



Nicholas A. Toumpas
Commissioner

Mary Ann Cooney
Associate Commissioner

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

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-9196 1-800-852-3345 Ext. 9196
FAX: 603-271-5139 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

4F *dm*

October 30, 2015

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, Bureau of Homeless and Housing Services to amend an agreement with Easter Seals of New Hampshire (Vendor #177204) at 555 Auburn Street, Manchester, NH 03103 to provide Emergency Solutions Grant services, by expanding the service area in order to meet specified needs, effective upon Governor and Executive Council approval. The Governor and Executive Council approved the original agreement on August 5, 2015 (item #15). This is a zero cost amendment with no change to the contract end date of June 30, 2016. 100% Federal Funding

Funds to support this request are available in the following account in State Fiscal Year 2016.

05-95-42-423010-7927-102-500731 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: HUMAN SERVICES, HOMELESS & HOUSING, HOUSING – SHELTER PROGRAM

Fiscal Year	Class	Title	Amount
2016	102-500731	Contracts for Program Services	\$79,011
		Total:	\$79,011

EXPLANATION

The purpose of this amendment is to expand the vendor's service area from Hillsborough County to Statewide which will allow Easter Seals of New Hampshire the opportunity to provide critical services statewide to homeless veterans or veterans at risk of being homeless to prevent and reduce homelessness. These innovative and cost effective prevention and rapid rehousing services include assistance with a housing search, rental application fees, utility deposits, moving costs, and housing stability case management.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council

Should the Governor and Executive Council not approve this request, individuals and families outside of Hillsborough County may not have access to the emergency housing assistance necessary to prevent or reduce the risk of homelessness.

Area served: Statewide

Source of Funds: 100% Federal Funds

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

Respectfully submitted,



Mary Ann Cooney
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



**State of New Hampshire
Department of Health and Human Services
Amendment #1 to the Emergency Solutions Grant Program Contract**

This 1st Amendment to the Emergency Solutions Grant Program Contract contract (hereinafter referred to as "Amendment #1") dated this, twenty-fifth day of September, 2015 is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Easter Seals New Hampshire (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 555 Auburn Street, Manchester, NH 03103.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on August 5, 2015 (item #15), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

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

WHEREAS, pursuant to the General Provisions, Paragraph 18 of the Agreement, the parties have agreed to amend the agreement upon Governor and Executive Council Approval.

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

To amend as follows:

1. Exhibit A Scope of Services, Section 1 Provisions Applicable to All Services, Paragraph 1.2 to read:

The Contractor shall provide services to individuals and families statewide who are homeless or at risk of becoming homeless in accordance with 24CFR Parts 91 and 576, with priority given to veterans and families with children, in accordance with the NH Consolidated Plan 2011-2015.

New Hampshire Department of Health and Human Services
Emergency Solutions Grant Program



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

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

State of New Hampshire
Department of Health and Human Services

11/16/15
Date

[Signature]
NAME
TITLE

Easter Seals New Hampshire

9-30-15
Date

[Signature] CEO
NAME
TITLE

Acknowledgement:

State of New Hampshire County of Hillsborough on 9/30/15, before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or ~~Justice of the Peace~~

[Signature]
Name and Title of Notary or ~~Justice of the Peace~~

Wendy M. Boelee my Commission expires 10/15/19

New Hampshire Department of Health and Human Services
Emergency Solutions Grant Program



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

OFFICE OF THE ATTORNEY GENERAL

11/25/15
Date


Name: Brian Budinger
Title: AAG

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

OFFICE OF THE SECRETARY OF STATE

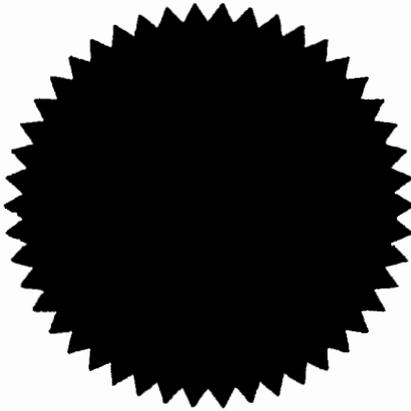
Date

Name:
Title:

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Easter Seals New Hampshire, Inc. is a New Hampshire nonprofit corporation formed November 6, 1967. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 6th day of April, A.D. 2015

William M. Gardner
Secretary of State



CERTIFICATE OF VOTE / AUTHORIZATION

I, Betty Burke, do hereby certify that:

1. I am the duly elected Assistant Secretary of Easter Seals New Hampshire, Inc.
2. The following is a true copy of a resolution duly adopted at a meeting of the Board of Directors of the Corporation duly held on April 8, 2015:

RESOLVED: To authorize the president/chief executive officer, chief financial officer, chief operating officer, chief human resources officer and the legal counsel of the corporation, or any one of them acting alone, to execute contracts, leases and documents, which have been approved in accordance with the policies of the corporation and its fiscal authorities adopted by the board of directors and to include within that authority Easter Seals Maine, Inc., Easter Seals Rhode Island, Inc., Easter Seals Vermont, Inc., Manchester Alcoholism Rehabilitation Center (Farnum Center), Webster Place Center, Inc., or Agency Realty, Inc.

3. I further certify that Larry J. Gammon is the CEO of Easter Seals New Hampshire, Inc., and *all* its subsidiaries, and is still qualified and serving in such capacity.
4. The foregoing resolution has not been amended or revoked and remains in full force and effect as of SEPTEMBER 30, 2015.

Betty Burke
Assistant Secretary

The foregoing instrument was acknowledged before me this 30th day of September 2015.

Wendy M. Boelee
Notary Public Wendy M. Boelee

My Commission expires: 10/15/19



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/12/2014

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

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

PRODUCER Hays Companies of New England 133 Federal Street 2nd Floor Boston, MA 02110 INSURED Easter Seals New Hampshire, Inc. 555 Auburn Street Manchester, NH 03103-4803	1-617-723-7775 CONTACT NAME: John Paul Foley PHONE (A/C, No, Ext): E-MAIL ADDRESS: jfoley@hayscompanies.com FAX (A/C, No): INSURER(S) AFFORDING COVERAGE INSURER A: UNITED STATES FIRE INS CO NAIC # 21113 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
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COVERAGES CERTIFICATE NUMBER: 42315995 REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR VWD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Eq occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS HIRED AUTOS SCHEDULED AUTOS NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Eq accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB OCCUR CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N <input type="checkbox"/> N/A	406-719683 1	01/01/15	01/01/16	X WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Evidence of Insurance

CERTIFICATE HOLDER Department of Health & Human Services 129 Pleasant St. Concord, NH 03301 USA	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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Mission:

Easter Seals provides exceptional services to ensure that all people with disabilities or special needs and their families have equal opportunities to live, learn, work and play in their communities.

**Easter Seals New Hampshire, Inc.
and Subsidiaries**

Consolidated Financial Statements and
Other Financial Information

*Years Ended August 31, 2014 and 2013
With Independent Auditors' Report*

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

For the Years Ended August 31, 2014 and 2013

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BAKER | NEWMAN | NOYES

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH), which comprise the consolidated statements of financial position as of August 31, 2014 and 2013, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

To the Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals NH as of August 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying other financial information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of Easter Seals New Hampshire, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Easter Seals New Hampshire, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Manchester, New Hampshire
December 5, 2014

Baker Newman & Noyes
Limited Liability Company

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

August 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,757,134	\$ 3,042,621
Accounts receivable from affiliates	341,653	247,471
Program and other accounts receivable, less contractual allowance of \$218,900 in 2014 and \$210,300 in 2013, and allowance for doubtful accounts of \$440,800 in 2014 and \$930,400 in 2013	10,122,747	11,224,708
Contributions receivable, less allowance for doubtful accounts of \$45,400 in 2014 and \$25,500 in 2013	705,374	686,110
Current portion of assets limited as to use	300,046	541,961
Prepaid expenses and other current assets	<u>678,326</u>	<u>783,844</u>
Total current assets	14,905,280	16,526,715
Assets limited as to use, net of current portion	986,277	4,558,513
Fixed assets, net	25,094,383	28,066,884
Property held for sale	1,289,894	822,504
Bond issuance costs, net	235,113	244,751
Investments, at fair value	13,833,046	14,264,341
Beneficial interest in trusts held by others and other assets	<u>1,550,919</u>	<u>6,830,800</u>
	<u>\$57,894,912</u>	<u>\$71,314,508</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Lines of credit	\$ 2,197,904	\$ 4,212,394
Accounts payable	1,907,743	1,812,128
Accrued expenses	4,251,482	4,143,454
Current portion of deferred revenue	858,258	839,567
Current portion of interest rate swap agreements	615,570	708,132
Current portion of long-term debt	<u>4,228,339</u>	<u>796,290</u>
Total current liabilities	14,059,296	12,511,965
Deferred revenue, net of current portion	999,167	4,218,053
Other liabilities	987,185	1,367,458
Interest rate swap agreements, less current portion	2,714,243	2,050,214
Long-term debt, less current portion	<u>18,976,300</u>	<u>25,318,667</u>
Total liabilities	37,736,191	45,466,357
Net assets:		
Unrestricted	14,189,337	14,767,708
Temporarily restricted	944,862	925,437
Permanently restricted	<u>5,024,522</u>	<u>10,155,006</u>
Total net assets	<u>20,158,721</u>	<u>25,848,151</u>
	<u>\$57,894,912</u>	<u>\$71,314,508</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 744,262	\$ 542,179	\$ 13,813	\$ 1,300,254
Special events, net of related direct costs of \$819,901	1,059,080	756,895	-	1,815,975
Annual campaigns, net of related direct costs of \$67,889	468,261	33,589	-	501,850
Bequests	448,558	-	-	448,558
Net assets released from restrictions	<u>1,356,595</u>	<u>(1,356,595)</u>	<u>-</u>	<u>-</u>
Total public support	4,076,756	(23,932)	13,813	4,066,637
Revenue:				
Fees and grants from governmental agencies	67,725,297	-	-	67,725,297
Other fees and grants	25,094,296	-	-	25,094,296
Sales to public	4,270,196	-	-	4,270,196
Dividend and interest income	742,337	3,613	-	745,950
Rental income	65,204	-	-	65,204
Other	<u>459,188</u>	<u>-</u>	<u>-</u>	<u>459,188</u>
Total revenue	<u>98,356,518</u>	<u>3,613</u>	<u>-</u>	<u>98,360,131</u>
Total public support and revenue	102,433,274	(20,319)	13,813	102,426,768
Operating expenses:				
Program services:				
Public health education	515,992	-	-	515,992
Professional education	29,065	-	-	29,065
Direct services	<u>89,987,134</u>	<u>-</u>	<u>-</u>	<u>89,987,134</u>
Total program services	90,532,191	-	-	90,532,191
Supporting services:				
Management and general	9,419,570	-	-	9,419,570
Fundraising	<u>2,006,939</u>	<u>-</u>	<u>-</u>	<u>2,006,939</u>
Total supporting services	<u>11,426,509</u>	<u>-</u>	<u>-</u>	<u>11,426,509</u>
Total functional expenses	101,958,700	-	-	101,958,700
Support of National programs	<u>122,586</u>	<u>-</u>	<u>-</u>	<u>122,586</u>
Total operating expenses	<u>102,081,286</u>	<u>-</u>	<u>-</u>	<u>102,081,286</u>
Increase (decrease) in net assets from operations	351,988	(20,319)	13,813	345,482

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other nonoperating expenses, gains and losses:				
Change in fair value of interest rate swaps	\$ (594,854)	\$ -	\$ -	\$ (594,854)
Net unrealized and realized gains on investments	1,496,964	37,986	-	1,534,950
Increase in fair value of beneficial interest in trusts held by others	-	-	574,970	574,970
Gain on sales and disposals of property, plant and equipment	14,352	-	-	14,352
Other nonoperating losses	<u>(249,092)</u>	<u>-</u>	<u>-</u>	<u>(249,092)</u>
	<u>667,370</u>	<u>37,986</u>	<u>574,970</u>	<u>1,280,326</u>
Increase in net assets before effects of deconsolidation of affiliate	1,019,358	17,667	588,783	1,625,808
Deconsolidation of affiliate – see note 12	<u>(121,612)</u>	<u>(200)</u>	<u>(5,719,267)</u>	<u>(5,841,079)</u>
Increase (decrease) in net assets before effects of discontinued operations	897,746	17,467	(5,130,484)	(4,215,271)
Loss from discontinued operations – see note 13	<u>(1,476,117)</u>	<u>1,958</u>	<u>-</u>	<u>(1,474,159)</u>
Total (decrease) increase in net assets	(578,371)	19,425	(5,130,484)	(5,689,430)
Net assets at beginning of year	<u>14,767,708</u>	<u>925,437</u>	<u>10,155,006</u>	<u>25,848,151</u>
Net assets at end of year	<u>\$ 14,189,337</u>	<u>\$ 944,862</u>	<u>\$ 5,024,522</u>	<u>\$ 20,158,721</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 861,583	\$ 1,622,346	\$ 13,648	\$ 2,497,577
Special events, net of related direct costs of \$307,832	857,369	131,154	-	988,523
Annual campaigns, net of related direct costs of \$80,637	391,930	51,304	-	443,234
Bequests	369,823	-	-	369,823
Net assets released from restrictions	<u>1,497,063</u>	<u>(1,497,063)</u>	<u>-</u>	<u>-</u>
Total public support	3,977,768	307,741	13,648	4,299,157
Revenue:				
Fees and grants from governmental agencies	63,628,203	-	-	63,628,203
Other fees and grants	24,013,223	-	-	24,013,223
Sales to public	4,019,558	-	-	4,019,558
Dividend and interest income	681,151	1,141	-	682,292
Rental income	144,771	-	-	144,771
Other	<u>679,263</u>	<u>-</u>	<u>-</u>	<u>679,263</u>
Total revenue	<u>93,166,169</u>	<u>1,141</u>	<u>-</u>	<u>93,167,310</u>
Total public support and revenue	97,143,937	308,882	13,648	97,466,467
Operating expenses:				
Program services:				
Public health education	609,102	-	-	609,102
Professional education	41,275	-	-	41,275
Direct services	<u>84,342,495</u>	<u>-</u>	<u>-</u>	<u>84,342,495</u>
Total program services	84,992,872	-	-	84,992,872
Supporting services:				
Management and general	9,403,893	-	-	9,403,893
Fundraising	<u>1,755,299</u>	<u>-</u>	<u>-</u>	<u>1,755,299</u>
Total supporting services	<u>11,159,192</u>	<u>-</u>	<u>-</u>	<u>11,159,192</u>
Total functional expenses	96,152,064	-	-	96,152,064
Support of National programs	<u>121,780</u>	<u>-</u>	<u>-</u>	<u>121,780</u>
Total operating expenses	<u>96,273,844</u>	<u>-</u>	<u>-</u>	<u>96,273,844</u>
Increase in net assets from operations	870,093	308,882	13,648	1,192,623

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other nonoperating expenses, gains and losses:				
Change in fair value of interest rate swaps	\$ 2,377,632	\$ -	\$ -	\$ 2,377,632
Net unrealized and realized gains on investments	789,496	24,173	-	813,669
Increase in fair value of beneficial interest in trusts held by others	-	-	239,436	239,436
Other nonoperating losses	(107,120)	-	-	(107,120)
Gain on sales and disposals of property, plant and equipment	<u>7,392</u>	<u>-</u>	<u>-</u>	<u>7,392</u>
	<u>3,067,400</u>	<u>24,173</u>	<u>239,436</u>	<u>3,331,009</u>
Increase in net assets before effects of discontinued operations	3,937,493	333,055	253,084	4,523,632
Loss from discontinued operations	<u>(1,107,544)</u>	<u>(6,368)</u>	<u>-</u>	<u>(1,113,912)</u>
Total increase in net assets	2,829,949	326,687	253,084	3,409,720
Net assets at beginning of year	<u>11,937,759</u>	<u>598,750</u>	<u>9,901,922</u>	<u>22,438,431</u>
Net assets at end of year	<u>\$14,767,708</u>	<u>\$ 925,437</u>	<u>\$10,155,006</u>	<u>\$25,848,151</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2014

	Program Services ⁽¹⁾			Supporting Services ⁽¹⁾			Total Program ⁽¹⁾ and Supporting Services Expenses	
	Public Health Education	Profes- sional Education	Direct Services	Manage- ment and General	Fund- Raising	Total	2014	2013
Salaries and related expenses	\$377,333	\$ -	\$68,675,876	\$6,215,011	\$1,585,198	\$7,800,209	\$76,853,418	\$71,803,968
Professional fees	20,447	-	7,603,267	1,739,786	144,242	1,884,028	9,507,742	9,220,138
Supplies	5,348	-	2,573,547	70,007	29,342	99,349	2,678,244	2,701,644
Telephone	2,103	-	546,513	306,174	12,483	318,657	867,273	842,598
Postage and shipping	5,776	-	60,188	37,433	9,607	47,040	113,004	114,771
Occupancy	13,740	-	3,567,064	382,641	116,960	499,601	4,080,405	3,818,455
Outside printing, artwork and media	44,572	-	45,428	6,951	30,076	37,027	127,027	129,997
Travel	5,695	-	2,515,521	47,958	25,749	73,707	2,594,923	2,603,224
Conventions and meetings	36,240	29,065	208,482	57,207	39,580	96,787	370,574	391,528
Specific assistance to individuals	(1)	-	1,232,641	12,820	-	12,820	1,245,460	956,791
Dues and subscriptions	-	-	23,206	14,917	2,716	17,633	40,839	49,217
Minor equipment purchases and equipment rental	537	-	256,918	106,538	5,663	112,201	369,656	426,239
Ads, fees and miscellaneous	4,075	-	30,638	5,316	3,747	9,063	43,776	99,624
Interest	-	-	934,985	241,231	-	241,231	1,176,216	1,093,656
Facility tax assessment	-	-	182,791	-	-	-	182,791	311,041
Depreciation and amortization	127	-	1,530,069	175,580	1,576	177,156	1,707,352	1,589,173
	<u>\$515,992</u>	<u>\$29,065</u>	<u>\$89,987,134</u>	<u>\$9,419,570</u>	<u>\$2,006,939</u>	<u>\$11,426,509</u>	<u>\$101,958,700</u>	<u>\$96,152,064</u>
	0.51%	0.03%	88.26%	88.80%	9.24%	1.96%	100.00%	100.00%

(1) Excludes expenses related to deconsolidated affiliate and discontinued operations – see notes 12 and 13.

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2013

	Program Services ⁽¹⁾			Supporting Services ⁽¹⁾			Total Program ⁽¹⁾ and Supporting Services Expenses
	Public Health Education	Professional Education	Direct Services	Management and General	Fund-Raising	Total	
Salaries and related expenses	\$432,105	\$ -	\$64,016,840	\$6,141,709	\$1,213,314	\$ 7,355,023	\$71,803,968
Professional fees	24,682	-	7,352,186	1,605,708	237,562	1,843,270	9,220,138
Supplies	19,447	-	2,580,451	69,601	32,145	101,746	2,701,644
Telephone	3,233	-	525,614	301,010	12,741	313,751	842,598
Postage and shipping	4,968	-	52,626	49,897	7,280	57,177	114,771
Occupancy	18,838	-	3,194,945	495,234	109,438	604,672	3,818,455
Outside printing, artwork and media	30,470	-	46,206	9,565	43,756	53,321	129,997
Travel	13,155	-	2,521,678	35,696	32,695	68,391	2,603,224
Conventions and meetings	45,984	41,275	208,479	45,752	50,038	95,790	391,528
Specific assistance to individuals	-	-	944,796	11,995	-	11,995	956,791
Dues and subscriptions	1,318	-	21,710	16,128	10,061	26,189	49,217
Minor equipment purchases and equipment rental	4,592	-	266,270	152,783	2,594	155,377	426,239
Ads, fees and miscellaneous	10,104	-	73,694	13,423	2,403	15,826	99,624
Interest	-	-	856,315	237,341	-	237,341	1,093,656
Facility tax assessment	-	-	311,041	-	-	-	311,041
Depreciation and amortization	206	-	1,369,644	218,051	1,272	219,323	1,589,173
	<u>\$609,102</u>	<u>\$41,275</u>	<u>\$84,342,495</u>	<u>\$9,403,893</u>	<u>\$1,755,299</u>	<u>\$11,159,192</u>	<u>\$96,152,064</u>
	0.63%	0.04%	87.72%	9.78%	1.83%	11.61%	100.00%

⁽¹⁾ Excludes expenses related to discontinued operations – see note 13.

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended August 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (5,689,430)	\$ 3,409,720
Adjustments to reconcile (decrease) increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,771,703	1,807,843
Bad debt provision	265,007	774,569
Increase in fair value of beneficial interest in trusts held by others	(574,970)	(239,436)
Net loss (gain) on sales and disposals of property, plant and equipment and property held for sale and impairment losses	125,346	(283,942)
Change in fair value of interest rate swaps	594,855	(2,377,632)
Net unrealized and realized gains on investments	(1,534,950)	(813,669)
Deconsolidation of affiliate – see note 12	5,841,079	–
Changes in operating assets and liabilities:		
Accounts receivable from affiliates	(94,182)	194,509
Program and other accounts receivable	818,382	(2,677,707)
Contributions receivable	(20,090)	(194,381)
Prepaid expenses and other current assets	102,454	520,329
Other assets	81,516	(4,483)
Accounts payable and accrued expenses	304,390	(1,037,545)
Rate reserve	–	(435,008)
Deferred revenue	(61,478)	(478,150)
Other liabilities	<u>(380,273)</u>	<u>198,799</u>
Net cash provided (used) by operating activities	1,549,359	(1,636,184)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,244,361)	(4,859,057)
Proceeds from sale of property, plant and equipment and property held for sale	15,225	531,189
Cash provided for deconsolidation of affiliate	(21,440)	–
(Increase) decrease in investments, net	1,709,413	(444,915)
Change in assets limited as to use	<u>265,625</u>	<u>375,304</u>
Net cash provided (used) by investing activities	724,462	(4,397,479)
Cash flows from financing activities:		
Repayment of long-term debt	(825,393)	(750,199)
Issuance of long-term debt	280,575	3,194,506
Repayments on lines of credit	(53,526,692)	(27,372,936)
Borrowings on lines of credit	<u>51,512,202</u>	<u>29,602,726</u>
Net cash (used) provided by financing activities	<u>(2,559,308)</u>	<u>4,674,097</u>
Decrease in cash and cash equivalents	(285,487)	(1,359,566)
Cash and cash equivalents, beginning of year	<u>3,042,621</u>	<u>4,402,187</u>
Cash and cash equivalents, end of year	<u>\$ 2,757,134</u>	<u>\$ 3,042,621</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended August 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>1,201,000</u>	\$ <u>1,119,000</u>

In 2014, Easter Seals NH transferred its sole member interest in a consolidated affiliate to an unrelated party (see note 12). During 2014 and 2013, Easter Seals NH transferred property with a net carrying value of \$607,088 and \$16,224, respectively, from fixed assets to property held for sale.

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

1. Corporate Organization and Purpose

Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH) consists of various separate nonprofit entities: Easter Seals New Hampshire, Inc. (parent and service corporation); Easter Seals New York, Inc. (Easter Seals NY); Easter Seals Maine, Inc. (Easter Seals ME); Easter Seals Rhode Island, Inc. (Easter Seals RI); Agency Realty, Inc. (real estate corporation); The Harbor Schools Incorporated (Harbor Schools); Manchester Alcoholism Rehabilitation Center; Easter Seals Connecticut, Inc. (Easter Seals CT); and Easter Seals Vermont, Inc. (Easter Seals VT). Easter Seals New Hampshire, Inc. is the sole member of each subsidiary. Easter Seals NH is affiliated with Easter Seals, Inc. (the national headquarters for the organization).

On May 22, 2013 the Board of Directors of Easter Seals New Hampshire, Inc. voted to dissolve and transfer the assets and liabilities of Special Transit Services, Inc. to Easter Seals New Hampshire, Inc.

On March 22, 2013, the Board of Directors of Easter Seals NY, voted to discontinue the Bronx Early Intervention program. On July 1, 2013, the Center for Therapeutic Recreation program located in Portland, Maine was transferred to the City of Portland and at that same time Easter Seals ME discontinued offering those services. On September 25, 2013, the Board of Directors of Easter Seals CT voted to discontinue the camp programs and cease all operations effective November 16, 2013. On January 25, 2012, the Board of Directors of Easter Seals NH voted to close Harbor Schools and cease all operations of this subsidiary, and also voted to approve discontinuing the group home and special education programs in Rutland, Vermont. On June 11, 2014, the Board of Directors of Easter Seals NH voted to discontinue the Pediatric Outpatient programs located in Manchester and Dover due to significant losses the programs were experiencing. See also note 13.

In May 2013, the Boards of Directors of Manchester Alcoholism Rehabilitation Center and Webster Place voted to merge the two organizations with Manchester Alcohol Rehabilitation Center being the surviving corporation, having found such merger to be in the best interest of both organizations. The effective date of the merger was September 1, 2013.

On July 31, 2014, Easter Seals NH entered into an agreement with The Connecticut Institute for the Blind, Inc. d/b/a Oak Hill (Oak Hill), an unrelated entity, whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals CT to Oak Hill for no consideration. See also note 12.

Easter Seals NH's purpose is to provide (1) programs and services for people with disabilities and other special needs, (2) assistance to people with disabilities and their families, (3) assistance to communities in identifying and developing needed services for residents, and (4) a climate of acceptance for people with disabilities and other special needs which will enable them to contribute to the well-being of the community. Easter Seals NH operates programs throughout New Hampshire, New York, Maine, Massachusetts (prior to the closure of Harbor Schools), Rhode Island, Vermont and Connecticut.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Easter Seals New Hampshire, Inc. and the subsidiaries of which it is the sole member. Significant intercompany accounts and transactions have been eliminated in consolidation.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Easter Seals NH considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents. Cash equivalents consist of cash, overnight repurchase agreements and money market funds, excluding assets limited as to use.

The management of Easter Seals NH has implemented a practice to establish cash reserves on hand. Approximately \$2,483,000 and \$2,432,000, respectively, of cash and cash equivalents, and approximately \$2,512,000 and \$2,238,000, respectively, of investments were on-hand under this practice as of August 31, 2014 and 2013, respectively.

Assets Limited as to Use and Investments

Assets limited as to use consists of cash and cash equivalents, short-term certificates of deposit with original maturities greater than 90 days, but less than one year, and investments. Investments are stated at fair value. Realized gains and losses on investments are computed on a specific identification basis. The changes in net unrealized and realized gains and losses on investments are recorded in other nonoperating expenses, gains and losses in the accompanying consolidated statements of activities and changes in net assets. Donated securities are stated at fair value determined at the date of donation.

Beneficial Interest in Trusts

Easter Seals NH is the beneficiary of several trusts held by others. Easter Seals NH has recorded as an asset the fair value of its interest in the trusts and such amount is included in permanently restricted net assets, based on the underlying donor stipulations. The change in the interest due to fair value change is recorded within other nonoperating expenses, gains and losses as permanently restricted activity.

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense as incurred, and expenditures for major renovations are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the underlying assets.

Fixed assets obtained by Easter Seals NH as a result of acquisitions on or after September 1, 2011 are recorded at estimated fair value as of the date of the acquisition in accordance with generally accepted accounting principles guidance for acquisitions by a not-for-profit entity.

Donated property and equipment not subject to donor stipulated conditions is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support or, if significant uncertainties exist, as deferred revenue pending resolution of the uncertainties. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. See also note 5.

Property held for sale is recorded at the lower of net realizable value or carrying value. Easter Seals NH recognized impairment losses on certain property held for sale in 2014 of \$139,698, which is recorded in other nonoperating losses.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

Intangible Assets and Long-Lived Assets

Accounting rules require that intangible assets with estimable or determinable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and be reviewed by management for impairment. Intangible assets at August 31, 2014 and 2013 consist of a patient list obtained in the acquisition of Webster Place.

Expected amortization of intangible assets through the end of their useful lives is as follows:

2015	\$ 33,130
2016	33,130
2017	33,130
2018	33,130
2019	33,130
Thereafter	<u>66,263</u>
	<u>\$231,913</u>

Amortization expense recognized for the patient list in 2014 and 2013 totaled \$33,130.

When there is an indication of impairment, management considers whether long-lived assets are impaired by comparing gross future undiscounted cash flows expected to be generated from utilizing the assets to their carrying amounts. If cash flows are not sufficient to recover the carrying amount of the assets, impairment has occurred and the assets are written down to their fair value. Significant estimates and assumptions are required to be made by management in order to evaluate possible impairment.

Based on current facts, estimates and assumptions, management believes that no long-lived assets were impaired at August 31, 2014 and 2013.

Bond Issuance Costs

Bond issuance costs are being amortized by the straight-line method over the repayment period of the related bonds, or the expected time until the next refinancing, whichever is shorter. Amortization expense recognized during 2014 and 2013 was \$9,638.

Revenue Recognition

Revenue generated from services provided to the public is reported at the estimated net realizable amounts from clients, third-party payors and others based upon approved rates as services are rendered. A significant portion of Easter Seals NH's revenues are derived through arrangements with third-party payors. As such, Easter Seals NH is dependent on these payors in order to carry out its operating activities. There is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in other fees and grants in the year that such amounts become known. Easter Seals NY recognized additional revenue of approximately \$7,654 in 2014 and \$1,046,000 in 2013 due to favorable rate adjustments approved by the State of New York.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

A third-party payor for three Easter Seals NY programs charged a facility tax assessment on a monthly basis in 2014 and 2013. The charges are a part of Easter Seals NY's reimbursement contract with the payor. The facility tax assessment is based on approved rates. As of August 31, 2014 and 2013, the facility tax assessment due was approximately \$136,000 and \$138,000, respectively, and is recorded in deferred revenue in the accompanying statements of financial position.

Revenues are recognized as earned, or attributable to the period in which specific terms of the funding agreement are satisfied, and to the extent that expenses have been incurred for the purposes specified by the funding source. Revenue balances in excess of the foregoing amounts are accounted for as deferred revenue until any restrictions are met or allowable expenditures are incurred.

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts are charged against the allowance for doubtful accounts when deemed uncollectible. The bad debt provision in 2014 and 2013 totaled \$265,007 and \$774,569, respectively.

Unconditional contributions are recognized when pledged.

Advertising

Easter Seals NH's policy is to expense advertising costs as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based mainly on time records and estimates made by Easter Seals NH's management.

Charity Care (Unaudited)

Easter Seals NH has a formal charity care policy under which program fees are subsidized as determined by the Board of Directors. Free and subsidized services are rendered in accordance with decisions made by the Board of Directors and, at established charges, amounted to approximately \$6,802,000 and \$7,373,000 for the years ended August 31, 2014 and 2013, respectively.

Income Taxes

Easter Seals New Hampshire, Inc., Easter Seals NY, Easter Seals ME, Easter Seals VT, Easter Seals RI, Harbor Schools, Manchester Alcoholism Rehabilitation Center and Easter Seals CT are exempt from both federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, for Easter Seals NY of the Not-for-Profit Corporation Law of the State of New York. Agency Realty, Inc. received a determination letter from the Internal Revenue Service stating that it qualifies for tax-exempt status under Section 501(c)(2) of the Internal Revenue Code.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position historically taken on various tax exposure items including unrelated business income or tax status. In accordance with accounting principles generally accepted in the United States of America, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the “more-likely-than-not” threshold, based upon the technical merits of the position.

Management has evaluated tax positions taken by Easter Seals New Hampshire, Inc. and its subsidiaries on their respective filed tax returns and concluded that the organizations have maintained their tax-exempt status, do not have any significant unrelated business income, and have taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. Easter Seals New Hampshire, Inc. and its subsidiaries are no longer subject to income tax examinations by the federal or state tax authorities for years prior to 2011.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Derivatives and Hedging Activities

Accounting guidance requires that Easter Seals NH record as an asset or liability the fair value of the interest rate swap agreements described in note 8. Easter Seals NH is exposed to repayment loss equal to the net amounts receivable under the swap agreements (not the notional amount) in the event of nonperformance of the other party to the swap agreements. However, Easter Seals NH does not anticipate nonperformance and does not obtain collateral from the other party.

As of August 31, 2014 and 2013, Easter Seals NH had recognized a liability of \$3,329,813 and \$2,758,346, respectively, as a result of the interest rate swap agreements discussed in note 8. As a result of changes in the fair value of these derivative financial instruments, Easter Seals NH recognized an increase in net assets of \$571,467 (\$23,387 of which is included in deconsolidation of affiliate as an increase in net assets) for the year ending August 31, 2014, and an increase in net assets of \$2,377,632 for the year ending August 31, 2013 related to swap agreements.

Increase in Net Assets from Operations

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of services are reported as revenue and expenses that comprise the increase (decrease) in net assets from operations. The primary transactions reported as other nonoperating expenses, gains and losses include the adjustment to fair value of interest rate swaps, the increase in the fair value of beneficial interest in trusts held by others, gains and losses on sales and disposals of property, plant and equipment, and net realized and unrealized gains on investments.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the 2014 presentation.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated events occurring between the end of Easter Seals NH's fiscal year end and December 5, 2014, the date these consolidated financial statements were available to be issued.

3. Classification of Net Assets

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), net assets are classified and reported based on the existence or absence of donor-imposed restrictions. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. Temporarily restricted net assets are those whose use by Easter Seals NH has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets have been restricted by donors to be maintained by Easter Seals NH in perpetuity, the income from which is expendable to support all activities of the organization, or as stipulated by the donor.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

In accordance with UPMIFA, Easter Seals NH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

3. Classification of Net Assets (Continued)

Endowment Net Asset Composition by Type of Fund

The major categories of endowment funds at August 31, 2014 and 2013 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2014</u>			
Camping program	\$ 3,072	\$ 364,869	\$ 367,941
Other programs	33,332	353,019	386,351
Operations	<u>—</u>	<u>3,613,207</u>	<u>3,613,207</u>
Total endowment net assets	<u>\$36,404</u>	<u>\$4,331,095</u>	<u>\$4,367,499</u>
<u>2013</u>			
Camping program	\$ 1,918	\$ 363,869	\$ 365,787
Other programs	18,913	340,203	359,116
Operations	<u>—</u>	<u>3,613,207</u>	<u>3,613,207</u>
Total endowment net assets	<u>\$20,831</u>	<u>\$4,317,279</u>	<u>\$4,338,110</u>

Changes in Endowment Net Assets

During the years ended August 31, 2014 and 2013, Easter Seals NH had the following endowment-related activities:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net endowment assets, August 31, 2012	\$ 16,043	\$4,303,631	\$4,319,674
Investment return:			
Investment income, net of fees	18,777	—	18,777
Net appreciation (realized and unrealized)	563,208	—	563,208
Contributions	—	13,648	13,648
Appropriated for expenditure	<u>(577,197)</u>	<u>—</u>	<u>(577,197)</u>
Net endowment assets, August 31, 2013	20,831	4,317,279	4,338,110
Investment return:			
Investment income, net of fees	22,617	—	22,617
Net appreciation (realized and unrealized)	970,963	—	970,963
Contributions	—	13,816	13,816
Appropriated for expenditure	<u>(978,007)</u>	<u>—</u>	<u>(978,007)</u>
Net endowment assets, August 31, 2014	<u>\$ 36,404</u>	<u>\$4,331,095</u>	<u>\$4,367,499</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

3. Classification of Net Assets (Continued)

In addition to endowment net assets, Easter Seals NH also maintains non-endowed funds. The major categories of non-endowment funds, at August 31, 2014 and 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (See Note 11)</u>	<u>Total Non- Endowment Net Assets</u>
<u>2014</u>				
Seniors program	\$ -	\$ 23,866	\$ -	\$ 23,866
Veterans program	263,880	9,702	-	273,582
India initiative	104,600	668,198	-	772,798
Other programs	-	174,192	-	174,192
Operations	<u>13,820,857</u>	<u>32,500</u>	<u>693,427</u>	<u>14,546,784</u>
Total non-endowment net assets	<u>\$14,189,337</u>	<u>\$908,458</u>	<u>\$ 693,427</u>	<u>\$15,791,222</u>
<u>2013</u>				
Seniors program	\$ 88,902	\$ 11,729	\$ -	\$ 100,631
Veterans program	-	517,035	-	517,035
India initiative	-	57,881	-	57,881
Other programs	-	285,461	-	285,461
Operations	<u>14,678,806</u>	<u>32,500</u>	<u>5,837,727</u>	<u>20,549,033</u>
Total non-endowment net assets	<u>\$14,767,708</u>	<u>\$904,606</u>	<u>\$5,837,727</u>	<u>\$21,510,041</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Easter Seals NH to retain as a fund of permanent duration. Deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies between the fair value of the investments of the endowment funds and the level required by donor stipulation at August 31, 2014 or 2013.

Investment and Spending Policies

Easter Seals NH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Easter Seals NH must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of an appropriate market index while assuming a moderate level of investment risk. Easter Seals NH expects its endowment funds to provide an average rate of return over a five year period equal to the rate of 2% over the inflation rate. Actual returns in any given year may vary from this amount.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

3. Classification of Net Assets (Continued)

To satisfy its long-term rate-of-return objectives, Easter Seals NH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Easter Seals NH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Easter Seals NH may appropriate for distribution some or all of the earnings and appreciation on its endowment for funding of operations. In establishing this policy, Easter Seals NH considered the objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to, so long as it would not detract from Easter Seals NH's critical goals and initiatives, provide additional real growth through new gifts and investment return.

4. Leases

Easter Seals NH leases certain assets under various arrangements which have been classified as operating leases. Total expense under all leases (including month-to-month leases) was approximately \$2,420,000 and \$2,168,000 for the years ended August 31, 2014 and 2013, respectively. Some of these leases have terms which include renewal options, and others may be terminated at Easter Seals NH's option without substantial penalty. Future minimum payments required under the leases in effect at August 31, 2014, through the remaining contractual term of the underlying lease agreements, are as follows:

Year Ended August 31:

2015	\$2,018,870
2016	1,486,328
2017	1,044,716
2018	385,129
2019	221,698
Thereafter	31,240

Easter Seals NY leases certain facilities for school operations from unrelated parties at lease terms that are either below fair market value, or that are almost entirely rent-free. Under accounting principles generally accepted in the United States of America, lease agreements must be evaluated based upon their economic substance rather than legal form, and a lease subsidy would be recorded as both contribution and rental expense. However, Easter Seals NH has determined that such amounts would not be material to the accompanying consolidated financial statements.

Easter Seals NY subleases certain office space located at 11 West 42nd Street in New York to an unrelated party. The sublease agreement expires in February 2014. Total rental income earned under this sublease agreement for the years ended August 31, 2014 and 2013 was approximately \$65,000 and \$144,000, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

5. Fixed Assets

Fixed assets consist of the following at August 31:

	<u>2014</u>	<u>2013</u>
Buildings	\$ 27,225,674	\$ 33,015,085
Land and land improvements	2,696,051	3,494,009
Leasehold improvements	997,631	952,100
Office equipment and furniture	9,679,631	9,917,122
Vehicles	3,250,383	3,225,015
Construction in progress	<u>296,043</u>	<u>216,678</u>
	44,145,413	50,820,009
Less accumulated depreciation and amortization	<u>(19,051,030)</u>	<u>(22,753,125)</u>
	<u>\$ 25,094,383</u>	<u>\$ 28,066,884</u>

Depreciation and amortization expense related to fixed assets totaled \$1,728,935 and \$1,765,075 in 2014 and 2013, respectively. Depreciation and amortization of fixed assets included within discontinued operations in 2014 and 2013 totaled \$64,351 and \$218,670, respectively.

During 2012, Easter Seals NH received a donated building with an estimated fair value of approximately \$1,100,000. Under the terms of the donation, for a period of six years, Easter Seals NH must continue to use the building as a child care center. Should Easter Seals NH cease to operate the program, or wish to sell or donate the property, Easter Seals NH must first provide the donor with the opportunity to purchase the property for \$1. The contribution representing the fair value of the building has been recorded as deferred revenue at August 31, 2014 and 2013.

6. Investments and Assets Limited as to Use

Investments and assets limited as to use, at fair value, are as follows at August 31:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 523,616	\$ 3,513,266
Certificates of deposit	-	554,282
Marketable equity securities	1,883,153	2,770,110
Mutual funds	11,634,793	10,992,033
Corporate and foreign bonds	711,063	903,497
Government and agency securities	<u>366,744</u>	<u>631,627</u>
	15,119,369	19,364,815
Less: assets limited as to use	<u>(1,286,323)</u>	<u>(5,100,474)</u>
Total investments, at fair value	<u>\$13,833,046</u>	<u>\$14,264,341</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

6. Investments and Assets Limited as to Use (Continued)

The composition of assets limited as to use at August 31, 2014 and 2013 is set forth in the table shown below at fair value. The portion of assets limited as to use that is required for obligations classified as current liabilities is reported in current assets.

	<u>2014</u>	<u>2013</u>
Under an agreement with the State of Connecticut, which provides that the funds be utilized for certain allowable program expenditures:		
Cash and cash equivalents	\$ --	\$2,310,566
Certificates of deposit	--	554,282
Mutual funds	--	428,148
Marketable equity securities	<u>--</u>	<u>151,573</u>
	--	3,444,569
Under a deferred compensation plan (see note 7):		
Investments	986,277	1,367,127
Maintained in escrow to make required payments on certain bonds (see note 8):		
Cash and cash equivalents	<u>300,046</u>	<u>288,778</u>
Total assets limited as to use	<u>\$1,286,323</u>	<u>\$5,100,474</u>

The principal components of investment income and net realized and unrealized gains included in continuing operations and other nonoperating expenses, gains and losses are summarized below.

	<u>2014</u>	<u>2013</u>
Unrestricted investment income and unrealized and realized gains on investments:		
Dividend and interest income	\$ 742,337	\$ 681,151
Net unrealized gains	668,363	231,743
Net realized gains	<u>828,601</u>	<u>557,753</u>
	2,239,301	1,470,647
Restricted investment income and unrealized and realized gains on investments:		
Dividend and interest income	3,613	1,141
Net unrealized gains	20,109	7,631
Net realized gains	<u>17,877</u>	<u>16,542</u>
	<u>41,599</u>	<u>25,314</u>
	<u>\$2,280,900</u>	<u>\$1,495,961</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

7. Retirement Plans

Easter Seals NH maintains a Section 403(b) Plan (a defined contribution retirement plan), which covers substantially all employees. Eligible employees may contribute any whole percentage of their annual salary. Employee contributions may be matched by Easter Seals NH as determined in the annual budget. The combined amount of employer and employee contributions is subject by law to annual maximum amounts. The employer match was approximately \$673,000 and \$474,000 for the years ended August 31, 2014 and 2013, respectively.

Easter Seals New Hampshire, Inc. offers, to certain management personnel, the option to participate in an Internal Revenue Code Section 457 Deferred Compensation Plan to which the organization may make a discretionary contribution. The employees' accounts are not available until termination, retirement, death or an unforeseeable emergency. Easter Seals New Hampshire, Inc. contributed approximately \$128,000 and \$130,000 to this plan during the years ended August 31, 2014 and 2013, respectively. The assets and liabilities associated with this plan were \$986,277 and \$1,367,127 at August 31, 2014 and 2013, respectively, and are included within assets limited as to use and other liabilities in the accompanying consolidated statements of financial position.

8. Borrowings

Borrowings consist of the following at August 31:

	<u>2014</u>	<u>2013</u>
Revenue Bonds, Series 2004A, tax exempt, issued through the New Hampshire Health and Education Facilities Authority (NHHEFA), with a variable rate determined through weekly remarketing (0.06% at August 31, 2014) through December 2034, annual principal payments continually increasing from \$400,000 to \$1,060,000 with a final payment of \$1,060,000 due December 2034, secured by a pledge of all gross receipts of Easter Seals NH and certain letters of credit (see below)	\$14,275,000	\$14,660,000
Revenue Bonds, Series 2010, issued through the Monroe County Industrial Development Corporation, interest only payments due through December 2011, after which monthly principal and interest payments ranging from \$10,050 to \$21,980 are required through the maturity date of December 31, 2040. Interest is payable monthly at a rate equal to 68% of the sum of the monthly LIBOR rate plus 2.65% (1.91% at August 31, 2014)	4,929,360	5,052,360
Mortgage payable to a bank with a variable rate of LIBOR plus 2.65%, principal of \$9,500 plus interest payable monthly, with a final payment of \$2,299,000 due March 2015, secured by all business assets and property of Easter Seals CT, excluding certain assets limited as to use (see deconsolidation of affiliate – note 12).	–	2,470,000

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

8. **Borrowings (Continued)**

	<u>2014</u>	<u>2013</u>
Non-revolving note payable to a bank with a total availability of \$3,500,000 with a variable rate of LIBOR plus 4.07% (4.23% at August 31, 2014), interest only payments through June 2014, after which monthly principal and interest payments are required through the maturity in June 2015, secured by an interest in certain property with a net book value of \$3,888,720 at August 31, 2014	\$ 3,482,580	\$ 3,500,000
Note payable to a bank with a fixed rate of 2.50%, principal and interest of \$985 payable monthly through April 2018, secured by vehicles	41,386	52,008
Note payable to a bank with a fixed rate of 2.50%, principal and interest of \$525 payable monthly through September 2018, secured by vehicles	24,449	-
Note payable to a bank with a fixed rate of 3.66%, principal and interest of \$3,177 payable monthly, due August 2015, secured by vehicles	37,353	73,357
Unsecured note payable to an individual with a fixed rate of 5.25%, principal and interest of \$10,311 payable monthly, due April 2016	197,002	307,232
Note payable to a bank with a fixed rate of 2.50%, principal and interest of \$2,923 payable monthly through September 2018, secured by vehicles	136,074	-
Note payable to a bank with a fixed rate of 2.50%, principal and interest of \$546 payable monthly through January 2019, secured by vehicles	27,394	-
Note payable to a bank with a fixed rate of 2.50%, principal and interest of \$195 payable monthly through March 2019, secured by vehicles	10,137	-
Note payable to a bank with a fixed rate of 2.24%, principal and interest of \$608 payable monthly through July 2019, secured by vehicles	33,925	-
Note payable to a bank with a fixed rate of 2.24%, principal and interest of \$166 payable monthly through August 2019, secured by vehicles	<u>9,979</u>	<u>-</u>
	23,204,639	26,114,957
Less current portion	<u>4,228,339</u>	<u>796,290</u>
	<u>\$18,976,300</u>	<u>\$25,318,667</u>

Principal payments on long-term debt for each of the following years ending August 31 are as follows:

2015	\$ 4,228,339
2016	698,294
2017	642,760
2018	669,263
2019	643,064
Thereafter	<u>16,322,919</u>
	<u>\$23,204,639</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

8. Borrowings (Continued)

Lines of Credit and Other Financing Arrangements

Easter Seals New Hampshire, Inc. had an agreement with a bank for a \$500,000 nonrevolving equipment line of credit. The line of credit was used to fund the purchase of New Hampshire titled vehicles for use by Easter Seals NH through April 2, 2014. The interest rate charged on outstanding borrowings was at a fixed rate at the then prime rate minus 0.75% for maturities up to a five-year term. Upon maturity of this agreement, the balances outstanding under the note payable at August 31, 2014 and 2013 were converted to various term notes secured by vehicles, as described above.

Easter Seals New Hampshire, Inc. also has an agreement with a bank for a \$500,000 revolving equipment line, which can be used to fund the purchase of New Hampshire titled vehicles for use by Easter Seals NH through June 2017. Advances are converted to term notes as utilized. The interest rate charged on outstanding borrowings is at a fixed rate equal to the then Business Vehicle Rate at the time of the advance for maturities up to a five year term. Included in long-term debt are two notes payable of \$33,925 and \$9,979 at August 31, 2014 that originated under this agreement. Availability under this agreement at August 31, 2014 is approximately \$456,000.

Easter Seals New Hampshire, Inc. (the sole member of Easter Seals NY and Harbor Schools), Easter Seals NY and Harbor Schools have a revolving line of credit with a bank, with available borrowings up to \$7 million (a portion of which is secured by available letters of credit of \$59,000). Outstanding advances are due on demand. The revolving line of credit has the following sub-limits which were last amended in May 2013: Easter Seals NH \$3.725 million, Easter Seals NY \$3 million and Harbor Schools \$275,000. The interest rate charged on outstanding borrowings is at LIBOR plus 2.25% (2.41% at August 31, 2014). Under an event of default, the interest rate will increase from LIBOR plus 2.25% to LIBOR plus 5.25%. The line is secured by a first priority interest in all business assets of Easter Seals New Hampshire, Inc., Easter Seals NY and Harbor Schools. The agreement requires that collective borrowings under the line of credit be reduced to \$3,500,000 for 30 consecutive days during each calendar year. The agreement also limits each borrower's ability to incur additional indebtedness in excess of \$500,000. Amounts outstanding under this revolving line of credit agreement at August 31, 2014 and 2013 were \$262,356 and \$262,356, respectively, related to Harbor Schools, \$1,935,548 and \$1,599,505, respectively, related to Easter Seals NY and \$0 and \$1,425,875, respectively, related to Easter Seals NH.

Easter Seals CT had a demand revolving line of credit with a bank with available borrowings up to \$1 million. The interest rate charged on outstanding borrowings was at LIBOR plus 2.25%. The line was secured by all business assets and property of Easter Seals CT, except for certain assets limited as to use (\$3,444,569 carrying value as of August 31, 2013). Additionally, this line was guaranteed by Easter Seals NH. The agreement also limited Easter Seals CT's ability to incur additional indebtedness in excess of \$1,000,000 related to real estate, and was cross collateralized with all Easter Seals NH borrowings at this bank. Amounts outstanding under this revolving line of credit agreement at August 31, 2013 were \$924,658 (see deconsolidation of affiliate – note 12).

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

8. Borrowings (Continued)

NHHEFA 2004A Revenue Bonds

In connection with the NHHEFA 2004A Revenue Bonds, Easter Seals NH is required to make deposits of interest and principal of sufficient amounts to make the required interest payments and to retire the bonds when due. The 2004A Revenue Bonds require that Easter Seals NH maintain certain reserve funds with a trustee for current required principal and interest payments. Such amounts, which are included within assets limited as to use, totaled \$300,046 and \$288,778 at August 31, 2014 and 2013, respectively. This agreement also requires bank approval prior to Easter Seals NH incurring additional indebtedness. Easter Seals NH has two letters of credit securing the bonds for \$14,450,993 each (expiring and subject to renewal on March 15, 2015, and mainly to support future principal and interest repayments due under the 2004A Revenue Bonds). Easter Seals NH is required to replace or renew the two \$14,450,993 letters of credit upon their expiration or the related bonds may be subject to early redemption. Easter Seals NH pays an annual fee for the two letters of credit relating to the 2004A NHHEFA Revenue Bonds. Fees incurred on these letters of credit totaled approximately \$183,000 and \$157,000 in 2014 and 2013, respectively.

Series 2010 Revenue Bonds

On December 1, 2010, Easter Seals NY, in connection with the Monroe County Industrial Development Corporation and RBS Citizens, issued \$5,250,000 in Series 2010 tax-exempt Revenue Bonds (the Series 2010 Bonds). The Series 2010 Bonds were used to finance the acquisition of certain property located in Irondequoit, New York, provide for improvements to a school building and an existing rehabilitation facility, and construct two residential rehabilitation facilities. Additionally, proceeds were used to refinance certain Easter Seals NY outstanding debt.

The Series 2010 Bonds are secured by a mortgage on all properties and improvements financed by the bonds, and are guaranteed by Easter Seals NH. Easter Seals NY may elect to prepay some portion or all of the outstanding bonds subject to a prepayment fee, as defined. This agreement also requires bank approval prior to Easter Seals NY incurring additional indebtedness. The Series 2010 Bonds are subject to tender for mandatory purchase at the election of the bondholder beginning June 1, 2016, and thereafter every five years through June 1, 2036.

Interest Rate Swap Agreements

Easter Seals NH has an interest rate swap agreement with a bank in connection with the Series 2004A Revenue Bonds. The swap agreement has an outstanding notional amount of \$14,275,000 and \$14,660,000 at August 31, 2014 and 2013, respectively, which reduces, in conjunction with bond principal reductions, until the agreement terminates in December 2034. Easter Seals NH remits interest at the fixed rate of 3.54% and receives interest at a variable rate (0.06% at August 31, 2014).

On February 23, 2011, Easter Seals NY entered into an interest rate swap agreement with a bank in connection with the Series 2010 Revenue Bonds. The swap agreement had an outstanding notional amount of \$4,929,360 and \$5,052,360 at August 31, 2014 and 2013, respectively, which reduces, in conjunction with bond principal reductions, until the agreement terminates in January 2031. Easter Seals NY remits interest at a fixed rate of 2.99% and receives interest at a variable rate (68% of monthly LIBOR).

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

8. Borrowings (Continued)

On December 27, 2010, Easter Seals CT entered into an interest rate swap agreement in connection with an outstanding mortgage payable of \$2,470,000 at August 31, 2013. The original notional amount of \$1,800,000 reduces ratably in conjunction with repayment of the note payable. The swap agreement effectively changed the variable rate to a fixed rate of 2.72% for the notional amounts outstanding, which is approximately 65% of the related mortgage payable (see deconsolidation of affiliate – note 12).

The fair value of the above interest rate swap agreements totaled \$3,329,813 and \$2,758,346 at August 31, 2014 and 2013, respectively, \$615,570 and \$708,132 of which was current at August 31, 2014 and 2013, respectively. During the years ended August 31, 2014 and 2013 net payments required by the agreements totaled \$674,448 and \$692,269, respectively. These payments have been included in interest expense within the accompanying consolidated statements of activities and changes in net assets. See note 11 with respect to fair value determinations.

Debt Covenants

In connection with the bonds, lines of credit and various other notes payable described above, Easter Seals NH is required to comply with certain financial covenants including, but not limited to, minimum liquidity and debt service coverage ratios. At August 31, 2014, Easter Seals NH was in compliance with restrictive covenants specified under the NHHEFA bonds, Series 2010 Bonds, and other debt obligations.

9. Donated Services

A number of volunteers have donated their time in connection with Easter Seals NH's program services and fundraising campaigns. However, no amounts have been reflected in the accompanying consolidated financial statements for such donated services, as no objective basis is available to measure the value.

10. Related Party Transactions

Approximately 13% of other fees and grants revenue is derived from a pass-through grant from Easter Seals, Inc. for both years ended August 31, 2014 and 2013. Easter Seals NH is a member of Easter Seals, Inc. As of August 31, 2014 and 2013, Easter Seals NH had a receivable of \$334,352 and \$247,471, respectively, from Easter Seals, Inc. related to amounts due under this grant. Easter Seals NH also has an amount due from Easter Seals CT of \$7,301 at August 31, 2014 (see also note 12). Membership fees to Easter Seals, Inc. were \$122,586 and \$121,780 for the years ended August 31, 2014 and 2013, respectively and are reflected as support of National programs on the accompanying consolidated statements of activity and changes in net assets.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

11. Fair Value of Financial Instruments

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at their measurement date. In determining fair value, Easter Seals NH uses various methods including market, income and cost approaches, and utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in factors used in the valuation. These factors may be readily observable, market corroborated, or generally unobservable. Easter Seals NH utilizes valuation techniques that maximize the use of observable factors and minimizes the use of unobservable factors.

Certain of Easter Seals NH's financial instruments are reported at fair value, which include beneficial interest held in trusts, investments and the interest rate swaps, and are classified by levels that rank the quality and reliability of the information used to determine fair value:

Level 1 – Valuations for financial instruments traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical instruments.

Level 2 – Valuations for financial instruments traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar instruments.

Level 3 – Valuations for financial instruments derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value.

The following describes the valuation methodologies used to measure financial assets and liabilities at fair value. The levels relate to valuation only and do not necessarily indicate a measure of investment risk. There have been no changes in the methodologies used by Easter Seals NH at August 31, 2014 and 2013.

Investments and Assets Limited as to Use

Cash and cash equivalents are deemed to be Level 1. The fair values of marketable equity securities, money market and mutual funds and government and agency securities that are based upon quoted prices in active markets for identical assets are reflected as Level 1. Investments in certain other mutual funds and corporate and foreign bonds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2. Investments in certificates of deposit are at cost plus accrued interest, which is estimated to approximate fair value and are included in Level 2.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

11. Fair Value of Financial Instruments (Continued)

Beneficial Interest in Trusts Held by Others

The beneficial interest in trusts held by others has been assigned fair value levels based on the fair value levels of the underlying investments within the trusts. The fair values of marketable equity securities, money market and mutual funds, government and agency securities and other asset funds are based upon quoted prices in active markets for identical assets and are reflected as Level 1. Investments in marketable equity securities, mutual funds and corporate and foreign bonds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2. Investments in alternative and other asset funds are derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions, and are reflected as Level 3. Level 3 valuations incorporate certain assumptions and projections in determining fair value.

Interest Rate Swap Agreements

The fair value for the interest rate swap liabilities is included in Level 3 and is estimated by the counterparty using industry standard valuation models. These models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rates.

At August 31, 2014 and 2013, Easter Seals NH's assets and liabilities measured at fair value on a recurring basis were classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2014</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 523,616	\$ —	\$ —	\$ 523,616
Marketable equity securities:				
Large-cap	1,238,248	—	—	1,238,248
International	644,905	—	—	644,905
Mutual funds, open-ended:				
Short-term fixed income	3,562,348	—	—	3,562,348
Intermediate-term bond fund	824,376	—	—	824,376
High yield bond fund	264,363	—	—	264,363
Foreign bond	14,168	—	—	14,168
Government securities	752,030	—	—	752,030
International equities	784,490	—	—	784,490
Domestic, large-cap	1,500,128	—	—	1,500,128
Domestic, mid-cap	147,920	—	—	147,920
Domestic, small-cap	3,480	—	—	3,480
Domestic, Multi Alt	112,233	—	—	112,233
Real estate fund	128,303	—	—	128,303

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

11. Fair Value of Financial Instruments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds, closed-ended:				
Domestic, large-cap	\$ 2,510,846	\$ —	\$ —	\$ 2,510,846
Domestic, mid-cap	508,556	—	—	508,556
Domestic, small-cap	193,682	—	—	193,682
International equity	326,879	—	—	326,879
Commodity	991	—	—	991
Corporate and foreign bonds	—	711,063	—	711,063
Government and agency securities	<u>366,744</u>	<u>—</u>	<u>—</u>	<u>366,744</u>
	<u>\$14,408,306</u>	<u>\$ 711,063</u>	<u>\$ —</u>	<u>\$15,119,369</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 16,172	\$ —	\$ —	\$ 16,172
Marketable equity securities:				
Large-cap	225,799	57,705	—	283,504
Small-cap	—	33,685	—	33,685
International	—	72,307	—	72,307
Emerging markets	46,695	—	—	46,695
Mutual funds:				
Domestic fixed income	—	133,076	—	133,076
International fixed income	30,821	—	—	30,821
Commodity	42,050	—	—	42,050
Real estate investment trust	<u>35,117</u>	<u>—</u>	<u>—</u>	<u>35,117</u>
	<u>\$ 396,654</u>	<u>\$ 296,773</u>	<u>\$ —</u>	<u>\$ 693,427</u>
Liabilities:				
Interest rate swap agreements	<u>\$ —</u>	<u>\$ —</u>	<u>\$3,329,813</u>	<u>\$ 3,329,813</u>

2013

Assets:

Assets limited as to use and investments
at fair value:

Cash and cash equivalents	\$ 3,513,266	\$ —	\$ —	\$ 3,513,266
Certificates of deposit	—	554,282	—	554,282
Marketable equity securities:				
Large-cap	2,550,313	—	—	2,550,313
International	219,797	—	—	219,797
Mutual funds, open-ended:				
Short-term fixed income	3,304,368	—	—	3,304,368
Intermediate-term bond fund	543,938	—	—	543,938
High yield bond fund	274,582	—	—	274,582
Foreign bond	210,342	—	—	210,342
Government securities	511,971	—	—	511,971
International equities	693,837	—	—	693,837

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

11. Fair Value of Financial Instruments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic, large-cap	\$ 816,851	\$ —	\$ —	\$ 816,851
Domestic, mid-cap	369,532	—	—	369,532
Domestic, small-cap	237,828	—	—	237,828
Real estate fund	3,868	—	—	3,868
Mutual funds, closed-ended:				
Fixed income and bond	427,663	—	—	427,663
Domestic, large-cap	2,002,955	—	—	2,002,955
Domestic, mid-cap	493,556	—	—	493,556
Domestic, small-cap	913,054	—	—	913,054
International equity	173,305	—	—	173,305
Commodity	14,383	—	—	14,383
Corporate and foreign bonds	—	903,497	—	903,497
Government and agency securities	<u>631,627</u>	<u>—</u>	<u>—</u>	<u>631,627</u>
	<u>\$17,907,036</u>	<u>\$1,457,779</u>	<u>\$ —</u>	<u>\$19,364,815</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 4,555	\$ —	\$ —	\$ 4,555
Marketable equity securities:				
Large-cap	2,544,889	148,594	—	2,693,483
Mid-cap	809,286	45,600	—	854,886
Small-cap	—	33,110	—	33,110
International	319,796	40,369	—	360,165
Emerging markets	118,842	—	—	118,842
Corporate bonds	—	709,131	—	709,131
Foreign bonds	—	6,029	—	6,029
Mutual funds:				
Domestic fixed income	—	654,361	—	654,361
International equity	34,664	—	—	34,664
International fixed income	19,931	—	—	19,931
Domestic large-cap equity	67,476	—	—	67,476
Domestic mid-cap equity	16,984	—	—	16,984
Domestic small-cap equity	20,565	—	—	20,565
Commodity	5,465	—	—	5,465
Government and agency securities	20,202	—	—	20,202
Real estate investment trust	95,123	—	—	95,123
Alternative and structured asset funds	<u>33,921</u>	<u>—</u>	<u>88,834</u>	<u>122,755</u>
	<u>\$ 4,111,699</u>	<u>\$1,637,194</u>	<u>\$ 88,834</u>	<u>\$ 5,837,727</u>
Liabilities:				
Interest rate swap agreements	<u>\$ —</u>	<u>\$ —</u>	<u>\$2,758,346</u>	<u>\$ 2,758,346</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

11. Fair Value of Financial Instruments (Continued)

The table below sets forth a summary of changes in the fair value of Easter Seals NH's Level 3 assets and liabilities for the years ended August 31, 2014 and 2013:

	<u>Interest Rate Swaps</u>	<u>Alternative and Other Asset Funds</u>
Beginning balance, August 31, 2012	\$(5,135,978)	\$ 78,614
Unrealized gains, net	<u>2,377,632</u>	<u>10,220</u>
Ending balance, August 31, 2013	(2,758,346)	88,834
Unrealized loss, net	(594,854)	-
Deconsolidation of affiliate – see note 12	<u>23,387</u>	<u>(88,834)</u>
Ending balance, August 31, 2014	<u>\$(3,329,813)</u>	<u>\$ -</u>

Excluding the impact of the deconsolidation of an affiliate (see note 12), the net amounts of unrealized gains (losses) for the period attributable to the change in unrealized gains (losses) relating to the interest rate swaps still held at August 31, 2014 and 2013 were \$(594,854) and \$2,377,632, respectively. The amount of unrealized gains for the period attributable to the change in unrealized gains relating to the Level 3 investments still held at August 31, 2014 and 2013 were \$0 and \$10,220, respectively.

Easter Seals NH's other financial instruments, including cash and cash equivalents, accounts receivable from affiliates, program and other accounts receivable, contributions receivable, accounts payable, lines of credit, and long-term debt, have fair values approximating their carrying values because of the short-term nature of the financial instruments or because interest rates approximate current market rates.

12. Deconsolidation of Related Entity

On July 31, 2014, Easter Seals NH entered into an agreement with The Connecticut Institute for the Blind, Inc. d/b/a Oak Hill (Oak Hill), an unrelated entity, whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals CT to Oak Hill for no consideration. Accordingly, all of the assets, liabilities and net assets of Easter Seals CT were transferred to Oak Hill effective July 31, 2014. Easter Seals NH was concurrently released from all guarantees and other obligations related to Easter Seals CT. Easter Seals NH recognized a decrease in net assets of \$5,841,079 as a result of the deconsolidation of Easter Seals CT. The accompanying 2014 consolidated financial statements include the operating results of Easter Seals CT for the period from September 1, 2013 through July 31, 2014 and the year ended August 31, 2013.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

12. Deconsolidation of Related Entity (Continued)

Summary statements of financial position and activities of Easter Seals CT for the period ended July 31, 2014 and year ended August 31, 2013 follow:

	July 31, 2014 <u>(Unaudited)</u>	<u>August 31, 2013</u>
Assets:		
Cash and cash equivalents	\$ 21,440	\$ 270,732
Program and other accounts receivable, net	18,572	283,994
Assets limited as to use	3,548,526	3,444,569
Investments, at fair value	256,832	1,699,874
Beneficial interest in trust held by others	5,719,267	5,207,585
Fixed assets	1,879,966	1,919,988
Other assets	<u>24,828</u>	<u>108,708</u>
 Total assets	 11,469,431	 12,935,450
Liabilities and net assets:		
Line of credit	-	(924,658)
Deferred revenue	(3,138,717)	(3,456,204)
Long-term debt	(2,365,500)	(2,470,000)
Other liabilities	<u>(124,135)</u>	<u>(731,465)</u>
 Total liabilities	 <u>(5,628,352)</u>	 <u>(7,582,327)</u>
 Total net assets	 <u>\$ 5,841,079</u>	 <u>\$ 5,353,123</u>

	11-Month Period Ended <u>July 31, 2014</u>	<u>Year Ended August 31, 2013</u>
Total public support and revenue	\$ 1,027,556	\$ 1,298,832
Total operating expenses	(856,861)	(1,048,542)
Other nonoperating expenses, gains and losses	<u>778,724</u>	<u>361,524</u>
 Increase in net assets before discontinued operations	 <u>\$ 949,419</u>	 <u>\$ 611,814</u>

Losses from discontinued operations within Easter Seals CT for the eleven month period ended July 31, 2014 and year ended August 31, 2013 were \$454,230 and \$657,561, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

13. Discontinued Operations

The accompanying consolidated financial statements include various programs and entities that are reported as discontinued operations, as follows:

- On January 25, 2012, the Board of Directors of Easter Seals New Hampshire, Inc. voted to approve discontinuing the group home and special education programs in Rutland, Vermont.
- On January 25, 2012, the Board of Directors of Easter Seals NH voted to close Harbor Schools and cease all operations of this subsidiary.
- On March 22, 2013, the Board of Directors of Easter Seals NY voted to discontinue the Bronx Early Intervention program.
- On May 2, 2014 the Sayville program in NY was discontinued as a license was not able to be obtained.
- On July 1, 2013, the Center for Therapeutic Recreation program located in Portland, Maine was transferred to the City of Portland and at that same time Easter Seals ME discontinued offering those services. On October 17, 2013, the Maine Board of Directors voted to close the Maine Vocational programs.
- On September 25, 2013, the Board of Directors of Easter Seals CT voted to discontinue the camp programs and cease all operations effective November 16, 2013.
- On June 11, 2014, the Board of Directors of Easter Seals NH voted to discontinue the Pediatric Outpatient programs located in Manchester and Dover due to significant losses the programs were experiencing.

The management of Easter Seals NH has determined that the closure of each of these programs/entities met the criteria for classification as discontinued operations. The decisions to close the programs/entities were based on performance factors.

Summary statements of financial position for each of the above discontinued programs/entities as of August 31, 2014 and 2013 are as follows:

	<u>Vermont</u>		<u>Harbor Schools</u>		<u>New York</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total assets	\$ -	\$ -	\$878,144	\$ 872,744	\$ 32,929	\$51,896
Total liabilities	-	1,197	648,892	595,053	44,511	9,289
Net assets (deficit):						
Unrestricted	-	(1,197)	180,556	230,951	(11,582)	42,607
Temporarily restricted	-	-	24,870	22,914	-	-
Permanently restricted	-	-	23,826	23,826	-	-

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

13. Discontinued Operations (Continued)

	<u>Maine</u>		<u>Connecticut</u>		<u>New Hampshire</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total assets	\$ 825	\$ 1,888	\$ -	\$ 2,119,068	\$ 800,810	\$ -
Total liabilities	-	38	-	2,470,000	31,783	29,592
Net assets (deficit):						
Unrestricted	825	1,850	-	(350,932)	769,027	(29,592)

Summary statements of activities for each of the above discontinued programs/entities for the years ended August 31, 2014 and 2013 are as follows:

	<u>Vermont</u>		<u>Harbor Schools</u>		<u>New York</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total public support and revenue	\$ -	\$ -	\$ 22,127	\$ 12,907	\$ -	\$ 320,825
Operating expenses	-	(20,310)	(70,891)	(329,961)	(192,456)	(628,465)
Other nonoperating expense, gains or losses	-	-	830	(1,469)	-	-
Gain on sale of properties, net	-	-	-	291,788	-	-
Total decrease in net assets	<u>\$ -</u>	<u>\$ (20,310)</u>	<u>\$ (47,934)</u>	<u>\$ (26,735)</u>	<u>\$ (192,456)</u>	<u>\$ (307,640)</u>

	<u>Maine</u>		<u>Connecticut</u>		<u>New Hampshire</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total public support and revenue	\$ 4,667	\$ 210,588	\$ 57,166	\$ 774,143	\$ 1,276,909	\$ 1,996,997
Operating expenses	(42,262)	(324,009)	(511,596)	(1,431,704)	(2,018,853)	(1,970,004)
Gain (loss) on sale of properties, net	-	325	200	-	-	(15,563)
Total increase (decrease) in net assets	<u>\$ (37,595)</u>	<u>\$ (113,096)</u>	<u>\$ (454,230)</u>	<u>\$ (657,561)</u>	<u>\$ (741,944)</u>	<u>\$ 11,430</u>

During 2013 Easter Seals NH sold two properties related to the closure of certain programs, which resulted in net gains on the sales of property of \$276,550.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014 and 2013

14. Concentrations

Easter Seals NH maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed amounts guaranteed by the Federal Deposit Insurance Corporation. Financial instruments which subject Easter Seals to credit risk consist primarily of cash equivalents and investments. Easter Seals' investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the "Lord Abbett Short Duration Income A Fund" as of August 31, 2014.

OTHER FINANCIAL INFORMATION

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2014

ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Current assets:									
Cash and cash equivalents	\$ 1,887,115	\$ 600	\$ 10,132	\$ 500	\$ -	\$ -	\$ 858,787	\$ -	\$ 2,757,134
Accounts receivable from affiliates	6,110,436	911,119	-	-	-	-	334,353	(7,014,255)	341,653
Program and other accounts receivable, net	6,565,059	763,220	164,545	160,355	3,500	-	2,466,068	-	10,122,747
Contributions receivable, net	492,586	-	1,843	21,534	-	-	189,411	-	705,374
Current portion of assets limited as to use	300,046	-	-	-	-	-	-	-	300,046
Prepaid expenses and other current assets	<u>352,244</u>	<u>1,475</u>	<u>36,840</u>	<u>7,722</u>	<u>-</u>	<u>-</u>	<u>280,045</u>	<u>-</u>	<u>678,326</u>
Total current assets	15,707,486	1,676,414	213,360	190,111	3,500	-	4,128,664	(7,014,255)	14,905,280
Assets limited as to use, net of current portion	986,277	-	-	-	-	-	-	-	986,277
Fixed assets, net	19,655,095	31,222	24,514	22,222	-	-	5,361,330	-	25,094,383
Property held for sale	463,947	-	-	-	825,947	-	-	-	1,289,894
Bond issuance costs, net	62,218	-	-	-	-	-	172,895	-	235,113
Investments, at fair value	12,883,509	-	-	-	48,697	-	900,840	-	13,833,046
Beneficial interest in trusts held by others and other assets	<u>898,413</u>	<u>-</u>	<u>-</u>	<u>38,768</u>	<u>-</u>	<u>-</u>	<u>613,738</u>	<u>-</u>	<u>1,550,919</u>
	<u>\$50,656,945</u>	<u>\$1,707,636</u>	<u>\$ 237,874</u>	<u>\$ 251,101</u>	<u>\$ 878,144</u>	<u>\$ -</u>	<u>\$11,177,467</u>	<u>\$ (7,014,255)</u>	<u>\$57,894,912</u>

LIABILITIES AND NET ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Current liabilities:									
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ 262,356	\$ -	\$ 1,935,548	\$ -	\$ 2,197,904
Accounts payable	1,431,692	12,425	940	3,898	-	-	458,788	-	1,907,743
Accrued expenses	3,267,969	15,892	34,088	8,220	7,696	-	917,617	-	4,251,482
Accounts payable to affiliates	3,023,524	-	2,562,288	99,631	352,590	-	976,222	(7,014,255)	-
Current portion of deferred revenue	523,300	12,557	5,000	83	26,250	-	291,068	-	858,258
Current portion of interest rate swap agreements	474,355	-	-	-	-	-	141,215	-	615,570
Current portion of long-term debt	4,064,386	-	-	-	-	-	163,953	-	4,228,339
Total current liabilities	12,785,226	40,874	2,602,316	111,832	648,892	-	4,884,411	(7,014,255)	14,059,296
Deferred revenue, net of current portion	999,167	-	-	-	-	-	-	-	999,167
Other liabilities	987,185	-	-	-	-	-	-	-	987,185
Interest rate swap agreements, less current portion	2,195,025	-	-	-	-	-	519,218	-	2,714,243
Long-term debt, less current portion	14,173,540	-	-	-	-	-	4,802,760	-	18,976,300
Total liabilities	31,140,143	40,874	2,602,316	111,832	648,892	-	10,206,389	(7,014,255)	37,736,191
Net assets (deficit):									
Unrestricted	14,428,086	1,666,763	(2,422,354)	100,501	180,556	-	235,785	-	14,189,337
Temporarily restricted	690,526	(1)	57,912	-	24,870	-	171,555	-	944,862
Permanently restricted	4,398,190	-	-	38,768	23,826	-	563,738	-	5,024,522
Total net assets (deficit)	19,516,802	1,666,762	(2,364,442)	139,269	229,252	-	971,078	-	20,158,721
	<u>\$50,656,945</u>	<u>\$ 1,707,636</u>	<u>\$ 237,874</u>	<u>\$ 251,101</u>	<u>\$ 878,144</u>	<u>\$ -</u>	<u>\$ 11,177,467</u>	<u>\$ (7,014,255)</u>	<u>\$ 57,894,912</u>

* Includes Agency Realty, Inc., Webster Place, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2013

ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Current assets:									
Cash and cash equivalents	\$ 1,884,939	\$ 500	\$ 300	\$ 500	\$ -	\$ 270,732	\$ 885,650	\$ -	\$ 3,042,621
Accounts receivable from affiliates	8,588,060	983,077	-	-	-	-	247,471	(9,571,137)	247,471
Program and other accounts receivable, net	6,375,827	627,330	541,354	160,914	3,500	283,994	3,231,789	-	11,224,708
Contributions receivable, net	343,482	-	1,725	20,175	-	28,350	292,378	-	686,110
Current portion of assets limited as to use	288,778	-	-	-	-	253,183	-	-	541,961
Prepaid expenses and other current assets	426,695	4,950	37,302	9,276	-	80,358	225,263	-	783,844
Total current assets	17,907,781	1,615,857	580,681	190,865	3,500	916,617	4,882,551	(9,571,137)	16,526,715
Assets limited as to use, net of current portion	1,367,127	-	-	-	-	3,191,386	-	-	4,558,513
Fixed assets, net	20,574,542	1,994	29,777	20,130	-	1,919,988	5,520,453	-	28,066,884
Property held for sale	-	-	-	-	822,504	-	-	-	822,504
Bond issuance costs, net	65,290	-	-	-	-	-	179,461	-	244,751
Investments, at fair value	11,646,528	-	-	-	46,740	1,699,874	871,199	-	14,264,341
Beneficial interest in trusts held by others and other assets	969,247	-	-	35,917	-	5,207,585	618,051	-	6,830,800
	\$52,530,515	\$1,617,851	\$ 610,458	\$ 246,912	\$ 872,744	\$12,935,450	\$12,071,715	\$ (9,571,137)	\$71,314,508

LIABILITIES AND NET ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Current liabilities:									
Lines of credit	\$ 1,425,875	\$ -	\$ -	\$ -	\$ 262,356	\$ 924,658	\$ 1,599,505	\$ -	\$ 4,212,394
Accounts payable	1,259,499	8,467	1,492	3,458	907	65,152	473,153	-	1,812,128
Accrued expenses	3,038,850	7,722	28,013	6,617	29,988	115,836	896,428	-	4,143,454
Accounts payable to affiliates	4,654,485	-	2,790,841	58,729	296,552	493,735	1,276,795	(9,571,137)	-
Current portion of deferred revenue	342,165	12,095	55,123	-	5,250	264,818	160,116	-	839,567
Current portion of interest rate swap agreements	525,435	-	-	-	-	39,267	143,430	-	708,132
Current portion of long-term debt	523,287	-	-	-	-	114,000	159,003	-	796,290
Total current liabilities	11,789,596	28,284	2,875,469	68,804	595,053	2,017,466	4,708,430	(9,571,137)	12,511,965
Deferred revenue, net of current portion	1,026,667	-	-	-	-	3,191,386	-	-	4,218,053
Other liabilities	1,367,458	-	-	-	-	-	-	-	1,367,458
Interest rate swap agreements, less current portion	1,699,286	-	-	-	-	17,475	333,453	-	2,050,214
Long-term debt, less current portion	17,995,953	-	-	-	-	2,356,000	4,966,714	-	25,318,667
Total liabilities	33,878,960	28,284	2,875,469	68,804	595,053	7,582,327	10,008,597	(9,571,137)	45,466,357
Net assets (deficit):									
Unrestricted	13,547,926	1,589,568	(2,279,862)	140,709	230,951	145,539	1,392,877	-	14,767,708
Temporarily restricted	734,001	(1)	14,851	1,482	22,914	-	152,190	-	925,437
Permanently restricted	4,369,628	-	-	35,917	23,826	5,207,584	518,051	-	10,155,006
Total net assets (deficit)	18,651,555	1,589,567	(2,265,011)	178,108	277,691	5,353,123	2,063,118	-	25,848,151
	\$52,530,515	\$1,617,851	\$ 610,458	\$ 246,912	\$ 872,744	\$12,935,450	\$12,071,715	\$ (9,571,137)	\$71,314,508

* Includes Agency Realty, Inc., Webster Place, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2014

	<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimi- nations</u>	<u>Total</u>
Public support and revenue:									
Public support:									
Contributions	\$ 660,025	\$ 783	\$ 188,715	\$ 35,175	\$ -	\$ 5,902	\$ 409,654	\$ -	\$ 1,300,254
Special events, net	990,162	2,390	16,735	132,955	-	12,446	661,287	-	1,815,975
Annual campaigns, net	398,950	10,731	19,340	48,824	-	24,005	-	-	501,850
Requests	<u>220,764</u>	<u>-</u>	<u>-</u>	<u>1,710</u>	<u>-</u>	<u>8,129</u>	<u>217,955</u>	<u>-</u>	<u>448,558</u>
Total public support	2,269,901	13,904	224,790	218,664	-	50,482	1,288,896	-	4,066,637
Revenue:									
Fees and grants from governmental agencies	37,890,398	3,257,409	2,142,632	1,114,188	-	248,623	23,072,047	-	67,725,297
Other fees and grants	19,739,085	669,021	37,471	61,137	-	9,862	4,577,720	-	25,094,296
Sales to public	4,270,196	-	-	-	-	-	-	-	4,270,196
Dividend and interest income	339,121	-	-	1,472	-	373,818	56,794	(25,255)	745,950
Rental income	1,032	-	-	-	-	-	64,746	(574)	65,204
Intercompany revenue	2,317,520	-	-	-	-	-	66,035	(2,383,555)	-
Other	<u>133,957</u>	<u>285</u>	<u>172</u>	<u>5,341</u>	<u>-</u>	<u>344,771</u>	<u>4,112</u>	<u>(29,450)</u>	<u>459,188</u>
Total revenue	<u>64,691,309</u>	<u>3,926,715</u>	<u>2,180,275</u>	<u>1,182,138</u>	<u>-</u>	<u>977,074</u>	<u>27,841,454</u>	<u>(2,438,834)</u>	<u>98,360,131</u>
Total public support and revenue	66,961,210	3,940,619	2,405,065	1,400,802	-	1,027,556	29,130,350	(2,438,834)	102,426,768
Operating expenses:									
Program services:									
Public health education	258,038	245	74	3,551	-	386	253,698	-	515,992
Professional education	29,065	-	-	-	-	-	-	-	29,065
Direct services	<u>56,578,002</u>	<u>3,518,763</u>	<u>2,156,028</u>	<u>1,164,880</u>	<u>-</u>	<u>576,844</u>	<u>26,023,617</u>	<u>(31,000)</u>	<u>89,987,134</u>
Total program services	56,865,105	3,519,008	2,156,102	1,168,431	-	577,230	26,277,315	(31,000)	90,532,191

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Supporting services:									
Management and general	\$ 8,240,795	\$ 344,097	\$ 220,095	\$ 130,416	\$ -	\$ 147,814	\$ 2,722,667	\$ (2,386,314)	\$ 9,419,570
Fundraising	<u>862,957</u>	<u>319</u>	<u>90,098</u>	<u>141,535</u>	-	<u>129,258</u>	<u>796,555</u>	<u>(13,783)</u>	<u>2,006,939</u>
Total supporting services	9,103,752	344,416	310,193	271,951	-	277,072	3,519,222	(2,400,097)	11,426,509
Total functional expenses	65,968,857	3,863,424	2,466,295	1,440,382	-	854,302	29,796,537	(2,431,097)	101,958,700
Support of National programs	<u>25,797</u>	-	<u>606</u>	<u>2,110</u>	-	<u>2,559</u>	<u>91,514</u>	-	<u>122,586</u>
Total operating expenses	<u>65,994,654</u>	<u>3,863,424</u>	<u>2,466,901</u>	<u>1,442,492</u>	-	<u>856,861</u>	<u>29,888,051</u>	<u>(2,431,097)</u>	<u>102,081,286</u>
Increase (decrease) in net assets from operations	966,556	77,195	(61,836)	(41,690)	-	170,695	(757,701)	(7,737)	345,482
Other nonoperating expenses, gains and losses:									
Change in fair value of interest rate swaps	(444,658)	-	-	-	-	33,354	(183,550)	-	(594,854)
Net realized and unrealized gains (losses) on investments	1,303,266	-	-	-	-	235,704	(4,020)	-	1,534,950
Increase in fair value of beneficial interest in trusts held by others	14,750	-	-	2,851	-	511,682	45,687	-	574,970
Gain (loss) on sales and disposals of property, plant and equipment	16,368	-	-	-	-	(2,016)	-	-	14,352
Other nonoperating expenses	<u>(249,092)</u>	-	-	-	-	-	-	-	<u>(249,092)</u>
Deconsolidation of affiliate	640,634	-	-	2,851	-	778,724	(141,883)	-	1,280,326
	-	-	-	-	-	<u>(5,841,079)</u>	-	-	<u>(5,841,079)</u>
Increase (decrease) in net assets before effects of discontinued operations	1,607,190	77,195	(61,836)	(38,839)	-	(4,891,660)	(899,584)	(7,737)	(4,215,271)
Loss from discontinued operations	<u>(741,943)</u>	-	<u>(37,595)</u>	-	<u>(48,439)</u>	<u>(461,463)</u>	<u>(192,456)</u>	<u>7,737</u>	<u>(1,474,159)</u>
Total increase (decrease) in net assets	865,247	77,195	(99,431)	(38,839)	(48,439)	(5,353,123)	(1,092,040)	-	(5,689,430)
Net assets (deficit) at beginning of year	<u>18,651,555</u>	<u>1,589,567</u>	<u>(2,265,011)</u>	<u>178,108</u>	<u>277,691</u>	<u>5,353,123</u>	<u>2,063,118</u>	-	<u>25,848,151</u>
Net assets (deficit) at end of year	<u>\$ 19,516,802</u>	<u>\$ 1,666,762</u>	<u>\$ (2,364,442)</u>	<u>\$ 139,269</u>	<u>\$ 229,252</u>	<u>\$ -</u>	<u>\$ 971,078</u>	<u>\$ -</u>	<u>\$ 20,158,721</u>

* Includes Agency Realty, Inc., Webster Place Inc., and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2013

	<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimi- nations</u>	<u>Total</u>
Public support and revenue:									
Public support:									
Contributions	\$ 1,982,061	\$ 569	\$ 20,216	\$ 34,016	\$ -	\$ 43,732	\$ 416,983	\$ -	\$ 2,497,577
Special events, net	323,059	176	57,225	106,647	-	35,291	466,125	-	988,523
Annual campaigns, net	379,744	15,804	12,321	32,663	-	2,702	-	-	443,234
Bequests	<u>108,362</u>	<u>-</u>	<u>79,247</u>	<u>1,710</u>	<u>-</u>	<u>20,270</u>	<u>160,234</u>	<u>-</u>	<u>369,823</u>
Total public support	2,793,226	16,549	169,009	175,036	-	101,995	1,043,342	-	4,299,157
Revenue:									
Fees and grants from governmental agencies	34,749,892	2,855,468	1,328,332	1,077,769	-	346,649	23,270,093	-	63,628,203
Other fees and grants	19,378,555	727,962	30,673	64,890	-	16,554	3,794,589	-	24,013,223
Sales to public	4,019,558	-	-	-	-	-	-	-	4,019,558
Dividend and interest income	353,638	-	-	1,431	-	305,749	52,749	(31,275)	682,292
Rental income	1,240	-	-	-	-	-	143,531	-	144,771
Intercompany revenue	1,966,264	-	-	-	-	-	54,004	(2,020,268)	-
Other	<u>95,342</u>	<u>9,294</u>	<u>16</u>	<u>5,600</u>	<u>-</u>	<u>527,885</u>	<u>41,126</u>	<u>-</u>	<u>679,263</u>
Total revenue	<u>60,564,489</u>	<u>3,592,724</u>	<u>1,359,021</u>	<u>1,149,690</u>	<u>-</u>	<u>1,196,837</u>	<u>27,356,092</u>	<u>(2,051,543)</u>	<u>93,167,310</u>
Total public support and revenue	63,357,715	3,609,273	1,528,030	1,324,726	-	1,298,832	28,399,434	(2,051,543)	97,466,467
Operating expenses:									
Program services:									
Public health education	257,956	885	87	3,746	-	241	346,187	-	609,102
Professional education	41,275	-	-	-	-	-	-	-	41,275
Direct services	<u>54,105,838</u>	<u>3,177,319</u>	<u>1,235,816</u>	<u>1,073,809</u>	<u>-</u>	<u>810,933</u>	<u>24,086,980</u>	<u>(148,200)</u>	<u>84,342,492</u>
Total program services	54,405,069	3,178,204	1,235,903	1,077,555	-	811,174	24,433,167	(148,200)	84,992,872

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Supporting services:									
Management and general Fundraising	\$ 7,892,260	\$ 329,705	\$ 154,349	\$ 121,246	\$ -	\$ 75,977	\$ 2,686,098	\$ (1,855,742)	\$ 9,403,893
	<u>958,211</u>	<u>2,124</u>	<u>36,353</u>	<u>116,201</u>	<u>-</u>	<u>156,362</u>	<u>533,649</u>	<u>(47,601)</u>	<u>1,755,299</u>
Total supporting services	<u>8,850,471</u>	<u>331,829</u>	<u>190,702</u>	<u>237,447</u>	<u>-</u>	<u>232,339</u>	<u>3,219,747</u>	<u>(1,903,343)</u>	<u>11,159,192</u>
Total functional expenses	63,255,540	3,510,033	1,426,605	1,315,002	-	1,043,513	27,652,914	(2,051,543)	96,152,064
Support of National programs	<u>25,325</u>	<u>-</u>	<u>595</u>	<u>5,435</u>	<u>-</u>	<u>5,029</u>	<u>85,396</u>	<u>-</u>	<u>121,780</u>
Total operating expenses	<u>63,280,865</u>	<u>3,510,033</u>	<u>1,427,200</u>	<u>1,320,437</u>	<u>-</u>	<u>1,048,542</u>	<u>27,738,310</u>	<u>(2,051,543)</u>	<u>96,273,844</u>
Increase in net assets from operations	76,850	99,240	100,830	4,289	-	250,290	661,124	-	1,192,623
Other nonoperating expenses, gains and losses:									
Change in fair value of interest rate swaps	1,755,863	-	-	-	-	41,266	580,503	-	2,377,632
Net realized and unrealized gains (losses) on investments	715,103	-	-	-	-	112,222	(13,656)	-	813,669
Increase in fair value of beneficial interest in trusts held by others	5,861	-	-	1,429	-	208,036	24,110	-	239,436
Other nonoperating losses:	(77,517)	-	-	-	-	-	(29,603)	-	(107,120)
Gain on sales and disposals of property, plant and equipment	<u>7,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,392</u>
	<u>2,406,702</u>	<u>-</u>	<u>-</u>	<u>1,429</u>	<u>-</u>	<u>361,524</u>	<u>561,354</u>	<u>-</u>	<u>3,331,009</u>
Increase in net assets before effects of discontinued operations	2,483,552	99,240	100,830	5,718	-	611,814	1,222,478	-	4,523,632
Income (loss) from discontinued operations	<u>11,430</u>	<u>(20,310)</u>	<u>(113,096)</u>	<u>-</u>	<u>(26,735)</u>	<u>(657,561)</u>	<u>(307,640)</u>	<u>-</u>	<u>(1,113,912)</u>
Total increase (decrease) in net assets	2,494,982	78,930	(12,266)	5,718	(26,735)	(45,747)	914,838	-	3,409,720
Net assets (deficit) at beginning of year	<u>16,156,573</u>	<u>1,510,637</u>	<u>(2,252,745)</u>	<u>172,390</u>	<u>304,426</u>	<u>5,398,870</u>	<u>1,148,280</u>	<u>-</u>	<u>22,438,431</u>
Net assets (deficit) at end of year	<u>\$ 18,651,555</u>	<u>\$ 1,589,567</u>	<u>\$ (2,265,011)</u>	<u>\$ 178,108</u>	<u>\$ 277,691</u>	<u>\$ 5,353,123</u>	<u>\$ 2,063,118</u>	<u>\$ -</u>	<u>\$ 25,848,151</u>

* Includes Agency Realty, Inc., Webster Place Inc., and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2014

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Salaries and related expenses	\$ 48,494,900	\$ 2,970,136	\$ 1,999,154	\$ 1,053,169	\$ -	\$ 544,811	\$ 21,791,248	\$ -	\$ 76,853,418
Professional fees	6,982,525	533,037	188,905	228,820	-	211,335	3,776,125	(2,413,005)	9,507,742
Supplies	1,750,451	23,661	19,749	6,305	-	6,169	871,909	-	2,678,244
Telephone	684,805	15,065	6,345	9,051	-	3,934	148,073	-	867,273
Postage and shipping	70,760	1,033	3,123	2,173	-	1,280	34,635	-	113,004
Occupancy	2,097,572	85,308	168,892	84,892	-	49,802	1,593,939	-	4,080,405
Outside printing, artwork and media	67,850	3,479	9,570	4,559	-	449	41,120	-	127,027
Travel	2,231,402	118,835	6,591	39,351	-	8,863	189,950	(69)	2,594,923
Conventions and meetings	168,077	18,125	16,466	1,254	-	9,710	156,942	-	370,574
Specific assistance to individuals	968,332	70,856	22,066	-	-	12,455	171,751	-	1,245,460
Dues and subscriptions	22,081	-	2,424	125	-	870	15,339	-	40,839
Minor equipment purchases- and equipment rental	215,839	18,748	7,922	7,850	-	1,698	117,599	-	369,656
Ads, fees and miscellaneous	27,699	1,937	2,542	355	-	230	11,013	-	43,776
Interest	885,953	-	-	-	-	-	308,286	(18,023)	1,176,216
Bad debt provision	-	-	-	-	-	-	-	-	-
Facility tax assessment	-	-	-	-	-	-	182,791	-	182,791
Depreciation and amortization	1,300,611	3,204	12,546	2,478	-	2,696	385,817	-	1,707,352
	<u>\$ 65,968,857</u>	<u>\$ 3,863,424</u>	<u>\$ 2,466,295</u>	<u>\$ 1,440,382</u>	<u>\$ -</u>	<u>\$ 854,302</u>	<u>\$ 29,796,537</u>	<u>\$ (2,431,097)</u>	<u>\$ 101,958,700</u>

* Includes Agency Realty, Inc., Webster Place Inc., and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2013

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
Salaries and related expenses	\$ 46,435,814	\$ 2,582,606	\$ 1,182,486	\$ 950,569	\$ -	\$ 755,476	\$ 19,897,017	\$ -	\$ 71,803,968
Professional fees	6,607,471	573,778	49,472	197,171	-	128,550	3,683,964	(2,020,268)	9,220,138
Supplies	1,847,054	24,018	26,253	7,177	-	26,740	770,402	-	2,701,644
Telephone	676,981	15,458	3,861	7,864	-	6,589	131,845	-	842,598
Postage and shipping	76,565	1,528	2,604	2,455	-	908	30,711	-	114,771
Occupancy	2,011,739	55,018	128,009	83,516	-	52,053	1,488,120	-	3,818,455
Outside printing, artwork and media	73,284	4,336	5,082	7,299	-	10,719	29,277	-	129,997
Travel	2,241,712	114,616	2,695	42,513	-	10,516	191,172	-	2,603,224
Conventions and meetings	214,794	27,374	2,162	1,668	-	11,465	134,065	-	391,528
Specific assistance to individuals	712,548	87,860	2,648	-	-	595	153,140	-	956,791
Dues and subscriptions	24,498	538	4,902	1,246	-	1,280	16,753	-	49,217
Minor equipment purchases- and equipment rental	292,938	19,148	9,519	11,565	-	7,157	85,912	-	426,239
Ads, fees and miscellaneous	47,695	2,962	3,044	225	-	1,594	44,104	-	99,624
Interest	779,392	-	-	-	-	26,201	319,338	(31,275)	1,093,656
Facility tax assessment	-	-	-	-	-	-	311,041	-	311,041
Depreciation and amortization	1,213,055	793	3,868	1,734	-	3,670	366,053	-	1,589,173
	<u>\$ 63,255,540</u>	<u>\$ 3,510,033</u>	<u>\$ 1,426,605</u>	<u>\$ 1,315,002</u>	<u>\$ -</u>	<u>\$ 1,043,513</u>	<u>\$ 27,652,914</u>	<u>\$ (2,051,543)</u>	<u>\$ 96,152,064</u>

* Includes Agency Realty, Inc., Webster Place Inc., and Manchester Alcoholism Rehabilitation Center

Easter Seals New Hampshire, 555 Auburn Street, Manchester, NH 03103
2015 Board of Directors

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Jim Bee

Dennis Beaulieu

General Counsel &

Assistant Secretary

(non voting member)

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Bryan Bouchard

Chairman - Farnum

Center

Rob Wiczorek

Chairman - RI

Tracey Colucci

Vice Chairman - VT

Sally Garmon

Larry J. Gammon

Employment

7/88 to Present President, Chief Executive Officer
Easter Seals New Hampshire/Vermont/New York
555 Auburn St.
Manchester, NH 03103

A member of Easter Seals National, the Agency is a comprehensive, multi-facility organization with services throughout New Hampshire, Vermont and New York. Employing over 1000 persons, and operating in excess of 40 million dollars, the Agency has services in Vocational, Educational, Residential, Clinical, Medical and Camping/Recreational. Position reports to the Chairman of the Board of Directors.

6/85 – 7/88 Executive Vice President
Vice President
8/75 – 6/85 Deputy Executive Director
Easter Seal Society/Goodwill Industries of New Hampshire/Vermont

In progressive management experiences, guided the Agency's programs through a growth from 1+ million dollar budget, and status as one of the most comprehensive service organizations in the country.

Directly responsible to the Executive Director, later President, for supervision of all professional programs of the comprehensive rehabilitation centers, with CARF accreditation in Audiology, Speech Pathology, Social Adjustment, Physical Restoration and Vocational Adjustment. In addition, the Society operates a large day school for handicapped pupils, 3 work adjustment center/sheltered workshops, a comprehensive camping program, retail sales outlets, and a pupil transportation program of 75 students per day. Duties included, but were not limited to, hiring and supervision of staff, program development, budget development and control, procuring funding, and staffing of various Board committees.

9/71 – 8/75 New Hampshire Easter Seal Society for Crippled Children & Adults, Inc.
870 Hayward St.
Manchester, NH 03103

Position: Facilities Director, Easter Seal School

Program Development, supervision and recruitment of staff, screening of pupils; developing budget, and securing funding.

9/70 – 7/71 New Hampshire Department of Education
Keene Public Schools
Keene, NH 03431

Position: Special Education Consultant

1 year study of special education needs of 6 small towns in New Hampshire. Responsible to 6 school boards and the New Hampshire Department of Special Education, Title VI-B Grant.

2/69 – 8/70 Gary Public Schools
Gary, IN

Position: Teacher, Special Education

Classroom teacher, M.R. Summer program for trainable M.R.

9/67 – 1/69 Charlottesville Public Schools
Charlottesville, VA

Position: Teacher M.R. – Department Chairman

Teacher, pre-vocational services, Department Chairman for Junior High age M.R. Director, Summer project (7/68), Title I.

Education

- 9/62 – 8/66 University of Virginia, Charlottesville, VA
B.S. in Special Education, emphasis in Mental Retardation. All
undergraduate courses were at the Master's Level. Dean's List, Junior &
Senior years.
- 9/66 – 8/67 University of Virginia, Charlottesville, VA
36 hours of Graduate School of Education, emphasis in Administration,
Testing & Evaluation and Research. Full time graduate scholarship.
-

Service

National

Chairman, Board of Trustees, CARF, 1990-1991
Member, Board of Trustees, CARF, 1985-1991
Medders Award, Outstanding Easter Seals Executive, 1995
President, Easter Seals Leadership Association, 1998-2000

Local

Queen City Rotary Club, Member
Serenity Place, Board of Directors
Mayor's Task Force/Senior Services
Hillcrest Terrace, Board of Directors
CEO Council
Dartmouth Hitchcock Medical Center -- Assembly of Overseers
YMCA Disability Council

Recognition

Non-Profit Business of the Year, *Business NH Magazine*, 2010
Non-Profit Business of the Year, *Business NH Magazine*, 2005
Non-Profit Business of the Decade, *Business NH Magazine*, 2000
Non-Profit Business of the Year, *Business NH Magazine*, 1994

Elin Treanor

CAREER SUMMARY:

Leadership, management and teamwork involving all business related functions and administration. Major emphasis on providing high quality and cost effective services to customers.

SKILLS & EXPERIENCE:

- Accounting, financial reporting, budgeting, internal controls, auditing, cost reporting, variance analysis, accounts payable, purchasing and payroll
- Cash management, investments, borrowing, banking relationships
- Billing, receivables, collections, funding sources, third party reimbursement
- Insurances, contracts, grants, legal issues
- Policies and procedures development, problem solving
- Financial training and consultation
- Strategic and business planning
- Liaison with Board of Directors and Committees

WORK HISTORY:

- | | |
|----------------|--|
| 1994 – Present | Easter Seals New Hampshire, Inc., Manchester, NH
<u>Senior Vice President & Chief Financial Officer</u>
Oversee fiscal management for 100 million-dollar budget size, multi-corporate, multi-state entity. Also, responsible for reception, maintenance, customer service functions. |
| 1988 – 1994 | Easter Seal Society of NH, Inc., Manchester, NH
<u>Vice President of Finance</u>
Responsible for finance functions and information systems agency wide. Instrumental in major financial turnaround from \$600,000 deficit in 1988 to \$100,000 surplus in 1989 and surpluses every year thereafter. |
| 1984 – 1988 | Easter Seal Society of NH, Inc., Manchester, NH
<u>Controller</u>
Promoted to position with added responsibilities of managing billing function and staff. Converted financial applications to integrated automated systems. Involved in corporate reorganizations to multiple entities and external corporate mergers and acquisitions. |

Elin Treanor
work history cont'd

- 1982 – 1984 Easter Seal Society of NH, Inc., Manchester, NH
Chief Accountant
Promoted to supervisory position to manage accounting, payroll, payables, purchasing. Revised budget process, audit work, procedures and monitoring systems.
- 1981 – 1982 Easter Seal Society of NH, Inc., Manchester, NH
Accountant
Promoted to take charge of general ledger, reconciliations and financial reporting. Established chart of accounts, fund accounting system and internal controls.
- 1980 – 1981 Easter Seal Society of NH, Inc., Manchester, NH
Internal Auditor
Handled accounts payable, cash flow, grant billing and review of general ledger accounts.
-
- 1974 – 1980 Marshalls, Peabody, MA
Senior Clerk
Worked as cashier, customer service representative and bookkeeper, while attending college.

EDUCATION:

- 1989 New Hampshire College, Hooksett, NH
Masters in Business Administration
- 1980 Bentley College, Waltham, MA
Bachelor of Science, Accounting Major
- 1977 North Shore Community College, Beverly, MA
Associates Degree, Accounting Major

SERVICE:

National Easter Seals:
Leader of Northeast Region Chief Financial Officers
Treasurer of Northeast Region Leadership Association
Past Chairman of the Quality Council

Susan C. Ryan
Chief Operating Officer, Easter Seals New Hampshire

Core Competencies

- 25 years of exceptional results leading Non-Profit, Healthcare, Insurance, Benefits Administration, IT and Financial Services organizations
- Deep experience in planning and implementing complex cross-functional initiatives, strategic growth and successful change management outcomes in dynamic, fast-paced environments, reengineering processes using Six Sigma and Lean Processes
- Collaborative Operations leader actualizing sustainable outcomes in operations, IT and financial goals while increasing scalability
- Charismatic Leader with strong record of success motivating and mentoring high performing individuals and teams

Experience/Accomplishments

Chief Operating Officer
Easter Seals NH

11/2015-present

- Responsible for executive oversight of all consumer programs including Community Based Services (residential and day), Children's Services (EI, Child Development, Autism etc.), Youth Residential/Education, Farnum/Webster Alcohol & Substance abuse, Seniors Day and Home programs, Veterans Count operations, VT, RI and Maine Child & Family Services programs.
- Act as liaison and advocate between Easter Seals NH and all external stakeholders and partners with whom we collaborate

Vice President, National Operations
Zenith-American Solutions

1/2014-11/2015

- Provide direction to 20 national offices with 300+ employees administering health and welfare programs to 3M members
- Provide strategic thought leadership to meet corporate and client goals, create workflows to improve efficiency
- Designed national metrics and associated collection, analysis and distribution processes

Senior Director, Operations Process Improvement and Training
The Elliot Health System (EHS), Manchester NH

4/2011-12/2013

Elliot Hosp. is a 296-bed acute care facility, 3 Urgent Care Facilities, a Level Two Trauma Center and a network of 350+ primary care and specialty providers.

- Built the health systems first Process Improvement team to serve as internal consultants to clinicians, senior administrators, and stakeholders for managing, evaluating, implementing and communicating the outcomes of key strategic, operational, financial, clinical and quality process improvement projects
- Developed and implemented process improvements and standardization of workflows throughout the EHS. Successfully utilized Six Sigma & Lean Methodologies along with superior project management tools to achieve goals ranging from implementation of Multi-discipline Team Rounding on Med/Surg units, Standardized Scanning of Medical Records, ED to Floor RN handoffs using EPIC SBAR, Adapted BOOST Discharge, Multiple labs process improvements, 10 ED projects ranging from Rapid Assessment to OBs/CDU unit development, numerous Revenue Cycle initiatives to ACO program development and organizational redesigns
- Managed Training team to develop and deliver multi-faceted core content to all EHS staff
- Developed outcome measurement and analytic strategies, identification of key metrics and data sources, and established practical data collection and communication plans

Vice President/Sr. Director- SCO ACO Operations, Network Contracting and Clinical Data Analysis
United HealthCare, Waltham MA.

3/2009-3/2011

- Directed Medicaid and Medicare/Healthplan ACO/Senior Care Options operations, including enrollment/eligibility, patient service/care coordination delivery, compliance and state and federal interfaces
- Executed on provider network development, contracting and servicing for all Massachusetts healthcare providers
- Managed business intelligence teams supplying network management and medical expense reporting and analysis
- Lead Six Sigma initiatives implementing cross-functional Lean Processes resulting in higher quality clinical and business outcomes, multi-million dollar savings & revenue opportunities

Vice President- Process Engineering and Operations Design

Fidelity Investments, NH & MA

11/2005-3/2009

- Evolved Enterprise-wide process design, developing methodology, organizational design, metrics, governance tools and tactical execution plans increasing speed to market, decreasing cost per participant and improving product line profitability by 10%
- Identified faulty/missing organizational and enabling IT structures across the company; implemented corporate wide Six Sigma process improvements resulting in resource cost avoidance and improved straight through processing
- Transformed Quality Assurance by flattening roles and increasing reusable work processes. Resulted in 20% headcount reduction, decreased cycle time 30% and increased quality execution for products including Health & Welfare, Payroll, Talent Management, Defined Benefits and Defined Contribution products

Director of Physician Operations and Information Technology

Foundation Medical Partners at Southern NH Medical Center, Nashua, NH

1/2002-11/2005

- Accountable for \$10 million multi-specialty Physician operations P&L, increasing revenue by 10% while decreasing operational budgets by 5%
- Provided leadership and mentoring to more than 30 multi-specialty physicians and 12 multi-site Practice Managers and associated staff.
- Expedited selection and on-time, on-budget implementation of 200 user, multi-site Practice Management & Electronic Billing system resulting in improved revenue of more than \$1M within the first year post implementation
- Led the selection and ongoing implementation of a 350 user, multi-site application and wireless technology to provide Electronic Health Records (EHR/EMR) throughout the continuum of care within a Health System comprised of a 200-bed hospital, 150+ medical providers in 38 multi-specialty practices
- Selected and deployed Dragon Voice Recognition technology for dictation/ transcription for medical providers resulting in \$10,000 in annual savings per medical provider

Vice President, Professional Services

Workscape, Framingham, MA.

11/1999-11/2001

- Designed and managed 100 person Product Implementation Teams and corporate Project Management Office delivering 90% of IT projects on time, scope and budget
- Instituted cross-functional workgroups with Sales, Product development, QA, PM and Implementation resulting in high-functioning teams requiring fewer members while instituting margin-increasing, repeatable best practices
- Responsible for top 5 strategic client base, including General Motors and Daimler Chrysler providing exemplary customer support for enterprise-wide Healthcare portal products servicing over 370,000 participants via an ASP model

Service Delivery Executive (Consultant)

Keane, Inc., Bedford, NH

1/1999-11/1999

- Partnered in strategic planning with CIO, COO and CEOs at key client sites. Specifically targeting NH state government and healthcare organizations for business development, providing executive level expertise focused on opportunity expansion and proposal production
- As Practice Manager for CRM (Customer Relationship Management), developed a sales and service strategy to support the development and integration of CRM into a variety of industries

Executive Director, State of NH

Community Support Network Inc., Concord, NH

12/1997-1/1999

- Creatively challenged the direction of the statewide Board of Directors while reforming and supporting agendas to match strategic plans for \$120 million collaborative of 12 non-profit agencies supplying services and support to people with developmental disabilities; financially supported through Medicaid and matching state funded programs
- Provided individual executive mentoring to the 15 member CEO Board to help ensure the institution of their statewide strategic plans

Vice President of Insurance Operations

8/1986-12/1997

Consolidated Group, Inc. / HealthPlan Services, Framingham, MA.

- Developed business units and led staff of 500+ associates located in 6 culturally diverse offices nationwide including HR, Call Centers, Claims Processing, Enrollment and Systems development for Medical, Dental, Life, STD, LTD and specialized gap insurance products
- Conducted due diligence activities for mergers and integration of acquisitions through employee "culturalization" and best practices
- Instituted shared goals, performance metrics and unit cost reporting resulting in 30% savings in operations
- Demonstrated consistent net improvement of 15% annually of all financial and business goals. Led the design and implementation of several leading edge technologies, applications and process improvements, realizing financial and work-process efficiencies of over 40% from previous year
- Led the acquisition of a \$550 million block of business while managing the opening of two new sites and closure of two others. Hired and trained over 100 new employees within three months while reducing transaction turnaround time from 4 weeks to 5 days. Dealt with closure issues including relocation of accounts and employee layoffs while providing uninterrupted and high satisfaction customer services
- Incorporated a \$35 million block acquisition, including transformation of a new office of 60 employees. In a turnaround move, improved service levels from substandard to exceptional within 60 days while relocating office to a new site

Educational / Affiliations

- BS Organizational Management, Magna Cum Laude, Daniel Webster College
- Masters student-MS Organizational Leadership, Southern NH University
- Certified Six Sigma Black Belt, Proficient in Lean
- Certified Process Master: Dr. Michael Hammers coursework (Prof. MIT)
- Proficient in Word, Excel, PowerPoint, Outlook, Project, Visio and many other IT tools
- Founder, Board Chair and Vocalist with the Bedford Big Band www.BedfordBigBand.com , 1997-2013
- Board of Directors - Girls Inc. NH www.girlsincnewhampshire.org, 2009-2013, Board Chair 2011-2012
- 2013 Woman of Achievement award winner- Girls Inc. National non-profit supplying programs for girls 6-18

Susan L. Silsby

SUMMARY OF QUALIFICATIONS

- Over 25 years of experience in the non-profit industry
- Successful track record in program operations across multiple states
- Strong leadership and managerial skills
- Solid fiscal management ability
- Exceptional customer service skills
- Professional, organized and highly motivated

EDUCATION

University System of New Hampshire Plymouth, New Hampshire
BA in Psychology

Varsity Swimming & Diving, Varsity Field Hockey, Delta Zeta National
Sorority

PROFESSIONAL EXPERIENCE

1988- Present EASTER SEALS NEW HAMPSHIRE

Senior Vice President of Program Services

Plan, develop, implement and monitor program services for adults throughout New Hampshire.

Manage all aspects of operations related to the delivery services including program development, financial management and personnel management.

Analyze trends in referrals, service delivery and funding to develop and implement strategic plans that increase the market share, enhance financial viability and improve public relations.

Report on administrative, financial, and programmatic outcomes.

Initiate and maintain contact with local and state agency representatives, at all levels, to promote Easter Seals services and develop new program opportunities.

Establish and maintain effective and positive relationships with public and private agencies, referring agencies, parents, funders, and community representatives to ensure customer satisfaction and solicit increased referrals

Other positions held: Vice President of Community Based Services, Director of Vocational Services, Direct Support Professional

Andrea N. Chrisstoffels

Education

University of New Hampshire

May 2007

M.A. Justice Studies

University of New Hampshire

May 2003

B.A. Psychology with a minor in Justice Studies

Professional

Easter Seals NH – Housing Programs Manager Manchester, NH

February 2012 to Present

- Oversee housing and homeless services for Military & Veteran Clients
- Manage SSVF subcontract
- Supervise program staff
- Responsible for program outcomes and financial performance
- Responsible for audits and quality control
- Engage in strategic planning and collaborative initiatives
- Under my leadership, ESNH Military & Veterans Services has exceeded all targets and goals related to housing stability and client outreach
- Also provide direct care coordination services as needed

Child and Family Services – Clinical Supervisor Concord, NH

April 2008 – February 2012

- Provide weekly supervision to five caseworkers
- Oversee treatment plans and reports
- Monitor interventions and progress
- Provide case consultation

Child and Family Services - Caseworker Concord, NH

October 2005 – Current

- Develop Treatment Plans
- Monitor and assist clients in achieving their goals/court orders
- Monitor school attendance and curfew compliance
- Perform drug screens when applicable
- Write court reports and attend court
- Mentor clients
- Assist families with their needs physically and emotionally
- Encourage patience and parenting techniques.
- Communicate daily and weekly with the clients family and probation officer

CONTRACTOR NAME

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Larry Gammon	President & CEO	\$ 352,452	0.00%	\$ 0
Elin Treanor	COO	\$ 240,000	0.00%	\$ 0
Susan Ryan	CFO	\$ 160,000	0.00%	\$ 0
Susan Silsby	Senior VP	\$ 146,000	0.00%	\$ 0
Andrea Chrisstoffels	Program Manager	\$ 50,000	12.62%	\$ 6,312



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

Nicholas A. Toumpas
Commissioner

Mary Ann Cooney
Associate Commissioner

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-9196 1-800-852-3345 Ext. 9196
FAX: 603-271-5139 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

July 7, 2015 **E&C Approved**

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

Date 8/5/15
Item # 15

REQUESTED ACTION

Authorize the Department of Health and Human Services, Bureau of Homeless and Housing Services to enter into **retroactive** agreements with the vendors listed below for the provision of Emergency Solutions Grant services in an amount not to exceed \$627,176, effective **retroactive** to July 1, 2015 through June 30, 2016, upon Governor and Executive Council approval. 100% Federal Funding.

Vendor	Vendor Number	Address	Amount
The Bridge House	165288-B001	260 Highland Street Plymouth, NH 03264	\$78,728
Community Action Partnership of Strafford County	177200-B004	642 Central Avenue Dover, NH 03820	\$78,175
Easter Seals of New Hampshire	177204	555 Auburn Street Manchester, NH 03103	\$79,011
Southern New Hampshire Services	177198-B006	40 Pine Street Manchester, NH 03103	\$75,256
Southwestern Community Services Cheshire County	177511-P001	63 Community Way Keene, NH	\$79,011
Southwestern Community Services Sullivan County	177511-P001	96 Main Street Claremont, NH 03743	\$79,011
The Front Door Agency	156244-B001	7 Concord Street Nashua, NH 03064	\$78,973
Tri-County Community Action Program	177195	30 Exchange Street Berlin, NH 03570	\$79,011
Total:			\$627,176

Funds to support this request are available in the following account in State Fiscal Year 2016 pending legislative approval of the next biennial budget.

05-95-42-423010-7927-102-500731

Fiscal Year	Class	Title	Amount
2016	102-500731	Contract for Program Svcs.	\$627,176
Total:			\$627,176

EXPLANATION

This request is **retroactive** because there were unexpected delays in the Request for Proposal and evaluation process which affected the ability to receive the executed contracts prior to the close of State Fiscal Year 2015.

The purpose of this agreement is to provide critical services to homeless persons to prevent and reduce homelessness through innovative and cost effective prevention and rapid rehousing services. These services include housing search, rental application fees, rental assistance, utility deposits, moving costs and housing stability case management for those individuals at risk of homelessness.

A Request for Proposal was posted to the Department's website on April 8, 2015 through May 4, 2015. Twelve (12) proposals from eleven (11) vendors were received. A team of individuals with program specific knowledge reviewed the proposals. Eight (8) of the proposals were selected to receive funding.

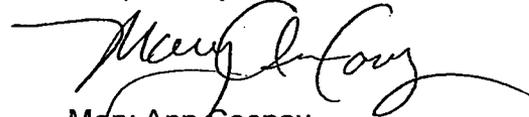
Should the Governor and Executive Council not approve this request, individuals and families may not receive the emergency housing assistance necessary to prevent or reduce the risk of homelessness.

Area Served: Statewide

Source of Funds: 100% Federal Funds.

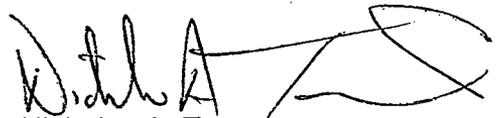
In the event that federal funds become no longer available, general funds will not be requested to support this program.

Respectfully submitted,



Mary Ann Cooney
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



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

Emergency Solutions Grant Program

16-DHHS-OHS-BHHS-03

RFP Name

RFP Number

Reviewer Names

Bidder Name

	Pass/Fail	Maximum Points	Actual Points
1. Bridge House		230	154
2. CAP Stratford County		230	202
**3. Easter Seals NH		230	198
*4. Greater Nashua MH Center		230	176
5. Isalah 58		230	0
6. New Generation		230	0
7. Southern NH Services		230	204
8. Southwestern Community Services Cheshire Co.		230	202
9. Southwestern Community Services Sullivan Co.		230	202
*10. The Front Door Agency		230	178
11. Tri-County CAP		230	136
**12. Veterans Inc.		230	197

1. Amanda Lewis (now Tech)
2. Bob O'Connell - Cost
3. Melissa Hatfield - Tech
4. Michele Harlan - Tech
5. Susan Ford - (now Cost)
- 6.
- 7.
- 8.
- 9.

*The Front Door Agency and Greater Nashua MH Center bid on same region , The Front Door Agency was awarded the bid due to a higher score
 ** Easter Seals of NH and Veterans Inc. bid on the same region, Easter Seals NH was awarded the bid due to a higher score

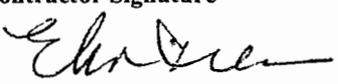
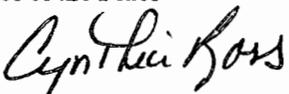
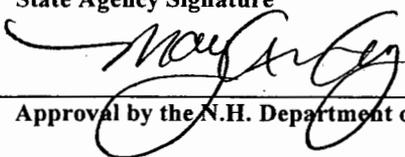
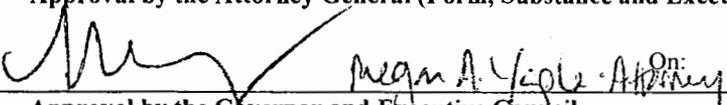
Subject: Emergency Solutions Grant Program

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Health and Human Services Office of Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Easter Seals New Hampshire		1.4 Contractor Address Easter Seals New Hampshire 555 Auburn Street Manchester, NH 03103	
1.5 Contractor Phone Number 603-623-8863	1.6 Account Number 05-95-42-423010-7927-102-500731	1.7 Completion Date June 30, 2016	1.8 Price Limitation \$79,011
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 Elin Medner, CFO	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>6/29/2015</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] 			
1.13.2 Name and Title of Notary or Justice of the Peace CYNTHIA ROSS, Notary Public My Commission Expires March 12, 2019			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Mary Ann Cooley Associate Commissioner	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By:  Megan A. Yip, Attorney On: <u>7/21/15</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

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

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

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

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

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

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.
6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

Contractor Initials: ET
Date: 6/29/2011

8. EVENT OF DEFAULT/REMEDIES.

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

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

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

- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

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

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

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

14. INSURANCE.

- 14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:
 - 14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and
 - 14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.
- 14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.
- 14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each

Contractor Initials: ET
Date: 6/29/2011

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

15. WORKERS' COMPENSATION.

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

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

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

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

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

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

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

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

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

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

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



Exhibit A

Scope of Services

1. Provisions Applicable to All Services

- 1.1. For the purpose of this Contract, any reference to days shall be a reference to business days.
- 1.2. The Contractor shall provide services to individuals and families in the County of Hillsborough who are homeless or at risk of becoming homeless in accordance with 24CFR Parts 91 and 576, with priority given to veterans and families with children, in accordance with the NH Consolidated Plan 2011-2015.
- 1.3. 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.

2. Scope of Work

- 2.1. The Contractor shall determine Emergency Solutions Grant (ESG) eligibility for individuals identified in Section 1.2, which includes but is not limited to:
 - 2.1.1. Determining individual and family income eligibility in accordance with U.S. Housing and Urban Development (HUD) regulations for ESG, in accordance with 24 CFR 576. Income eligibility must be assessed every 6 months of program participation. The Contractor shall ensure annual income:
 - 2.1.1.1. Includes all earned and unearned income from all sources that go to any family member.
 - 2.1.1.2. Is calculated by annualizing current income to determine projected annual income.
 - 2.1.1.3. Is adjusted according participant income increases/decreases. The Contractor shall ensure all prevention participant households report all income changes within 30 days of the change occurring.
 - 2.1.2. Documenting eligibility for households applying for Rapid Re-Housing and Homelessness Prevention services according to HUD guidelines, which includes but is not limited to collecting and documenting information regarding:
 - 2.1.2.1. Immediate risks/crisis to individuals and families applying for assistance to determine if steps are needed to avert physical or psychological danger or threat of immediate housing loss.
 - 2.1.2.2. Basic demographic and contact information, which includes but is not limited to name, age, dependents, other family, current location, contact phone numbers and address.
 - 2.1.2.3. Problems as defined by participants that affect housing, such as late rent, landlord problems, credit history, criminal history, employment and income.
 - 2.1.2.4. Solutions as defined by what the participant wants or requests from what is available to him/her.



Exhibit A

- 2.1.2.5. Eligibility information, including but not limited to, verification of literal homelessness or imminent risk of homeless. Documentation must be in accordance with HUD's preferred method of verification as noted in 24 CFR 576.
 - 2.1.2.6. Additional risks and vulnerabilities for prioritizing purposes, which include, but are not limited to, severe rent burdens, domestic violence, prior incarceration or institutionalization, health and mental health issues, substance abuse, and other specific housing retention barriers.
 - 2.1.2.7. Written third-party verification of rental arrearages, notices of eviction, homelessness, or utility shutoff notices.
- 2.2. The Contractor shall conduct Housing Relocation and Stabilization (HRS) activities, which includes but is not limited to inspecting each unit to ensure housing meets HUD Habitability Standards, using HUD's Checklist for Habitability Standards. Additionally, the Contractor shall ensure:
- 2.2.1. Occupied housing meets State and local housing requirements including, but not limited to, compliance with:
 - 2.2.1.1. All applicable state and local housing codes.
 - 2.2.1.2. Licensing requirements.
 - 2.2.1.3. All requirements regarding the condition of the structure.
 - 2.2.1.4. All requirements regarding the operation of the housing or services.
 - 2.2.2. Occupied housing shall meet the Lead-Based Paint Poisoning Prevention and Disclosure Act (42 U.S.C. 4821-4846), the Residential Lead Based Paint Hazard Reduction Act of 1992 (42 U.S.C.4851-4856), and implementing regulations in CFR part 35, subparts A, B, H, J, K, M, and R.
- 2.3. The Contractor shall provide financial assistance to eligible individuals identified in Section 2.1, for services that include, but are not limited to:
- 2.3.1. Rental application fees.
 - 2.3.2. Security deposits.
 - 2.3.3. Utility deposits and payments.
 - 2.3.4. Last month's rent.
 - 2.3.5. Moving costs.
- 2.4. The Contractor shall provide eligible individuals and families with Tenant-Based Rental Assistance (TBRA), which includes but is not limited to:
- 2.4.1. A maximum amount of \$3,000 in rental assistance to be applied toward monthly rent and/or rental arrearages.
 - 2.4.2. Rental assistance over no more than a 6 month period. The Contractor shall:
 - 2.4.2.1. Enter into a rental assistance agreement with the owner/landlord on behalf of the program participant, ensuring that the Contractor



Exhibit A

- receives a copy of all general notices, complaints, and notices of eviction from the landlord/owner.
- 2.4.2.2. Ensure each program participant obtains a written lease for the rental unit, unless the assistance provided is solely for rental arrears.
 - 2.4.2.3. Provide rental and all forms of financial assistance directly to the landlord, utility or other third-party on behalf of the participant.
 - 2.4.2.4. Ensure that rental assistance does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888.
 - 2.4.2.5. Ensure rental units comply with HUD's standard of rent reasonableness, as established in 24 CFR 982.507.
- 2.5. The Contractor shall provide eligible individuals and families with housing stability case management. Eligible services costs must comply with all HUD regulations in 24 CFR 576.105, which includes but is not limited to:
- 2.5.1. Developing Housing Budget Plans for all eligible individuals using the information identified in Section 2.1.3 to ensure participants have the ability to sustain the cost of the housing on a long-term basis once the assistance or subsidy ends.
 - 2.5.2. Assess, arrange, coordinate and monitor the delivery of individualized services to facilitate housing stability for program participants who reside in permanent housing, or assist a program participant in overcoming immediate barriers to obtaining housing
- 2.6. The Contractor shall make available on-going housing stability case management for six (6) months after rental assistance has ended.
- 2.7. The Contractor shall ensure sufficient licensed staff to provide client level data into the New Hampshire Homeless Management Information System (NH HMIS). Projects under this contract must be familiar with and follow NH HMIS policy (<http://www.nh-hmis.org>).
- 3. Reporting Requirements**
- 3.1. The contractor shall provide quarterly reports using HMIS data which include, number of entries into RRH, Prevention and related costs for all services by the 10th day following the end of the quarter.
- 4. Deliverables of Services**
- 4.1. The Contractor shall provide housing stabilization case management to a minimum of twenty-three (23) households.
 - 4.2. The Contractor shall successfully and rapidly re-house fourteen (14) households in safe and sustained housing.
 - 4.3. The Contractor shall ensure all client level data in Section 2.7 is entered into NH HMIS within five (5) days of the client's entry into the program.



METHOD AND CONDITIONS PRECEDENT TO PAYMENT

Emergency Solutions Grant

The following financial conditions apply to the scope of services as detailed in Exhibit A – Emergency Solutions Grant

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

NH General Fund:	Not applicable
Federal Funds:	100%
CFDA #:	14.231
Federal Agency:	U.S. Department of Housing & Urban Development
Program Title:	Emergency Solutions Grant
Amount:	\$79,011

1. Subject to the General Provisions of this Agreement and in consideration of the satisfactory completion of the services to be performed under this Agreement, the State agrees to fund the Contractor for Rapid Re-Housing, Homelessness Prevention and Housing Stabilization utilizing funds provided through the U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grant Program, in an amount not to exceed \$79,011

2. REPORTS.

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

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

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

3. PROJECT COSTS: PAYMENT SCHEDULE; REVIEW BY THE STATE.

3.1. Project Costs: As used in this Agreement, the term "Project Costs" shall mean all expenses directly or indirectly incurred by the Contractor in the performance of the Project Activities, as determined by the State to be eligible and allowable for payment in accordance with 24 CFR 576 as well as allowable cost standards set forth in 2 CFR part 200 as revised from time to time and with the rules, regulations, and guidelines established by the State. Nonprofit subcontractors shall meet the requirements of 2 CFR part 200.

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Exhibit B

- 3.2. Payment of Project Costs: Reimbursement requests for all Project Costs including all costs to the Contractor shall be submitted on a monthly basis by the Contractor for the amount of each requested disbursement along with a payment request form as designated by the State which shall be completed and signed by the contractor. The Contractor shall provide detailed financial expenses information with all payment requests on a monthly basis.
- 3.2.1. The Contractor shall submit reimbursement documentation of expenditures of Federal funds at the time of seeking reimbursement for costs. In no event shall the funds provided exceed the Price Limitation set forth in block 1.8 of the General Provisions. Upon release of additional Federal funding to the State, the Contractor may invoice for balance of contracted amount as specified in block 1.8 based on documentation of expenditures.
- 3.3. Review of the State Disallowance of Costs: At any time during the performance of the Services, and upon receipt of the termination Report or Audited Financial Report, the State may review all Project Costs incurred by the Contractor and all payments made to date. Upon such review, the State shall disallow any items of expense which are not determined to be allowable or are determined to be in excess of actual expenditures, and shall, by written notice specifying the disallowed expenditures, inform the Contractor of any such disallowance. If the State disallows costs for which payment has not been made, it shall refuse to pay such costs. Any amounts awarded to the Contractor pursuant to this Agreement are subject to recapture pursuant to 24 CFR Subsection 576.55.
4. USE OF GRANT FUNDS.
- 4.1. The State agrees to provide payment for actual costs up to \$79,011 as defined by HUD under the provisions and applicable regulations at 24 CFR 576 and 24 CFR part 91.
- 4.2 The Contractor may amend the contract budget through line item increases, decreases or the creation of new line items provided these amendments do not exceed the contract price. Such amendments shall only be made upon written request to and written approval from the State.
- 4.3 Conformance to 2 CFR part 200: Grant funds are to be used only in accordance with procedures, requirements and principles specified in 2 CFR part 200.
5. CONTRACTOR FINANCIAL MANAGEMENT SYSTEM.
- 5.1 Fiscal Control: The Contractor shall establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, grant funds and any required non-federal expenditures. This responsibility applies to funds disbursed in direct operations of the Contractor.
- 5.1.2. The Contractor shall maintain a financial management system that complies with "Standards of Contractor Financial Management Systems" or such equivalent system as the State may require. Requests for payment shall be made according to section 3.2 of this agreement.

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6/24/2017



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;

New Hampshire Department of Health and Human Services
Exhibit C



- 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.

New Hampshire Department of Health and Human Services
Exhibit C



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

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

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

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

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

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

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



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

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

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

- (a) This contract and employees working on this contract will be subject to the whistleblower rights and remedies in the pilot program on Contractor employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-239) and FAR 3.908.
- (b) The Contractor shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation.
- (c) The Contractor shall insert the substance of this clause, including this paragraph (c), in all subcontracts over the simplified acquisition threshold.

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

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

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

New Hampshire Department of Health and Human Services
Exhibit C



- 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.

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4/29/2011



REVISIONS TO GENERAL PROVISIONS

1. Subparagraph 4 of the General Provisions of this contract, Conditional Nature of Agreement, is replaced as follows:
 4. **CONDITIONAL NATURE OF AGREEMENT.**
Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including without limitation, the continuance of payments, in whole or in part, under this Agreement are contingent upon continued appropriation or availability of funds, including any subsequent changes to the appropriation or availability of funds affected by any state or federal legislative or executive action that reduces, eliminates, or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope of Services provided in Exhibit A, Scope of Services, in whole or in part. In no event shall the State be liable for any payments hereunder in excess of appropriated or available funds. In the event of a reduction, termination or modification of appropriated or available funds, the State shall have the right to withhold payment until such funds become available, if ever. The State shall have the right to reduce, terminate or modify services under this Agreement immediately upon giving the Contractor notice of such reduction, termination or modification. The State shall not be required to transfer funds from any other source or account into the Account(s) identified in block 1.6 of the General Provisions, Account Number, or any other account, in the event funds are reduced or unavailable.
2. Subparagraph 10 of the General Provisions of this contract, Termination, is amended by adding the following language;
 - 10.1 The State may terminate the Agreement at any time for any reason, at the sole discretion of the State, 30 days after giving the Contractor written notice that the State is exercising its option to terminate the Agreement.
 - 10.2 In the event of early termination, the Contractor shall, within 15 days of notice of early termination, develop and submit to the State a Transition Plan for services under the Agreement, including but not limited to, identifying the present and future needs of clients receiving services under the Agreement and establishes a process to meet those needs.
 - 10.3 The Contractor shall fully cooperate with the State and shall promptly provide detailed information to support the Transition Plan including, but not limited to, any information or data requested by the State related to the termination of the Agreement and Transition Plan and shall provide ongoing communication and revisions of the Transition Plan to the State as requested.
 - 10.4 In the event that services under the Agreement, including but not limited to clients receiving services under the Agreement are transitioned to having services delivered by another entity including contracted providers or the State, the Contractor shall provide a process for uninterrupted delivery of services in the Transition Plan.
 - 10.5 The Contractor shall establish a method of notifying clients and other affected individuals about the transition. The Contractor shall include the proposed communications in its Transition Plan submitted to the State as described above.
3. Subparagraph 14.1.1 of the General Provisions of this contract, is deleted and the following subparagraph is added:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$1,000,000 per occurrence with additional general liability umbrella insurance coverage of not less than \$15,000,000 per occurrence; and



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

New Hampshire Department of Health and Human Services
Exhibit D



- 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: Foster Seals New Hampshire, Inc.

6/29/2015
Date

[Signature]
Name: Ellen McLean
Title: CFO

Contractor Initials [Signature]
Date 6/29/2015



CERTIFICATION REGARDING LOBBYING

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

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

Programs (indicate applicable program covered):

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

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

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

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

Contractor Name: Easter Seals New Hampshire, Inc

6/12/15
Date

Elinor
Name: Elinor
Title: CFO

Contractor Initials ET
Date 6/12/15



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

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

INSTRUCTIONS FOR CERTIFICATION

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



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

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

PRIMARY COVERED TRANSACTIONS

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

LOWER TIER COVERED TRANSACTIONS

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

Contractor Name: Equi-Seals New Hampshire, Inc.

6/29/05
Date

Ellen
Name: Ellen
Title: CFO

Contractor Initials ET
Date 6/29/05



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

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

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

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

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

Exhibit G

Contractor Initials

ET

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

6/29/14

New Hampshire Department of Health and Human Services
Exhibit G



In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

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

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

Contractor Name: Easter Seals New Hampshire, Inc.

6/29/2014
Date

Elin Melan
Name: Elin Melan
Title: CFO

Exhibit G

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

Contractor Initials

ET

Date

6/29/2014



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: Earle Seal New Hampshire, Inc.

6/29/05
Date

Elin Meador
Name: Elin Meador
Title: CEO



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.

ET

6/24/2015



Exhibit I

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

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

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



Exhibit I

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

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

(3) Obligations and Activities of Business Associate.

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

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

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

ET

6/19/2015



Exhibit I

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

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



Exhibit I

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

(4) Obligations of Covered Entity

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

(5) Termination for Cause

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

(6) Miscellaneous

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

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6/14/10



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.

NH DHHS
The State

Mary Ann Cooney
Signature of Authorized Representative

Mary Ann Cooney
Name of Authorized Representative

Associate Commissioner
Title of Authorized Representative

7/15/15
Date

Euster Seals NH, Inc.
Name of the Contractor

Elin Treanor
Signature of Authorized Representative

Elin Treanor
Name of Authorized Representative

CTO
Title of Authorized Representative

6/29/2015
Date



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

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

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

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

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

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

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

Contractor Name: EA Partners New Hampshire, Inc.

6/19/15
Date

Elin Treanor
Name: Elin Treanor
Title: CFO

New Hampshire Department of Health and Human Services
Exhibit J



FORM A

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

1. The DUNS number for your entity is: 08-5573467
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

X NO _____ YES

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

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

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

_____ NO _____ YES

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

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

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

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