Loans to students are reported as part of advances and deposits. Future loans to students are made available only from repayments of outstanding principal amounts plus accumulated interest received thereon. Funding ended on Sept. 30, 2015 for the low-interest Federal Perkins Loan program. Universities and colleges are not allowed to make Federal Perkins Loans to new borrowers after this date.

### TUITION AND STATE APPROPRIATIONS

The accompanying financial statements for the years ended June 30, 2015 and 2014 present as tuition revenue approximately \$31.1 million and \$34.3 million, respectively, of in-state tuition received by the University and remitted to the State Treasurer's Office for the general fund of the Commonwealth of Massachusetts. The amount of tuition retained by the University related to out-of-state students during 2015 and 2014 was \$82.0 million and \$75.8 million, respectively. The recorded amount of State Appropriations received by the University has been reduced by a corresponding amount of tuition remitted as shown below (in thousands):

	2015	2014
Gross Commonwealth Appropriations	\$516,794	\$486,656
Plus: Fringe Benefits	159,403	141,881
	<u>676,197</u>	<u>628,537</u>
Less: Tuition Remitted	(31,055)	(34,325)
Less: Mandatory Waivers	(23,942)	(23,594)
Net Commonwealth support	<u>\$621,200</u>	<u>\$570,618</u>

### AUXILIARY ENTERPRISES

Auxiliary Enterprise revenue of \$362.2 million and \$349.5 million for the years ended June 30, 2015 and 2014, respectively, are stated net of room and board charge allowances of \$0.7 million and \$1.0 million, respectively.

### OTHER OPERATING REVENUES AND EXPENDITURES, SALES AND SERVICES, PUBLIC SERVICE ACTIVITIES

Public Service Activities consist largely of sales and services provided to third parties by the UMass Medical School campus under its Commonwealth Medicine ("CWM") programs, which provide public consulting and services in health care financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. Included in this category of activities are Commonwealth Medicine revenues of \$310.2 million and \$349.0 million for the years ended June 30, 2015 and 2014, respectively. Included in expenditures are Commonwealth Medicine expenditures of \$296.3 million and \$318.2 million for the years ended June 30, 2015 and 2014, respectively.

Public Service Activities also include payments received by the Medical School for educational services it provides to its clinical affiliate, UMass Memorial, as required by the enabling legislation enacted by the Commonwealth in 1997. Educational services revenues included in public service revenues were \$43.8 million and \$163.8 million for the years ended June 30, 2015, and 2014, respectively. Finally, Public Service Activity expenditures include payments made to the Commonwealth of Massachusetts of \$120 million for the year ended June 30, 2014, pursuant to requirements of legislation enacted by the State Legislature of Massachusetts.

### FRINGE BENEFITS FOR CURRENT EMPLOYEES AND POST EMPLOYMENT OBLIGATIONS – PENSION AND NON-PENSION

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post – employment health insurance, unemployment compensation, pension, and workers' compensation benefits. Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth. Workers' compensation costs are assessed separately based on actual University experience.

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and

survivors. The GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns and municipalities as an agent multiple employer program, accounted for as an agency fund activity of the Commonwealth, not the University.

The GIC administers a plan included within the State Retiree Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution ratios.

The GIC is a quasi-independent state agency governed by an eleven-member body ("the Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years that ended on June 30, 2015 and June 30, 2014, respectively, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

Pursuant to the provisions of Paragraph (e), Section 5 of Chapter 163 of the Acts of 1997 and consistent with the September 22, 1992 Memorandum of Understanding between the Commonwealth of Massachusetts Executive Office of Administration and Finance and the University of Massachusetts, the University's Medical School campus has assumed the obligation for the cost of fringe benefits provided by the Commonwealth to University Medical School employees (other than those employees paid from state appropriated funds) for all periods on or after July 1, 1989. The Medical School determines the actual costs for the health insurance benefits and actuarially calculates the incurred service costs for pensions and retiree health insurance.

#### INCOME TAX STATUS

The University and the Building Authority are component units of the Commonwealth of Massachusetts and are exempt from Federal and state income tax under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. The University qualifies as a public charity eligible to receive charitable contributions under Section 170(b)(1)(A)(ii) of the Internal Revenue Code, as amended (the Code). The Building Authority qualifies as a public charity under Section 170(b)(1)(A)(iv) of the Code.

The Worcester City Campus Corporation (WCCC), and the University Related Organizations are organizations described in Section 501(c)(3) of the Code, and are generally exempt from income taxes pursuant to Section 501(a) of the Code. WCCC and the University Related Organizations are required to assess uncertain tax positions and have determined that there were no such positions that are material to the financial statements.

#### COMPARATIVE INFORMATION AND RECLASSIFICATIONS

The University's financial statements include prior year comparative information. Certain reclassifications were made in prior year to conform to current year presentation. These amounts were determined to be immaterial to the financial statements by management.

## **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The University's investments are made in accordance with the Investment Policy and Guidelines Statement Operating Cash Portfolio adopted in May 2005 and later amended in June 2009 by the Board of Trustees (the "Investment Policy") and the Statement of Investment and Spending Policies of the University of Massachusetts Foundation, Inc. The goals of these documents are to preserve capital, provide liquidity, and generate investment income. The University of Massachusetts has statutory authority under Massachusetts General Laws Chapter 75 to collect, manage, and disburse trust funds of the University.

Investments are reported at their respective fair values. The values of publicly traded fixed income and equity securities are based upon quoted market prices at the close of business on the last day of the fiscal year. Private equities and certain other non-marketable securities are valued using current estimates in fair value by management based on information provided by the general partner or investment manager for the respective securities. Investments in units of non-publicly traded pooled funds are valued at the unit value determined by the fund's administrator based on quoted market prices of the underlying investments. Private equities and other non-marketable securities represent approximately 24.4% and 27.4% of the University's investments at June 30, 2015 and 2014, respectively.

**Custodial Credit Risk** - Custodial Credit Risk is the risk that, in the event of a failure of the counterparty, the University would not be able to recover the value of its deposits, investments or collateral securities that were in the possession of an outside party. The University does not have a formal policy related to mitigation of custodial credit risk. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the University and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. As of June 30, 2015 and 2014, all cash and investment accounts were held on behalf of the University by the Trustees, in the Trustees' name.

The University maintains depository, payroll, disbursement, receipt, and imprest accounts. In addition to bank account deposits, the University held money market instruments which are classified as investments. Interest bearing and money market accounts carry Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000 per account. None of the accounts are collateralized above the FDIC insured amounts. The University also invested in individual CDs and BNY Mellon's CDARS program as of June 30, 2014. These funds are invested in individual CDs in \$250,000 increments and are therefore fully insured by the FDIC. The University did not invest in BNY Mellon's CDARS program in fiscal year 2015.

At June 30, 2015 and 2014, the carrying amounts, bank balances and FDIC insured amounts were as follows (in thousands):

	2015			2014		
	Book Balance	Bank Balance	FDIC Insured	Book Balance	Bank Balance	FDIC Insured
Depository Accounts	\$ 90,691	\$ 70,176	\$ 1,052	\$ 57,360	\$ 65,410	\$ 1,007
Certificates of Deposit	650	650	400	650	650	400
Money Market	233,305	233,305	2,501	180,601	180,601	2,251
Total	\$ 324,646	\$ 304,131	\$ 3,953	\$ 238,611	\$ 246,661	\$ 3,658

At June 30, 2015, the University held a carrying and fair market value of \$713.7 million in non-money market investments compared to a carrying and fair market value of \$743.2 million at June 30, 2014. In the event of negligence due to the University's custodian and/or investment manager(s), it is expected that investment balances of \$713.7 million and \$743.2 million at June 30, 2015 and 2014, respectively, would be fully recovered. However, these amounts are subject to both interest rate risk and credit risk.

**Concentration of Credit Risk** - Concentration of credit risk is assumed to arise when the amount of investments that the University has with one issuer exceeds 5% or more of the total value of the University's investments. The University does not have a formal policy for concentration of credit risk.

As of June 30, 2015 and June 30, 2014, respectively, there is no concentration of investments with one issuer of the University portfolio, excluding U. S. Government guaranteed obligations, which exceed 5% of the portfolio.

**Credit Risk** - Credit risk is the risk that the University will lose money because of the default of the security issuer or investment counterparty. The University's Investment Policy and Guidelines Statement allows each portfolio manager full discretion within the parameters of the investment guidelines specific to that manager.

The table below presents the fair value (in thousands) and average credit quality of the fixed income component of the University's investment portfolio as of June 30, 2015 and 2014, respectively:

Asset Class	June 30, 2015		June 30, 2014	
	Fair Value	Average Credit Quality	Fair Value	Average Credit Quality
Short Duration	\$ 314,081	AAA	\$ 240,550	AAA
Intermediate Duration	\$ 231,382	A	\$ 282,030	A

The table below presents the fair value (in thousands) by credit quality of the rated debt investments component of the University's investment portfolio as of June 30, 2015 and 2014, respectively:

**Rated Debt Investments - 2015**  
(in thousands)

	S&P Quality Ratings								
	Fair Value	AAA	AA	A	BBB	BB	B	<B	Unrated
U.S. Agencies	\$ 1,313		\$ 582						\$ 731
U.S. Government	\$ 34,856		48						34,808
Certificates of Deposit	\$ 500	500							
Corporate Debt	\$ 100,192	22,117	6,662	25,797	26,957				18,659
Municipal/Public Bonds	\$ 4,767	439	2,899	312	1,117				
Bond Mutual Funds	\$ 113,655	44,137	3,159	12,754	18,835	14,590	8,667	2,986	8,527
Money Market Funds	\$ 290,180	290,067							113
	<b>\$ 545,463</b>	<b>\$ 357,260</b>	<b>\$ 13,350</b>	<b>\$ 38,863</b>	<b>\$ 46,909</b>	<b>\$ 14,590</b>	<b>\$ 8,667</b>	<b>\$ 2,986</b>	<b>\$ 62,838</b>

**Rated Debt Investments - 2014**  
(in thousands)

	S&P Quality Ratings								
	Fair Value	AAA	AA	A	BBB	BB	B	<B	Unrated
U.S. Agencies	\$ 12,195		\$ 12,195						
U.S. Government	\$ 34,522		34,522						
Certificates of Deposit	\$ 500	500							
Corporate Debt	\$ 90,284	17,627	12,830	24,742	22,199		131	1,426	11,329
Municipal/Public Bonds	\$ 4,253		1,614	1,500	1,139				
Bond Mutual Funds	\$ 152,806	56,581	6,657	19,463	31,222	15,940	11,282	3,375	8,286
Money Market Funds	\$ 228,021	225,764							2,257
	<b>\$ 522,581</b>	<b>\$ 300,472</b>	<b>\$ 67,818</b>	<b>\$ 45,705</b>	<b>\$ 54,560</b>	<b>\$ 15,940</b>	<b>\$ 11,413</b>	<b>\$ 4,801</b>	<b>\$ 21,872</b>

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The University's Investment Policy and Guidelines Statement establishes targets for the preferred duration of the fixed income component of the investment portfolio by asset class by limiting investments through targeted allocations to different asset classes.

The table below shows the allocation for each asset class and the fair value (in thousands) for each as of June 30, 2015 and 2014, respectively:

<b>Asset Class</b>	<b>6/30/15 Allocation</b>	<b>6/30/15 Fair Value</b>	<b>6/30/14 Allocation</b>	<b>6/30/14 Fair Value</b>
Short Duration	31%	\$314,081	25%	\$240,551
Intermediate Duration	23%	231,382	29%	282,030
Alternative Assets	24%	244,456	27%	265,499
Equities	18%	182,880	15%	147,500
Commodities	2%	18,704	3%	24,592
Real Estate	1%	11,533	1%	8,738

**INVESTMENTS - 2015**  
(in thousands)

Investment Type:	Investment Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
<b>Debt Securities</b>					
U.S. Agencies	\$ 1,313		\$ 1,313		
U.S. Government	\$ 34,856		33,862	994	
Certificates of Deposit	\$ 500	500			
Corporate Debt	\$ 100,192	1,284	93,411	5,097	400
Municipal/Public Bonds	\$ 4,767	3,407	1,360		
Bond Mutual Funds	\$ 113,655	18,710	46,479	33,791	14,675
Money Market Funds	\$ 290,180	290,180			
<b>Sub Total Debt</b>	\$ 545,463	\$ 314,081	\$ 176,425	\$ 39,882	\$ 15,075
<b>Other Investments</b>					
Alternative Assets	\$ 244,456				
Equity Securities - International	110,903				
Equity Securities - Domestic	71,977				
Commodities	18,704				
Real Estate	11,533				
<b>Grand Total</b>	\$ 1,003,036				

**INVESTMENTS - 2014**  
(in thousands)

Investment Type:	Investment Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
<b>Debt Securities</b>					
U.S. Agencies	\$ 12,195	\$ 4,307	\$ 3,999	\$ 825	\$ 3,064
U.S. Government	\$ 34,522		29,557	4,965	
Certificates of Deposit	\$ 500	500			
Corporate Debt	\$ 90,284	7,722	40,361	14,119	28,082
Municipal/Public Bonds	\$ 4,253		4,017	236	
Bond Mutual Funds	\$ 152,806	17,395	81,561	36,503	17,347
Money Market Funds	\$ 228,021	228,021			
<b>Sub Total Debt</b>	\$ 522,581	\$ 257,945	\$ 159,495	\$ 56,648	\$ 48,493
<b>Other Investments</b>					
Alternative Assets	\$ 265,499				
Equity Securities - International	81,358				
Equity Securities - Domestic	66,142				
Commodities	24,592				
Real Estate	8,738				
<b>Grand Total</b>	\$ 968,910				

### 3. CASH HELD BY STATE TREASURER

Accounts payable, accrued salaries and outlays for future capital projects to be funded from state-appropriated funds totaled approximately \$33.0 million at June 30, 2015 and \$36.5 million at June 30, 2014. The University has recorded a comparable amount of cash held by the State Treasurer for the benefit of the University, which will be subsequently utilized to pay for such liabilities. The cash is held in the State Treasurer's pooled cash account. The Commonwealth requires all bank deposits in excess of insurance coverage by the FDIC to be collateralized with a perfected pledge of eligible collateral. Eligible collateral must be pledged in an amount equal to 102% of the amount of the deposits that exceed FDIC insurance. Sufficient collateral to cover total Commonwealth deposits in excess of the FDIC insured amount must be pledged and held in safekeeping by a custodian that is approved by and under the control of the Treasurer and Receiver – General.

### 4. CASH AND SECURITIES HELD BY TRUSTEES

Cash and securities held by trustees primarily consist of unspent bond proceeds, amounts held for the future payment of debt service on such borrowings and designated funds. At June 30, 2015 and June 30, 2014, there was \$6.2 million and \$3.0 million, respectively, available from the Revolving Loan Fund established with 2000 Series A bond proceeds issued to acquire and implement enterprise resource planning technology along with other projects (see Note 8) and \$700.9 million and \$701.2 million, respectively, held by trustees related to the Building Authority.

Pursuant to Trust Agreements between the Building Authority and its bond trustees, all funds deposited with those trustees (approximately \$700 million at June 30, 2015 and June 30, 2014, respectively) shall be continuously maintained for the benefit of the Building Authority and Registered owners of the Bonds. All investments shall be (a) held with a bank or trust company approved by the Trustees and the Building Authority, as custodians, or (b) in such other manner as may be required or permitted by applicable state and Federal laws and regulations. Investments shall consist of (a) direct obligations of, or obligations which are unconditionally guaranteed by the United States of America, or any other agency or corporation which has been created pursuant to an act of Congress of the United States as an agency or instrumentality thereof; or (b) other marketable securities eligible as

collateral for the deposit of trust funds under regulations of the Comptroller of the Currency having a market value not less than the amount of such deposit. Direct obligations of, or obligations which are unconditionally guaranteed by the United States of America or any other agency or corporation which has been created pursuant to an act of Congress of the United States as an agency or instrumentality thereof, may be subject to repurchase upon demand by the owner pursuant to a repurchase agreement with a bank or trust company.

**Cash Deposits – Custodial Credit Risk** The Building Authority holds a majority of its cash and cash equivalents in high quality money market mutual funds that invest in securities that are permitted investments under the Building Authority’s Enabling Act or in money market mutual funds that have been specifically permitted by state legislation. The Building Authority’s cash and cash equivalents consisted of the following as of June 30 (in thousands):

	2015	2014
Cash	\$ 3,580	\$ 4,406
Permitted money market accounts (“MMA”)	692,194	691,381
Total cash and cash equivalents	<u>\$ 695,774</u>	<u>\$ 695,787</u>

Custodial credit risk is the risk that, in the event of a bank failure, the Building Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Building Authority does not have a deposit policy for custodial credit risk. As of June 30, 2015 and June 30, 2014, the bank balances of uninsured deposits totaled \$3,261 million and \$4,139 million, respectively. For purposes of disclosure under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, money market accounts investing in debt securities are considered investments and therefore, are included in the investment disclosures that follow.

### Investments

As of June 30, 2015, the Building Authority’s investments consisted of the following:

Investment type	Fair value	Investment Maturities (in Years)		
		Less than 1	1 to 5	6 to 10
Debt Securities				
Repurchase Agreements	\$ 5,318	\$ -	-	\$ 5,318
Money Market funds	692,194	692,194	-	-
Total	<u>\$ 697,512</u>	<u>\$ 692,194</u>	<u>-</u>	<u>\$ 5,318</u>

As of June 30, 2014, the Building Authority’s investments consisted of the following:

Investment type	Fair value	Investment Maturities (in Years)		
		Less than 1	1 to 5	6 to 10
Debt Securities				
Repurchase Agreements	\$ 5,318	\$ -	-	\$ 5,318
Money Market funds	691,381	691,381	-	-
Total	<u>\$ 696,699</u>	<u>\$ 691,381</u>	<u>\$ -</u>	<u>\$ 5,318</u>

Because money market funds are highly liquid, they are presented as investments with maturities of less than one year.

**Interest Rate Risk** The Building Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the Building Authority holds its investments until maturity.

**Credit Risk** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Enabling Act specifies the permitted investments of the Building Authority. These permitted investments include direct obligations of or obligations which are unconditionally guaranteed by the United States of America (“Treasuries”), obligations of an agency or organization created pursuant to an act of Congress of the United States as an agency or instrumentality thereof (“Agencies”), time deposits or certificate of deposits fully secured by Treasuries or Agencies, and Treasuries and Agencies subject to repurchase agreements. Other legislation allows the Building Authority to invest in the Massachusetts Municipal Depository Trust (the “MMDT”), a money market account sponsored by the Treasurer of the Commonwealth and managed by Federated Investors, Inc. Additionally, the Building Authority’s Bond Trustee invests some of the Building Authority’s funds in money market accounts that are permitted and collateralized by Treasuries.

No credit risk disclosures are required under GASB 40 relating to the Building Authority's investment in Treasuries. The Building Authority's investments in Agencies are highly rated by Standard & Poor's Rating Services and Moody's Investors Service, Inc. The Building Authority's investments in repurchase agreements are not rated but are fully collateralized by Treasuries and Agencies. MMDT is unrated.

**Custodial Credit Risk** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Building Authority's Enabling Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk except that interest-bearing time deposits or certificates of deposit of banking institutions or trust companies must be continuously and fully secured by Treasuries or Agencies.

Custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds or government investment pools, such as MMDT. Direct investments in marketable securities are held by the Building Authority's Bond Trustee as the Building Authority's agent. In accordance with the Building Authority's repurchase agreements, collateral for the agreements is held in segregated accounts with market values between 100% and 105% of the repurchase price, depending on the type of asset used as security and the specific repurchase agreement.

**Concentrations of Credit Risk** The Building Authority places no limit on the amount it may invest in any one issuer. As of June 30, 2015, the Building Authority had 98.7% of its investments in MMDT. As of June 30, 2014, the Building Authority had 98.6% of its investments in MMDT.

## 5. ACCOUNTS, GRANTS AND LOANS RECEIVABLE

Accounts, grants and loans receivable as of June 30, 2015 and 2014 are as follows (in thousands):

	2015	2014
Student Accounts Receivable	\$ 54,295	\$ 53,383
Less allowance for uncollectible accounts	(23,955)	(21,814)
	<u>30,340</u>	<u>31,569</u>
Grants and Contracts Receivable	94,929	82,157
Less allowance for uncollectible accounts	(2,124)	(1,151)
	<u>92,805</u>	<u>81,006</u>
Student Loans Receivable	45,362	46,869
Less allowance for uncollectible accounts	(296)	(296)
	<u>45,066</u>	<u>46,573</u>
Commonwealth Medicine	66,894	65,586
Less allowance for uncollectible accounts	(822)	(824)
	<u>66,072</u>	<u>64,762</u>
Other	54,763	48,154
Less allowance for uncollectible accounts	(1,147)	(410)
	<u>53,616</u>	<u>47,744</u>
Total, net	287,899	271,654
Less current portion, net	(249,517)	(231,156)
Long-term, net	<u>\$ 38,382</u>	<u>\$ 40,498</u>

## UMASS MEMORIAL

The University and UMass Memorial have the following ongoing agreements:

- UMass Memorial has been granted the right to occupy portions of the University's Worcester Medical School campus for a period of 99 years and UMass Memorial has agreed to share responsibility for various capital and operating expenses relating to the occupied premises. UMass Memorial has also agreed to contribute to capital improvements to shared facilities.
- UMass Memorial has agreed to make certain payments to the University and its related organizations, including: 1) an annual fee of \$12.0 million (plus an inflation adjustment), for 99 years as long as the University continues to operate a medical school; and 2) a participation payment based on a percentage of net operating income of UMass Memorial for which revenue is recognized by the University when the amounts are received.

The University is reimbursed by, and reimburses UMass Memorial for shared services, cross-funded employees, and other agreed upon activities provided and purchased. For the years ended June 30, 2015 and 2014, the reimbursements for services provided to UMass Memorial were \$156.3 million and \$107.1 million, respectively. Included in these amounts are payroll paid by the University on behalf of UMass Memorial in an agency capacity in the amount of \$96.2 million and \$62.8 million for fiscal years 2015 and 2014, respectively. At June 30, 2015 and 2014, the University has recorded a receivable in the amount of \$17.5 million

and \$38.8 million, respectively from UMass Memorial which includes \$9.5 million and \$23.8 million, respectively, in payroll and related fringe charges. The University has recorded a payable at June 30, 2015 of \$2.8 million primarily for cross-funded payroll.

## 6. RELATED ORGANIZATIONS

Related party activity with the Foundation includes loan agreements and investments of the University's endowment assets and Intermediate Term Investment Fund (ITIF) with the Foundation.

As of June 30, 2015, the net position of the Foundation included as related organizations in the accompanying financial statements of the University are \$468.4 million, of which \$438.4 million are restricted funds and \$30.0 million are unrestricted funds. During the fiscal year ended June 30, 2015, the University received \$28.5 million from the Foundation, and \$14.1 million to the Foundation of which \$3.8 million related to the establishment of quasi-endowment. At June 30, 2015, the University's investments include \$333.3 million of endowment funds held in a custodial relationship at the Foundation, and \$291.4 million in ITIF.

As of June 30, 2014, the net position of the Foundation included as related organizations in the accompanying financial statements of the University are \$455.1 million, of which \$423.0 million are restricted funds and \$32.1 million are unrestricted funds. During the fiscal year ended June 30, 2014, the University received \$21.6 million from the Foundation, and \$13.1 million to the Foundation of which \$3.4 million related to the establishment of quasi-endowment. At June 30, 2014, the University's investments include \$346.1 million of endowment funds held in a custodial relationship at the Foundation, and \$295.7 million in ITIF.

The University leases office space from the Foundation for an annual rent of approximately \$0.5 million.

The Building Authority and the Commonwealth have entered into various lease agreements under which the Commonwealth leases to the Building Authority certain property for nominal amounts.

In August 2005, the Building Authority executed a contract with UMass Management, LLC, a wholly owned subsidiary of ClubCorp USA, Inc., to provide management services for The University of Massachusetts Club ("Club"), a private social club for alumni and friends of the University. Under the contract, the Authority is responsible for approving the budgets and operating plans of the Club as presented by the Manager. The Building Authority is responsible for any shortfall in the operating budget and will benefit from any operating profits. The contract calls for a minimum management fee payable to the Manager of \$0.2 million or four percent of the operating revenues, as defined by the contract, whichever is greater. Additionally, the Manager receives a percentage of the Club initiation fees and 25 percent of operating profits, as defined by the contract. The contract term is 10 years and can be terminated by the Building Authority if the Building Authority decides to close the Club for a minimum of 18 months. The Building Authority is the tenant on the sublease for the Club space and the lease does not terminate should the Building Authority close the Club. The Authority had provided operating support for the Club of \$0.2 million for both years ended June 30, 2015 and 2014.

## 7. INVESTMENT IN PLANT

Investment in plant activity for the year ended June 30, 2015 is comprised of the following (in thousands):

University:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
	Buildings and Improvements	\$4,694,649	\$762,310	(\$9,616)
Equipment and Furniture	609,786	53,085	(28,601)	634,270
Software	136,904	737	(1,071)	136,570
Library Books	84,315	-	(9,739)	74,576
	5,525,654	816,132	(49,027)	6,292,759
Accumulated Depreciation	(2,309,127)	(220,952)	35,361	(2,494,718)
Sub-Total	3,216,527	595,180	(13,666)	3,798,041
Land	68,852	2,727	-	71,579
Construction in Progress	779,407	415,396	(730,661)	464,142
Sub-Total	848,259	418,123	(730,661)	535,721
Total	\$4,064,786	\$1,013,303	(\$744,327)	\$4,333,762

University Related Organizations:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
	Buildings and Improvements	\$7,942	-	-
Equipment and Furniture	168	-	-	168
	8,110	-	-	8,110
Accumulated Depreciation	(1,053)	(\$185)	-	(1,238)
Sub-Total	7,057	(185)	-	6,872
Land	1,421	-	-	1,421
Total	\$8,478	(\$185)	-	\$8,293

Investment in plant activity for the year ended June 30, 2014 is comprised of the following (in thousands):

University:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
	Buildings and Improvements	\$4,058,559	\$643,091	(\$7,001)
Equipment and Furniture	587,478	35,542	(13,234)	609,786
Software	134,558	2,374	(28)	136,904
Library Books	93,091	-	(8,776)	84,315
	4,873,686	681,007	(29,039)	5,525,654
Accumulated Depreciation	(2,122,993)	(200,256)	14,122	(2,309,127)
Sub-Total	2,750,693	480,751	(14,917)	3,216,527
Land	65,886	3,484	(518)	68,852
Construction in Progress	888,937	589,512	(699,042)	779,407
Sub-Total	954,823	592,996	(699,560)	848,259
Total	\$3,705,516	\$1,073,747	(\$714,477)	\$4,064,786

University Related Organizations:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings and Improvements	\$7,942	-	-	\$7,942
Equipment and Furniture	168	-	-	168
	8,110	-	-	8,110
Accumulated Depreciation	(851)	(\$202)	-	(1,053)
Sub-Total	7,259	(202)	-	7,057
Land	1,360	61	-	1,421
Total	\$8,619	(\$141)	-	\$8,478

The University has capitalized interest on borrowings, net of interest earned on related debt reserve funds, during the construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets being constructed, and is amortized over the useful lives of the assets. For the years ended June 30, 2015 and 2014, the University capitalized net interest costs of \$23.6 million and \$29.7 million respectively.

## 8. BONDS PAYABLE

Amounts Outstanding at June 30, 2015 are as follows (in thousands)

Issue Borrowing	Original Borrowing	Maturity Date	Interest Rate	Amount Outstanding
<b>University of Massachusetts Building Authority:</b>				
Series 2004-A	\$ 96,025	2015	4.20-4.50%	\$ 2,340
Series 2004-1	183,965	2016	5.25%	8,300
Series 2005-1	25,595	2016	5.00%	2,805
Series 2005-2	212,550	2025	5.00%	16,005
Series 2008-A	26,580	2038	variable	21,035
Series 2008-1	232,545	2038	variable	187,125
Series 2008-2	120,560	2038	4.00-5.00%	65,835
Series 2009-1	247,810	2039	3.00-5.00%	120,575
Series 2009-2	271,855	2039	6.42-6.57%	271,855
Series 2009-3	28,570	2039	5.28-6.17%	26,755
Series 2010-1	118,985	2020	5.00%	84,775
Series 2010-2	430,320	2040	3.80-5.45%	430,320
Series 2010-3	3,005	2040	5.75%	2,835
Series 2011-1	135,040	2034	variable	129,690
Series 2011-2	101,700	2034	variable	98,220
Series 2013-1	212,585	2043	2.00%-5.00%	208,060
Series 2013-2	71,790	2043	.43-2.69%	69,570
Series 2013-3	24,640	2043	4.00% - 5.00%	24,640
Series 2014-1	293,890	2045	3.00% - 5.00%	293,890
Series 2014-2	14,085	2020	.44%-2.10%	14,085
Series 2014-4	157,855	2026	.20% - 3.38%	153,800
Series 2014-3	67,365	2029	2.00%-5.00%	67,365
Series 2015-1	298,795	2036	4.00% - 5.00%	298,795
Series 2015-2	191,825	2036	3.00% - 5.00%	191,825
				<u>2,790,500</u>
			Una mortized Bond Premium	<u>133,429</u>
			SUBTOTAL	<u>2,923,929</u>
<b>University of Massachusetts HEFA/MDFA:</b>				
2000 Series A	\$ 20,000	2030	variable	20,000
2007 Series D	10,435	2031	3.50-4.25%	9,025
Series 2011	29,970	2034	2.50-4.00%	27,925
				<u>56,950</u>
			Una mortized Bond Premium	<u>895</u>
				<u>57,845</u>
<b>WCCC HEFA/MDFA:</b>				
Series 2005-D	\$ 99,325	2029	5.00-5.25%	1,785
Series 2007-E	118,750	2036	3.50-5.00%	33,945
Series 2007-F	101,745	2036	4.00-5.00%	54,830
Series 2011	10,495	2023	2.00-5.00%	8,270
				<u>98,830</u>
			Una mortized Bond Premium	<u>1,499</u>
			SUBTOTAL	<u>100,329</u>
<b>MDFA:</b>				
Clean Renewable Energy Bonds	\$ 1,625	2027	3.50%	<u>1,147</u>
			TOTAL	<u>\$ 3,083,250</u>

**Bond Payable activity for the year ended June 30, 2015 is summarized as follows (in thousands):**

	<u>Beginning Balance</u>	<u>Additions/ Amortization</u>	<u>Retirements/ Repayments</u>	<u>Ending Balance</u>
University of Massachusetts Building Authority:				
Series 2003-1	\$ 6,155		\$ (6,155)	\$ -
Series 2004-A	\$ 4,575		\$ (2,235)	\$ 2,340
Series 2004-1	16,600		(8,300)	8,300
Series 2005-1	5,480		(2,675)	2,805
Series 2005-2	25,200		(9,195)	16,005
Series 2008-A	21,930		(895)	21,035
Series 2008-1	194,530		(7,405)	187,125
Series 2008-2	105,725		(39,890)	65,835
Series 2009-1	198,670		(78,095)	120,575
Series 2009-2	271,855			271,855
Series 2009-3	27,250		(495)	26,755
Series 2010-1	96,645		(11,870)	84,775
Series 2010-2	430,320			430,320
Series 2010-3	2,880		(45)	2,835
Series 2011-1	131,090		(1,400)	129,690
Series 2011-2	99,135		(915)	98,220
Series 2013-1	212,585		(4,525)	208,060
Series 2013-2	71,790		(2,220)	69,570
Series 2013-3	24,640			24,640
Series 2014-1	293,890			293,890
Series 2014-2	14,085			14,085
Series 2014-4	157,855		(4,055)	153,800
Series 2014-3		\$ 67,365		67,365
Series 2015-1		298,795		298,795
Series 2015-2		191,825		191,825
Plus: unamortized bond premium	64,807	81,639	(13,017)	133,429
Subtotal	2,477,692	639,624	(193,387)	2,923,929
UMass HEFA/MDFA:				
2000 Series A	20,000	-	-	20,000
2007 Series D	9,395	-	(370)	9,025
Series 2011	28,880	-	(955)	27,925
Plus: unamortized bond premium	1,056	-	(161)	895
Subtotal	59,331	-	(1,486)	57,845
WCCC HEFA/MDFA:				
WCCC 2005 Series D	78,676	-	(76,891)	1,785
WCCC 2007 Series E	105,659	-	(71,715)	33,944
WCCC 2007 Series F	84,416	-	(29,585)	54,831
Series 2011	9,030	-	(760)	8,270
Plus: unamortized bond premium	8,398	-	(6,899)	1,499
Subtotal	286,179	-	(185,850)	100,329
MDFA:				
Clean Renewable Energy Bonds	1,242	-	(95)	1,147
Total	\$ 2,824,444	\$ 639,624	\$ (380,818)	\$ 3,083,250

Principal and interest, which is estimated using rates in effect at June 30, 2015, on bonds payable for the next five fiscal years and in subsequent five-year periods are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 92,116	\$ 117,828
2017	94,586	115,122
2018	94,991	112,219
2019	99,976	109,069
2020	103,321	105,410
2021-2025	513,333	466,228
2026-2030	521,326	367,778
2031-2035	469,999	265,116
2036-2040	561,285	152,550
2041-2045	377,435	43,042
2046-2050	154,882	65,515
Total	\$ 3,083,250	\$ 1,919,877

The 2008-1 and 2008-A variable rate bonds have a total outstanding principle balance of \$208,160 and are classified as a current debt obligation as a result of the liquidity facilities expiring in April 2016. The University expects to redeem these variable rate bonds on their original principal amortization schedule. The 2011-2 window bonds with a principle outstanding balance of \$98,220

have no supporting liquidity facility and therefore are classified as a current debt obligation. Consistent with prior years, the University expects to redeem this bond based on its original amortization schedule and based on annual maturities on that schedule.

Bond payable activity for the year ended June 30, 2014 is summarized as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions/ Amortization</u>	<u>Retirements/ Repayments</u>	<u>Ending Balance</u>
University of Massachusetts Building Authority:				
Series 2003-1	\$ 12,035	-	\$ (5,880)	\$ 6,155
Series 2004-A	\$ 6,715	\$ -	\$ (2,140)	\$ 4,575
Series 2004-1	24,500	-	(7,900)	16,600
Series 2005-1	8,020	-	(2,540)	5,480
Series 2005-2	180,195	-	(154,995)	25,200
Series 2006-2	2,760	-	(2,760)	-
Series 2008-A	22,795	-	(865)	21,930
Series 2008-1	201,655	-	(7,125)	194,530
Series 2008-2	108,300	-	(2,575)	105,725
Series 2009-1	216,870	-	(18,200)	198,670
Series 2009-2	271,855	-	-	271,855
Series 2009-3	27,715	-	(465)	27,250
Series 2010-1	107,950	-	(11,305)	96,645
Series 2010-2	430,320	-	-	430,320
Series 2010-3	2,925	-	(45)	2,880
Series 2011-1	132,450	-	(1,360)	131,090
Series 2011-2	100,020	-	(885)	99,135
Series 2013-1	212,585	-	-	212,585
Series 2013-2	71,790	-	-	71,790
Series 2013-3	-	24,640	-	24,640
Series 2014-1	-	293,890	-	293,890
Series 2014-2	-	14,085	-	14,085
Series 2014-4	-	157,855	-	157,855
Plus: unamortized bond premium	54,033	10,774	-	64,807
Subtotal	2,195,488	501,244	(219,040)	2,477,692
UMass HEFA/MDFA:				
2000 Series A	20,000	-	-	20,000
2007 Series D	9,750	-	(355)	9,395
Series 2011	29,810	-	(930)	28,880
Plus: unamortized bond premium	1,161	-	(105)	1,056
Subtotal	60,721	-	(1,390)	59,331
WCCC HEFA/MDFA:				
WCCC 2005 Series D	81,860	5,642	(8,826)	78,676
WCCC 2007 Series E	108,135	1,311	(3,787)	105,659
WCCC 2007 Series F	87,110	3,523	(6,217)	84,416
Series 2011	9,765	211	(946)	9,030
Plus: unamortized bond premium	8,889	-	(491)	8,398
Subtotal	295,759	10,687	(20,267)	286,179
MDFA:				
Clean Renewable Energy Bonds	1,338	-	(96)	1,242
Total	\$ 2,553,306	\$ 511,931	\$ (240,793)	\$ 2,824,444

### University of Massachusetts Building Authority

The bond agreements related to the Building Authority bonds generally provide that the net revenues of the Building Authority are pledged as collateral on the bonds and also provide for the establishment of bond reserve funds, bond funds, and maintenance reserve funds.

The University is obligated under its contracts for financial assistance, management and services with the Building Authority to collect rates, rents, fees and other charges with respect to such facilities sufficient to pay principal and interest on the Building Authority's bonds and certain other costs such as insurance on such facilities.

Pursuant to the authority given by the Building Authority's enabling act, the Commonwealth, acting by and through the Trustees of the University, has guaranteed the payment of principal and interest on the Building Authority's bonds. (The guarantee is a general obligation of the Commonwealth to which the full faith and credit of the Commonwealth are pledged. As is generally the case with other general obligations of the Commonwealth, funds with which to honor the guarantee, should it be called upon, will be provided by Commonwealth appropriation). The Building Authority's enabling act provides that the outstanding principal amount of notes and bonds of the Building Authority guaranteed by the Commonwealth cannot exceed \$200 million. The amount of bond obligations guaranteed by the Commonwealth was \$121.6 million and \$125.6 million at June 30, 2015 and June 30, 2014, respectively.

When the Building Authority no longer has any bonds outstanding, its properties revert to the Commonwealth, and all its funds (other than funds pledged to bondholders) are required to be paid into the Treasury of the Commonwealth.

**Variable Rate Bonds** The 2008-1 bonds are supported by a standby bond purchase agreement with JP Morgan Chase Bank, N.A. ("J.P. Morgan") which requires J.P. Morgan to purchase bonds that are tendered and not remarketed. Under the terms of the J.P. Morgan standby bond purchase agreement, the Authority is required to pay J.P. Morgan in quarterly installments a facility fee in the amount of 25 basis points (or higher, under certain circumstances) of the commitment amount. Fees incurred by the Authority in connection with the J.P. Morgan agreement totaled \$0.5 million for the years ended June 30, 2015 and June 30, 2014, respectively. The agreement expires in April 2016 and may be extended if a mutual interest exists between both the Authority and J.P. Morgan. Previously, the 2008-1 bonds were supported with an irrevocable direct pay letter of credit (the "Lloyds LOC") issued by Lloyds TSB Bank PLC.

The 2008-A bonds are supported by a standby bond purchase agreement with Barclays Bank PLC ("Barclays") which requires Barclays to purchase bonds that are tendered and not remarketed. Under the terms of the Barclays standby bond purchase agreement, the Authority is required to pay Barclays in quarterly installments a facility fee in the amount of 32.5 basis points (or higher, under certain circumstances) of the commitment amount. The agreement expires in April 2016 and may be extended if a mutual interest exists between both the Authority and Barclays. Fees incurred by the Authority in connection with the Barclays agreement totaled \$0.1 million for the years ended June 30, 2015 and June 30, 2014, respectively. Previously, the 2008-A bonds were supported by a standby bond purchase agreement with Bank of America, N.A. ("BofA").

The 2011-1 bonds are supported by a standby bond purchase agreement with Wells Fargo Bank, N.A. ("Wells") which requires Wells to purchase bonds tendered and not remarketed in an amount not to exceed the principal on the bonds plus accrued interest up to 185 days at an annual interest rate not to exceed 12 percent. Under the agreement, the Authority was required to pay Wells in quarterly installments a facility fee in the amount of 40 basis points (or higher, under certain circumstances) of the initial commitment. The initial commitment under the agreement was set at \$143.3 million and was subject to adjustment from time to time in accordance with the provisions of the agreement. The standby bond purchase agreement expired on June 9, 2014. The Authority and Wells executed a first amendment to the standby bond purchase agreement to extend the agreement until June 9, 2017. Under the first amendment to the standby purchase agreement, the Authority is required to pay Wells in quarterly installments a facility fee in the amount of 25 basis points (or higher, under certain circumstances) of the initial commitment. The initial commitment under the first amendment to the standby bond purchase agreement was set at \$139.1 million and is subject to adjustment from time to time in accordance with the provisions of the agreement. Fees incurred by the Authority in connection with the Wells agreement totaled \$0.4 million and \$0.6 million for the years ended June 30, 2015 and 2014, respectively.

**Window Bonds** In fiscal year 2011, the Authority issued its 2011-2 bonds in a variable rate Window Bond mode. As with the Authority's other variable rate bonds, the Window Bondholders can tender the bonds at any time. However, unlike the Authority's other variable rate bonds, where the bondholders will receive payment on any tendered bonds 7 days from the tender, Window Bondholders are not required to receive funds for the tender until after a 30 day remarketing period and an additional 180 day funding window period. Due to this 210 day funding period, the Authority is not required to obtain any type of liquidity support for the 2011-2 bonds and the bonds are considered supported with self-liquidity. Window Bondholders receive an interest rate on the Window Bonds at a fixed spread over the Securities Industry and Financial Markets Association Municipal Swap Index<sup>TM</sup> ("SIFMA"). The initial spread to the SIFMA index is 9 basis points.

**Bond Refundings** In July 2014, the Authority issued \$67.4 million of Senior Series 2014-3 bonds. These bond proceeds were used to refund the 2005 Series-D Worcester City Campus Corporation Bonds. The Authority also issued \$191.8 million of Refunding Revenue Senior Series 2015-2 Bonds which refunded \$104.5 million of WCCC 2007 Series E and 2007 Series F bonds, \$37.2 million of the Authority's 2008-2 bonds and \$66.8 million of the Authority's 2009-1 bonds. In fiscal year 2014, the Authority refunded \$5.4 million of its 2009-1 series bonds with 2013-3 series bonds. Accordingly, the Authority deposited into trust accounts funds sufficient to provide for all future debt service payments on the refunded bonds until the bonds are called.

These advanced refunded bonds are considered defeased and, accordingly, the liability for the bonds payable and the assets held to repay the debt are not recorded in the Authority's financial statements.

In connection with the Authority's advanced refundings, the Authority recorded a difference between the reacquisition price and the net carrying amount of the refunded debt of approximately \$95.4 million in fiscal 2015. This balance is being reported as a component of deferred outflows, loss on debt refunding, and will be amortized as an increase in interest expense over the remaining term of the original life of the refunded bonds. These refundings reduced the Authority's debt service payments in future years by approximately \$73.8 million and resulted in an economic gain (the present value of the savings) of approximately \$56.2 million.

**Bond Premium and Issuance Expenses** In connection with the Authority's bond issues, the Authority received premiums at issuance totaling approximately \$190.6 million. The Authority amortizes the premiums received as a reduction in interest expense over the life of the respective bond issue.

In connection with the Authority's bond issues, the Authority incurred certain issuance costs associated with the bond offerings. In fiscal years 2015 and 2014 these costs amounted to \$3.5 million and \$3.6 million, respectively, and were expensed in accordance with the provisions of GASB Statement No 65.

**Interest Rate Swaps** The Authority uses derivative instruments to attempt to manage the impact of interest rate changes on its cash flows and net position by mitigating its exposure to certain market risks associated with operations, and does not use derivative instruments for trading or speculative purposes.

The Authority's contracts are evaluated pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53") to determine whether they meet the definition of derivative instruments, and if so, whether they effectively hedge the expected cash flows associated with interest rate risk exposures. The Authority applies hedge accounting for derivative instruments that are deemed effective hedges and under GASB No. 53 are referred to as hedging derivative instruments. Under hedge accounting, changes in the fair value of a hedging derivative instrument are reported as a deferred inflow or deferred outflow in the statement of net position until the contract is settled or terminated.

All settlement payments or receipts for hedging derivative instruments are recorded as interest expense in the period settled.

The Authority's hedging derivative instruments at June 30, 2015 and 2014 were as follows:

	Fair Value		Fair Value		Type of Hedge	Financial Statement Classification for Changes in Fair Value
	June 30, 2014	Net Change in Fair Value	June 30, 2015			
Series 2008-1 Swap	\$ (27,933)	\$ (1,416)	\$ (29,349)	Cash Flow	Deferred outflow	
Series 2008-A Swap	(3,201)	(166)	(3,367)	Cash Flow	Deferred outflow	
Series 2006-1 Swap	(37,710)	(628)	(38,338)	Cash Flow	Deferred outflow	
<b>Total</b>	<b>\$ (68,844)</b>	<b>\$ (2,210)</b>	<b>\$ (71,054)</b>			

The terms of the Authority's financial derivative instruments that were outstanding at June 30, 2015 are summarized in the table below:

	Type	Effective Date	Termination Date	Authority Pays	Authority Receives	Value (000's)
Series 2008-1 Swap	Synthetic Fixed	May 1, 2008	May 1, 2038	3.388%	70% of 1-Month LIBOR	\$ 232,545
Series 2008-A Swap	Synthetic Fixed	Nov 13, 2008	May 1, 2038	3.378%	70% of 1-Month LIBOR	\$ 26,580
Series 2006-1 Swap	Synthetic Fixed	Apr. 20, 2006	Nov. 1, 2034	3.482%	60% of 3-Month LIBOR + .18%	\$ 243,830

**Fair Values** - The fair values of the swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the agreements, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the agreements. As of June 30, 2015 and 2014, the Authority's swaps had a negative fair value of \$71.1 million and \$68.8 million, respectively, and as such are presented as a deferred outflow.

**Credit risk** - As of June 30, 2015, the Authority was not exposed to credit risk on the swaps as the fair value was negative. Since changes in interest rates affect the fair values of swap agreements, it is possible that the swap agreements with negative fair values become positive which would expose the Authority to credit risk. To mitigate the potential for credit risk, when a counterparty has a positive fair value and if the counterparty's credit quality falls below A3/A/A, the fair value of the swap will be fully collateralized by the counterparty with U.S. Government Securities or U. S. Government Agency Securities. Collateral posted by the counterparty will be held by a third-party custodian.

The credit ratings for the Authority's counterparties at June 30, 2015 are as follows:

	Credit Ratings		
	Moody's	S&P	Fitch
UBS AG	A2	A	A
Deutsche Bank AG	A3	BBB+	A
Citibank NA	A1	A	A+

**Basis risk** - The Authority is exposed to basis risk on its pay-fixed interest rate swaps because the variable-rate payment received by the Authority (a percent of LIBOR) on these hedging derivative instruments is based on indexes other than the actual interest rates the Authority pays on its hedged variable rate debt. Should the relationship between LIBOR and the actual variable rate interest payments on the bonds converge, the expected cost savings may not materialize. The terms of the related hedging fixed rate swap transactions are summarized in the chart at the top of this page.

**Termination risk** - The Authority's swaps are governed under the International Swap Dealers Association Master Agreement (the "Master Agreement"), which includes standard termination events, such as failure to pay and bankruptcy. Additionally, the Master Agreement was amended so that the swap may be terminated by the Authority if the counterparty's credit quality rating falls below

certain levels or the counterparty fails to have a rating. Further, the swap may be terminated by the counterparties if the long-term, unsecured, nonenhanced senior debt rating of any bonds issued by the Authority is withdrawn, suspended or falls below certain levels or the Authority fails to have a rating. The Authority or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The Authority may also terminate the swaps at its option. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate and the Authority's interest payment will be based solely upon the rate required by the related bonds as issued. When a termination event occurs, a mark-to-market (or "fair market value") calculation is performed to determine whether the Authority is owed or must pay cash to close out the swap position. A negative fair value means the Authority would incur a loss and need to make a termination payment to settle the swap position. A positive fair value means the Authority would realize a gain and receive a termination payment in settlement of the swap position.

**Contingencies** - All of the Authority's swaps include provisions that require the Authority to post collateral in the event its credit rating falls below certain levels. In the event the Authority is rated A2 by Moody's Investors Service or A by Standard & Poor's, the Authority would need to post collateral equal to amounts above the fair value of its swaps in liability positions above \$10 million. In the event the Authority is not rated or rated below A3 by Moody's Investors Service or below A- by Standard & Poor's, the Authority must post collateral in the amount of the fair value of the swaps in liability positions. The collateral posted is to be in the form of cash obligations guaranteed by the U.S. Treasury, or negotiable debt obligations issued by the Federal Home Loan Mortgage Association or the Federal National Mortgage Association. If the Authority does not post collateral, the derivative instrument may be terminated by the counterparty. The Authority's credit rating is Aa2 from Moody's Investors Service, AA from Fitch Ratings, and AA- from Standard and Poor's at June 30, 2015; therefore, no collateral has been posted.

**Termination of hedge accounting** - In June of 2011, the Authority undertook an advance refunding of the 2008-3 and 2008-4 variable rate bonds hedged by the Series 2006-1 Swap. As part of the refunding, the Series 2006-1 swap was re-assigned to a new underlying notional (the 2011-1 and 2011-2 Bonds) with identical terms. This refunding and reassignment effectively terminated the original hedge. At June 30, 2011, the Series 2006-1 Swap was considered a hedging derivative instrument. In accordance with GASB No. 53, at the time of a termination event related to an advance refunding of the hedged debt, the balance of the amounts in deferred outflows is to be included in the net carrying amount of the refunded debt for the purposes of calculating the deferred loss on refunding. The balance of the deferred outflows that was included in the net carrying amount of the refunded debt at the time of the refunding was \$22.2 million. The change in fair value of the Series 2006-1 Swap from the refunding date to June 30, 2015 is reported as a deferred outflow as the swap was determined to be effective at June 30, 2015.

**Swap payments and associated debt.** Using rates as of June 30, 2015, the debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2016	\$ 10,845	\$ 374	\$ 13,932	\$ 25,151
2017	11,625	365	13,536	25,526
2018	11,770	358	13,182	25,310
2019	12,215	349	12,800	25,364
2020	12,720	341	12,420	25,481
2021-2025	155,465	1,333	49,050	205,848
2026-2030	148,985	639	24,507	174,131
2031-2035	69,985	145	5,678	75,808
2036-2040	3,010	5	243	3,258
<b>Total</b>	<b>\$ 436,620</b>	<b>\$ 3,909</b>	<b>\$ 145,348</b>	<b>\$ 585,877</b>

As actual rates vary, variable-rate bond interest payments and net swap payments will vary.

### MassDevelopment

#### University of Massachusetts Series A, D and 2011

The University, through the Massachusetts Development Finance Agency ("MassDevelopment"), has issued bonds in order to construct new student centers on the Boston and Lowell campuses; to create a pool of funds to acquire telecommunications, electronics, computer, office, research, equipment and administrative systems; and to fund the related renovation costs and to refund previously issued bonds.

**Variable Rate Debt** In March 2000, the University issued \$40.0 million of MHEFA Variable Rate Demand Revenue Bonds, University of Massachusetts Issue, Series A (the "Series A Bonds") to create a pool of funds from which the University could finance and refinance the acquisition of certain equipment and related renovation costs at the various University campuses on a revolving basis throughout the term of the Series A Bonds. The Series A Bonds were remarketed on April 1, 2014 and now bear interest at the long term rate of 0.70%. The newest long term rate period will end on March 31, 2016 and the Remarketed Series A Bonds will be subject to mandatory tender for purchase on April 1, 2016. The purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the University will be obligated to purchase the bonds tendered, up to an aggregate principal amount of \$20.0 million. The Remarketed Series A Bonds will mature on November 1, 2030 and are subject to mandatory purchase prior to maturity as described above. Interest on the Remarketed Series A Bonds in the newest long-term rate period is payable on October 1 and April 1. The Remarketed Series A Bonds are considered a reissuance for federal tax

purposes. The Remarketed Series A Bonds are not supported by any insurance policy, liquidity facility or other credit enhancement. The Remarketed Series A Bonds are a general obligation of the University payable from all funds of the University permitted to be applied thereto. The University's unrestricted net assets, previously referred to as the expendable fund balance, secure the obligations of the University with respect to the Remarketed Series A Bonds. The University is required to certify annually that there are sufficient funds in the unrestricted net assets to cover the debt service on the Remarketed Series A Bonds. At June 30, 2015 and 2014, the outstanding principal balance on the Bonds is \$20.0 million.

**Debt covenants** The University of Massachusetts Series A, D, and 2011 bonds include a covenant for the maintenance of a debt service fund as outlined in the related debt agreement. The University is required to make deposits in this debt service fund on or before the twenty-fifth day of each March and September.

**Refundings** In November 2011, the University issued \$30.0 million of Massachusetts Development Finance Agency Revenue Refunding Bonds (the "Series 2011 Bonds"). The University deposited the proceeds into an irrevocable trust fund to provide for payment of the MHEFA Revenue Bonds, University of Massachusetts Issue, 2002 Series C (the "Series C Bonds"). This payment was made as a lump sum in October 2012. The Series 2011 bonds were issued at a premium of \$1.2 million. These bonds bear interest at various fixed rates ranging from 2.5% to 4.0% and mature on October 1, 2034. At June 30, 2015, the aggregate principal payments outstanding on these bonds were \$27.9 million. As a result of the change in future payments, the University will reduce its aggregate debt service payments by approximately \$4.8 million and achieve an economic gain of \$3.4 million.

In January 2007, the University issued \$10.4 million of MHEFA Revenue Bonds, University of Massachusetts Issue Series D. The proceeds from this issuance were used to advance refund a portion of the MHEFA Revenue Bonds, University of Massachusetts Issue, 2001 Series B (the "Series B Bonds"). These advance refunded bonds were defeased, and accordingly, the liability for the bonds payable and the assets held to repay the debt have not been included in the University's financial statements.

#### **Worcester City Campus Corporation Series D, E, F and 2011**

The Worcester City Campus Corporation (WCCC) through MassDevelopment has issued bonds to finance the construction or acquisition of the Lazare Research Building, South Road parking garage, Ambulatory Care Center ("ACC"), two buildings housing the operations of MassBiologics, One Innovation Drive, 373, 377 and 381 Plantation Street, Worcester and to refund previously issued bonds.

In November 2011, the Corporation issued \$10.5 million of Massachusetts Development Finance Agency Revenue Refunding Bonds (the "Series 2011 Bonds"). The Series 2011 Bonds were issued at a premium of \$1.1 million. These bonds bear interest at various fixed rates ranging from 2.00% to 5.00% and mature on October 1, 2023. The proceeds of the Series 2011 Bonds were used to refund the Massachusetts Health and Education Facilities Authority (MHEFA) Series B Bonds, which were used to finance the construction of a parking garage, the acquisition and installation of equipment at the Lazare Research Building, and the financing of 373 Plantation Street.

In January 2007, the Corporation issued \$101.7 million of MHEFA Revenue Bonds (the Series F Bonds). The Series F Bonds were issued at a premium of \$2.8 million. These bonds have been partially refunded by Series 2015 bonds. The remaining portion of the bonds bear interest at various fixed rates ranging from 4.00% to 4.50% and mature on October 1, 2031.

In January 2007, the Corporation issued \$118.8 million of MHEFA Revenue Bonds (the Series E Bonds). The Series E Bonds were issued at a premium of \$3.9 million. The Corporation deposited \$32.4 million of the proceeds to an irrevocable trust fund to provide for partial advanced refunding of outstanding MHEFA Series B Revenue Bonds. In accordance with the applicable guidance, a portion of the Series B Bonds totaling \$30.8 million and the related irrevocable trust has been derecognized by the Corporation. Approximately \$85.7 million of the Series E Bonds proceeds were used to finance the construction of the Ambulatory Care Center. These bonds have been partially refunded by Series 2015 bonds. The remaining portion of the Series E Bonds bear interest at various fixed rates ranging from 3.50% to 4.50%, and mature on October 1, 2031.

In April 2005, the Corporation issued \$99.3 million of MHEFA Revenue Bonds (the Series D Bonds). The Corporation deposited the proceeds to an irrevocable trust fund to provide for payment of the MHEFA Series A Revenue Bonds. In accordance with the applicable guidance, the Series A Bonds and the related irrevocable trust were derecognized by the Corporation. The Series D Bonds have been partially refunded by Series 2014 Bonds. The Series D Bonds bear interest at various fixed rates ranging from 3.00% to 5.25% per year and mature on October 1, 2025. The Series D Bonds were issued at a premium of \$4.1 million.

**Pledged Revenues** WCCC is obligated under the terms of indebtedness to make debt service payments from revenues received from certain facility leases. Total applicable pledged revenues were \$6.6 million for fiscal years 2015 and 2014, respectively.

## Clean Renewable Energy Bonds

During 2011, the University entered into an Energy Services agreement for Solar Panel construction with the Commonwealth's Division of Capital Asset Management and Century Bank and Trust Company. The financing arrangement includes \$1.6 million in Clean Renewable Energy Bonds as of June 30, 2015 and 2014.

### 9. LEASES

The University leases certain equipment and facilities under operating leases with terms exceeding one year, which are cancelable at the University's option with 30 days notice. The rent expense related to these operating leases amounted to approximately \$25.6 million and \$22.1 million for the years ended June 30, 2015 and 2014, respectively. The master leases primarily consist of telecommunications, software, and co-generation systems. The University also leases space to third party tenants. During 2015 and 2014, the amount reported as rental income was \$18.8 million and \$21.0 million, respectively.

The following presents a schedule of future minimum payments under non-cancelable operating leases for the next five years and in subsequent five-year periods for the University as of June 30, 2015 (in thousands):

Year	Operating Leases
2016	22,026
2017	19,991
2018	19,476
2019	19,535
2020	18,492
2021 and thereafter	146,397
Total Payments	\$245,917

### 10. OTHER LONG-TERM LIABILITIES

During the year ended June 30, 2015, the following changes occurred in long-term liabilities as recorded in the statements of net position (in thousands):

	Beginning Balance	Additions/ Adjustments	Reductions/ Adjustments	Ending Balance
<b>University:</b>				
Capital lease obligations	\$0	562		562
Compensated absences	31,779	34		31,813
Workers' compensation	10,811	75		10,886
Unearned revenues and credits	21,243	23,585	(18,006)	26,822
Advances and deposits	28,094	758	(231)	28,621
Other Liabilities	43,263		(1,680)	41,583
<b>University Related Organization:</b>				
Other Liabilities	\$3,483	\$ 22	-	3,505

During the year ended June 30, 2014 the following changes occurred in long-term liabilities as recorded in the statement of net position (in thousands):

	Beginning Balance	Additions/ Adjustments	Reductions/ Adjustments	Ending Balance
<b>University:</b>				
Capital lease obligations	\$2,238	\$ -	(\$2,238)	\$ -
Compensated absences	30,410	1,369	-	31,779
Workers' compensation	10,429	382	-	10,811
Unearned revenues and credits	20,199	10,542	(9,498)	21,243
Advances and deposits	27,943	694	(543)	28,094
Other Liabilities	41,532	5,312	(3,581)	43,263
<b>University Related Organization:</b>				
Other Liabilities	\$3,332	\$ 151	\$ -	\$3,483

### 11. FRINGE BENEFITS

Expenditures for the years ended June 30, 2015 and 2014 include \$257.8 million and \$244.6 million, respectively, for the employer portion of fringe benefit costs (pension expense, health insurance for active employees and retirees, and terminal leave) that was paid directly by the Commonwealth of Massachusetts. Of this amount, \$98.4 million for 2015 and \$102.8 million for 2014

was reimbursed to the Commonwealth and \$159.4 million and \$141.9 million, respectively, is included in revenue as state appropriations.

## 12. MEDICAL SCHOOL LEARNING CONTRACTS

The University's Medical School enters into learning contracts with certain medical students. These contracts give students the option of deferring a portion of their tuition until after residency training, and canceling all or a portion of their tuition if they practice primary care medicine for two or four full years (depending on conditions) in the Commonwealth. The University does not record as revenue the portion of tuition deferred under these learning contracts until actual cash repayments are received. The cumulative amount granted under such learning contracts plus accrued interest totaled \$70.9 million and \$68.6 million at June 30, 2015 and 2014, respectively. Cumulative repayments totaled approximately \$53.8 million and \$51.2 million as of June 30, 2015 and 2014, respectively.

## 13. PENSIONS

The Massachusetts State Employees' Retirement System (MSERS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan as defined by Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, covering substantially all employees of the Commonwealth. Management of MSERS is vested in the Massachusetts State Retirement Board (the MSRB) which consists of five members- two elected by current and active MSERS members, one by the remaining members of the MSRB, one who is appointed by the State Treasurer, who serves as ex-officio and is the Chair of the MSRB. MSERS does not issue stand-alone financial statements; however, MSERS financial information is contained in the Commonwealth Comprehensive Annual Financial Report and can be obtained by contacting the State Comptroller, One Ashburton Place, 9<sup>th</sup> Floor, Boston, MA 02108.

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MSERS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975-1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996-present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of \$30,000

The University makes contributions on behalf of the employees through a fringe benefit charge assessed by the Commonwealth. The fringe benefit charged amounted to approximately \$ 85.7 million and \$63.6 million for the years ended June 30, 2015 and 2014, respectively. Annual covered payroll approximated 76.2% and 76.4% for the years ended June 30, 2015 and 2014, respectively of annual total payroll for the University. The amount of pension expense included in the fringe charge was \$22.4 million and \$18.7 million for the years ended June 30, 2015 and 2014, respectively.

**Actuarial Assumptions** The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. The measurement date of June 30, 2014 was used for the June 30, 2015 fiscal year as the pronouncement allows a lag for practical application. Therefore all references to the liability as of June 30, 2015 are based on the measurement date of June 30, 2014. This valuation used the following assumptions:

- (a) 8.0% investment rate of return, (b) 3.5% interest rate credited to an annuity savings fund and (c) 3.0% cost of living increase per year.
- Salary increases are based on analyses of past experience but range from 3.5% to 9.0% depending on group and length of service.

3. Mortality rates were as follows:

- a. Pre-retirement – reflects RP-2000 Employees table projected 20 years with Scale AA (gender distinct)
- b. Post-retirement – reflects Healthy Annuitant table projected 15 years with Scale AA (gender distinct)
- c. Disability – the mortality rate is assumed to be in accordance with the RP-2000 Table projected 5 years with Scale AA (gender distinct) set forward 3 years for males.

Investment assets of MSERS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2014 and 2013 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
		2014
Global Equity	43.00%	7.20%
Core Fixed Income	13.00%	2.50%
Hedge Funds	10.00%	5.50%
Private Equity	10.00%	8.80%
Real Estate	10.00%	6.30%
Value Added Fixed Income	10.00%	6.30%
Timber / Natural Resources	4.00%	5.00%
Total	100.00%	

**Discount Rate** The Discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity Analysis** The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MSERS collective pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

Fiscal Year Ended	1% Decrease to 7%	Current Discount Rate 8%	1% Increase to 9%
June 30, 2014	\$ 342,861	\$ 237,135	\$ 145,815

For the year ending June 30, 2015, the University recognized (\$57,000) of pension expense, which is recorded in Other Nonoperating Income. The following table shows the components of pension expense as of June 30, 2015 (amounts in thousands):

Proportionate Share of Plan Pension Expense	\$ 17,555
Net Amortization of Deferred Amounts from Change in Proportion	4,851
2015 Payments	(22,463)
Pension Expense	<u>\$ (57)</u>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2015, in connection with the adoption of GASB 68, the University reported a liability of \$237,135 million for its proportionate share of MSERS's net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability was used to calculate the net pension liability which was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to

the pension plan relative to the total projected contributions of all participating entities, actuarially determined. There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

At June 30, 2015, the University reported its proportionate share of MSERS's deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of Assumptions		\$ 2,666
Changes in Proportion Due to Internal Allocation		\$ 21,910
Employer Contributions after measurement date		\$ 22,463
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 48,672	
Changes in Proportion From Commonwealth	\$ 82	
	<u>\$ 48,754</u>	<u>\$ 47,039</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$ (5,281)
2017	\$ (5,281)
2018	\$ (5,281)
2019	\$ (5,281)
2020	\$ 2,227
Thereafter	\$ -

Non-vested faculty and certain other employees of the University can opt out of MSERS and participate in a defined contribution plan, the Massachusetts Optional Retirement Program ("ORP"), administered by the Commonwealth's Department of Higher Education. At June 30, 2015 and 2014, there were approximately 4,449 and 4,031 University employees, respectively participating in ORP. Employees contribute at the same rate as members in SERS do and the Commonwealth matches 5% of employee contributions. The Commonwealth contributed \$6.2 million and \$8.9 million in 2015 and 2014, respectively. University employees contributed \$28.6 million and \$28.0 million in 2015 and 2014, respectively.

The MSERS and ORP retirement contributions of employees who become members of MSERS or ORP after January 1, 2011 are subject to a state compensation limit. Effective January 1, 2011, the University established a defined contribution plan, the University of Massachusetts 401(a) Retirement Gap Plan, administered by the University's Treasury Office. Employees with MSERS or ORP membership dates after January 1, 2011 are eligible employees for the Gap Plan. Eligible employees begin participation in the Gap Plan when their regular compensation exceeds the state compensation limit in effect for the plan year, at which point their contributions to MSERS or ORP are required to stop for the remainder of the plan year. Employee contributions to the Gap Plan are mandatory and at the same rate as MSERS and ORP; the University contributes 5%. At June 30, 2015 and 2014 plan assets totaled approximately \$780.1 million and \$506.0 million, respectively.

#### 14. CONCENTRATION OF CREDIT RISK (Other than Cash and Investments)

The financial instrument that potentially subjects the University to concentrations of credit risk is the receivable from UMass Memorial Medical Center (UMMMC) which is uncollateralized. The receivable from UMass Memorial represents 5.7% and 12.2% of total accounts receivable for the University at June 30, 2015 and 2014, respectively. The University also had uncollateralized receivables from three other organizations comprising approximately 11.8%, 8.0% and 3.7% of the total outstanding receivables at June 30, 2015 and 6.5%, 6.0% and 4.8% of the total outstanding receivables at June 30, 2014.

#### 15. COMMITMENTS AND CONTINGENCIES

The Building Authority, University, and WCCC have outstanding purchase commitments under construction contracts and real estate agreements in amounts aggregating approximately \$205.7 million and \$148.2 million at June 30, 2015 and 2014, respectively. In connection with the investments in certain limited partnership agreements, the Foundation has \$60.1 million and \$22.4 million in committed calls as of June 30, 2015 and 2014, respectively, which are scheduled to be funded over a number of years. The University has entered an Energy Performance Contract that is being managed by the Commonwealth's Division of Capital Asset Management (DCAM) under its Clean Energy Investment Program. This project includes 32 energy conservation measures. The installation costs will be incurred over 2 phases with Phase 1 being approximately \$18.0 million and Phase 2 being approximately \$13.5 million. The term of these transactions is 20 years. The University has a commitment to the Commonwealth for Clean Energy Investment Program Funds used through June 30, 2015 and 2014 in the amount of \$29.1 million and \$29.7 million, respectively.

The University, as an agency of the Commonwealth, is self-insured for property loss exposure, subject to appropriation from the state legislature. However, properties owned by the University of Massachusetts Building Authority located on a campus of the University, such as the Mullins Center, dining commons, and most dormitories, are insured by the Building Authority. In addition, certain properties owned by other University Related Organizations and leased to the University are insured by the related organization. The University and its employees are protected against tort claims through sovereign immunity under Chapter 258 of the Massachusetts General Laws. The University maintains certain liability insurance policies, including Commercial General Liability, leased Automotive Liability, Directors and Officers and Comprehensive Crime policies. Employees of the University are covered for Worker's Compensation protection under Chapter 152 of the Massachusetts General Laws. The University has recorded a liability for future expected costs of its workers' compensation claims of approximately \$14.4 million as of June 30, 2015 and \$15.1 million as of June 30, 2014. Estimated future payments related to such costs have been discounted at a rate of 4.0%.

The University is a defendant in various lawsuits and is subject to various contractual matters; however, University management is of the opinion that the ultimate outcome of all litigation or potential contractual obligations will not have a material effect on the financial position, financial results or cash flows of the University.

From time to time the University and/or its affiliated organizations are subject to audits of programs that are funded through either federal and/or state agencies. The University is aware that the Office of the Inspector General for the U.S. Department of Health and Human Services performed an audit of Medicaid Supplemental Revenues ("MSR") received by UMMMC, the final report for which was issued December 2009. Portions of this report continue to be contested and the final outcome of this audit is currently unknown. Dependent on the final outcome, UMMMC may be required to repay any MSR received deemed to be disallowed as a result of the audit. Dependent on that outcome, the University, consistent with the Agreement for Medical Educational Services, made part of the Definitive Agreement between the University and UMMMC, and its subsequent amendments and the indemnification provisions in these Agreements, may be required to indemnify UMMMC for a portion of any amounts due. Although the final outcome of this audit is currently unknown, and management believes that as of the date of the financial statements it is not probable that a liability exists, management concludes it is reasonably possible that amounts could be repaid and that those amounts may be material to the University's financial position and results of operations.

Five Universities in the Commonwealth of Massachusetts jointly formed the Massachusetts Green High Performance Computing Center, Inc. (MGHPCC) and MGHPCC Holyoke, Inc. in May 2010 and April 2012, respectively, to construct and operate a research computing center located in Holyoke, Massachusetts. MGHPCC and MGHPCC Holyoke, Inc. are tax-exempt organizations under Internal Revenue Code section 501(c) (3). Each respective university agreed to contribute \$10.0 million and as of June 30, 2015, each university had contributed the required amounts. The University's unamortized \$6.0 million investment is included in its Statement of Financial Position within Other Assets.

## **16. SUBSEQUENT EVENTS**

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2015 and through December 18, 2015, the date on which the financial statements were available to be issued and, determined that there were no matters requiring recognition or disclosure to the accompanying financial statements.

**The University of Massachusetts**  
 Required Supplementary Information - Unaudited  
 June 30, 2015

**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM**

	6/30/2015
University's proportion of the net pension liability	3.489%
University's proportionate share of the net pension liability	\$ 237,134
University's covered-employee payroll	\$ 1,061,132
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	22.35%
Plan fiduciary net position as a percentage of total pension liability	76.32%

**SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS  
 MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM**

Contractually required contribution	\$ 22,870
Contributions in relation to the contractually required contribution	(22,870)
Contribution deficiency (excess)	\$ -
University's covered-employee payroll	\$ 1,061,132
Contributions as a percentage of covered-employee payroll	2.16%

**University of Massachusetts  
2015 Annual Financial Report  
Supplemental Financial Information  
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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
**University of Massachusetts**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Massachusetts (the "University"), an enterprise fund of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2015 and 2014, and our report thereon dated December 18, 2015 expressed an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on these financial statements as a whole.

The accompanying Supplemental Schedules of Financial Information for University Campuses and University related organizations as of and for the years ended June 30, 2015 and 2014 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. However, the University has not reflected the impact of accounting for pensions in these Supplemental Schedules. Accounting principles generally accepted in the United States of America require the net pension liability as well as deferred inflows and deferred outflows of resources associated with pensions, to be recorded in the financial statements. The amounts not reflected in the Supplemental Schedules are as follows (in \$000's): net pension liability (\$237,135), deferred inflows of resources (\$48,753) and deferred outflows of resources (\$47,039) as of June 30, 2015. The other supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the matter described above related to pensions, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Grant Thornton LLP*

Boston, Massachusetts  
December 18, 2015

**University of Massachusetts  
CENTRAL ADMINISTRATION  
Statements of Net Position  
As of June 30, 2015 and 2014  
(in thousands of dollars)**

	June 30, 2015	June 30, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$8,737	\$10,717
Cash Held By State Treasurer	77	3,297
Accounts, Grants and Loans Receivable, net	2,280	2,487
Short Term Investments	56,861	46,347
Due from Other Campuses	1,132	207
Due from Related Organizations	-	-
Other Assets	5,713	3,964
<b>Total Current Assets</b>	<b>74,800</b>	<b>67,019</b>
<b>Noncurrent Assets</b>		
Cash and Securities Held By Trustees	21,015	29,940
Cash Held By State Treasurer	188	1,904
Investments	107,963	121,329
Other Assets	6,000	7,120
Investment in Plant, net	95,171	91,930
<b>Total Noncurrent Assets</b>	<b>230,337</b>	<b>252,223</b>
<b>Total Assets</b>	<b>\$305,137</b>	<b>\$319,242</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on Debt Refinancing	\$802	\$482
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$4,396	\$10,011
Accrued Salaries and Wages	2,808	1,748
Accrued Compensated Absences	4,431	4,332
Accrued Interest Payable	589	597
Bonds Payable	-	-
Due To Campuses	46,316	46,748
Due To Related Organizations	384	400
Unearned Revenues and Credits	1,159	1,634
Advances and Deposits	437	710
Other Liabilities	6,680	5,671
<b>Total Current Liabilities</b>	<b>67,200</b>	<b>71,851</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	589	553
Bonds Payable	83,485	80,712
Derivative Instrument, Interest Rate Swap	-	-
Unearned Revenues and Credits	210	62
Other Liabilities	10,061	10,446
<b>Total Noncurrent Liabilities</b>	<b>94,345</b>	<b>91,773</b>
<b>Total Liabilities</b>	<b>\$161,545</b>	<b>\$163,624</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$18,026	\$15,953
Restricted		
Nonexpendable	2,206	1,606
Expendable	27,530	31,302
Unrestricted	96,632	107,239
<b>Total Net Position</b>	<b>\$144,394</b>	<b>\$156,100</b>

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

University of Massachusetts  
**CENTRAL ADMINISTRATION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For The Years Ended June 30, 2015 and 2014**  
(in thousands of dollars)

	June 30, 2015	June 30, 2014
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees	\$4,701	\$6,330
Federal Grants and Contracts	2,934	4,172
State Grants and Contracts	4,985	4,615
Local Grants and Contracts	134	119
Private Grants and Contracts	3,305	3,174
Sales and Service, Educational	2,129	2,067
Allocation from Campuses	65,476	68,831
Other Operating Revenues:		
Other	11,013	3,874
<b>Total Operating Revenues</b>	<b>94,677</b>	<b>93,182</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<i>Educational and General</i>		
Instruction	10,721	10,414
Research	4,269	5,159
Public Service	2,818	2,823
Institutional Support	68,982	61,850
Operation and Maintenance of Plant	2,262	449
Scholarships and Fellowships	6	6
Depreciation and Amortization	6,534	5,987
<b>Total Operating Expenses</b>	<b>95,592</b>	<b>86,688</b>
<b>Operating Income/(Loss)</b>	<b>(915)</b>	<b>6,494</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations		-
Investment Return	4,865	8,310
Endowment Return	301	233
Interest on Indebtedness	(1,747)	(103)
Other Nonoperating Income	-	32
<b>Net Nonoperating Revenues</b>	<b>3,419</b>	<b>8,472</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>2,504</b>	<b>14,966</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	-	5,200
Disposal of Plant Facilities	-	-
Other Additions/(Deductions)	(14,210)	(12,764)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>(14,210)</b>	<b>(7,564)</b>
<b>Total Increase in Net Position</b>	<b>(11,706)</b>	<b>7,402</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	156,100	148,698
Cummulative effect of change in accounting principle		-
Net Position at Beginning of Year, as adjusted	156,100	148,698
<b>Net Position at End of Year</b>	<b>\$144,394</b>	<b>\$156,100</b>

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

University of Massachusetts  
**AMHERST CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2015 and 2014**  
(in thousands of dollars)

	June 30, 2015	June 30, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$32,763	\$28,998
Cash Held By State Treasurer	11,468	10,920
Accounts, Grants and Loans Receivable, net	51,367	45,219
Pledges Receivable, net	2,719	2,090
Short Term Investments	107,018	68,440
Inventories, net	4,808	4,651
Due from Other Campuses	20,677	21,511
Other Assets	715	501
<b>Total Current Assets</b>	<b>231,535</b>	<b>182,330</b>
<b>Noncurrent Assets</b>		
Cash Held By State Treasurer	2,315	1,508
Cash and Securities Held By Trustees	198,874	155,484
Accounts, Grants and Loans Receivable, net	17,996	18,904
Pledges Receivable, net	3,824	3,481
Investments	277,293	276,025
Other Assets		0
Investment in Plant, net	1,712,927	1,605,787
<b>Total Noncurrent Assets</b>	<b>2,213,229</b>	<b>2,061,189</b>
<b>Total Assets</b>	<b>\$2,444,764</b>	<b>\$2,243,519</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$30,586	\$28,199
Loss on Debt Refunding	37,000	38,242
<b>Total Deferred Outflows of Resources</b>	<b>\$67,586</b>	<b>\$66,441</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$38,456	\$44,759
Accrued Salaries and Wages	51,822	44,575
Accrued Compensated Absences	24,686	24,713
Accrued Workers' Compensation	1,459	1,927
Accrued Interest Payable	6,679	5,709
Bonds Payable	236,319	84,950
Accelerated variable rate debt, current	0	16,300
Capital Lease Obligations	0	2,148
Unearned Revenues and Credits	14,133	14,035
Advances and Deposits	926	1,149
Other Liabilities	6,984	6,666
<b>Total Current Liabilities</b>	<b>381,464</b>	<b>246,931</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	12,301	12,345
Accrued Workers' Compensation	4,546	4,787
Bonds Payable	782,593	789,293
Derivative Instrument - Interest Rate Swap	43,275	41,552
Capital Lease Obligations	0	0
Unearned Revenues and Credits	13,090	11,827
Advances and Deposits	13,748	13,386
<b>Total Noncurrent Liabilities</b>	<b>869,553</b>	<b>873,190</b>
<b>Total Liabilities</b>	<b>\$1,251,017</b>	<b>\$1,120,121</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$889,321	\$851,475
Restricted		
Nonexpendable	3,977	3,973
Expendable	57,647	52,821
Unrestricted	310,388	281,570
<b>Total Net Position</b>	<b>\$1,261,333</b>	<b>\$1,189,839</b>

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

**University of Massachusetts  
AMHERST CAMPUS  
Statements of Revenues, Expenses and Changes in Net Position  
As of June 30, 2015 and 2014  
(in thousands of dollars)**

	June 30, 2015	June 30, 2014
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$99,261 at June 30, 2015 and \$95,477 at June 30, 2014)	\$341,462	\$337,767
Federal Grants and Contracts	87,227	98,157
State Grants and Contracts	16,990	15,753
Local Grants and Contracts	207	346
Private Grants and Contracts	32,712	30,950
Sales and Service, Educational	8,908	8,089
Auxiliary Enterprises	223,784	214,759
Other Operating Revenues:		
Other	19,010	16,137
<b>Total Operating Revenues</b>	<b>730,300</b>	<b>721,958</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<i>Educational and General</i>		
Instruction	326,938	312,844
Research	105,987	108,825
Public Service	24,663	26,140
Academic Support	62,818	58,108
Student Services	54,551	52,163
Institutional Support	69,644	64,305
Operation and Maintenance of Plant	86,813	84,162
Depreciation and Amortization	89,442	82,687
Scholarships and Fellowships	20,215	20,991
<i>Auxiliary Enterprises</i>	185,181	174,666
<b>Total Operating Expenses</b>	<b>1,026,252</b>	<b>984,891</b>
<b>Operating Loss</b>	<b>(295,952)</b>	<b>(262,933)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
Federal Appropriations	6,619	7,020
State Appropriations	298,423	272,676
Gifts	15,714	16,139
Investment Return	636	29,868
Endowment Return	5,956	8,424
Interest on Indebtedness	(29,820)	(25,609)
Nonoperating Federal Grants	24,323	25,338
Other Nonoperating Income	643	(2)
<b>Net Nonoperating Revenues</b>	<b>322,494</b>	<b>333,854</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>26,542</b>	<b>70,921</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	13,679	46,191
Capital Grants and Contracts	29,248	8,473
Disposal of Plant Facilities	(4,959)	(4,053)
Other Additions/(Deductions)	6,984	(8,701)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>44,952</b>	<b>41,910</b>
<b>Total Increase in Net Position</b>	<b>71,494</b>	<b>112,831</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	1,189,839	1,077,008
Cummulative effect of change in accounting principle		0
Net Position at the Beginning of the Year, as adjusted	1,189,839	1,077,008
<b>Net Position at End of Year</b>	<b>\$1,261,333</b>	<b>\$1,189,839</b>

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

University of Massachusetts  
**BOSTON CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2015 and 2014**  
(in thousands of dollars)

	June 30, 2015	June 30, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$4,138	\$5,308
Cash Held By State Treasurer	4,609	3,817
Accounts, Grants and Loans Receivable, net	26,123	24,323
Pledges Receivable, net	511	684
Short Term Investments	27,054	24,648
Inventories, net	814	811
Due from Other Campuses	5,040	4,900
Other Assets	160	194
<b>Total Current Assets</b>	<b>68,449</b>	<b>64,685</b>
<b>Noncurrent Assets</b>		
Cash Held By State Treasurer	1,377	1,377
Cash and Securities Held By Trustees	314,185	349,620
Accounts, Grants and Loans Receivable, net	7,978	8,321
Pledges Receivable, net	730	1,514
Investments	84,341	97,566
Other Assets	-	-
Investment in Plant, net	538,779	401,843
<b>Total Noncurrent Assets</b>	<b>947,390</b>	<b>860,241</b>
<b>Total Assets</b>	<b>\$1,015,839</b>	<b>\$924,926</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$1,462	\$1,218
Loss on Debt Refunding	7,726	7,336
<b>Total Deferred Outflows of Resources</b>	<b>\$9,188</b>	<b>\$8,554</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$27,010	\$12,682
Accrued Salaries and Wages	23,225	19,515
Accrued Compensated Absences	11,743	11,484
Accrued Workers' Compensation	458	424
Accrued Interest Payable	4,165	3,889
Bonds Payable	23,647	23,968
Accelerated variable rate debt, current	-	306
Capital Lease Obligations	97	84
Unearned Revenues and Credits	4,612	4,875
Advances and Deposits	2,269	2,250
Other Liabilities	8,476	5,243
<b>Total Current Liabilities</b>	<b>105,702</b>	<b>84,720</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	4,263	4,230
Accrued Workers' Compensation	1,426	1,054
Bonds Payable	516,654	476,603
Capital Lease Obligations	326	-
Derivative Instrument, Interest Rate Swap	4,510	4,412
Unearned Revenues and Credits	1,990	1,478
Advances and Deposits	4,337	4,420
Other Liabilities	1,591	1,775
<b>Total Noncurrent Liabilities</b>	<b>535,097</b>	<b>493,972</b>
<b>Total Liabilities</b>	<b>\$640,799</b>	<b>\$578,692</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$284,313	\$237,546
Restricted		
Nonexpendable	6,713	6,699
Expendable	21,178	22,222
Unrestricted	72,024	88,321
<b>Total Net Position</b>	<b>\$384,228</b>	<b>\$354,788</b>

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

**University of Massachusetts  
BOSTON CAMPUS  
Statements of Revenues, Expenses and Changes in Net Position  
For The Years Ended June 30, 2015 and 2014  
(in thousands of dollars)**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$35,021 at June 30, 2015 and \$33,020 at June 30, 2014)	\$169,657	\$160,317
Federal Grants and Contracts	28,895	26,730
State Grants and Contracts	8,300	10,151
Local Grants and Contracts	537	724
Private Grants and Contracts	10,829	9,830
Sales and Service, Educational	4,197	3,433
Auxiliary Enterprises	9,211	9,981
Other Operating Revenues:		
Other	854	998
<b>Total Operating Revenues</b>	<b>232,480</b>	<b>222,164</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<i>Educational and General</i>		
Instruction	146,347	140,539
Research	37,357	29,176
Public Service	9,219	11,478
Academic Support	31,862	29,014
Student Services	23,172	22,867
Institutional Support	55,199	46,159
Operation and Maintenance of Plant	28,319	25,238
Depreciation and Amortization	16,572	13,284
Scholarships and Fellowships	12,254	11,654
<i>Auxiliary Enterprises</i>	9,001	11,353
<b>Total Operating Expenses</b>	<b>369,302</b>	<b>340,762</b>
<b>Operating Loss</b>	<b>(136,822)</b>	<b>(118,598)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations	110,295	100,553
Gifts	3,149	4,535
Investment Return	3,505	11,306
Endowment Return	975	1,997
Interest on Indebtedness	(8,133)	(6,665)
Nonoperating Federal Grants	23,439	21,173
Other Nonoperating Income/(Expense)	487	275
<b>Net Nonoperating Revenues</b>	<b>133,717</b>	<b>133,174</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>(3,105)</b>	<b>14,576</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	35,290	42,978
Capital Grants and Contracts	1,118	1,856
Disposal of Plant Facilities	(3,516)	(1,157)
Other Additions/(Deductions)	(347)	(3,302)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>32,545</b>	<b>40,375</b>
<b>Total Increase in Net Position</b>	<b>29,440</b>	<b>54,951</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	354,788	299,837
Cummulative Effect of Accounting Principle		-
Net Position at the Beginning of Year, as adjusted	354,788	299,837
<b>Net Position at End of Year</b>	<b>\$384,228</b>	<b>\$354,788</b>

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

University of Massachusetts  
**DARTMOUTH CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2015 and 2014**  
(in thousands of dollars)

	June 30, 2015	June 30, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$1,233	\$1,023
Cash Held By State Treasurer	3,815	2,895
Accounts, Grants and Loans Receivable, net	11,213	12,306
Short Term Investments	5,732	3,172
Inventories, net	-	-
Due from Other Campuses	715	1,141
Due from Related Organizations	59	181
Other Assets	482	280
<b>Total Current Assets</b>	<b>23,249</b>	<b>20,998</b>
<b>Noncurrent Assets</b>		
Cash Held By State Treasurer	352	2,118
Cash and Securities Held By Trustees	50,576	49,581
Accounts, Grants and Loans Receivable, net	2,807	2,638
Investments	15,498	13,200
Other Assets	-	-
Investment in Plant, net	321,691	335,741
<b>Total Noncurrent Assets</b>	<b>390,924</b>	<b>403,278</b>
<b>Total Assets</b>	<b>\$414,173</b>	<b>\$424,276</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$6,839	\$5,845
Loss on Debt Refunding	21,427	23,148
<b>Total Deferred Outflows of Resources</b>	<b>\$28,266</b>	<b>\$28,993</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$4,431	\$5,861
Accrued Salaries and Wages	11,746	11,069
Accrued Compensated Absences	6,308	5,918
Accrued Workers' Compensation	373	536
Accrued Interest Payable	1,255	1,308
Bonds Payable	64,358	46,765
Accelerated variable rate debt, current	6,000	102
Due To Other Campuses	1,132	200
Unearned Revenues and Credits	1,779	1,739
Advances and Deposits	1,167	1,171
Other Liabilities	1,228	1,562
<b>Total Current Liabilities</b>	<b>99,777</b>	<b>76,231</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	3,818	3,829
Accrued Workers' Compensation	1,162	1,331
Bonds Payable	147,951	177,684
Derivative Instrument, Interest Rate Swap	15,939	15,408
Unearned Revenues and Credits	44	54
Advances and Deposits	3,317	3,032
Other Liabilities	29,159	29,720
<b>Total Noncurrent Liabilities</b>	<b>201,390</b>	<b>231,058</b>
<b>Total Liabilities</b>	<b>\$301,167</b>	<b>\$307,289</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$124,530	\$136,286
Restricted		
Expendable	7,594	8,999
Unrestricted	9,148	695
<b>Total Net Position</b>	<b>\$141,272</b>	<b>\$145,980</b>

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

**University of Massachusetts  
DARTMOUTH CAMPUS  
Statements of Revenues, Expenses and Changes in Net Position  
For The Years Ended June 30, 2015 and 2014  
(in thousands of dollars)**

	June 30, 2015	June 30, 2014
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$35,359 at June 30, 2015 and \$33,161 June 30, 2014)	\$72,269	\$72,885
Federal Grants and Contracts	7,798	8,632
State Grants and Contracts	6,060	5,683
Local Grants and Contracts	343	577
Private Grants and Contracts	3,560	4,000
Sales and Service, Educational	40	125
Auxiliary Enterprises	47,374	48,220
Other Operating Revenues:		
Other	6,447	5,932
<b>Total Operating Revenues</b>	<b>143,891</b>	<b>146,054</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<i>Educational and General</i>		
Instruction	66,415	68,583
Research	15,347	17,013
Public Service	3,228	4,503
Academic Support	27,762	26,073
Student Services	12,190	11,574
Institutional Support	18,374	17,600
Operation and Maintenance of Plant	21,298	25,015
Depreciation and Amortization	16,663	15,064
Scholarships and Fellowships	7,442	6,659
<i>Auxiliary Enterprises</i>	28,337	30,424
<b>Total Operating Expenses</b>	<b>217,056</b>	<b>222,508</b>
<b>Operating Loss</b>	<b>(73,165)</b>	<b>(76,454)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations	70,006	64,633
Investment Return	1,834	2,602
Endowment Income	1,756	1,733
Interest on Indebtedness	(8,252)	(8,617)
Nonoperating Federal Grants	12,792	11,987
Other Nonoperating Income	1,413	587
<b>Net Nonoperating Revenues</b>	<b>79,549</b>	<b>72,925</b>
<b>Income(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>6,384</b>	<b>(3,529)</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	5,576	14,556
Capital Grants and Contracts	11,400	5,815
Disposal of Plant Facilities	(1,183)	(1,293)
Additions to Permanent Endowments	920	
Other Additions/(Deductions)	(27,804)	(2,622)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>(11,091)</b>	<b>16,456</b>
<b>Total Increase in Net Position</b>	<b>(4,707)</b>	<b>12,927</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	145,979	133,053
Cummulative effect of change in accounting principle		-
Net Position at Beginning of Year, as adjusted		133,053
<b>Net Position at End of Year</b>	<b>\$141,272</b>	<b>145,980</b>

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

**University of Massachusetts  
LOWELL CAMPUS  
Statements of Net Position  
As of June 30, 2015 and 2014  
(in thousands of dollars)**

	June 30, 2015	June 30, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$6,165	\$5,718
Cash Held By State Treasurer	5,775	5,345
Accounts, Grants and Loans Receivable, net	33,237	29,338
Pledges Receivable, net	1,172	1,001
Short Term Investments	33,668	23,842
Due from Other Campuses	4,850	5,235
Other Assets	1,103	616
<b>Total Current Assets</b>	<b>85,970</b>	<b>71,095</b>
<b>Noncurrent Assets</b>		
Cash Held By State Treasurer	694	1,099
Cash and Securities Held By Trustees	119,931	114,045
Accounts, Grants and Loans Receivable, net	3,488	5,009
Pledges Receivable, net	1,721	1,470
Investments	74,665	78,339
Other Assets	512	740
Investment in Plant, net	623,420	574,746
<b>Total Noncurrent Assets</b>	<b>824,431</b>	<b>775,448</b>
<b>Total Assets</b>	<b>\$910,401</b>	<b>\$846,543</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$5,761	\$5,820
Loss on Debt Refunding	3,381	2,590
<b>Total Deferred Outflows of Resources</b>	<b>\$9,142</b>	<b>\$8,410</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$11,836	\$16,111
Accrued Salaries and Wages	19,551	17,652
Accrued Compensated Absences	10,212	9,253
Accrued Workers' Compensation	432	462
Accrued Interest Payable	3,931	3,260
Bonds Payable	53,238	20,947
Accelerated variable rate debt, current		33,292
Capital Lease Obligations	73	
Unearned Revenues and Credits	4,678	6,377
Advances and Deposits	1,301	1,365
Other Liabilities	2,436	12,065
<b>Total Current Liabilities</b>	<b>107,688</b>	<b>120,784</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	5,175	5,239
Accrued Workers' Compensation	1,344	1,147
Bonds Payable	468,390	411,125
Derivative Instruments, Interest Rate Swap	7,330	7,471
Capital Lease Obligations	236	
Unearned Revenues and Credits	4,979	1,297
Advances and Deposits	3,771	3,808
Other Liabilities	339	250
<b>Total Noncurrent Liabilities</b>	<b>491,564</b>	<b>430,337</b>
<b>Total Liabilities</b>	<b>\$599,252</b>	<b>\$551,121</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$211,600	\$199,226
Restricted		
Nonexpendable	4,456	3,957
Expendable	18,795	20,485
Unrestricted	85,440	80,164
<b>Total Net Position</b>	<b>\$320,291</b>	<b>\$303,832</b>

The accompanying notes are an integral part of these financial statements

**University of Massachusetts  
LOWELL CAMPUS  
Statements of Revenues, Expenses and Changes in Net Position  
For The Years Ended June 30, 2015 and 2014  
(in thousands of dollars)**

	June 30, 2015	June 30, 2014
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$ 40,768 at June 30, 2015 and \$37,245 at June 30, 2014)	\$164,963	\$152,563
Federal Grants and Contracts	26,718	24,362
State Grants and Contracts	6,069	5,121
Local Grants and Contracts	496	457
Private Grants and Contracts	10,903	10,073
Sales and Service, Educational	66	33
Auxiliary Enterprises	52,725	45,101
Other Operating Revenues:		
Other	8,205	6,726
<b>Total Operating Revenues</b>	<b>270,145</b>	<b>244,436</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<i>Educational and General</i>		
Instruction	113,129	111,203
Research	43,313	36,624
Public Service	947	830
Academic Support	29,978	26,112
Student Services	32,268	27,033
Institutional Support	43,234	43,222
Operation and Maintenance of Plant	36,961	34,453
Depreciation and Amortization	28,666	23,926
Scholarships and Fellowships	9,383	9,932
<i>Auxiliary Enterprises</i>	31,063	26,276
<b>Total Operating Expenses</b>	<b>368,942</b>	<b>339,611</b>
<b>Operating Loss</b>	<b>(98,797)</b>	<b>(95,175)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations	96,633	88,136
Gifts	3,159	3,484
Investment Return	1,681	8,284
Endowment Return	1,316	1,720
Interest on Indebtedness	(18,371)	(12,311)
Nonoperating Federal Grants	15,985	15,781
Other Nonoperating Income/(Expense)	135	8
<b>Net Nonoperating Revenues</b>	<b>100,538</b>	<b>105,102</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>1,741</b>	<b>9,927</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	7,099	2,788
Capital Grants and Contracts	10,666	5,843
Capital Contribution	-	-
Disposal of Plant Facilities	(1,299)	1,550
Other Additions/(Deductions)	(1,748)	178
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>14,718</b>	<b>10,359</b>
<b>Total Increase in Net Position</b>	<b>16,459</b>	<b>20,286</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	303,832	283,546
Cummulative effect of change in accounting principle	-	-
Net Position at Beginning of Year, as adjusted	303,832	283,546
<b>Net Position at End of Year</b>	<b>\$320,291</b>	<b>303,832</b>

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

University of Massachusetts  
**WORCESTER CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2015 and 2014**  
(in thousands of dollars)

	Worcester Campus June 30, 2015	Worcester Campus June 30, 2014	Worcester City Campus Corporation June 30, 2015	Worcester City Campus Corporation June 30, 2014	Eliminations June 30, 2015	Eliminations June 30, 2014	Combined Totals Memorandum Only June 30, 2015	Combined Totals Memorandum Only June 30, 2014
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$5,707	\$5,742	\$31,222	\$6,246			\$36,929	\$11,988
Cash Held By State Treasurer	1,853	1,593					1,853	1,593
Cash and Securities Held By Trustees			\$0				-	-
Accounts, Grants and Loans Receivable, net	124,716	115,344	581	2,139	\$ 69		125,366	117,483
Pledges Receivable, net	6,218	7,545					6,218	7,545
Short Term Investments	34,915	26,508					34,915	26,508
Inventories, net	11,850	10,836					11,850	10,836
Accounts Receivable UMass Memorial	17,463	38,762	-	2,045			17,463	40,807
Due from Other Campuses	15,034	13,960					15,034	13,960
Due from Related Organizations	1,137	3,881	46,310	81,623	(47,063)	\$(85,504)	384	-
Other Assets	6,263	2,529	302	328			6,565	2,857
<b>Total Current Assets</b>	<b>225,156</b>	<b>226,700</b>	<b>78,415</b>	<b>92,381</b>	<b>(46,994)</b>	<b>(85,504)</b>	<b>256,577</b>	<b>233,577</b>
<b>Noncurrent Assets</b>								
Cash Held By State Treasurer	477	423					477	423
Cash and Securities Held By Trustees	2,445	5,484	35	32			2,480	5,516
Accounts, Grants and Loans Receivable, net	6,113	5,626					6,113	5,626
Investments	178,028	189,494					178,028	189,494
Other Assets								
Investment in Plant, net	663,460	659,834	378,313	394,905			1,041,773	1,054,739
<b>Total Noncurrent Assets</b>	<b>850,523</b>	<b>860,861</b>	<b>378,348</b>	<b>394,937</b>			<b>1,228,871</b>	<b>1,255,798</b>
<b>Total Assets</b>	<b>\$1,075,679</b>	<b>\$1,087,561</b>	<b>\$456,763</b>	<b>\$487,318</b>	<b>(\$46,994)</b>	<b>(\$85,504)</b>	<b>\$1,485,448</b>	<b>\$1,489,375</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Outflows of Resources	\$6,411		\$9,976	\$10,687			\$ 16,387	\$ 10,687
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts Payable	\$27,968	\$19,932	\$5,993	\$4,294			\$33,961	\$24,226
Accrued Salaries and Wages	18,189	15,905					18,189	15,905
Accrued Compensated Absences	19,254	18,392					19,254	18,392
Accrued Workers' Compensation	773	1,003					773	1,003
Accrued Interest Payable	3,562	3,651	2,469	3,458			6,031	7,109
Bonds Payable	9,478	8,781	10,975	11,197			20,453	19,978
Accounts Payable UMass Memorial	2,787	3,864					2,787	3,864
Due to Related Organizations	46,191	81,974	1,075	3,484	\$(46,994)	\$(85,504)	272	(46)
Due to Other Campuses	-	6					-	6
Unearned Revenues and Credits	19,169	12,263					19,169	12,263
Advances and Deposits	91	267					91	267
Other Liabilities	18,207	14,114	3,343	3,686			21,550	17,800
<b>Total Current Liabilities</b>	<b>165,669</b>	<b>180,152</b>	<b>23,855</b>	<b>26,119</b>	<b>(46,994)</b>	<b>(85,504)</b>	<b>142,530</b>	<b>120,767</b>
<b>Noncurrent Liabilities</b>								
Accrued Compensated Absences	5,667	5,583					5,667	5,583
Accrued Workers' Compensation	2,408	2,492					2,408	2,492
Bonds Payable	384,931	387,218	301,231	305,201			686,162	692,419
Unearned Revenues and Credits	6,508	6,525					6,508	6,525
Advances and Deposits	3,448	3,448					3,448	3,448
Other Liabilities	-	603	433	469			433	1,072
<b>Total Noncurrent Liabilities</b>	<b>402,962</b>	<b>405,869</b>	<b>301,664</b>	<b>305,670</b>			<b>704,626</b>	<b>711,539</b>
<b>Total Liabilities</b>	<b>\$568,631</b>	<b>\$586,021</b>	<b>\$325,519</b>	<b>\$331,789</b>	<b>(\$46,994)</b>	<b>(\$85,504)</b>	<b>\$847,156</b>	<b>\$832,306</b>
<b>Net Position:</b>								
Invested in Capital Assets Net of Related Debt Restricted	\$285,053	\$272,937	\$75,098	\$87,344			\$360,151	\$360,281
Nonexpendable	1,026	1,152					1,026	1,152
Expendable	36,847	38,674	-	27			36,847	38,701
Unrestricted	190,533	188,777	66,122	78,845			256,655	267,622
<b>Total Net Position</b>	<b>\$513,459</b>	<b>\$501,540</b>	<b>\$141,220</b>	<b>\$166,216</b>	<b>\$0</b>		<b>\$654,679</b>	<b>\$667,756</b>

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

University of Massachusetts  
**WORCESTER CAMPUS**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For The Years Ended June 30, 2015 and June 30, 2014**  
(in thousands of dollars)

	Worcester Campus June 30, 2015	Worcester Campus June 30, 2014	Worcester City City Campus Corporation June 30, 2015	Worcester City City Campus Corporation June 30, 2014	Eliminations June 30, 2015	Eliminations June 30, 2014	Combined Totals Memorandum Only June 30, 2015	Combined Totals Memorandum Only June 30, 2014
<b>REVENUES</b>								
<b>Operating Revenues</b>								
Tuition and Fees (net of scholarship allowances of \$2,060 at June 30, 2015 and \$2,283 at June 30, 2014)	\$16,867	\$16,245					\$16,867	\$16,245
Federal Grants and Contracts	160,182	159,994					160,182	159,994
State Grants and Contracts	30,547	35,930					30,547	35,930
Private Grants and Contracts	63,567	55,070					63,567	55,070
Sales and Service, Educational	10,261	8,045					10,261	8,045
Auxiliary Enterprises	29,099	31,424					29,099	31,424
<b>Other Operating Revenues:</b>								
Sales and Service, Independent Operations	48,368	44,296					48,368	44,296
Sales and Service, Public Service Activities	293,661	446,557	\$ 24,537	\$ 44,908	\$ (22,769)	\$ (42,987)	295,429	448,478
Other	41,037	37,384	56,488	59,110	(37,820)	(36,743)	59,705	59,751
<b>Total Operating Revenues</b>	<b>693,589</b>	<b>834,945</b>	<b>81,025</b>	<b>104,018</b>	<b>(60,589)</b>	<b>(79,730)</b>	<b>714,025</b>	<b>859,233</b>
<b>EXPENSES</b>								
<b>Operating Expenses</b>								
<b>Educational and General</b>								
Instruction	53,824	53,538			(68)	(72)	53,756	53,466
Research	227,769	213,221			(74)	(90)	227,695	213,131
Public Service	32,035	32,211					32,035	32,211
Academic Support	13,113	11,693			(102)	(102)	13,011	11,591
Student Services	5,908	5,760			-	-	5,908	5,760
Institutional Support	50,623	55,909			(275)	(294)	50,348	55,615
Operation and Maintenance of Plant	44,302	45,695	24,549	24,382	(25,635)	(24,422)	43,216	45,655
Depreciation and Amortization	43,747	43,157	19,419	20,128			63,166	63,285
Auxiliary Enterprises	21,898	24,161			(1,800)	(1,800)	20,098	22,361
<b>Other Expenditures</b>								
Independent Operations	47,559	51,461			(6,598)	(6,600)	40,961	44,861
Public Service Activities	232,993	367,226	20,737	44,376	(26,037)	(46,350)	227,693	365,252
<b>Total Operating Expenses</b>	<b>773,771</b>	<b>904,032</b>	<b>64,705</b>	<b>88,886</b>	<b>(60,589)</b>	<b>(79,730)</b>	<b>777,887</b>	<b>913,188</b>
<b>Operating Income/(Loss)</b>	<b>(80,182)</b>	<b>(69,087)</b>	<b>16,320</b>	<b>15,132</b>			<b>(63,862)</b>	<b>(53,955)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>								
State Appropriations	45,843	44,620					45,843	44,620
Gifts	8,329	4,855					8,329	4,855
Investment Return	(1,294)	25,858	443	457			(851)	26,315
Endowment Return	6,554	2,535					6,554	2,535
Interest on Indebtedness	(21,302)	(21,871)	(12,707)	(14,320)			(34,009)	(36,191)
Other Nonoperating Income	192	146					192	146
<b>Net Nonoperating Revenues</b>	<b>38,322</b>	<b>56,143</b>	<b>(12,264)</b>	<b>(13,863)</b>			<b>26,058</b>	<b>42,280</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>(41,860)</b>	<b>(12,944)</b>	<b>4,056</b>	<b>1,269</b>			<b>(37,804)</b>	<b>(11,675)</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>								
Capital Appropriations	938	419					938	419
Capital Grants and Contracts	3,391	-					3,391	-
Disposal of Plant Facilities	(2,110)	(1,179)	947	(66)			(1,163)	(1,245)
Contributions for Capital Expenditures	-	(4,976)	-	5,226			-	250
Other Additions/Deductions	51,560	10,778	(30,000)	(2,985)			21,560	7,793
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>53,779</b>	<b>5,042</b>	<b>(29,053)</b>	<b>2,175</b>			<b>24,726</b>	<b>7,217</b>
<b>Total Increase in Net Position</b>	<b>11,919</b>	<b>(7,902)</b>	<b>(24,997)</b>	<b>3,444</b>			<b>(13,078)</b>	<b>(4,458)</b>
<b>NET POSITION</b>								
Net Position at Beginning of Year, as reported	501,540	509,442	166,217	162,772			667,757	672,214
Cummulative effect of change in accounting principle	-	-	-	-			-	-
Net Position at Beginning of Year, as adjusted		509,442	166,217	162,772				672,214
<b>Net Position at End of Year</b>	<b>\$513,459</b>	<b>501,540</b>	<b>\$141,220</b>	<b>166,216</b>			<b>\$654,679</b>	<b>667,756</b>

The accompanying notes are an integral part of these financial statements

**Combining Statements of Net Position for University Related Organizations as of June 30, 2015 and 2014**  
(in thousands of dollars)

**Supplemental Schedule I**

	University of Massachusetts Dartmouth Foundation, Inc. June 30, 2015		University of Massachusetts Dartmouth Foundation, Inc. June 30, 2014		Eliminations and Adjustments June 30, 2014	The University of Massachusetts Foundation, Inc. June 30, 2014		University of Massachusetts Dartmouth Foundation, Inc. June 30, 2014
	Total June 30, 2015	Eliminations and Adjustments June 30, 2015	The University of Massachusetts Foundation, Inc. June 30, 2015	University of Massachusetts Dartmouth Foundation, Inc. June 30, 2015		Total June 30, 2014	The University of Massachusetts Foundation, Inc. June 30, 2014	
<b>ASSETS</b>								
<b>Current Assets</b>								
Accounts, Grants and Loans Receivable, net	\$500	(\$6,581)	\$6,045	\$1,036	\$785	(\$6,368)	\$6,045	\$1,108
Pledges Receivable, net	\$203	203			354	354		
Due From Related Organizations	670		659	11	539		535	4
Other Assets								
<b>Total Current Assets</b>	<b>1,373</b>	<b>(6,378)</b>	<b>6,704</b>	<b>1,047</b>	<b>1,678</b>	<b>(6,014)</b>	<b>6,580</b>	<b>1,112</b>
<b>Noncurrent Assets</b>								
Cash and Cash Equivalents	2,018		135	1,883	1,378		158	1,220
Pledges Receivable, net	293	(18,099)	16,319	2,073	677	(12,676)	10,634	2,719
Investments	476,272	(675,928)	1,097,353	54,847	452,529	(692,318)	1,091,312	53,535
Other Assets	62			62	62			62
Investment in Plant, net	8,293		8,293		8,478		8,478	
<b>Total Noncurrent Assets</b>	<b>486,938</b>	<b>(694,027)</b>	<b>1,122,100</b>	<b>58,865</b>	<b>463,124</b>	<b>(704,994)</b>	<b>1,110,582</b>	<b>57,536</b>
<b>Total Assets</b>	<b>\$488,311</b>	<b>(\$700,405)</b>	<b>\$1,128,804</b>	<b>\$59,912</b>	<b>\$464,802</b>	<b>(\$711,008)</b>	<b>\$1,117,162</b>	<b>\$58,648</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts Payable	\$691		\$682	\$9	174		\$154	\$20
Due To Related Organizations	59	(7,131)		7,190	181	(\$5,954)		6,135
Assets Held on Behalf of the University		(625,555)	625,555			(643,224)	643,224	
Assets Held on Behalf of Others	29,284		29,284		13,797		13,797	
Unearned Revenues and Credits	1,387		1,387		1,373		1,373	
<b>Total Current Liabilities</b>	<b>31,421</b>	<b>(632,686)</b>	<b>656,908</b>	<b>7,199</b>	<b>15,525</b>	<b>(649,178)</b>	<b>658,548</b>	<b>6,155</b>
<b>Noncurrent Liabilities</b>								
Other Liabilities	3,505		3,505		3,483		3,483	
<b>Total Noncurrent Liabilities</b>	<b>3,505</b>		<b>3,505</b>		<b>3,483</b>		<b>3,483</b>	
<b>Total Liabilities</b>	<b>\$34,926</b>	<b>(\$632,686)</b>	<b>\$660,413</b>	<b>\$7,199</b>	<b>\$19,008</b>	<b>(\$649,178)</b>	<b>\$662,031</b>	<b>\$6,155</b>
<b>Net Position:</b>								
Invested in Capital Assets Net of Related Debt Restricted	\$8,293	\$8,293			8,477	\$8,477		
Nonexpendable Expendable	330,301	(55,662)	\$351,668	\$34,295	309,718	(47,808)	\$324,579	\$32,947
Unrestricted	90,413	(12,057)	86,684	15,786	101,195	(14,022)	98,409	16,808
	24,378	(8,293)	30,039	2,632	26,404	(8,477)	32,143	2,738
<b>Total Net Position</b>	<b>\$453,385</b>	<b>(\$67,719)</b>	<b>\$468,391</b>	<b>\$52,713</b>	<b>\$445,794</b>	<b>(\$61,830)</b>	<b>\$455,131</b>	<b>\$52,493</b>

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

**Combining Statements of Revenues, Expenses, and Changes in Net Position for University Related Organizations  
For The Years Ended June 30, 2015 and 2014  
(in thousands of dollars)**

**Supplemental Schedule II**

	Eliminations and Adjustments June 30, 2015		The University of Massachusetts Foundation, Inc. June 30, 2015		University of Massachusetts Dartmouth Foundation, Inc. June 30, 2015		Eliminations and Adjustments June 30, 2014		The University of Massachusetts Foundation, Inc. June 30, 2014		University of Massachusetts Dartmouth Foundation, Inc. June 30, 2014	
	Total	June 30, 2015	June 30, 2015	June 30, 2015	Total	June 30, 2014	June 30, 2014	Total	June 30, 2014	June 30, 2014	Total	June 30, 2014
<b>EXPENSES</b>												
<i>Operating Expenses</i>												
<i>Educational and General</i>												
Public Service	\$16,359	(\$1,758)	\$16,500	\$1,617			\$11,066	(\$658)	\$8,872		\$2,852	
Depreciation	201		201				200		200			
Scholarships and Fellowships	149	(1,410)	710	849			177	(1,326)	642		861	
<b>Total Operating Expenses</b>	<b>16,709</b>	<b>(3,168)</b>	<b>17,411</b>	<b>2,466</b>			<b>11,443</b>	<b>(1,984)</b>	<b>9,714</b>		<b>3,713</b>	
<i>Operating Income/(Loss)</i>	<b>(16,709)</b>	<b>3,168</b>	<b>(17,411)</b>	<b>(2,466)</b>			<b>(11,443)</b>	<b>1,984</b>	<b>(9,714)</b>		<b>(3,713)</b>	
<b>NONOPERATING REVENUES/(EXPENSES)</b>												
Gifts	10,438	(5,993)	12,765	3,666			11,063	(2,019)	6,257		6,825	
Investment Income	(30,383)	374	(30,444)	(313)			42,849	(65,246)	103,882		4,213	
Endowment Income	1,134	(23,516)	24,650				1,070	(16,625)	17,695			
<b>Net Nonoperating Revenues</b>	<b>(18,811)</b>	<b>(29,135)</b>	<b>6,971</b>	<b>3,353</b>			<b>54,982</b>	<b>(83,890)</b>	<b>127,834</b>		<b>11,038</b>	
<i>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</i>	<b>(35,520)</b>	<b>(25,967)</b>	<b>(10,440)</b>	<b>887</b>			<b>43,539</b>	<b>(81,906)</b>	<b>118,120</b>		<b>7,325</b>	
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>												
Additions to Permanent Endowments	42,842	14,475	28,367				17,566	(1,746)	19,312			
Less: Amounts Earned/Received on Behalf of the University	0	(21,025)	21,025					54,746	(54,746)			
Less: Amounts Earned/Received on Behalf of Others	12		12				(1,555)		(1,555)			
Distribution to University	0	27,211	(27,211)				32	20,268	(20,268)			
Other Additions/Deductions	257	(583)	1,507	(667)			94		(17)		(45)	
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>43,111</b>	<b>20,078</b>	<b>23,700</b>	<b>(667)</b>			<b>16,043</b>	<b>73,362</b>	<b>(57,274)</b>		<b>(45)</b>	
<i>Total Increase/(Decrease) in Net Assets</i>	<b>7,591</b>	<b>(5,889)</b>	<b>13,260</b>	<b>220</b>			<b>59,582</b>	<b>(8,544)</b>	<b>60,846</b>		<b>7,280</b>	
<b>NET POSITION</b>												
Net Position at Beginning of Year	445,794	(61,830)	455,131	52,493			386,212	(53,286)	394,285		45,213	
<b>Net Position at End of Year</b>	<b>\$453,385</b>	<b>(\$67,719)</b>	<b>\$468,391</b>	<b>\$52,713</b>			<b>\$445,794</b>	<b>(\$61,830)</b>	<b>\$455,131</b>		<b>\$52,493</b>	

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

**University of Massachusetts  
Supplemental Schedules  
June 30, 2015 and 2014**

**Basis of Presentation of Supplemental Information**

The supplemental information is presented to provide information from the stand-alone books and records of the campus units, central office and related organizations. The supplemental information excludes certain eliminating entries necessary to prepare the consolidated financial statement of the University. The supplemental information also does not include the impact of adoption of GASB 68, *Pensions*, reported in the financial statements of the University because the liability has not been allocated to the campuses or the central office but rather is reflected only at the University System level in the basic financial statements.

# University Administration

As of December 2015

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(Non-Voting Student)  
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(Voting Student)  
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Yevin ROH (UMass Worcester Student Trustee), Worcester, MA  
(Non-Voting Student)

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Marcellette G. Williams, Ph.D., Senior Vice President for Academic Affairs and International Relations  
Zunilka Barrett, Secretary to the Board of Trustees

## Jody Simpson, RN

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University of Massachusetts Medical School  
New Hampshire Program Manager, Disability Evaluation Services

### Education

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Becker College, Worcester, MA-1999  
Associate in Science, Nursing

Worcester State College, Worcester, MA-1996  
Liberal Arts

### Employment

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University of Massachusetts Medical School, Shrewsbury, MA

New Hampshire Program Manager, Disability Evaluation Services.....2009-Present

- DES' first new business venture is to provide backlog reduction to the New Hampshire Disability Determination Unit in addition to implementation of process improvement strategies leading to compliance with federally mandated timelines and enhanced efficiency and quality of disability determinations
- Daily communication with New Hampshire Disability Determination Unit to monitor progress of process improvement measures and backlog reduction
- Manage a team of Nurse Reviewers who provide backlog reduction for the NH DDU completing approximately 1500 cases annually
- Lead weekly interdepartmental meetings to discuss status of backlog reduction
- Provide clinical mentorship to New Hampshire Nurse Reviewers

Program Manager, Disability Evaluation Services.....2006-Present

- Supervise a team of Disability Reviewers conducting disability determinations for the state of Massachusetts
- Developed and implemented Best Practice Model for Nurse Reviewers
- Participate in quality improvement and policy initiatives
- Implement quality assurance measures
- Daily monitoring of productivity
- Manage a case load of clients applying for assistance as a disabled individual through state benefit program

University of Massachusetts Medical School, Auburn, MA..... 2001-2006

Registered Nurse Disability Case Manager

- Managed a caseload of clients applying for assistance as a disabled individual through state benefit programs
- Reviewed clinical information and other pertinent evidence against appropriate criteria in accordance with Title XVI guidelines
- Evaluated the impact of exertional and non-exertional impairments on the client's ability to perform past relevant work and other work

- Assessed medical and vocational improvement and the impact on current disability status
- Communicated with applicants and providers to obtain and clarify information
- Collaborated with Physician Advisors in the final case determination

Child Health Associates, PC, Shrewsbury, MA..... 2000–2001

Registered Nurse, Pediatrics

- Assisted physicians and nurse practitioners in a thriving pediatric practice
- Performed well-child exams, administered immunizations, updated patient charts
- Consulted with and advised parents on healthcare, development and behavior

St. Vincent's Hospital, Worcester, MA..... 1999–2000

Registered Nurse, Transitional Care Center

- Provided direct patient care to sub-acute patients in a 40-bed unit
- Administered patient medications and interpreted physician instructions
- Provided patient and family education and support

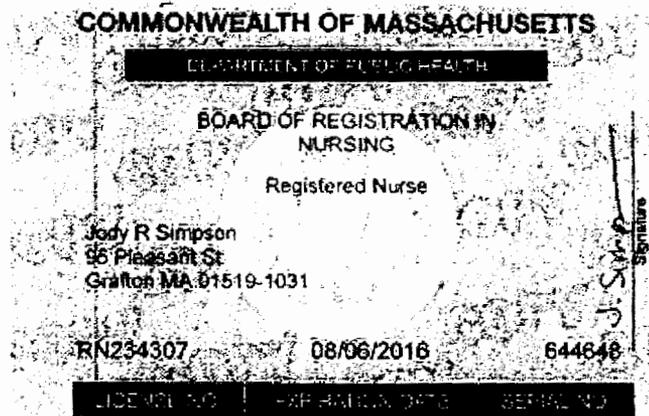
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## Eileen J. Perron, RN

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University of Massachusetts Medical Center  
Disability Reviewer, Disability Evaluation Services

### Education

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University of Massachusetts Medical School/ Clark University, Worcester, MA—2009  
Leadership Development Program

Anna Maria College, Paxton, MA—1987  
Graduate Courses in Nursing

Memorial Hospital, Worcester, MA—1981  
Intravenous Therapy Training Program

Fitchburg State College, Fitchburg, MA—1979  
Bachelor of Science in Nursing

### Employment

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University of Massachusetts Medical Center, Worcester, MA  
Program Manager, Disability Evaluation Services ..... 2016–Present

- Supervise professional review staff productivity and quality.
- Develop and train on efficiencies for improvement of case processing.
- Provide professional staff support around UMMS and DES policies and communication initiatives.
- Measure team aggregate performance in alignment with team goals.
- Provide QA to professional staff.
- Work with DES trainers to orient and prepare ongoing in-service / continuing education programs.
- Monitors determinations made by assigned team members to ensure adherence to appropriate state and federal regulations, and Disability Evaluation Services policies and procedures.

Disability Reviewer, Disability Evaluation Services ..... 2003–2016

- Utilize best practice and federal regulations to integrate medical records, applicant's reporting and residual functional capacity to complete disability determination for out-of-state contractors.
- Collaborate with out of state consumer to develop tools to assist in the disability determination process.
- Manage a caseload providing single point disability determination for state agencies.
- Provide CDR (Continuous Disability Determinations) for applicable caseload. Act as facilitator and leader of Continuous Quality Improvement teams that develop Medical Impairment Questionnaires and criteria revisions.

Salter School-Worcester, MA .....2002–2003

Instructor in Medical Assistance Program

- Developed Curriculum and instructed students in Anatomy and Physiology, Clinical Procedures and Pharmacology.

Massachusetts Executive Office of Elder Affairs-Worcester, MA .....2002–2003

Long Term Care Ombudsman-Volunteer

- Worked in conjunction with Extended Care Facilities to resolve complaints which impact patient's rights and comfort.

American Red Cross-Melrose, MA .....1995–2003

Test Administrator

- Administered clinical and written tests to candidates eligible for Nurse Aide State Certification.
- Assisted with test development for updated certification test.

Seven Hills Foundation-Worcester, MA .....2001

Case Manager

- Provided medical assessment, education and support to developmentally challenged individuals in adult foster care.

St Vincent's Hospital-Worcester, MA .....1994

Orthopedic Staff Nurse

- Provided Primary Care Nursing to medical surgical orthopedic patients.

Wayside Nursing Home-Worcester, MA .....1991

Treatment/Infection Control Nurse

- Implemented wound management and infection control procedure for long term care patients.

University of Massachusetts Medical Center-Worcester, MA .....1989

Orthopedic Nurse (Per Diem)

- Provided Primary Care Nursing to medical surgical orthopedic, and trauma patients.

Greendale YMCA/University of Massachusetts Medical Center-Worcester, MA .....1989

Volunteer Cardiac Rehabilitation Nurse

- Served as community resource in health promotion and blood pressure screening program.

Visiting Nurse Association of Worcester-Worcester MA .....1981–1984

Staff Nurse

- Provided primary care and administrative support for a patient load of 25–30, including medical, surgical, hospice and adult foster care plans.

Fold Then Detach Along All Perforations.

**COMMONWEALTH OF MASSACHUSETTS**

**DEPARTMENT OF PUBLIC HEALTH**

**BOARD OF REGISTRATION IN  
NURSING**

Registered Nurse

Eileen J Perron  
46 Field St  
Auburn, MA 01501

RN147836      06/02/2018      853705

**LICENSE NO.      EXPIRATION DATE      SERIAL NO.**

Fold Then Detach Along All Perforations

## Peter C. Lindblad, MD

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University of Massachusetts Medical School  
Medical Director, Disability Evaluation Services

### Education

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St. Vincent Hospital, Worcester, MA – 1986  
Intern and resident

University of Massachusetts Medical School, Worcester, MA – 1983  
Medical student

Massachusetts Eye & Ear Infirmary, Berman-Gund Lab, Boston, MA – 1979  
Research Associate

Massachusetts Institute of Technology, Cambridge, MA – 1979  
Research Associate

University of Georgia, Athens, GA – 1979  
Master of Science, Medical Microbiology

Middlebury College, Middlebury, VT – 1974  
Bachelor of Arts

### Employment

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UMass Medical School, Disability Evaluation Services, Shrewsbury, MA ..... 2006–Present  
Medical Director, Disability Evaluation Services

Cambridge Health Alliance, Cambridge, MA ..... 2000–2003  
Medical Director, Ambulatory Services  
Practicing Internist

- Managed a \$22 million budget
- Supervised 70 physicians and 26 nurse practitioners at 17 centers across Cambridge Somerville, and Everett, Massachusetts
- After arriving at CHA, accomplished a one-year turnaround of the Ambulatory budget from a \$1.4 million loss to break even status
- Developed new panel and compensation model for primary care physicians
- Implemented Open Access for all CHA primary care sites
- Instructor, Harvard Medical School teaching Primary Care Internal Medicine
- Lectured at Bellevue Hospital to the NYC Hospital Association re: Open Access

- Participated in JCAHO (Joint Commission on Accreditation of Hospitals) review of Ambulatory sites
- Medical Director to Partners Community Healthcare, Inc. (PCHI) working closely with Mass. General Hospital (MGH) and Brigham and Women's Hospital
- Awarded the PCHI Neeson prize for CHA's Open Access Project
- Awarded National Association of Public Hospitals Award for Open Access Project
- Chair of both the CHA Ambulatory Committee and Managed Care Committee
- Member of CHA Physician's Organization Board of Directors
- Member of the CHA team that secured a \$1.9 million "Pursuing Perfection" grant in 2002 from the Robert Wood Johnson Foundation to create an innovative practice

Dartmouth-Hitchcock Medical Center, Manchester, NH ..... 1998–2000

Medical Director

Practicing Internist

- Supervised a 70-provider, multi-specialty group, including Surgery, Orthopedics, Rheumatology, Dermatology, Pediatrics, Urgent Care, OB-GYN, Radiology, Neurology, Physical Therapy, Internal Medicine, Family Practice
- Supervision of Ambulatory Surgery Center
- Initiated Women's Health Center
- Developed physician performance reviews; compensation system
- Established new Board of Governors structure
- Instituted customer service improvement program
- Assistant Professor, Dartmouth Medical School

Fallon Clinic, Worcester, MA..... 1993–1998

Chair, Department of Internal Medicine

Practicing Internist

- Supervised 90 Internal Medicine providers at 31 different sites in Central Mass. Supervised Division of Geriatrics, Behavioral Medicine and Alternative Medicine
- Developed innovative programs including:
  - Hospital-based internists
  - Access nurse program
  - Home assessment team
  - Pre-operative process
  - Panel compensation system for primary care physicians
- "Fallon University" physician education programs
  - "Dr. Float" flexible staffing program, Internal Medicine
  - Implemented access report for all departments
- Assistant Professor of Medicine, University of Mass. Medical School, "Manager of the Year," Fallon Clinic, 1993
- Member, task force on impact of managed care on PA education, Center for Health Professionals, Univ. of California, San Francisco

- Longitudinal Preceptor, Univ. of Mass. Medical School
- Representative, Alumni Council Univ. of Mass. Medical School
- Ward Attending, St. Vincent Hospital
- Attending, Fairlawn Rehabilitation Hospital
- Member, Mentor Program, St. Vincent Hospital
- Member, Steering Committee Robert Wood Johnson Foundation - Early Geriatric Intervention Grant
- Participant, Fallon Facilitator Programs. Vincent Hospital
- Associate, American College of Physicians
- Member, Massachusetts Medical Society

Practicing Internist ..... 1986–1998  
Managed Care Experience

Fallon Community Health Plan (FCHP) ..... 1993–1998

- Set up Case Management at all 31 Fallon Clinic ambulatory sites
- Initiated inpatient case management program; set up disease management programs with specialty depts. and FCHP in Congestive Heart Failure, Fractured Hip, Ischemic Heart Disease, Asthma, COPD and Diabetes.

Blue Cross Blue Shield of New Hampshire and Healthsource (now Cigna) ..... 1998–2000

- Developed case management and utilization management for Dartmouth Hitchcock Clinic
- Became certified in case management

Partners Community Healthcare, Inc. (PCHI) ..... 2000–2002

- Developed case management at Cambridge Health Alliance
- Member of utilization review committee, member of Care Improvement Committee at PCHI.

## Hospital Appointments

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St Vincent Hospital ..... 2010  
Board of Trustees  
Member, Physician Leadership Council

Saint Vincent Hospital ..... 2008–Present  
President, Medical staff

Primary Physician Partners ..... 2003–Present  
President, Consulting and Primary care

Harvard Pilgrim Health Plan  
Physician advisor

## Other Appointments

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- Physician advisor, Blue Cross Blue Shield of Massachusetts in Diabetes disease management
- Physician advisor, Harvard Pilgrim Health Plan
- Assistant Professor of Medicine, University of Massachusetts Medical School
- Associate Editor, Worcester District Medical Society publication
- Delegate from Worcester, Massachusetts Medical Society

## Awards and Honors

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- University of Massachusetts Medical School Community Educator Award, 2015
- Nominee, compassionate Caregiver Award, 2013
- Physician of the Year, St. Vincent Hospital, 2011
- University of Massachusetts School of Nursing Community Educator Award, 2011
- University of Massachusetts Medical School Community Educator Award, 2008

COMMONWEALTH OF MASSACHUSETTS

Board of Registration in Medicine



**Active License**

Peter C Lindblad, M.D.  
8 Hastings  
Hudson, MA



Lic. #: 53823  
Expires: 10/16/2017

## Nathaniel Manning, MD

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University of Massachusetts Medical School  
Physician Advisor, Disability Evaluation Services

### Education

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University of Massachusetts Medical Center, Worcester, MA – 2002  
Resident in Emergency Medicine

Columbia University, New York, NY – 1999

Amherst College, Amherst, MA – 1995

### Employment

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UMass Medical School, Disability Evaluation Services, Shrewsbury, MA.....2005–Present  
Physician Advisor, Disability Evaluation Services

- Provide case review and consultation for Massachusetts state disability

Day Kimball Emergency Department – Putnam, CT

Assistant Director.....2004–2005

- Arranged scheduling for full-time and part-time physicians
- Participated in department redesign
- Responsible for peer review and quality control

Attending Physician.....2002–2005

- Recipient of multiple service excellence awards
- Attending physician to over 3000 patients annually
- Supervised physician assistants and nurse practitioners

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## Physician Profile

Nathaniel Manning, M.D.

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### Physician Information

Except for the License Information, this information has been reported by Dr. Manning.

License Number	213913	Accepting New Patients	No
License Status	Active	Accepts Medicaid	No
License Issue Date	10/5/2005	Translation Services Available	None Reported
License Expiration Date	3/13/2018	Insurance Plans Accepted	None Reported
Primary Work Setting		Hospital Affiliations	None Reported
Business Address	Disability Evaluation Services 333 South Street Shrewsbury, MA 01545 United States of America	NPI Number	1467426528
Business Telephone	(774) 455-8280		

Both The Joint Commission and the National Committee on Quality Assurance consider the Massachusetts Board of Registration to be a primary source provider for license status information.

### Education & Training

The Education and Training information was verified as of the License Issue Date above.

Medical School	Columbia Univ. College of Physicians & Surgeons
Graduation Date	5/19/1999
Post Graduate Training	UMass Memorial Medical Center, Resident:Emergency Medicine (7/1/1999 - 6/30/2002)

### Specialty

This information has been reported by Dr. Manning.

Area of Specialty	Emergency Medicine
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### Board Certifications

Dr. Manning has reported no board certifications.

### Honors and Awards

Dr. Manning has reported no awards.

### Professional Publications

Dr. Manning has reported no publications.

### Malpractice Information

Dr. Manning has not made a payment on a malpractice claim in Massachusetts.

## Larry Nis Meade, DO

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University of Massachusetts Medical School  
Physician Advisor, Disability Evaluation Services

### Education

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University of Massachusetts Medical School, Worcester, MA – 1991  
Resident, Family Practice

Cranston General Hospital, Cranston, RI – 1989  
Internship

University of New England, Biddeford, ME – 1988  
Doctor of Osteopathic Medicine  
Psi Sigma Alpha  
National Osteopathic Honor Society

Plymouth State College, Plymouth, NH – 1984  
Bachelor of Arts, Biology

### Board Certification

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American Board of Family Physicians, 1991

### Employment

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University of Massachusetts Medical School, Shrewsbury, MA..... 1999–Present  
Physician Advisor, Disability Evaluation Services

Private Practice Family Medicine, West Boylston, MA..... 1993–2011

Social Security Disability, Worcester, MA..... 1992–1999

Private Practice, Shrewsbury, MA..... 1991–1993

Westborough Primary Care, Westborough, MA..... 1991–1992

### Memberships

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American Academy of Family Physicians

COMMONWEALTH OF MASSACHUSETTS

Board of Registration in Medicine



**Active License**

Larry Meade D.O.  
401 SW 4th Ave  
#1704  
Fort Lauderdale, FL 33315

Lic. # 72256  
Expires: 01/21/2017

## Peter Mosbach, PhD

---

University of Massachusetts Medical School  
Physician Advisor, Disability Evaluation Services

### Education

---

University of Wisconsin, Madison, WI – 1987  
PhD, Clinical Psychology

University of Wisconsin, Madison, WI – 1982  
Master of Science in Clinical Psychology

University of Rochester, Rochester, NY – 1973  
Bachelor of Art in Psychology

### Employment

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UMass Medical School, Disability Evaluation Services (DES), Shrewsbury, MA ..... 2004–Present  
Physician Advisor

- Evaluation of medical records and determination of disability for individuals applying for Medicaid.
- Research regarding the Affordable Care Act and disability policy.

Alicare Medical Management, Salem, NH ..... 2005–Present  
Consulting Psychologist

- Utilization review of requests for psychological and neuropsychological tests.
- Academic Affiliation: Assistant Clinical Professor, Department of Neurology, Boston University School of Medicine

Professional Disability Services, Inc., Northfield, IL ..... 2004–Present  
(Now owned by Hewitt Associates, New Britain, CT)  
Consulting Psychologist

- Reviewed medical records of individuals applying for long-term disability.

Reliable Review Services, Boca Raton, FL ..... 2004–Present  
Consulting Psychologist

- Reviewed medical records of individuals applying for short-term and long-term disability.

MES Solutions, Norwood, MA ..... 2004–2010; 2012–present  
Consulting Psychologist

- Utilization review of workers' compensation and health insurance treatment requests; review of short- and long-term disability claims.

Peer Review Analysis, Inc. (MCMC, LLC), Boston, MA ..... 1994–Present  
 Consulting Psychologist

- Utilization review involving medical necessity for mental health services for workers' compensation, managed care insurers, and auto accident cases. Also performed long- and short-term disability determinations.

## Clinical Experience

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Acton Psychiatric Associates, Acton, MA ..... 1997–Present  
 Psychologist

- Private practice with adults involving psychotherapy, neuropsychological and psychological testing.

Pain and Wellness Center, Peabody, MA ..... 1998–Present  
 Staff Psychologist

- Evaluation and treatment of individuals with chronic pain. Evaluation of individuals for psychological contraindications who are being considered for specialized procedures such as implantable morphine pumps and spinal cord stimulators.

Boston Medical Center Sickle Cell Center, Boston, MA ..... 2005–2008  
 Consulting Psychologist

- Administering neuropsychological tests to subjects involved in a multi-center study on the effects of blood transfusions on cognitive functioning in sickle cell patients.

Boston University Neurology Associates, Department of Neurology,  
 Boston University Medical Center, Boston, MA ..... 1988–2005  
 Staff Psychologist

- Evaluation and treatment of individuals with a combination of medical and psychological disorders.
- Specialized in assisting individuals and families in coping with chronic neurological disorders such as Parkinson's disease, multiple sclerosis, and Huntington's disease.
- Also involved in evaluation and treatment of patients with chronic and acute pain disorders and other neurological problems such as seizure disorders and head injuries.

Headache and Facial Pain Center, Faulkner Hospital, Boston, MA ..... 1995–2003  
 (Facility ceased operation September 2003)  
 Staff Psychologist

Huntington's Disease Porcine Transplant Study ..... 1996–1999  
 Consulting Psychologist

- Psychological evaluation of Huntington's disease porcine transplant subjects pre- and post-surgery.

Mentor Head Injury Rehabilitation Program, Woburn, MA ..... 1995–2000  
 Consulting Psychologist

National Acute Brain Injury Study: Hypothermia ..... 1994–1997

- Neuropsychological evaluation of patients with severe head injury receiving hypothermia treatment. Part of a national multi-center research grant.

North Suffolk Mental Health Association, Boston, MA ..... 1994–1997  
Consulting Psychologist

Boston Police Department, Medical Affairs Division, Boston, MA ..... 1988–1989  
Consulting Psychologist

- Responsibilities involved evaluating police officers with a history of stress disorders to determine fitness for duty.

Community Re-entry Services, Lynn, MA ..... 1985–1986  
Psychology Associate

- Involved in assessment and social and vocational rehabilitation of head-injured adults in a residential setting.
- Responsibilities included individual, group, and family treatment as well as program development and evaluation.

Boston VA Medical Center, Boston, MA ..... 1983–1984  
APA-Approved Clinical Internship

- Rotations included health psychology and inpatient psychiatry.

Anxiety Disorders Clinic, Department of Psychiatry,  
University of Wisconsin Hospitals, Madison, WI ..... 1980–1983

- Involved in the evaluation and treatment of adults with phobic and obsessive-compulsive disorders.

## Grants

---

Mosbach, P. State Differences in the Application of Medical Frailty Under the Affordable Care Act. University of Massachusetts Medical School, Commonwealth Medicine, Micro Grant Program. September 2014.

## Publications

---

Feldman, R., Mosbach, P., Thomas, C., & Perry, L. "Psychosocial Factors in the Treatment of Parkinson's Disease: A Contextual Approach." In A. Cohen and W. Weiner (Eds.), *Comprehensive Management of Parkinson's Disease*. New York: Demos Press, 199.

Feldman, R., Mosbach, P., Thomas, C., Kelly, M. & St. Hilaire, M. "Double-blind comparison of Sinemet and Sinemet CR in patients with mild to moderate Parkinson's disease." *Neurology (Supplement 2)*, 96-101, Vol. 39, 1989.

Feldman, R., Mosbach, P., Thomas, C. & St. Hilaire, M. "Etiology of Parkinson's disease." *American Parkinson's Disease Association Newsletter*, October, 1989.

Mosbach, P. & Leventhal, H. "Peer group identification and smoking: Implications for intervention." *Journal of Abnormal Psychology*, 238-245, Vol. 97, 1988.

Leventhal, H. & Mosbach, P. "The Perceptual-motor theory of emotions." In J. Cacciopo, and R. Petty (Eds.) *Social Psychophysiology*, New York, Guilford Press, 1983.

Adams, A. E., Edwards, K. J., Mosbach, P., Pelletier, J., Barrell, P., Sweet, C., Newhall, L., Koenig, R., and Lindblad, P. "The Impact of a Proposed L-4 Medical Standard Revision on Disability Determination Decisions and the Data Required to Make Those Decisions." Report prepared for the Massachusetts Department of Transitional Assistance, February, 2011.

## Abstracts

---

Mosbach, P., Campanelli, S., Adams, A.E. State Differences in the Application of Medical Frailty Under the Affordable Care Act. Poster presented at AcademyHealth Annual Research Meeting, Minneapolis, MN, June 2015.

O'Callaghan, C., Mosbach, P., Crider, C., Imber, M.L., Paiva, A. Variability in Test Administration Times in Clinical vs. Nonclinical Samples on the WAIS-IV and WISC-IV. Poster presented at the Massachusetts Neuropsychological Society Science Symposium, Boston, MA., May 2015.

Gettens, J., Adams, A.E., Mosbach, P., Campanelli, S., Newhall, L., Barrell, P. Identifying Persons with Disabilities to Improve Access and Coverage Under the Affordable Care Act. American Public Health Association, Annual Convention, Boston, MA, November 2014.

Estrada-Lyder, M.J., Mosbach, P., Porter, R., DiBenedetto, D. A Structured Integrated Model for the Assessment and Case Management of Opioid and Adjuvant Medications in Chronic Pain Patients. Poster presented at the International Conference on Opioids, Boston, MA June 2013.

Mosbach, P.A., Auerbach, S.H. & St. Hilaire, M. "Phototherapy as a treatment for sleep disorder in Parkinson's disease: A case study." American Academy of Neurology Annual Meeting, New York, NY, April 1993.

Auerbach, S.H., Mosbach, P.A. & Licata-Gehr, E. "Sundowning and advanced sleep phase in Alzheimer's disease." Northeastern Sleep Society Annual Meeting, Warwick, RI, April 1993.

Sax, D.S. Kornetsky, C., Mosbach, P. A. & Kim, A. "Naltrexone in the treatment of dyskinesias associated with Huntington's disease." American College of Neuropharmacology Annual Meeting, San Juan, PR, December, 1992.

Sax, D.S., Kornetsky, C., Mosbach, P.A., Myers, R.H. & Feldman, R.G. "Safety and efficacy of Naltrexone in the treatment of Huntington's disease and severe oral-lingual dyskinesias." American Neurological Association Annual Meeting, Toronto, October, 1992

Auerbach, S.H. and Mosbach, P.A. "Pseudoseizures: The value of early identification of childhood sexual abuse." American Academy of Neurology Annual Meeting, San Diego, CA, May, 1992.

Sax, D.S., Kornetsky, K, Mosbach, P.A., Myers, R.S., Feldman, R.G. "Naltrexone in the treatment of chorea in Huntington's disease." American Neurological Association Annual Meeting, Seattle, WA, October, 1991.

Wolf, P.A., Feldman, R.G., St. Hilaire, M., Kelly-Hayes, M., Torres, F.J., Mosbach, P., Kase, C.S., & D'Agostino, R.B. "Precursors and natural history of Parkinson's disease: The Framingham Study." American Academy of Neurology Annual Conference, Boston, MA, April, 1991.

Mosbach, P., St. Hilaire, M. & Feldman, R.G. "Correlates of visual hallucinations in idiopathic Parkinson's disease

- patients." American Academy of Neurology Annual Conference, Miami Beach, FL, May, 1990.
- St. Hilaire, M. & Mosbach, P. "Hallucinations in Parkinson's Disease." International Conference of French Language Neurology, Montreal, Canada, July, 1989.
- St. Hilaire, M., Mosbach, P., Usher, G. & Feldman, R. "Parkbase: A relational database for Parkinson's disease patients." International Congress on Parkinson's disease. Tel Aviv, Israel, May, 1988.
- Glosser, D., Mosbach, P., Thomas, C., Kelly, M. & Feldman, R. "Correlates of depression in Parkinson's disease patients." American Academy of Neurology Annual Conference, Cincinnati, OH, April, 1988.
- Mosbach, P. & Leventhal, H. "A peer groups approach to adolescent substance use." American Psychological Association Annual Convention, New York, August 1987.
- Mosbach, P. "A six-stage intervention model for the rehabilitation of head injured adults." Southwest Regional Head Injury Conference, Cancun, Mexico, January, 1987.
- Mosbach, P. "An intervention model for the vocational rehabilitation of head injured adults." Southwest Regional Head Injury Conference, Snowmass, CO, January, 1986.
- Hirschman, R., Glynn, K., & Mosbach, P. "Predictors of cigarette smoking behavior in elementary and junior high school students." American Public Health Association Annual Convention, Dallas, TX, November, 1983.

## Presentations

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- Coping with dystonia and related disorders. Presented at the South Shore Dystonia Support Group, Brockton, MA, February, 1995.
- Effective methods for coping with Parkinson's disease. Presented at the Parkinson's Disease Support Group of the South Shore, South Shore Hospital, South Weymouth, MA, November 1994.
- How to effectively cope with Parkinson's disease. Presented at the Winchester Parkinson's Disease Support Group, Winchester, MA, May, 1993.
- Coping with Parkinson's disease. Presented at the Andover Parkinson's Disease Support Group, Andover, MA, May, 1993.
- Behavioral Management of Huntington's Disease. Presented to the staff of the Pine Street Inn, Boston, MA, December, 1992.
- Coping with behavioral symptoms of Parkinson's disease. Presented at the Parkinson's Disease Support Group of the South Shore, South Shore Hospital, S. Weymouth, MA, October, 1992.
- Coping with Parkinson's disease. Presented at the North Shore Parkinson's Disease Support Group, Lynnfield, MA, October, 1992.
- Dealing with Dystonia and related disorders. Presented at the South Shore Dystonia Support Group, Cardinal Cushing Hospital, Brockton, MA, September, 1992.
- How to Cope with Parkinson's disease. Presented to the Parkinson's Support Group of Winchester, MA, November, 1991.
- Coping with Parkinson's disease. Presented to the Parkinson's Disease Support Group of Augusta, Maine, May, 1991.

University Hospital's Alzheimer's Disease Assessment Team. Presented at a Conference Sponsored by the Alzheimer's Association of Eastern Massachusetts, November, 1990.

Coping with Parkinson's disease (facilitated panel discussion). Boston University Medical School Department of Neurology, Symposium on Parkinson's disease, May, 1990.

How to cope with Parkinson's disease. Presented to Parkinson's Disease Support Group of Cape Cod, February, 1990.

Strategies for coping with Parkinson's disease. Presented to Newton-Wellesley Hospital Parkinson's Disease Support Group, February, 1989.

Hallucinations in Parkinson's disease. Department of Neurology Grand Rounds, Boston VA Medical Center, February, 1989.

Coping with Parkinson's disease. Boston University Parkinson's Disease Information and Referral Center Symposium, April, 1988.

A multi-stage model for the community re-integration of the head injured adult. Braintree Hospital Traumatic Head Injury Conference, Braintree, MA, October, 1986.

An intervention model for the vocational rehabilitation of head injured adults. Northeast Rehabilitation Association Annual Convention, Cromwell, CT, May, 1986.

## Professional Affiliations

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- American Psychological Association
- Massachusetts Psychological Association

**COMMONWEALTH OF MASSACHUSETTS  
DIVISION OF PROFESSIONAL LICENSURE**

BOARD OF  
PSYCHOLOGY

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PETER A MOSBACH  
468 GREAT RD  
ACTON, MA 01720-4187

*Peter Mosbach*  
LICENSEE SIGNATURE

4495                      06/30/2018                      59768

**LICENSE NUMBER                      EXPIRATION DATE                      SERIAL NUMBER**

## John R. Pelletier, ScD

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University of Massachusetts Medical School  
Physician Advisor (rehabilitation psychologist), Disability Evaluation Services

### Education

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Boston University, Sargent College of Health and Rehabilitation Sciences, Boston, MA–1982  
Doctor of Science (ScD) Rehabilitation Counseling

Assumption College, Worcester, MA–1974  
Master of Arts (MA) & Certificate of Advanced Graduate Study (CAGS)

Fitchburg State College, Fitchburg, MA–1968  
Bachelor of Arts (BA) in History

### Licensure

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Washington Licensed Psychologist (PY 60490273) .....	2015
Oregon Licensed Psychologist (2577) .....	2015
Rhode Island Licensed Psychologist (1166) .....	2009
Massachusetts Licensed Psychologist/Health Service Provider (3373) .....	1982

### Employment

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University of Massachusetts Medical School – Shrewsbury, MA..... 2016–Present  
Physician Advisor (rehabilitation psychologist), Disability Evaluation Services

- Provide assessments of functional capacity of applicants for EADC, TAFDC, and Massachusetts Health benefits based on disability, and consultation to disability reviewers and other professional staff; and assessments of functional capacity for New Hampshire APTD program

Behavioral Medical Interventions, Edna, MN ..... 2015–Present  
Consulting Psychologist

- Provide peer review services for complex disability claims and early intervention reviews. Focus of reviews is on assessment of functional capacity, treatment, and related questions. Reviews include provider and claimant interviews. Reviews include focus on best practices and provision of evidence-based opinions regarding diagnosis, treatment, level of function, restrictions, limitations, and disability duration.

Private Practice, Tiverton, RI..... 2009–2015

- Psychological services with specialization in health and rehabilitation psychology.

University of Massachusetts Medical School – Worcester, MA

Center for Mental Health Services Research.....2002–Present

Adjunct Assistant Professor of Psychiatry ..... 2002–2012

Physician Advisor (rehabilitation psychologist), Disability Evaluation Services ..... 2001–2015

- Provide assessments of functional capacity of applicants for EADC, TAFDC, and Massachusetts Health benefits based on disability, and consultation to disability reviewers and other professional staff; and assessments of functional capacity for New Hampshire APTD program
- Consultation to disability reviewers and other professional staff
- Quality assurance management

Assumption College, Worcester, MA

Human Services and Rehabilitation Studies

Associate Professor ..... 2005–2008

Assistant Professor ..... 1998 –2008

- Taught undergraduate courses in Psychiatric Rehabilitation, Medical and Psychosocial Aspects of Disability, and Introduction to Social and Rehabilitation Services.
- Graduate courses included Introduction to Psychiatric Rehabilitation, Advanced Seminar in Psychiatric Rehabilitation, Advanced Medical Seminar, Psychosocial and Environmental Aspects of Disability, and Group Work in Rehabilitation.

Coordinator, Graduate Extension Programs ..... 1998 –2000

Coordinator, Graduate Programs..... 2000 –2001

Boston Road Clinic, Worcester, MA

Consulting Psychologist..... 1998–2000

- Supervision of pre-doctoral psychology interns, direct clinical services, and consultation to the Fallon Back to Work Center.

Co-Clinical Director..... 1997–1998

- Management of clinical behavioral health services in a multi-site outpatient system affiliated with the Fallon Clinic.
- Provision of clinical services, continuing involvement with the Fallon Clinic’s Division of Behavioral Medicine and Department of Internal Medicine, Director of pre-doctoral training in psychology, and member of the Research Committee.

Assumption College, Worcester, MA ..... 1994–1998

Lecturer, Institute for Social and Rehabilitation Services

- Taught introductory and advanced courses in counselor development, psychiatric rehabilitation, and psychosocial and environmental aspects of disability.

The Fallon Clinic, Worcester, MA..... 1990–1997

Department of Behavioral Health Services

Staff Psychologist

- Clinical services and staff supervision.
- Core member of the Behavioral Medicine Team, including provision of specialized programs for individuals with varied medical problems.
- One of two lead clinicians in the Integrated Program for Treatment of Depression in Primary Care; leader of the Inward Bound Group Team.
- Coordinator of pre-doctoral psychology training.
- Consultation to the Department of Rehabilitation and Sports Medicine.
- Co-chair of Fallon–St. Vincent Hospital Oncology Psychosocial Task Force (1/94-7/95) and member of the Clinical Redesign Team for congestive heart failure.

Massachusetts School of Professional Psychology, Boston, MA ..... 1992–1998

Adjunct Clinical Faculty

- Clinical supervision of pre-doctoral psychology interns and membership on two doctoral project committees.

Private Practice, Norwood, MA ..... 1983–1992

- Psychological services to primarily adults with specialization in rehabilitation psychology and consultation to varied organizations, including the Massachusetts Rehabilitation Commission and the Multiple Sclerosis Society.

PRIDE-Braintree Center, Braintree, MA ..... 1989–1990

Director of Clinical Services

- Program development and supervision of a multidisciplinary staff (physical therapy, occupational therapy, nursing, psychology, and rehabilitation counseling) and direct clinical services in a functional restoration program for individuals with chronic back pain and work-related disability. Additional consultation to Braintree Hospital's Center for Occupational Rehabilitation.

Medical East Community Health Plan, Braintree, MA ..... 1985–1988

Staff Psychologist

- Direct clinical services and consultation to varied medical staff; involvement in educational programs (stress management and cardiac education), and member of the Utilization Review Committee.

Coastal Community Counseling Center, Braintree, MA ..... 1985–1987

Chief Consultant

- Psychological Center for Individuals with Disability (PCID), Program development and staff supervision in an outreach program for individuals with severe physical disability.

Bay Colony Health Services, Quincy, MA ..... 1984–1985

Supervising Psychologist

- Direct clinical services with people having varied substance abuse-related problems; clinical staff supervision;

and organizational consultation to Massachusetts State Police and Vaughn Corporation.

Boston University School of Nursing, Boston, MA..... 1984–1985

Lecturer

- Rehabilitation Nursing Specialty. Taught Counseling Role of the Nurse in Rehabilitation

Boston University- Sargent College,

Center for Psychiatric Rehabilitation, Boston, MA ..... 1982–1984

Research Associate

- Primary involvement in a comprehensive study of the mental health needs of individuals with severe physical disability. Planned and implemented survey research, data analysis, and writing publications and reports.

South Shore Mental Health Center, Quincy, MA ..... 1980–1984

Director, Adult Outpatient Clinic

- Overall responsibility for clinical and consultation services serving people with a wide range of psychiatric problems, a mental retardation resource team, and an elderly outreach program.
- Duties included program planning and evaluation, coordination of training activities in an APA-approved pre-doctoral program, direct clinical services, and clinical supervision of staff & interns.

Boston University- Sargent College,

Center for Psychiatric Rehabilitation, Boston, MA ..... 1982–1984

Research Assistant

- Completed doctoral dissertation as part of a comprehensive study of the mental health needs of individuals with severe physical disability.

South Shore Mental Health Center, Quincy, MA ..... 1979–1980

Psychology Trainee

Boston University- Sargent College,

Department of Rehabilitation Counseling, Boston, MA ..... 1978–1980

Doctoral Teaching Fellow

Massachusetts Rehabilitation Commission, Quincy Area Office, Quincy, MA

Area Director..... 1976 –1980

- Duties included program planning, interagency program development, direct diagnostic and counseling services, and supervision of staff, consultants, and students.

Unit Supervisor ..... 1976

- Supervised a unit of five professional staff in provision of vocational rehabilitation services and provided direct services.

Massachusetts Rehabilitation Commission, Milford Area Office, Milford, MA..... 1974–1976

Rehabilitation Counselor

- Provided rehabilitation services to individuals with both physical and psychiatric disabilities. Services included counseling, vocational assessment and planning, assisting individuals in adjustment to disability, and coordination of psychological, educational, vocational, and community resources.

## Military Experience

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1968–1972: United States Army. Discharged at rank of Captain.

## Awards and Honors

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- Mary E. Switzer Fellow. One of 18 persons in the United States selected for their achievements in psychiatric rehabilitation to participate in a three-day seminar entitled “The Rehabilitation of the Mentally Ill in the 1980s” held in New York City. October 31–November 2, 1979.
- Distinguished Service Award. South Shore Mental Health Center. 1984.
- 1985 Annual Research Award (Honorable Mention). Presented by the American Counseling Association (Research Award Committee) at the Annual Meeting of the American Association of Counseling and Development. April, 1986.

## Professional Organizations

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- American Psychological Association
- US Psychiatric Rehabilitation Association

## Faculty Development Grants

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- 2006: Health promotion in clubhouse programs: Needs, barriers, and current and planned activities. Supported manuscript completion. Study published by the Psychiatric Rehabilitation Journal (2007).
- 2002: Genesis Wellness Project. Supported ongoing research during the summer and Fall of 2002. Study published by the Psychiatric Rehabilitation Journal (2005).
- 2000: Forgiveness and health: A study of forgiveness processes and their relationship to health.

## External Grant Support

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- 2007: Collaboration with the Program for Clubhouse Research, Department of Psychiatry, University of Massachusetts Medical School in a grant proposal entitled "Development of a Sustainable Exercise and Nutritional Intervention for Individuals with Serious Mental Illness.
- 2000: Genesis Wellness Project. Collaborated with K. Bradley, Genesis Club, Inc. and faculty of the Department of Family and Community Medicine, University of Massachusetts Medical School on a successful grant application to The Health Foundation of Central Massachusetts. Funding included reimbursement to the

college for release time during the Spring 2002 and 2003 semesters.

## Research

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- Pelletier, J.R., Primary Investigator & McKay, C.. Co-investigator. Health promotion in the ICCD community: Needs, barriers, and current and planned activities. Study supported by the Program for Clubhouse Research, University of Massachusetts Medical School. 2005–2006.
- Pelletier, J.R. & Nguyen, M., Co-principal investigators. Genesis Wellness Project: A pilot study of the feasibility and effectiveness of integrating a structured exercise program into a Certified Clubhouse. Supported by a grant from The Health Foundation of Central Massachusetts. 2001–2003.
- Och, R. & Pelletier, J.R. (Site co-investigators). Computer-assisted versus clinician- administered behavior therapy for obsessive-compulsive disorder: A multi-center randomized, controlled trial. Study sponsored by Pfizer, Inc. 1997–1999.
- Pelletier, J.R. & Slaten, S. A study of the effects of time-limited cognitive- behavioral group psychotherapy on perceived well-being, mood, health, and functional status. The Fallon Clinic. 1994–1997.

## Presentations and Workshops

---

- Pelletier, J.R., Landsman, H.S., & Sanborn, E. The Genesis Wellness Project: 2001–2008. Presentation in a workshop entitled “Establishing Functional Health as the Foundation for Recovery” at From Innovations to Practice: The Promise and Challenge of Achieving Recovery for All, a conference sponsored by the Boston University Center for Psychiatric Rehabilitation, Consumer Organization and Networking Technical Assistance Center, American College of Mental Health Administration, National Resource Center for Hispanic Mental Health, and the World Association for Psychosocial Rehabilitation, Cambridge, MA. April, 2008.
- Pelletier, J.R., Bradley, K., & Sanborn, E. Genesis Wellness Project. Invited panel presentation (Wellness Initiatives, Programs, and Systems) at The Challenge of Promoting Health in Persons with Serious and Persistent Mental Illness: From Science to Service, a conference co-sponsored by the Department of Psychiatry, Boston University School of Medicine, Center for Psychiatric Rehabilitation at Boston University, and Bayridge Hospital, Cambridge, MA. March, 2007.
- Pelletier, J.R. “Health promotion for individuals with serious mental illness.” Invited presentation to faculty, residents, and Fellows of the Department of Family Medicine and Community Health, University of Massachusetts Medical School, Worcester, MA. December, 2004.
- Pelletier, J.R., Bradley, K., & Rettig, M. “Integrating structured physical exercise into an ICCD certified clubhouse program: Results of a pilot study.” Plenary address and workshop at the 12th International Seminar on the Clubhouse Model, Minneapolis, MN. October, 2003.
- Pelletier, J.R., Cooney, C., & Leistricz, R. “The Genesis Wellness Project: Program update.” Workshop conducted at the Eastern Regional Clubhouse Conference, Stamford, CT. November, 2002.

- Pelletier, J.R. "Forgiveness processes and recovery." Invited workshop conducted for faculty and staff of the Center for Psychiatric Rehabilitation, Boston University. November, 2001.
- Pelletier, J.R. & McCarthy, T.P. "An innovative approach to teaching psychiatric rehabilitation in a CSPD-related graduate program." Presentation conducted at the National Conference of the National Council on Rehabilitation Education, Tuscon, AZ. February, 2001.
- Pelletier, J.R. & McCarthy, T.P. "Motivational interviewing in rehabilitation counseling." One-day workshop for the professional staff of the Vermont Division of Vocational Rehabilitation, Stowe, VT. January, 2001.
- Pelletier, J.R. "Perspectives on forgiveness." Presentation to faculty and staff of Quinsigamond Community College, Worcester, MA. December, 2000.
- Pelletier, J.R. "Anger, forgiveness, and health." Presentation conducted at the Second Annual Southeast Conference of the Massachusetts Rehabilitation Association, entitled Self-care and Healing for Rehabilitation Counselors. June, 2000.
- Pelletier, J.R. "Motivational interviewing in rehabilitation counseling." Two-day workshop for rehabilitation counselors sponsored by the Regional Continuing Education Program (RCEP) at Assumption College. March and November, 1999.
- Pelletier, J.R. "Forgiveness and health." Workshop conducted as part of a teaching conference entitled Behavioral medicine: New directions in health care for the next millennium, sponsored by Fallon Healthcare Systems and The Institute for Clinical Health Psychology of the Massachusetts School of Professional Health Psychology, at Clark University. October, 1999.
- Pelletier, J.R. "Forgiveness and health." Presentation at a program entitled The Phenomenon of Forgiveness, sponsored by the Aaron T. Beck Institute for Cognitive Studies, Assumption College. April, 1998.
- Pelletier, J.R. "Forgiveness: It's good for your health." A continuing education workshop sponsored by the Massachusetts School of Professional Psychology. September, 1997.
- Pelletier, J.R. & Walker, J. "The treatment of depression." Program sponsored by the M. Elizabeth Fletcher Women's Wellness Center, Worcester, MA. February, 1997.
- Pelletier, J.R. "Managing the mind and body for optimum health." Presentation conducted as part of a seminar entitled Managing Stress Effectively in the Workplace sponsored by the Worcester Area Chamber of Commerce. November, 1996.
- Pelletier, J.R. "The Inward Bound Group program: A cognitive-behavioral intervention for individuals with chronic mood disorders." A continuing education workshop sponsored by the Massachusetts School of Professional Psychology. June, 1996.
- Pelletier, J.R. "Forgiveness: It's good for your health." Presentation sponsored by the M. Elizabeth Fletcher Women's Wellness Center, Worcester, MA. February, 1996.
- Pelletier, J.R. "Managing mind and body for optimum health." Presentation conducted as part of a seminar

entitled Stress, Strain, and the Bottom Line sponsored by the Worcester Area Chamber of Commerce. January, 1995.

- Pelletier, J.R. "Management of chronic pain." A workshop for allied health professionals sponsored by the Fallon Clinic Department of Sports Medicine and Rehabilitation. January, 1993.
- Pelletier, J.R. "Forgiveness: It's good for your health." Fallon Community Forum, Worcester, MA. May, 1992.
- Pelletier, J.R. "Health, behavior, and longevity." Fallon Community Forum, Worcester, MA. May, 1992.
- Pelletier, J.R. "Overcoming psychological barriers for return to work." Presentation conducted at the Fifth Annual Regional Meeting of the American Congress of Rehabilitation Medicine entitled Industrial Injuries: Management and Trends, Boston, MA. June, 1990.
- Pelletier, J.R., Kocher, M., & Woy, J.R. "Needs and barriers faced by mental health and substance abuse service providers." Presentation conducted at a one-day conference entitled Mental Health and Substance Abuse Services to Persons with Disabilities at Boston University. December, 1986.
- Pelletier, J.R. "Mental health services needs of individuals with severe physical disability." Presentation at the Annual Meeting of the Massachusetts Rehabilitation Association, Boston, MA. November, 1985.
- Pelletier, J.R. "Counseling skills for enterostomal therapists." Two-day workshop as part of a study designed to evaluate the effects of this training on therapeutic effectiveness. Boston University School of Nursing. 1984.
- Pelletier, J.R. & Spaniol, L. "Perceptions of community mental health professionals in New England regarding mental health services to individuals with severe physical disability and psychiatric problems." Presentation at the Annual Meeting of the American Psychological Association, Washington, D.C. August, 1982.
- Pelletier, J.R. "Psychosocial aspects of severe physical disability." Series of four presentations to mental health professionals as part of cross-training in independent living, co-sponsored by the Massachusetts Rehabilitation Commission and the Massachusetts Department of mental Health. October, 1981–February, 1982.
- Pelletier, J.R. "Group counseling in rehabilitation: A structured experiential approach." A workshop conducted at the Annual Meeting of the Connecticut Rehabilitation Association. January, 1982.
- Pelletier, J.R. "Collaboration between vocational rehabilitation and mental health agencies: A local perspective." Seminar presentation at the Fifth Learning Community Conference of the National Institute of Mental Health Community Support Program, Washington, D.C. June, 1981.
- Pelletier, J.R. "Psychosocial aspects of ostomy rehabilitation." A presentation conducted for the Spring New England Regional Meeting of the International Association of Enterostomal Therapists, Worcester, MA. April, 1981.
- Pelletier, J.R., Saxton, M., & Romero, D. "Toward and understanding of the impact of physical disability." One-day workshop for mental health professionals co-sponsored by the Boston Self-Help Center, Massachusetts Rehabilitation Commission, and the South Shore Mental Health Center at Boston University. October, 1980.
- Pelletier, J.R. "An overview of vocational rehabilitation services for the long-term psychiatrically handicapped

client." Plenary address to participants in the Third Regional Community Support System Conference, Burlington, VT. March, 1979.

- Pelletier, J.R., Quimn, P., & Howell, J. "Successful vocational rehabilitation programs with the long-term client." A workshop conducted at the Third Regional Community Support Systems Conference, Burlington, VT. March, 1979.
- Pelletier, J.R., Hazen, L., & Twiggs, R. "Developing self-help in the community." A workshop conducted for the Massachusetts Rehabilitation Commission Conference of Consumer Involvement, Sturbridge, MA. June, 1979.
- Pelletier, J.R. & Shulman, H. "Working towards a needs-based service delivery system: The Massachusetts Rehabilitation Commission and Department of Mental Health linkage in the South Shore area." A one-day workshop conducted for MRC and DMH staff, Newton, MA. April, 1979.
- Dell Orto, A.E. & Pelletier, J.R. "How to develop and implement group counseling in rehabilitation agencies and settings." Pre-Conference Institute of the National Rehabilitation Association, Salt Lake City, Utah. September, 1978.

## Publications

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- Pelletier, J.R., Nguyen, M., Bradley, K., Johnsen, M., & McKay, C. (2011). A study of a structured exercise program with members of an ICCD certified clubhouse: Program design, benefits, and implications for feasibility. In Anthony, W. & Furlong-Norman, K. (Eds.), *Readings in psychiatric rehabilitation and recovery* (pp. 452-465). Boston, MA: Boston University Center for Psychiatric Rehabilitation, Sargent College of Health and Rehabilitation Sciences.
- McKay, C. & Pelletier, J.R. (2007). "Health promotion in clubhouse programs: Needs, barriers, and current and planned activities." *Psychiatric Rehabilitation Journal*, 31 (2), 155-159.
- Pelletier, J.R., Nguyen, M., Bradley, K., Johnsen, M., & McKay, C. (2005). "A study of a structured exercise program with members of an ICCD certified clubhouse: Program design, benefits, and implications for feasibility." *Psychiatric Rehabilitation Journal*, 29 (2), 89-96.
- McCarthy, T., Pelletier, J., & Accordino, M. (2005). "Psychiatric rehabilitation in a rehabilitation counseling graduate program: Training effect on vocational rehabilitation counselor knowledge and skills." *Rehabilitation Education*, 19, 215- 224.
- Bradley, K., Pelletier, J.R., Rettig, M., McKay, C., & Johnsen, M. (2004). "Developing a structured physical exercise program for clubhouse members: The Genesis wellness project." *The Clubhouse Community Journal*, 5, 14-21.
- Rogers, E.S., Thurer, S., & Pelletier, J.R. (1986). "Mental health needs of individuals with severe physical disabilities." *Rehabilitation Counseling Bulletin*, 29, 240- 250.
- Pelletier, J.R., Rogers, E.S., & Dellario, D.J. (1985). "Barriers to the provision of mental health services to

individuals with severe physical disability." *Journal Counseling Psychology*, 32, 422-430.

- Pelletier, J.R., Rogers, E.S., & Thurer, S. (1985). "The mental health needs of individuals with severe physical disability: A consumer advocate perspective." *Rehabilitation Literature*, 16, 186-193.
- Pelletier, J.R. (1982). "Perceptions of community mental health professionals in New England regarding mental health services to individuals with severe physical disability and psychiatric problems." Unpublished Dissertation. Ann Arbor, MI: University Microfilms International.

**COMMONWEALTH OF MASSACHUSETTS**  
**DIVISION OF PROFESSIONAL LICENSURE**

BOARD OF

PSYCHOLOGY

ISSUES THE FOLLOWING LICENSE AS  
A LICD PSYCHOLOGIST PROVIDER

JOHN R PELLETIER

83 ADAMSVILLE ROAD

WESTPORT MA 02790-5001

1873 06/30/16 261091  
LICENSE NUMBER EXPIRATION DATE SERIAL NUMBER

*John R Pelletier*  
LICENSEE SIGNATURE

## Jeffrey I. Scherz, EdD

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University of Massachusetts Medical School  
Physician Advisor, Disability Evaluation Services

### Education

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Boston University, Boston, MA – 1985  
EdD, Program in Counseling Psychology  
EdM, Counselor Education–1975

The Family Institute of Philadelphia, Philadelphia, PA – 1974  
First clinical year course in Family Therapy

Philadelphia State Hospital, Philadelphia, PA – 1972 - 1974  
Family Therapy training program  
Group Psychotherapy training program–1971- 1972

Temple University, Philadelphia, PA – 1969  
Bachelor of Arts in History

### Employment

---

UMass Medical School, Disability Evaluation Services, Shrewsbury, MA ..... 2004–Present  
Physician Advisor

Prescott Health Care, Worcester, MA..... 2001–2015  
Psychologist

Boston Road Clinic, Worcester, MA  
Clinical Director..... 1997–2001  
Associate Clinical Director ..... 1993–1997

Boston Road Clinic at St. Vincent's Hospital, Worcester, MA ..... 1991–1993  
Assistant Clinical Director/Chief Psychologist

- Supervised staff of over 50 licensed clinicians.
- Directed Quality Management/Quality Improvement Program
- Member of Executive Risk Management and Utilization Management Committees.
- Provided outpatient Services to adolescent, adult & geriatric populations, in individual, group and family/couples treatment.

- Responsible for staff training in protocol driven, solution-focused treatment methods.
- Responsible for Clinical Policies and Procedures.

On Inpatient Unit:

- Led treatment team, provided psychotherapy services.
- Responsible for function of inpatient psychology staff.
- Member of Department Chiefs Committee.

Day Hospital, Heritage Hospital - Somerville, MA ..... Jan.-Mar. 1991

Director

Intermission Adolescent Assessment Center, Everett, MA ..... 1989-1996

Consultant

- Psychological and neuropsychological assessment of adolescents with behavioral, emotional, and/or educational difficulties requiring treatment and placement

Quincy Mental Health Center, Quincy, MA ..... 1988-1990

Director of Psychology

- Group and individual psychotherapy, psychological and neuropsychological testing for a 21 bed locked inpatient unit and 30-50 client Day Hospital (RCF A and JCARO accredited)
- Supervision of licensed psychologist, consulting neuropsychologist and two APA interns. Multi-disciplinary treatment team member.
- Executive, Quality Assurance, and Medical Records Committee member

Eastern Middlesex Human Services, Wakefield, MA ..... 1988-1990

Consultant

- Psychological and neuropsychological assessments of adolescent and adult outpatients.

Center for Mental Health, Watertown, MA ..... 1979-1988

Psychologist/Clinical Supervisor

- Short and long-term individual, couples and family therapy; psychological and neuropsychological testing of an adult outpatient clinic population
- Supervision and training of outpatient clinicians
- Ongoing consultation to VNA and center residential staff

Westwood Lodge Hospital, Westwood, MA ..... 1987-1988

Consultant

- Psychological assessments of adolescent and adult inpatients.

Arbour Hospital, Boston, MA ..... 1987-1988

Consultant

- Psychological and neuropsychological assessments of adolescent and adult inpatients.

Bay State Psychological Associates, Boston, MA ..... 1985–1986  
Consultant

- Neuropsychological assessment of adult outpatients and inpatients in treatment with a neuropsychiatrist

New England Memorial Hospital, Stoneham, MA ..... 1978–1980  
Psychometrician/Consultant

- Psychological testing of inpatient and outpatient children, adolescents, and adults.
- Psychologist/Team Coordinator

Tri-City Mental Health Center, Malden, MA ..... 1977–1979

- Crisis intervention and short-term therapy with families of children and adolescents in crisis
- Psychological testing and long-term therapy with selected clinic patients

## Internship

---

Freedom Trail Clinic, Erich Lindermann Community Mental Health Center – Boston, MA  
(Affiliated with Massachusetts General Hospital)

- Short and long-term individual and group
- Psychotherapy, psychological testing and crisis intervention with an adult outpatient population
- Consultant to the Advent School, a heterogeneous private grade school

## Professional Affiliations

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- American Psychological Association
- Massachusetts Psychological Association
- American Group Psychotherapy Association (past member)
- Massachusetts Neuropsychological Society (past member)
- American Board of Medical Psychotherapists (past member)

## Publications

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Scherz, J.I. and Levant, R.F. (1977) Network Therapy: A Videotape Presentation of its Rationale, Strategy and Impact. Boston University. (Film)

Scherz, J.I. (1985) Late Adolescent and Early Adult Male Perceptions of the Father-Son Relationship. Implications for the Development of Self-Esteem (Doctoral dissertation, Boston University, 1985).

## Presentations

---

Brief Psychotherapy. Training to staff of North Essex Community Health Center (March 1990)

Fold, Then Detach Along All Perforations

**COMMONWEALTH OF MASSACHUSETTS  
DIVISION OF PROFESSIONAL LICENSURE**

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PSYCHOLOGY

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JEFFREY I SCHERZ  
21 JAMES ST  
WEST NEWTON, MA 02465-1027

*Jeffrey I Scherz*  
LICENSEE SIGNATURE

4115

06/30/2018

85813

**LICENSE NUMBER      EXPIRATION DATE      SERIAL NUMBER**

## Robert T. Beaton, PhD

---

University of Massachusetts Medical School  
Physician Advisor, Disability Evaluation Services

### Education

---

Boston College, Chestnut Hill, MA-1988  
Ph.D. in Counseling Psychology

Boston College, Chestnut Hill, MA-1980  
Master of Arts in Counseling Psychology

Merrimack College, North Andover, MA-1974  
Bachelor of Arts in Psychology

### Employment

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UMass Medical School, Disability Evaluation Services (DES), Shrewsbury, MA ..... 2007-Present  
Physician Advisor, per diem

Newton-Wellesley Psychiatry, Newton, MA ..... 2001-Present  
Therapist  
• Individual, couple, and family therapy with children, adolescents, and adults.

Uphams Corner Health Center, Dorchester, MA ..... 1989-2003  
Psychologist, Guidance and Counseling Department  
• Responsibilities included individual and family therapy; diagnostic evaluations and psychological testing; consultation with medical and social service staff.

Boston Road Clinic, Worcester, MA ..... 1997-2002  
Director of ADHD Services  
• Responsible for the development and implementation of services for ADHD patients and families (assessment and evaluation; referral; individual and family counseling; groups; consultation with clinical, educational, and medical personnel).

Clinical Team Coordinator  
• Duties included running weekly staff meeting to review and advise on clinical and other issues; functioned as liaison between administration and clinical staff; member of the BRC Quality Management Team.

Herbert Lipton Community Mental Health Center, Fitchburg, MA ..... 1988-1997  
Psychologist, Developmental Services Unit  
• Duties included individual and family therapy with children, adolescents, and adults; diagnostic and

competency evaluations; psychological testing; consultation with area schools.

- Private Practice, Littleton and Norwood, MA..... 1990–1997
- Individual, couple, family therapy with children, adolescents, and adults; diagnostic evaluations and psychological testing.
- New England Medical Center Hospital, Boston, MA
- Psychologist, Department of Child and Adolescent Psychiatry ..... 1987–1989
- Responsibilities included diagnostic evaluations; individual and family therapy; testing; consultation and liaison with community agencies.
- Psychologist, Department of Child Psychiatry-Community Treatment Team ..... 1985–1987
- Duties included diagnostic and individual therapy with children and adolescents; parent guidance; psychological testing; consultation with educational personnel; coordination of community training for psychology interns and practicum students.
- Psychologist, Department of Child Psychiatry-School Consultation Program ..... 1982–1985
- Responsibilities included individual therapy with children and adolescents; psychological testing; consultation with local school and educational personnel; supervision of psychology interns and masters-level students.
- Psychology Intern, Department of Child Psychology ..... 1981–1982
- Individual and family therapy; diagnostic evaluations; psychological testing.
- Therapist, Child Guidance Clinic-School Consultation Team ..... 1974–1980
- Duties included individual therapy with children and adolescents on-site, at area schools; outreach services; consultations with teachers and educational personnel; diagnostic evaluations.
- Beaverbrook Guidance Center, Watertown, MA ..... 1987–1988
- Fee-for-Service Clinician
- Responsibilities included individual therapy for children and adolescents; consultation with school and social service personnel.

## Teaching Experience

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- Herbert Lipton Community Mental Health Center, Fitchburg, MA ..... 1988–1997
- Developmental Services Unit
- Supervision of clinical staff and students.
- New England Medical Center Hospital, Boston, MA ..... 1980–1989
- Department of Child and Adolescent Psychiatry
- Supervisor for doctoral and masters-level interns.
- Boston College, Chestnut Hill, MA ..... Spring 1986, 1987
- Guest Presenter, Education and the Community
- Topic: “Community Mental Health.”

New England Medical Center Hospital, Boston, MA ..... 1985-1987

Department of Child Psychiatry

- Coordinator, seminar in school consultation.

Boston College, Chestnut Hill, MA ..... Summer 1981

Summer Institute

- Co-leader, "Human Relationships in Education."

American Association of Psychiatric Services for Children, Atlanta, GA ..... Fall 1978

Annual Conference

- Workshop co-leader, "Development of a School Consultation Model in an Urban Setting."

**COMMONWEALTH OF MASSACHUSETTS  
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ROBERT T BEATON  
27 BARBARA RD  
WEST NEWTON, MA 02465-1123



LICENSEE SIGNATURE

6082

06/30/2018

73202

**LICENSE NUMBER**

**EXPIRATION DATE**

**SERIAL NUMBER**

## Peter J. Lucas, MD

---

University of Massachusetts Medical School  
Physician Advisor, Disability Evaluation Services

### Education

---

St. Vincent's Hospital, Worcester, MA – 1977  
Residency Internal Medicine

New England Deaconess Hospital, Boston, MA – 1973  
Residency Internal Medicine

New York Medical College, New York, NY – 1972  
Doctor of Medicine

College of the Holy Cross, Worcester, MA – 1967  
Bachelor of Arts

### Board Certification

---

American Board of Internal Medicine, 1977

### Employment

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UMass Medical School, Disability Evaluation Services, Shrewsbury, MA ..... 2008–Present  
Physician Advisor, Disability Evaluation Services

Dynamed Peer Review, EBSCO Publishing, Ipswich, MA

Fallon Clinic, Worcester, MA ..... 1979–2007  
Internal Medicine

Private Practice, Grafton, MA ..... 1977–1979

United States Public Health Service, Wartburg, TN ..... 1973–1975



**Active License**

Peter J. Lucas, M.D.  
11 E. North Street  
Ipswich, MA 01903  
Lic. # 40857  
Expires: 09/05/2017

## Lisa M. Klaus, CRC

---

University of Massachusetts Medical School  
Disability Reviewer II, Disability Evaluation Services

### Education

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Assumption College, Worcester, MA  
Master of Arts in Rehabilitation Counseling, May 2002, GPA 3.9  
Bachelor of Arts in Social and Rehabilitation Services, summa cum laude, May 2001

### Certifications

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Certified Rehabilitation Counselor

### Employment

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UMass Medical School, Disability Evaluation Services – Shrewsbury, MA  
Disability Reviewer II ..... June 2002-Present

- Responsible for examining medical records to assess applicant's medical and vocational capacity
- Communicate with applicant and providers to obtain history and clinical information
- Collaborate with nurse reviewers and physician advisors to synthesize information and determine if combined impairments meet state and federal regulations
- Leader of Continuous Quality Improvement group focused on making recommendations regarding vocational review refinements

UMass Medical School, Disability Evaluation Services – Auburn, MA  
Clinical Training Coordinator ..... January 2004-December 2006

- Responsible for developing and implementing training programs for new staff, presenting updates and new concepts in group setting, representing and serving as liaison between Disability Reviewers and management staff

Institute for Social and Rehabilitation Services, Assumption College – Worcester, MA  
Graduate Assistant ..... September 2001-May 2002

- Assisted graduate department administrator with the development and implementation of graduate program for vocational rehabilitation counselors

Massachusetts Commission for the Blind – Worcester, MA  
Vocational Rehabilitation Intern ..... January 2002-May 2002

- Responsible for assisting regional director, managing caseload, assessing clients for on the job accommodations

# Commission on Rehabilitation Counselor Certification

*To all persons be it known that*

**Lisa M. Klaus**

*having completed the prescribed studies  
and having satisfied the requirements for designation as a*

## Certified Rehabilitation Counselor

*has accordingly been admitted to that designation with all the rights, privileges,  
and immunities thereunto appertaining.*

*In witness whereof, the officers of the Commission  
have caused this certificate to be signed for practice  
in the field of rehabilitation counseling as such upon bestowment.*



*[Signature]*  
Chair

*[Signature]*  
Secretary

Certificate No. 00052103

Valid through: March 31, 2017

## Melanie D. Sadowski, CRC

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University of Massachusetts Medical School  
Disability Reviewer, Disability Evaluation Services

### Education

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Assumption College, Worcester, MA – 2006  
Master of Arts in Rehabilitation Counseling

Assumption College, Worcester, MA – 2005  
Bachelor of Arts in Social and Rehabilitation Services

### Certifications

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Certified Rehabilitation Counselor

### Employment

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UMass Medical School, Disability Evaluation Services - Shrewsbury, MA ..... 2006 - Present  
Disability Reviewer, Disability Evaluation Services

- Determine eligibility based on disability for individuals applying for public benefits including TAFDC, EAEDC, and MassHealth for a caseload of 150-200 individuals
- Compare clinical findings with state and federal regulations through review of medical information, clinical consultations with providers, and ordering of consultative exams when appropriate
- Perform vocational review based on the analysis of RFCs and through utilization of “The Grid”
- Utilize agency’s case management system through documentation of critical steps within the review, documentation of clinical phone notes, and the running of daily reports
- Answer questions and provide information to clients regarding review process and benefits while being able to de-escalate agitated or anxious individuals
- Assist colleague managing the clinical call desk: take phone calls from providers and obtain and document clinical information for the cases of 40-50 colleagues while maintaining 100 percent caseload
- Awarded four-month opportunity to work as part of Resource Team pilot program at the Worcester TAO assisting applicants with completing disability supplement, providing information, and performing short term approvals based upon medical documentation and clinical phone calls

Massachusetts Rehabilitation Commission - Worcester, MA ..... April 2008 - June 2008.....

Qualified Vocational Rehabilitation Counselor (Transition Specialist)

- Assist individuals with disabilities and their families with the transition from high school to post-secondary education, employment, and/or training through career exploration, counseling and guidance, job placement and

follow-up, information and referral, interest/aptitude testing, and interviews

- Determine eligibility and priority category of individuals with disabilities based on interviews, IEPs/504 plans, psychological testing, medical records, and other documentation

Massachusetts Rehabilitation Commission - Worcester, MA..... Jan. 2006 - May 2006.....

Rehabilitation Counselor Intern (part-time)

- Perform intake interviews, establish rapport, and determine eligibility and priority category of individuals with psychiatric, cognitive, and/or physical disabilities
- Collaborate with individuals to determine realistic vocational goals
- Utilize agency's computerized case management system
- Assist with orientation of individuals to the agency upon referral
- Assist with development and implementation of individualized plans for employment

Wayside Youth and Family Support Network: Day Treatment - Framingham, MA .....2005 - 2006

Clinical Intern

- Diagnose and assess adolescents with behavioral or psychiatric disorders
- Develop and implement individual treatment plans in collaboration with clients
- Counsel individuals and groups regarding current issues and situations
- Develop and implement group therapy curriculums including life skills group (resume building, interviewing techniques, and job searching)
- Collaborate with families, social workers, and other service providers in gathering information and determining potential solutions

Advocates, Inc.: Choices - Ashland, MA

Case Manager..... 2005 - 2006

- Collaborate with team members to teach adults with developmental disabilities vocational skills through games, volunteering, discussion and community activities
- Counsel individuals regarding personal or vocational related concerns
- Monitor, report, and document individual behavior daily
- Case management and implementation of goals for seven individuals

Administrative Assistant ..... 2001 - 2005

- Research, development, and management of mailing list database with over 7,000 constituents
- Research and creation of a timeline of the thirty year history of Advocates, Inc.
- Worked with the chairperson of the Continuum of Care 2004 by gathering applications, taking meeting minutes, and completing forms
- Prepared regulatory documents when applying for grants
- Managed fundraiser mailings from creation through solicitation, follow-up and acknowledgements
- Worked with colleagues to create program ad book for annual event, acted as a liaison between program managers and the Department of Transitional Assistance in completing food stamp applications and recertification for clients in the Developmental Disabilities Division
- Gathered and reported statistics on seen of the agency's divisions

## Volunteer Experience

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United Way of Tri-County: Pear Street Cupboard 7 Café - Framingham, MA..... 2012 - Present  
Volunteer

- Perform all duties at food pantry located in downtown Framingham, including stocking shelves, personalized shopping, greeting customers, and providing basic dissemination of information
- Completing paperwork with customers and entering information into computerized database on a weekly basis

# Commission on Rehabilitation Counselor Certification

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**Melanie B. Sadowski**

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and having satisfied the requirements for designation as a*

**Certified Rehabilitation Counselor**

*has accordingly been admitted to that designation with all the rights, privileges,  
and immunities thereto appertaining.*

*In witness whereof, the officers of CRTC  
have caused this certificate to be signed for practice  
in the field of rehabilitation counseling as such upon testimony.*

*Laura B. Sherman*  
President

*John S. Smith*  
Secretary



Form C-100 (10/10)

Revised 10/10

**CONTRACTOR NAME**

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Jody Simpson R.N.	Program Manager	\$83,892	20%	\$16,778
Peter Lindblad M.D.	Medical Director/ Physician Advisor	\$48,000	20%	\$9,600