



STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF HUMAN SERVICES  
*BUREAU OF ELDERLY & ADULT SERVICES*

Jeffrey A. Meyers  
Commissioner

Maureen U. Ryan  
Director of Human  
Services

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September 14, 2016

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

**REQUESTED ACTION**

Authorize the Department of Health and Human Services, Bureau of Elderly and Adult Services, to enter into a **retroactive** agreement with Easter Seals New Hampshire (Vendor #177204), 555 Auburn Street, Manchester, New Hampshire, for the provision of Adult Day Services to adults ages sixty (60) or older, and adults ages 18 and older with chronic illnesses and/or disabilities in an amount not to exceed \$326,250 effective October 1, 2016, upon Governor and Executive Council approval with a completion date of September 30, 2018. 40% Federal Funds and 60% General Funds.

Funds to support this request are available in the following accounts in State Fiscal Year 2017 and anticipated to be available in State Fiscal Years 2018 and 2019 upon availability and continued appropriation of funds in future operating budgets, with the authority to adjust encumbrances between state fiscal years through the Budget Office without Governor and Executive Council approval, if needed and justified.

**05-95-48-481010-78720000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: ELDERLY AND ADULT SERVICES, GRANTS TO LOCALS, ADM ON AGING, GRANTS (40% Federal Funds; 60% General Funds)**

Fiscal Year	Class	Activity Code	Class Title	Amount
2017	540	500382	Contracts for Program Services	40,784.25
2018	540	500382	Contracts for Program Services	54,379.00
2019	540	500382	Contracts for Program Services	13,594.75
<i>Subtotal:</i>				<i>108,758.00</i>

**05-95-48-481010-92550000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: ELDERLY AND ADULT SERVICES, GRANTS TO LOCALS, SOCIAL SERVICE BLOCK GRANT (40% Federal Funds; 60% General Funds)**

Fiscal Year	Class	Activity Code	Class Title	Budget
SFY 2017	566	500918	Contracts for Program Services	81,559.50
SFY 2018	566	500918	Contracts for Program Services	108,746.00
SFY 2019	566	500918	Contracts for Program Services	27,186.50
<i>Subtotal:</i>				<i>217,492.00</i>
<b>Total:</b>				<b>\$326,250.00</b>

## EXPLANATION

This request is **retroactive** due to the need for the Department to prioritize the completion of contracts for substance use disorder services that were time sensitive. The issuance of the RFA for the Adult Day Services was delayed until shortly after the start of State Fiscal Year 2017. In addition, in an attempt to receive more proposals for this service, the closing date for the procurement was extended in hopes of allowing more time for vendors to submit proposals.

The purpose of the agreement is for the licensed organization to provide Adult Day Program Services in accordance with the Older American Act, Title III Services and Title XX Social Services Block Grant Programs, to eligible individuals, age sixty (60) and older, and to adults ages eighteen (18) and older with chronic illnesses and/or disabilities. Eligible adults are those who reside in independent living settings and are not already receiving the same or similar services through one of the Department's Medicaid Waiver Programs, who are eligible for other NH Medicaid services; or individuals who are receiving the same or similar services through the Veterans' Administration.

The selected vendor will provide Adult Day Services to assist eligible adults ages eighteen to fifty-nine (18-59) with a physical disability(ies) and/or chronic illness and to adults ages sixty (60) and older, to live as independently as possible, safely and with dignity. Services shall be provided for less than twelve (12) hours per day, and include supervision; assistance with activities of daily living; nursing care; rehabilitation; nutrition and recreational, social, cognitive or physical stimulation. Services also include monitoring of the individual's condition; counseling, as appropriate, on nutrition, hygiene or other related matters; referrals, as appropriate, to other services and resources that could assist the individual including any necessary follow up; as well as assistance and support to caregiving families.

A Request for Application was posted on the Department's website on July 6, 2016; three (3) applications were received. A team of individuals with extensive program knowledge reviewed the applications. This agreement is with one (1) of three (3) vendors selected. The Department intends to present the remaining two (2) agreements at a future Governor and Executive Council Meeting. The Department expects additional applications as the Request for Application remains open until program services are met.

The agreement contains language allowing the Department the right to renew the contract for up to two (2) additional years, subject to the continued availability of funds, satisfactory performance of contracted services and approval by Governor and Executive Council.

Should the Governor and Executive Council not approve this request, Adult Day Services to eligible adults, age sixty (60) and older may be eliminated which may jeopardize their ability to remain in their homes and communities. It may also result in increased numbers of individuals needing more costly long-term care services in traditional nursing homes or community based care programs.

Area to be Served: Greater Manchester Area

Source of Funds:

40% Federal Funds from the United States Department of Health and Human Services, Administration for Community Living, Title III Older Americans Act, Catalog of Federal Domestic Assistance (CFDA) #93.044, Federal Award Identification #17AANHT3SS and Title XX Social Services Block Grant, Catalog of Federal Domestic Assistance (CFDA) #93.667 Social Services Block Grant, Federal Award Identification #1701NHSOSR.

60% General Funds

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

Respectfully submitted,



Maureen U. Ryan  
Director of Human Services

Approved by:



Jeffrey A. Meyers  
Commissioner



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

Adult Day Program Services

RFA Name

RFA-2017-BEAS-03-ADULT

RFA Number

**Bidder Name**

1. Easter Seals, New Hampshire, Inc.
2. The Homemakers Health Services
3. Gateways Community Services
- 4.
- 5.
- 6.
- 7.

Pass/Fail	Maximum Points	Actual Points
	150	147
	150	143
	150	149
	150	0
	150	0
	150	0
	150	0

**Reviewer Names**

1. Margaret Morrill, Program Specialist III
2. Jean Crouch, Supervisor VII
3. Tracey Tarr, Administrator II
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.

Subject: Adult Day Program Services (RFA-2017-BEAS-03-ADULT)

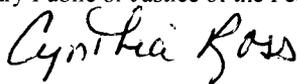
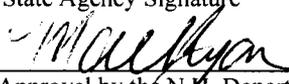
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

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

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name Department of Health and Human Services Bureau of Elderly and Adult Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Easter Seals New Hampshire		1.4 Contractor Address 555 Auburn Street Manchester, NH 03103	
1.5 Contractor Phone Number 603-623-8863	1.6 Account Number 05-95-48-78720000-500382 05-95-48-92550000-500918	1.7 Completion Date September 30, 2018	1.8 Price Limitation \$326,250
1.9 Contracting Officer for State Agency <i>Eric D. Borrin, Director</i>		1.10 State Agency Telephone Number 603-271-9558	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Elin Treanor, CFO	
1.13 Acknowledgement: State of <i>NH</i> , County of <i>Hillsborough</i>  On <i>Sept 12, 2016</i> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace <div style="text-align: center;">                       [Seal]                 </div>			
1.13.2 Name and Title of Notary or Justice of the Peace <div style="text-align: center;"> <b>CYNTHIA ROSS, Notary Public</b>  <b>My Commission Expires March 12, 2019</b> </div>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Maureen Ryan Director, Office of Human Services	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable)  By: _____ Date: <i>9/14/16</i> Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable)  By:  On: <i>Megan A. York - Attorney 9/16/16</i>			
1.18 Approval by the Governor and Executive Council (if applicable)  By: _____ On: _____			

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

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

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

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

**4. CONDITIONAL NATURE OF AGREEMENT.**

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

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

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

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

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

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

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

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

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

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

**7. PERSONNEL.**

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

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

Agreement. This provision shall survive termination of this Agreement.

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

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

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**15. WORKERS' COMPENSATION.**

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

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

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

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

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

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

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

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

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

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

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

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

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

Contractor Initials ET  
Date 9/12/2016



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## Scope of Services

### 1. Provisions Applicable to All Services

- 1.1. The Contractor will submit a detailed description of the language assistance services they will provide to persons with limited English proficiency to ensure meaningful access to their programs and/or services within ten (10) days of the contract effective date.
- 1.2. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or federal or state court orders may have an impact on the Services described herein, the State Agency has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

### 2. Scope of Services

#### 2.1. Population

- 2.1.1. The Contractor shall provide services in this contract to assist eligible individuals live as independently as possible, safely and with dignity.
- 2.1.2. The Contractor shall provide services for individuals who:
  - 2.1.2.1. Are not already receiving the same or similar services through one of the Department's Medicaid Waiver Programs, who are eligible for other NH Medicaid services; or
  - 2.1.2.2. Are receiving the same or similar services through the Veterans' Administration.
- 2.1.3. The Contractor shall provide services to individuals who reside in independent living settings and who meet the eligibility criteria as follows:
  - 2.1.3.1. Title III
    - 2.1.3.1.1. Individuals who are age 60 and older and with the most economic or social need as described in:
      - 2.1.3.1.1.1. Older Americans Act of 1965, as amended through P.L. 114-144, Enacted April 19, 2006 (see attached link: [http://www.aoa.gov/AoA\\_programs/OAA/oa\\_full.asp#\\_Toc153957659](http://www.aoa.gov/AoA_programs/OAA/oa_full.asp#_Toc153957659)), and
      - 2.1.3.1.1.2. NH Administrative Rule He-E 502 (see attached link: [http://www.gencourt.state.nh.us/rules/state\\_agencies/he-e.html](http://www.gencourt.state.nh.us/rules/state_agencies/he-e.html)).
    - 2.1.3.1.2. Title XX 42 USC §1397 et seq.
      - 2.1.3.1.2.1. Individuals who are age 60 and older or ages 18-59 who have a chronic illness or disability, and a maximum monthly income of \$1,214 for calendar year 2016 as described in:
        - 2.1.3.1.2.1.1. The Social Services Block Grant (Title XX) (see attached link: <http://www.acf.hhs.gov/programs/ocs/programs/ssbg/about>), and
        - 2.1.3.1.2.1.2. NH Administrative Rule He-E 501 (see attached link: [http://www.gencourt.state.nh.us/rules/state\\_agencies/he-e.html](http://www.gencourt.state.nh.us/rules/state_agencies/he-e.html)).

#### 2.2. Area Served

- 2.2.1. The Contractor shall provide services to the greater Manchester, New Hampshire, area.
- 2.2.2. The Contractor's hours of operation shall be Monday through Friday, 7:30 am to 5:30 pm.



### 2.3. Service Descriptions

- 2.3.1. The Contractor shall be a licensed entity in New Hampshire in a fixed physical location and shall include the provision of one or more of the following services for fewer than (twelve) 12 hours a day to participants 18 years of age and older, based on an individual's needs:
- 2.3.1.1. Supervision;
  - 2.3.1.2. Assistance with activities of daily living;
  - 2.3.1.3. Nursing care rehabilitation;
  - 2.3.1.4. Recreational, social, cognitive, physical stimulation activities or nutrition services;
  - 2.3.1.5. Monitoring of the individual's condition and counseling as appropriate on nutrition, hygiene or other related matters;
  - 2.3.1.6. Referrals, as appropriate, to other services and resources that could assist the individual including any necessary follow up;
  - 2.3.1.7. Assistance and support to caregiving families; and
  - 2.3.1.8. Developing a person-centered plan for each individual in accordance with NH Administrative Rules He-E 501 and He-E 502.

### 2.4. Client Access to Services

- 2.4.1. The Contractor shall provide services described in this agreement to eligible clients that apply for or request services, or are referred by Adult Protective Services (APS):
- 2.4.1.1. Client directly applies for or requests services:
    - 2.4.1.1.1. The Contractor shall determine eligibility for these services in accordance with the rules and requirements of the Title III and Title XX Programs.
  - 2.4.1.2. Client is referred by Adult Protection Services (APS):
    - 2.4.1.2.1. In the event that an individual has been referred by APS, the Contractor shall not take an application, determine or re-determine the individual's eligibility or issue eligibility notifications, in accordance with NH Administrative Rules He-E 501 and 502.

### 2.5. Client Application/Request for Services

- 2.5.1. The Contractor shall complete an intake and application for services, in accordance with NH Administrative Rules He-E 501 and He-E 502.
- 2.5.1.1. When determining eligibility pursuant to NH Administrative Rule He-E 501 (Title XX), the Contractor shall use the Department's Form 3000 Application.
  - 2.5.1.2. For applications pursuant to NH Administrative Rule He-E 502 (Title III), the Contractor shall review requests for services and determine eligibility.

### 2.6. Client Eligibility

- 2.6.1. The Contractor shall submit its policies and procedures for client eligibility determination for services to the Department for review and approval, within thirty (30) days of the start of each State Fiscal Year.
- 2.6.2. The Contractor shall determine eligibility for services and shall be in compliance with the New Hampshire Administrative Rules He-E 501 and He-E 502 regarding eligibility



Exhibit A

determination, notice of eligibility and the individual's period of eligibility as applicable as follows:

2.6.2.1. Notice of Eligibility:

2.6.2.1.1. The Contractor shall provide written notice of eligibility within forty five (45) days from the date eligibility was determined, indicate what services are to be provided and at what frequency, and indicate the beginning and end dates for the individual's period of eligibility.

2.6.2.1.2. If the client is determined not eligible for service(s), the notice of denial shall include:

2.6.2.1.2.1. The reason(s) for denial;

2.6.2.1.2.2. A statement regarding the right of the individual or his/her authorized representative to request an informal resolution or appeal of the eligibility determination decision; and

2.6.2.1.2.3. Contact information for requesting an appeal.

2.6.2.2. Redetermination of Service Eligibility:

2.6.2.2.1. The Contractor shall submit its policies and procedures for client eligibility redetermination for services to the Department for review and approval, within thirty (30) days of the start of each State Fiscal Year.

2.6.2.3. Termination of Services:

2.6.2.3.1. Services shall be terminated when:

2.6.2.3.1.1. The individual or his/her authorized representative requests that the services be terminated;

2.6.2.3.1.2. The individual no longer meets the eligibility requirements for services;

2.6.2.3.1.3. Funding by the State for the service(s) is no longer available;

2.6.2.3.1.4. The individual did not reapply for services as required by program rules;

2.6.2.3.1.5. The individual has been admitted to a nursing home or residential care facility; or

2.6.2.3.1.6. The individual is deceased.

2.6.2.4. Service Authorizations for Title XX Eligible Clients:

2.6.2.4.1. Once the client has been determined eligible to receive Title XX services, the Contractor shall submit a service authorization form to the Department in order to facilitate payment for serving eligible clients.

2.6.2.4.2. The Contractor shall submit a completed Form 3502 "Contract Service Authorization-New Authorization" for each client who has been determined eligible to receive services. More than one service may be included on a Form 3502. The completed Form 3502 shall be submitted to:

Department of Health and Human Services  
Data Management Unit  
129 Pleasant Street  
Concord, NH 03301



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## 2.7. Client Assessments

- 2.7.1. The Contractor shall assess the individual's needs and develop written service plans, keep written progress notes and monitor and adjust service plans to meet the individual's needs in accordance with NH Administrative Rules He-E 501 and He-E 502.

## 2.8. Person Centered Provision of Services

- 2.8.1. The Contractor shall incorporate policies and staff-client interactions into its agency's functions, as well as incorporate the following Guiding Principles for Person-Centered Planning Philosophy in the provision of all services in this Agreement:
- 2.8.1.1. Individuals and families are invited, welcomed and supported as full participants in service planning and decision making.
  - 2.8.1.2. Individual's wishes, values and beliefs are considered and respected.
  - 2.8.1.3. Individual is listened to; needs and concerns are addressed.
  - 2.8.1.4. Individual receives the information he/she needs to make informed decisions.
  - 2.8.1.5. Planning is responsive to the individual. His or her preferences drive the planning process although the decision-making process may need to be accelerated to respond to emergencies.
  - 2.8.1.6. Services are designed, scheduled and delivered to best meet the needs and preferences of the individual.
  - 2.8.1.7. The system is committed to excellence and quality improvement.
  - 2.8.1.8. Individual rights are affirmed and protected.
  - 2.8.1.9. Individuals are protected from exploitation, abuse and neglect.
  - 2.8.1.10. The service system is accessible, responsive and accountable to the individual.
  - 2.8.1.11. Person-centered planning may be incorporated into existing service plans or documents already being used by the Contractor.

## 3. Staffing

- 3.1. The Contractor shall adhere to the following staffing requirements:
- 3.1.1. Maintain a level of staffing necessary to perform and carry out all of the functions, requirements, roles and duties in a timely fashion for the number of clients and geographic area as identified in this Agreement.
  - 3.1.2. Verify and document that all staff and volunteers have appropriate training, education, experience and orientation to fulfill the responsibilities of their respective positions. This includes keeping up-to-date personnel and training records and documentation of all individuals requiring licenses and/or certifications.
  - 3.1.3. Develop and submit a Staffing Contingency Plan in writing to the Department within thirty (30) days of approval of the Contract Agreement. The plan shall include but not be limited to:
    - 3.1.3.1. The process for replacement of personnel in the event of loss of key personnel or other personnel during the period of this Agreement;
    - 3.1.3.2. A description of how additional staff resources will be allocated to support this Agreement in the event of inability to meet any performance standard;
    - 3.1.3.3. A description of time frames necessary for obtaining staff replacements;
    - 3.1.3.4. An explanation of the Contractor's capabilities to provide, in a timely manner, staff replacements/additions with comparable experience; and
    - 3.1.3.5. The method of bringing staff replacements/additions up-to-date regarding this Agreement.



## 4. Reporting

### 4.1. Reporting Requirements

- 4.1.1. The Contractor shall complete and submit quarterly reports which will be a pre-defined electronic form supplied by the Department. The report must be submitted by the 15<sup>th</sup> of the month following the quarter end date. The data will include, but not be limited to the following:
- 4.1.1.1. Expenses by program service provided. Service is defined as Adult Day Program Services.
  - 4.1.1.2. Revenue by program service provided, by funding source;
  - 4.1.1.3. Actual Units served by program service provided, by funding source;
  - 4.1.1.4. Number of unduplicated clients served by service provided, by funding source;
  - 4.1.1.5. Number of Title III and Title XX clients served with non-Department funds;
  - 4.1.1.6. Unmet need/waiting list; and,
  - 4.1.1.7. Lengths of time clients are on a waiting list.

### 4.2. Service Delivery Verification

- 4.2.1. The Contractor shall submit Service Delivery Verification reports to BEAS Finance for the following required performance measures for each service identified in Section 2.3, Service Descriptions:

4.2.1.1. Eligibility:

- 4.2.1.1.1. The number of applications/service requests and the number and percentage of applicants found eligible for each service;
- 4.2.1.1.2. The number and percentage of applicants found ineligible for each service including the reason(s) applicants were found ineligible.

4.2.1.2. Quality and Appropriateness:

4.2.1.2.1. Plans of Care:

- 4.2.1.2.1.1. The number and percentage of individuals' plans of care in which the plans contain evidence of person-centered planning;
- 4.2.1.2.1.2. The number and percentage of individuals who have experienced a safety-related incident or accident which occurs during times of face-to-face contact with the client(s);
- 4.2.1.2.1.3. The number and percentage of individuals for whom a report to Adult Protective Services was made.

4.2.1.3. Experience:

- 4.2.1.3.1. The number and percentage of individuals surveyed (via telephone, mail, e-mail or face-to-face) who report their experiences with their services and providers have been satisfactory or better.
- 4.2.1.3.2. The Contractor shall indicate the reasons why:
  - 4.2.1.3.2.1. Applicants experienced safety-related incidents which occurs during times of face-to-face contact with the client(s);
  - 4.2.1.3.2.2. Applicants were referred to Adult Protective Services; and
  - 4.2.1.3.2.3. The number and percentage of individuals surveyed who reported their experiences with their services and providers were not satisfactory or better.



Exhibit A

- 4.2.1.3.3. The Contractor shall describe the quality improvement activity(ies) to be initiated to address identified concerns about the quality and appropriateness of care.
- 4.2.1.3.4. The Contractor shall survey a sample of participants for each contracted service and provide their survey methodology, in writing, to the Bureau of Elderly and Adult Services (BEAS).
- 4.2.1.4. Service Delivery:
  - 4.2.1.4.1. The number of open cases at the end of each reporting period and the number and percentage of days individuals did not receive a planned service(s).
  - 4.2.1.4.2. The Contractor shall indicate the reasons applicant(s) did not receive planned services.
  - 4.2.1.4.3. The Contractor shall describe the quality improvement activity(ies) to be initiated to address identified concerns about service delivery.

**5. Client Fees and Donations**

**5.1. Title III Services**

- 5.1.1. With the exception of Subsection 5.3.1. of this agreement below, NH Administrative Rule He-E 502.12 allows Title III contractors to ask individuals receiving services for a voluntary donation towards the cost of the service and provides guidance for requesting donations. The donation is to be purely voluntary and no one can be refused services if he/she is unable or unwilling to donate. The Contractor is not permitted to invoice clients or family members.
- 5.1.2. The Contractor shall report the total amount of collected donations on the quarterly report sent to BEAS Finance.

**5.2. Title XX Services**

The Contractor may charge fees to individuals receiving Title XX services provided that the Contractor establishes a sliding fee schedule and provides this information to individuals seeking services. The Contractor shall comply with the NH Administrative Rule He-E 501 when establishing and charging fees to individuals. Additionally, the Contractor is required to report on the total amount of fees/income received for Title XX Services on the quarterly report sent to BEAS Finance.

- 5.2.1. The Contractor providing Title XX services may charge fees to clients referred by APS staff for which reports of abuse, neglect, self-neglect and/or exploitation has not been founded. The Contractor is required to include the total amount of fees/income received for Title XX services, referred by APS staff, with the total amount of fees/income reported for Title XX Services, listed above, on the quarterly report sent to BEAS Finance.

**5.3. Adult Protection Services (APS)**

Under RSA 161-F: 42 et seq. (<http://www.gencourt.state.nh.us/rsa/html/XII/161-F/161-F-42.htm>), BEAS provides protective services to incapacitated adults to prevent and/or ameliorate neglect, abuse or exploitation. When BEAS determines that an individual needs protective services as described in NH Administrative Rule He-E 700 ([http://www.gencourt.state.nh.us/rules/state\\_agencies/he-e700.html](http://www.gencourt.state.nh.us/rules/state_agencies/he-e700.html)), the Contractor agrees that the payment received from the Department for the specified services is payment in full for



Exhibit A

those services, and the provider agrees to refrain from making any attempt to secure additional reimbursement of any type from the individual for those services.

- 5.3.1. The Contractor, providing Title III and/or Title XX services, may not charge fees or ask for donations from clients referred by the Department's Adult Protection Services (APS) program as long as these individuals remain active recipients of Adult Protective Services as verified by Adult Protection Services staff.

**6. Adult Protection Services (APS)**

- 6.1. The Contractor shall report suspected abuse, neglect, self-neglect and/or exploitation of incapacitated adults as required by RSA 161-F: 46 of the Adult Protection law (<http://www.gencourt.state.nh.us/rsa/html/XII/161-F/161-F-46.htm>).
- 6.2. The Contractor shall make a good faith effort to assure the provision of some level of services to those persons who the Department refers to the contracted agency and identifies the client is in need of protective services.
- 6.3. The Contractor shall follow the plan of care established by the APS social worker.
- 6.4. The Contractor shall inform the referring APS staff of any changes in the individual's situation or other concerns, and APS staff is expected to inform the Contractor of any information that may affect service provision.

**7. E-Studio Electronic Information System**

- 7.1. The Contractor shall be required to use the Department's E-Studio electronic information system. E-Studio is BEAS' primary vehicle for uploading important information concerning time-sensitive announcements, policy releases, administrative rule adoptions and other critical information.
- 7.2. The Contractor shall identify all of the key personnel who will require E-Studio accounts to ensure that information from the Department can be shared with the necessary agency staff. There is no cost to the Contractor for the Department to create an E-Studio account and no limit on the number of staff an agency identifies to have access to E-Studio.
- 7.3. The Contractor shall ensure their E-Studio account(s) are kept current and that the Department is notified when a staff member is no longer working in the program so his/her account can be terminated.

**8. Criminal Background and Adult Protection Service Registry Checks**

- 8.1. The Contractor's staff members or volunteers, who will be interacting with or providing hands-on care to individuals receiving services, are required to complete a BEAS State Registry check prior to providing services; in accordance with the requirement of RSA 161-F: 49 (<http://gencourt.state.nh.us/rsa/html/XII/161-F/161-F-49.htm>).
- 8.2. The Contractor shall conduct a New Hampshire Criminal Records background check on all agency staff as well as prospective employees or volunteers, funded under this contract that may have client contact.

**9. Grievance and Appeals**

- 9.1. The Contractor shall maintain a system for tracking, resolving and reporting client complaints regarding its services, processes, procedures and staff.
- 9.2. The Contractor shall develop a grievance process. Any grievances filed are to be available to the Department upon request. At a minimum, the process shall include the following:
  - 9.2.1. Client name,
  - 9.2.2. Type of service,



Exhibit A

- 9.2.3. Date of written grievance,
- 9.2.4. Nature/subject of the grievance,
- 9.2.5. Who in the agency reconsiders agency decisions, and
- 9.2.6. The types of issues that can be addressed in the grievance process and how clients are informed of their right to appeal or file grievances.

**10. Culturally and Linguistically Appropriate Standards of Care**

- 10.1. The Contractor shall ensure equal access to quality services under this agreement by providing culturally and linguistically appropriate services according to the following guidelines:
  - 10.1.1. Assess the ethnic/cultural needs, resources and assets of their community.
  - 10.1.2. Promote the knowledge and skills necessary for staff to work effectively with clients with respect to their culturally and linguistically diverse environment or to those with disabilities.
  - 10.1.3. When feasible and appropriate, provide clients with minimal English skills with interpretation services.
  - 10.1.4. Offer clients a forum through which they have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may require a response.
  - 10.1.5. When feasible and appropriate, identify communication access needs for clients who may be deaf or hard of hearing, and/or have vision or speech impairment and develop an individual communication plan for clients to receive services.

**11. Wait Lists**

- 11.1. The Contractor shall provide all services covered under this agreement to the extent that funds, staff and/or resources for this purpose are available.
- 11.2. The Contractor shall maintain a wait list in accordance with NH Administrative Rules He-E 501 and He-E 502 when funding or resources are not available to provide the requested services. The wait list shall include at a minimum:
  - 11.2.1. The individual's full name and date of birth;
  - 11.2.2. The name of the service being requested;
  - 11.2.3. The date upon which the individual applied for services which shall be the date the application was received by the contract agency or the Department;
  - 11.2.4. The target date of implementing the services based on the communication between the individual and the Department/contractor;
  - 11.2.5. The date upon which the individual's name was placed on the wait list shall be the date of the notice of decision in which the individual was determined eligible for Title XX services;
  - 11.2.6. The individual's assigned priority on the wait list, determined in accordance with Sub-section 19.3. below;
  - 11.2.7. A brief description of the individual's circumstances and the services he or she needs.
- 11.3. The Contractor shall prioritize each individual's standing on the list by determining the individual's urgency of need in the following order:
  - 11.3.1. Individual is in an institutional setting or is at risk of being admitted to or discharged from an institutional setting;
  - 11.3.2. Declining mental or physical health of the caregiver;
  - 11.3.3. Declining mental or physical health of the individual;
  - 11.3.4. Individual has no respite services while living with a caregiver; and
  - 11.3.5. Length of time on the wait list.
  - 11.3.6. When 2 or more individuals on the wait list have been assigned the same service priority, the individual served first will be the one with the earliest application date.



Exhibit A

- 11.3.7. Individuals who are being served under protective services RSA 161-F: 42-57 shall be given priority status on the waitlist and in accordance with He-E 501.14 (f) and He-E 502.13.
- 11.3.8. Individuals with adult protective needs in accordance with RSA 161-F: 42-57 shall be exempt from the wait list.
- 11.4. When an individual is placed on the wait list, the Contractor shall notify the individual in writing.
- 11.5. The Contractor shall maintain the wait list for the duration of the contract period and make it available to the Department upon request.

**12. Notice of Failure to Meet Service Obligations**

- 12.1. In the event that the Contractor for any reason is unable to meet any service obligations prior to the completion date, the Contractor shall provide written notice of such inability at least ninety (90) days prior and shall mail it to:

Bureau Director  
Bureau of Elderly and Adult Services  
129 Pleasant Street  
Concord, NH 03301

- 12.1.1. Examples of failure to meet service obligations may include, but not limited to:
  - 12.1.1.1. Reducing hours of operation
  - 12.1.1.2. Changing a geographic service area
  - 12.1.1.3. Closing or opening a site
- 12.1.2. The written notification shall include the following:
  - 12.1.2.1. Reason(s) for the inability to deliver services;
  - 12.1.2.2. How service recipients and the community will be impacted;
  - 12.1.2.3. How service recipients and the community will be notified; and
  - 12.1.2.4. A plan to transition clients into other services or refer the clients to other agencies.
- 12.1.3. The Contractor shall maintain a plan that addresses the present and future needs of clients receiving services in the event that:
  - 12.1.3.1. Service(s) are terminated or planned to be terminated prior to the termination date of the contract;
  - 12.1.3.2. The contract is terminated or is planned to be terminated prior to the termination date of the contract by the Contractor or the State;
  - 12.1.3.3. The Contractor terminates a service or services for any reason;
  - 12.1.3.4. The Contractor cannot carry out all or a portion of the services terms or conditions outlined in the contract or sub-contracts.

**13. Transition Process**

- 13.1. The Contractor shall have a transition process for clients in the event that they may be transitioned between the Department's contracted providers.
- 13.2. The Contractor shall submit a written transition process to the Department within thirty (30) days of approval of the Contract Agreement. The process shall ensure:
  - 13.2.1. Uninterrupted delivery of services to clients;
  - 13.2.2. A method of notifying clients and/or the community about the transition. A staff member shall be available to address questions about the transition.



Exhibit A

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**14. Compliance with Laws and Regulations**

- 14.1. The Contractor shall be licensed in accordance with RSA 151:2 (f) (<http://law.justia.com/codes/new-hampshire/2010/titlexi/chapter151/section151-2/>), and as governed by NH Administrative Rule He-P 818 (<http://www.dhhs.nh.gov/oos/bhfa/documents/he-p818.pdf>). Additionally, the Contractor shall provide services in accordance with NH Administrative Rules He-E 501 and He-E 502.
- 14.2. The Contractor shall provide services and administration of the program in accordance with the applicable Federal and State laws, Title III and Title XX rules, policies and regulations adopted by the Department of Health and Human Services currently in effect, and as they may be adopted or amended during the contract period.



Exhibit B

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**Method and Conditions Precedent to Payment**

1. This contract is funded with funds from the Catalog of Federal Domestic Assistance (CFDA) #93.044, Administration on Aging, Special Programs for the aging – Title IIIB and #93.667 US Department of Health and Human Services, Social Services Block Grant – Title XX, in providing services pursuant to Exhibit A, Scope of Services. The contractor agrees to provide the services in Exhibit A, Scope of Services in compliance with funding requirements.
2. The State shall pay the Contractor an amount not to exceed the Price Limitation on Form P-37, Block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services.
3. Payment for expenses shall be on a cost reimbursement basis only for actual expenditures. Expenditures shall be in accordance with the rate of seven dollars and twenty-five cents (\$7.25) per unit, per client not to exceed six (12) hours per day.
4. Payments for Title III funding shall not exceed fifteen thousand (15,000) units.
5. Payments for Title XX funding shall not exceed thirty thousand (30,000) units.
6. Payment for services shall be made as follows:
  - 6.1. The Contractor must submit monthly invoices by the 15<sup>th</sup> of the month in accordance with procedure and instructions established by the Department for reimbursement for services specified in Exhibit A, Scope of Services. The State shall make payment to the Contractor within thirty (30) days of receipt of each invoice for Contractor services provided pursuant to this Agreement.
  - 6.2. The invoices must;
    - 6.2.1. Clearly identify the amount requested and the services performed during that period.
    - 6.2.2. Include a detailed account of the services provided to include: individual in receipt of services, number of units and funding source attributable to the services.
  - 6.3. Invoices described in Exhibit B, Method and Conditions Precedent to Payment; Section 6.1 and 6.2., and reports identified in Exhibit A, Scope of Services, Section 12, Reporting Requirements must be submitted to:

Department of Health and Human Services  
Data Management Unit  
129 Pleasant Street  
PO Box 2000  
Concord, NH 03301
7. Payments may be withheld pending receipt of required reports or documentation as identified in Exhibit A.
8. A final payment request shall be submitted no later than forty (40) days after the Contract ends. Failure to submit the invoice and accompanying documentation could result in nonpayment.
9. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if said services have not been completed in accordance with the terms and conditions of this Agreement.



**SPECIAL PROVISIONS**

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

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



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

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

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



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

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

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9/12/2016



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

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

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

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

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

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

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

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

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



- 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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*9/12/16*



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

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*9/12/2016*



**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

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

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

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

Contractor Name:

9/12/2016  
Date

Elin Treanor  
Name: Elin Treanor  
Title: CFO



**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:

9/12/2016  
Date

Elin Treanor  
Name: Elin Treanor  
Title: CFD

Contractor Initials ET  
Date 9/12/2016



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

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

**INSTRUCTIONS FOR CERTIFICATION**

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

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9/12/2016



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

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

**PRIMARY COVERED TRANSACTIONS**

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

**LOWER TIER COVERED TRANSACTIONS**

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

Contractor Name:

9/12/2016  
Date

Elin Treanor  
Name: Elin Treanor  
Title: CFU

Contractor Initials ET  
Date 9/12/2016



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

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

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

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

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

Exhibit G

Contractor Initials

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

9/12/2016

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:

9/12/2016  
Date

  
Name: Elin Treanor  
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

9/12/2016



**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:

9/12/2016  
Date

Elin Treanor  
Name: Elin Treanor  
Title: CFO



Exhibit I

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

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

(1) **Definitions.**

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

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9/12/2016



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

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9/12/016



Exhibit I

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

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

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

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

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

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



Exhibit I

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

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

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9/12/2016



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.

ET

9/12/2016



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.

_____	<u>Easter Seals NH, Inc</u>
The State	Name of the Contractor
<u>[Signature]</u>	<u>[Signature]</u>
Signature of Authorized Representative	Signature of Authorized Representative
<u>Maureen Ryan</u>	<u>Elin Treanor</u>
Name of Authorized Representative	Name of Authorized Representative
<u>Director, Office of Human Services, C.F.D</u>	<u>[Signature]</u>
Title of Authorized Representative	Title of Authorized Representative
<u>9/14/14</u>	<u>9/12/2016</u>
Date	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:

9/12/2016  
Date

  
Name: Elin Treanor  
Title: CFD



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: 08-557-3467
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO  YES

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

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

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

NO  YES

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

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

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

Name: _____	Amount: _____

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 13<sup>th</sup> day of April A.D. 2016

A handwritten signature in cursive script, appearing to read "Wm Gardner", written in dark ink.

William M. Gardner  
Secretary of State

# CERTIFICATE OF VOTE

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

1. I am a duly elected Officer of Easter Seals New Hampshire, Inc.  
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of the Agency duly held on April 13, 2016:  
(Date)

**RESOLVED:** That the CFO  
(Title of Contract Signatory)

is hereby authorized on behalf of this Agency to enter into the said contract with the State and to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, as he/she may deem necessary, desirable or appropriate.

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 12<sup>th</sup> day of September, 2016  
(Date Contract Signed)

4. Elin Treanor is the duly elected CFO  
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

Betty Buike  
(Signature of the Elected Officer)

STATE OF NH

County of Hillsborough

The forgoing instrument was acknowledged before me this 12<sup>th</sup> day of Sept., 2016.

By Betty Buike  
(Name of Elected Officer of the Agency)

Cynthia Ross  
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

**CYNTHIA ROSS, Notary Public**  
**My Commission Expires March 12, 2019**

Commission Expires: \_\_\_\_\_



## DESCRIPTIONS (Continued from Page 1)

above referenced on behalf of the named insured. The General Liability policy contains a special endorsement with "Primary and Non-Contributory" wording.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/28/2015

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).

<b>PRODUCER</b> Hays Companies 133 Federal Street, 2nd Floor  Boston MA 02110	<b>CONTACT NAME:</b> Producer HOUSE	
	<b>PHONE (A/C, No, Ext):</b> (617) 723-7775	<b>FAX (A/C, No):</b>
<b>E-MAIL ADDRESS:</b>		
<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
<b>INSURER A:</b> United States Fire Insurance		21113
<b>INSURER B:</b>		
<b>INSURER C:</b>		
<b>INSURER D:</b>		
<b>INSURER E:</b>		
<b>INSURER F:</b>		

**COVERAGES**                      **CERTIFICATE NUMBER:** 16-17 WC                      **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) if yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A	406-7196831	1/1/2016	1/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Evidence of Insurance

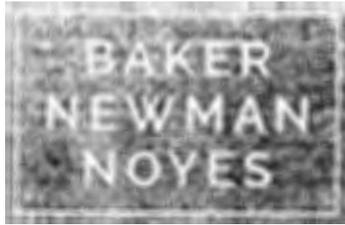
<b>CERTIFICATE HOLDER</b>  State of NH Dept. of Health & Human Services 129 Pleasant St. Concord, NH 03301	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE  James Hays/FTHOMA

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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, 2015 and 2014  
With Independent Auditors' Report*

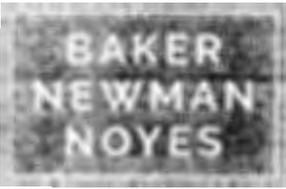
**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION**

For the Years Ended August 31, 2015 and 2014

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## 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, 2015 and 2014, 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, 2015 and 2014, 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 Matters***

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.

As discussed in note 1, effective August 31, 2015, Easter Seals NH transferred its sole member interest in Easter Seals New York, Inc. to Fedcap Rehabilitation Services, Inc. As a result, these consolidated financial statements do not include the financial position of Easter Seals New York, Inc. at August 31, 2015, while the results of operations of Easter Seals New York, Inc. are included for the year then ended.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 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 10, 2015

***Baker* *Nauman* & *Noyes***  
Limited Liability Company

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 5,615,095	\$ 2,757,134
Accounts receivable from affiliates	98,710	341,653
Program and other accounts receivable, less contractual allowance of \$1,896,800 in 2015 and \$218,900 in 2014, and allowance for doubtful accounts of \$936,400 in 2015 and \$440,800 in 2014	7,114,280	10,122,747
Contributions receivable, less allowance for doubtful accounts of \$26,500 in 2015 and \$45,400 in 2014	605,256	705,374
Current portion of assets limited as to use	315,065	300,046
Prepaid expenses and other current assets	<u>1,214,353</u>	<u>678,326</u>
Total current assets	14,962,759	14,905,280
Assets limited as to use, net of current portion	1,009,131	986,277
Fixed assets, net	22,946,025	25,094,383
Property held for sale	1,081,662	1,289,894
Bond issuance costs, net	59,145	235,113
Investments, at fair value	12,255,793	13,833,046
Beneficial interest in trusts held by others and other assets	<u>356,459</u>	<u>1,550,919</u>
	<u>\$52,670,974</u>	<u>\$57,894,912</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Lines of credit	\$ 262,356	\$ 2,197,904
Accounts payable	1,879,211	1,907,743
Accrued expenses	4,162,793	4,251,482
Current portion of deferred revenue	1,131,777	858,258
Current portion of capital lease obligation	58,886	-
Current portion of interest rate swap agreements	442,045	615,570
Current portion of long-term debt	<u>745,011</u>	<u>4,228,339</u>
Total current liabilities	8,682,079	14,059,296
Deferred revenue, net of current portion	971,667	999,167
Other liabilities	1,010,108	987,185
Capital lease obligation, net of current portion	81,612	-
Interest rate swap agreements, less current portion	2,377,922	2,714,243
Long-term debt, less current portion	<u>19,363,038</u>	<u>18,976,300</u>
Total liabilities	32,486,426	37,736,191
Net assets:		
Unrestricted	14,685,373	14,189,337
Temporarily restricted	1,024,433	944,862
Permanently restricted	<u>4,474,742</u>	<u>5,024,522</u>
Total net assets	<u>20,184,548</u>	<u>20,158,721</u>
	<u>\$52,670,974</u>	<u>\$57,894,912</u>

See accompanying notes.

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year Ended August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Public support and revenue:</b>				
<b>Public support:</b>				
Contributions	\$ 612,565	\$ 853,731	\$ 14,300	\$ 1,480,596
Special events, net of related direct costs of \$1,047,735	67,806	1,415,710	-	1,483,516
Annual campaigns, net of related direct costs of \$104,418	399,236	32,906	-	432,142
Bequests	492,019	-	-	492,019
Net assets released from restrictions	<u>1,998,486</u>	<u>(1,998,486)</u>	<u>-</u>	<u>-</u>
<b>Total public support</b>	3,570,112	303,861	14,300	3,888,273
<b>Revenue:</b>				
Fees and grants from governmental agencies	71,965,474	-	-	71,965,474
Other fees and grants	24,111,552	-	-	24,111,552
Sales to public	4,375,698	-	-	4,375,698
Dividend and interest income	391,263	11,569	-	402,832
Rental income	33,929	-	-	33,929
Other	<u>124,778</u>	<u>-</u>	<u>-</u>	<u>124,778</u>
<b>Total revenue</b>	<u>101,002,694</u>	<u>11,569</u>	<u>-</u>	<u>101,014,263</u>
<b>Total public support and revenue</b>	104,572,806	315,430	14,300	104,902,536
<b>Operating expenses:</b>				
<b>Program services:</b>				
Public health education	410,886	-	-	410,886
Professional education	17,435	-	-	17,435
Direct services	<u>91,613,311</u>	<u>-</u>	<u>-</u>	<u>91,613,311</u>
<b>Total program services</b>	92,041,632	-	-	92,041,632
<b>Supporting services:</b>				
Management and general	9,785,646	-	-	9,785,646
Fundraising	<u>1,808,377</u>	<u>-</u>	<u>-</u>	<u>1,808,377</u>
<b>Total supporting services</b>	<u>11,594,023</u>	<u>-</u>	<u>-</u>	<u>11,594,023</u>
<b>Total functional expenses</b>	103,635,655	-	-	103,635,655
Support of National programs	<u>119,969</u>	<u>-</u>	<u>-</u>	<u>119,969</u>
<b>Total operating expenses</b>	<u>103,755,624</u>	<u>-</u>	<u>-</u>	<u>103,755,624</u>
<b>Increase in net assets from operations</b>	817,182	315,430	14,300	1,146,912

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

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

Year Ended August 31, 2015

	<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	\$ (227,568)	\$ —	\$ —	\$ (227,568)
Net unrealized and realized losses on investments	(407,029)	(223)	—	(407,252)
Decrease in fair value of beneficial interest in trusts held by others	—	—	(62,423)	(62,423)
Loss on sales and disposals of property, plant and equipment	(10,248)	—	—	(10,248)
Other nonoperating losses	<u>(128,854)</u>	<u>—</u>	<u>—</u>	<u>(128,854)</u>
	<u>(773,699)</u>	<u>(223)</u>	<u>(62,423)</u>	<u>(836,345)</u>
 Increase (decrease) in net assets before effects of discontinued operations	 43,483	 315,207	 (48,123)	 310,567
 (Loss) gain from discontinued operations – see note 13	 <u>(204,672)</u>	 <u>588</u>	 <u>—</u>	 <u>(204,084)</u>
 (Decrease) increase in net assets before effects of deconsolidation of affiliate	 (161,189)	 315,795	 (48,123)	 106,483
 Deconsolidation of affiliate – see note 12	 <u>657,225</u>	 <u>(236,224)</u>	 <u>(501,657)</u>	 <u>(80,656)</u>
 Total increase (decrease) in net assets	 496,036	 79,571	 (549,780)	 25,827
 Net assets at beginning of year	 <u>14,189,337</u>	 <u>944,862</u>	 <u>5,024,522</u>	 <u>20,158,721</u>
 Net assets at end of year	 <u>\$ 14,685,373</u>	 <u>\$ 1,024,433</u>	 <u>\$ 4,474,742</u>	 <u>\$ 20,184,548</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>
<b>Public support and revenue:</b>				
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>
<b>Total public support</b>	<b>4,076,756</b>	<b>(23,932)</b>	<b>13,813</b>	<b>4,066,637</b>
<b>Revenue:</b>				
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>
<b>Total revenue</b>	<b><u>98,356,518</u></b>	<b><u>3,613</u></b>	<b><u>-</u></b>	<b><u>98,360,131</u></b>
<b>Total public support and revenue</b>	<b>102,433,274</b>	<b>(20,319)</b>	<b>13,813</b>	<b>102,426,768</b>
<b>Operating expenses:</b>				
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>
<b>Total program services</b>	<b>90,532,191</b>	<b>-</b>	<b>-</b>	<b>90,532,191</b>
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>
<b>Total supporting services</b>	<b><u>11,426,509</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>11,426,509</u></b>
<b>Total functional expenses</b>	<b>101,958,700</b>	<b>-</b>	<b>-</b>	<b>101,958,700</b>
Support of National programs	<u>122,586</u>	<u>-</u>	<u>-</u>	<u>122,586</u>
<b>Total operating expenses</b>	<b><u>102,081,286</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>102,081,286</u></b>
<b>Increase (decrease) in net assets from   operations</b>	<b>351,988</b>	<b>(20,319)</b>	<b>13,813</b>	<b>345,482</b>

**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 discontinued operations	 1,019,358	 17,667	 588,783	 1,625,808
 (Loss) gain from discontinued operations – see note 13	 <u>(1,476,117)</u>	 <u>1,958</u>	 <u>—</u>	 <u>(1,474,159)</u>
 (Decrease) increase in net assets before effects of deconsolidation of affiliate	 (456,759)	 19,625	 588,783	 151,649
 Deconsolidation of affiliate – see note 12	 <u>(121,612)</u>	 <u>(200)</u>	 <u>(5,719,267)</u>	 <u>(5,841,079)</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 FUNCTIONAL EXPENSES**

Year Ended August 31, 2015

	Program Services <sup>(1)</sup>			Supporting Services <sup>(1)</sup>			Total Program <sup>(1)</sup> and Supporting Services Expenses		
	Public Health Education	Profes- sional Education	Direct Services	Total	Manage- ment and General	Fund- Raising	Total	2015	2014
Salaries and related expenses	\$266,566	\$ -	\$69,238,797	\$69,505,363	\$6,748,845	\$1,383,953	\$ 8,132,798	\$ 77,638,161	\$ 76,853,418
Professional fees	44,355	-	8,014,027	8,058,382	1,712,094	143,867	1,855,961	9,914,343	9,507,742
Supplies	5,523	-	2,781,733	2,787,256	70,514	62,361	132,875	2,920,131	2,678,244
Telephone	2,281	-	566,186	568,467	230,608	12,182	242,790	811,257	867,273
Postage and shipping	4,403	-	50,702	55,105	32,136	7,518	39,654	94,759	113,004
Occupancy	13,086	-	3,803,408	3,816,494	319,989	107,174	427,163	4,243,657	4,080,405
Outside printing, artwork and media	29,816	-	33,277	63,093	6,881	24,478	31,359	94,452	127,027
Travel	4,503	-	2,413,578	2,418,081	56,187	18,676	74,863	2,492,944	2,594,923
Conventions and meetings	28,768	17,435	232,396	278,599	58,465	35,804	94,269	372,868	370,574
Specific assistance to individuals	30	-	1,259,253	1,259,283	11,748	119	11,867	1,271,150	1,245,460
Dues and subscriptions	527	-	20,071	20,598	14,455	3,526	17,981	38,579	40,839
Minor equipment purchases and equipment rental	205	-	129,087	129,292	113,830	1,224	115,054	244,346	369,656
Ads, fees and miscellaneous	10,290	-	102,593	112,883	15,093	4,464	19,557	132,440	43,776
Interest	-	-	1,013,647	1,013,647	249,464	-	249,464	1,263,111	1,176,216
Facility tax assessment	-	-	226,703	226,703	-	-	-	226,703	182,791
Depreciation and amortization	533	-	1,727,853	1,728,386	145,337	3,031	148,368	1,876,754	1,707,352
	<u>\$410,886</u>	<u>\$17,435</u>	<u>\$91,613,311</u>	<u>\$92,041,632</u>	<u>\$9,785,646</u>	<u>\$1,808,377</u>	<u>\$11,594,023</u>	<u>\$ 103,635,655</u>	<u>\$ 101,958,700</u>
	0.39%	0.02%	88.40%	88.81%	9.44%	1.75%	11.19%	100.00%	100.00%

<sup>(1)</sup> Excludes expenses related to discontinued operations -- see note 13.

See accompanying notes.

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended August 31, 2014

	Program Services <sup>(1)</sup>				Supporting Services <sup>(1)</sup>			Total Program <sup>(1)</sup> and Supporting Services Expenses
	Public Health Education	Profes- sional Education	Direct Services	Total	Manage- ment and General	Fund- Raising	Total	2014
Salaries and related expenses	\$377,333	\$ -	\$68,675,876	\$69,053,209	\$6,215,011	\$1,585,198	\$7,800,209	\$76,853,418
Professional fees	20,447	-	7,603,267	7,623,714	1,739,786	144,242	1,884,028	9,507,742
Supplies	5,348	-	2,573,547	2,578,895	70,007	29,342	99,349	2,678,244
Telephone	2,103	-	546,513	548,616	306,174	12,483	318,657	867,273
Postage and shipping	5,776	-	60,188	65,964	37,433	9,607	47,040	113,004
Occupancy	13,740	-	3,567,064	3,580,804	382,641	116,960	499,601	4,080,405
Outside printing, artwork and media	44,572	-	45,428	90,000	6,951	30,076	37,027	127,027
Travel	5,695	-	2,515,521	2,521,216	47,958	25,749	73,707	2,594,923
Conventions and meetings	36,240	29,065	208,482	273,787	57,207	39,580	96,787	370,574
Specific assistance to individuals	(1)	-	1,232,641	1,232,640	12,820	-	12,820	1,245,460
Dues and subscriptions	-	-	23,206	23,206	14,917	2,716	17,633	40,839
Minor equipment purchases and equipment rental	537	-	256,918	257,455	106,538	5,663	112,201	369,656
Ads, fees and miscellaneous	4,075	-	30,638	34,713	5,316	3,747	9,063	43,776
Interest	-	-	934,985	934,985	241,231	-	241,231	1,176,216
Facility tax assessment	-	-	182,791	182,791	-	-	-	182,791
Depreciation and amortization	127	-	1,530,069	1,530,196	175,580	1,576	177,156	1,707,352
	<u>\$515,992</u>	<u>\$29,065</u>	<u>\$89,987,134</u>	<u>\$90,532,191</u>	<u>\$9,419,570</u>	<u>\$2,006,939</u>	<u>\$11,426,509</u>	<u>\$101,958,700</u>
	0.51%	0.03%	88.26%	88.80%	9.24%	1.96%	11.20%	100.00%

<sup>(1)</sup> 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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 25,827	\$ (5,689,430)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,880,579	1,771,703
Bad debt provision (benefit)	1,350,516	(265,007)
Decrease (increase) in fair value of beneficial interest in trusts held by others	62,423	(574,970)
Net loss on sales and disposals of property, plant and equipment and property held for sale and impairment losses	62,958	125,346
Change in fair value of interest rate swaps	227,568	594,855
Net unrealized and realized losses (gains) on investments	407,252	(1,534,950)
Deconsolidation of affiliates – see note 12	80,656	5,841,079
Changes in operating assets and liabilities:		
Accounts receivable from affiliates	(84,823)	(94,182)
Program and other accounts receivable	(1,096,689)	1,348,396
Contributions receivable	(109,179)	(20,090)
Prepaid expenses and other current assets	(739,716)	102,454
Other assets	597,247	81,516
Accounts payable and accrued expenses	1,862,708	304,390
Deferred revenue	741,405	(61,478)
Other liabilities	<u>22,923</u>	<u>(380,273)</u>
Net cash provided by operating activities	5,291,655	1,549,359
Cash flows from investing activities:		
Purchases of property, plant and equipment	(7,095,514)	(1,244,361)
Proceeds from sale of property, plant and equipment and property held for sale	218,514	15,225
Cash provided for deconsolidation of affiliate	(812,975)	(21,440)
Decrease in investments, net	463,159	1,709,413
Change in assets limited as to use	<u>(37,873)</u>	<u>265,625</u>
Net cash (used) provided by investing activities	(7,264,689)	724,462
Cash flows from financing activities:		
Repayment of long-term debt	(971,570)	(825,393)
Issuance of long-term debt	4,636,600	280,575
Repayments on lines of credit	(26,490,368)	(53,526,692)
Borrowings on lines of credit	<u>27,656,333</u>	<u>51,512,202</u>
Net cash provided (used) by financing activities	<u>4,830,995</u>	<u>(2,559,308)</u>
Increase (decrease) in cash and cash equivalents	2,857,961	(285,487)
Cash and cash equivalents, beginning of year	<u>2,757,134</u>	<u>3,042,621</u>
Cash and cash equivalents, end of year	<u>\$ 5,615,095</u>	<u>\$ 2,757,134</u>

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

Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>1,301,000</u>	\$ <u>1,201,000</u>

In 2015, Easter Seals NH acquired fixed assets under capital leases totaling \$259,604.

In 2015 and 2014, Easter Seals New Hampshire, Inc. transferred its sole member interest in Easter Seals New York, Inc. and Easter Seals Connecticut, Inc., respectively, to unrelated parties (see note 12). During 2014, Easter Seals New Hampshire, Inc. transferred property with a net carrying value of \$607,088 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, 2015 and 2014

#### 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; 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 August 31, 2015, Easter Seals NH entered into an agreement with Fedcap Rehabilitation Services, Inc. (Fedcap), an unrelated entity, whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals NY to Fedcap for no consideration. Additionally, 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. The accompanying consolidated statements of activities include the results of operations of Easter Seals NY and Easter Seals CT through the date Easter Seals NH's sole member interest was transferred.

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 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.

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 (prior to deconsolidation), Maine, Massachusetts (prior to the closure of Harbor Schools), Rhode Island, Vermont and Connecticut (prior to deconsolidation).

#### 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.

##### *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.

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 2. Summary of Significant Accounting Policies (Continued)

The management of Easter Seals NH has implemented a practice to establish cash reserves on hand. Approximately \$2,811,000 and \$2,483,000, respectively, of cash and cash equivalents, and approximately \$1,322,000 and \$2,512,000, respectively, of investments were on-hand under this practice as of August 31, 2015 and 2014, 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. Leasehold improvements and the carrying value of equipment financed by capital leases are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

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 property held for sale of \$139,698 in 2014, which is recorded in other nonoperating losses. No impairment losses were recognized in 2015.

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 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, 2015 and 2014 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:

2016	\$ 33,130
2017	33,130
2018	33,130
2019	33,130
2020	33,130
Thereafter	<u>33,132</u>
	<u>\$198,782</u>

Amortization expense recognized for the patient list in 2015 and 2014 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, 2015 and 2014.

##### 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 2015 and 2014 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 \$17,000 in 2015 and \$8,000 in 2014 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, 2015 and 2014

#### 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 2015 and 2014. 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, 2015 and 2014, the facility tax assessment due by Easter Seals NY was approximately \$95,000 and \$136,000, respectively. See also Note 12 regarding the deconsolidation of Easter Seals NY on August 31, 2015.

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 (benefit) in 2015 and 2014 totaled \$1,350,516 and \$(265,007), respectively. The increase in bad debt provision in 2015 is attributed to greater volume in certain payor classes at Manchester Alcoholism Rehabilitation Center. Contractual allowances for program and other accounts receivable at August 31, 2015 and 2014 were \$1,896,800 and \$218,900, respectively. The increase in contractual allowances in 2015 was due to a higher volume of services provided at Manchester Alcoholism Rehabilitation Center being covered by third-party payors.

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 \$6,262,000 and \$6,802,000 for the years ended August 31, 2015 and 2014, 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, 2015 and 2014

#### 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 2012.

#### 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, 2015 and 2014, Easter Seals NH had recognized a liability of \$2,819,967 and \$3,329,813, 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 decreases in net assets of \$227,568 and \$594,854, respectively, for the years ended August 31, 2015 and 2014 in the accompanying consolidated statements of activity and changes in net assets.

#### Increase (Decrease) 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, 2015 and 2014

#### 2. Summary of Significant Accounting Policies (Continued)

##### Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 simplifies the presentation of debt issuance costs and requires that the debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for Easter Seals NH's fiscal year ending August 31, 2017, with early adoption permitted. The management of Easter Seals NH is currently evaluating the impact of the pending adoption of ASU 2015-03 on Easter Seals NH's consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)*. The amendments change the criteria for reporting discontinued operations, while enhancing disclosures in this area. Those amendments also address sources of confusion and inconsistent application related to financial reporting of discontinued operations guidance in accounting principles generally accepted in the United States. Under the new guidance, only disposals representing a strategic shift in operations are presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The guidance of the ASU will be effective for Easter Seals NH's fiscal year ending August 31, 2016. The management of Easter Seals NH is currently evaluating the impact of the pending adoption of ASU 2014-08 on Easter Seals NH's consolidated financial statements.

##### Reclassifications

Certain 2014 amounts have been reclassified to permit comparison with the 2015 consolidated financial statements presentation format.

##### 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 10, 2015, the date these consolidated financial statements were available to be issued.

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

**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.

*Endowment Net Asset Composition by Type of Fund*

The major categories of endowment funds at August 31, 2015 and 2014 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2015</u>			
Camping program	\$ 2,464	\$ 364,869	\$ 367,333
Other programs	11,088	367,319	378,407
Operations	—	<u>3,613,207</u>	<u>3,613,207</u>
Total endowment net assets	<u>\$13,552</u>	<u>\$4,345,395</u>	<u>\$4,358,947</u>
<u>2014</u>			
Camping program	\$ 3,072	\$ 364,869	\$ 367,941
Other programs	33,332	353,019	386,351
Operations	—	<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>

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

**3. Classification of Net Assets (Continued)**

*Changes in Endowment Net Assets*

During the years ended August 31, 2015 and 2014, 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, 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	36,404	4,331,095	4,367,499
Investment return:			
Investment income, net of fees	35,554	-	35,554
Net appreciation (realized and unrealized)	639,357	-	639,357
Contributions	-	14,300	14,300
Appropriated for expenditure	<u>(697,763)</u>	<u>-</u>	<u>(697,763)</u>
Net endowment assets, August 31, 2015	<u>\$ 13,552</u>	<u>\$4,345,395</u>	<u>\$4,358,947</u>

In addition to endowment net assets, Easter Seals NH also maintains non-endowed funds. The major categories of non-endowment funds, at August 31, 2015 and 2014 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>2015</u>				
Seniors program	\$ 158,256	\$ 6,107	\$ -	\$ 164,363
Veterans program	132,433	760,869	-	893,302
Other programs	-	210,980	-	210,980
Operations	<u>14,394,684</u>	<u>32,925</u>	<u>129,347</u>	<u>14,556,956</u>
Total non-endowment net assets	<u>\$14,685,373</u>	<u>\$1,010,881</u>	<u>\$129,347</u>	<u>\$15,825,601</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>

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 3. Classification of Net Assets (Continued)

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, 2015 or 2014.

##### 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.

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

##### Operating

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 \$2,104,000 and \$2,420,000 for the years ended August 31, 2015 and 2014, 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, 2015, through the remaining contractual term of the underlying lease agreements, are as follows:

##### Year Ended August 31:

2016	\$863,060
2017	536,361
2018	277,729
2019	106,124
2020	21,237

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 4. Leases (Continued)

Easter Seals NY subleases certain office space located at 11 West 42<sup>nd</sup> Street in New York to an unrelated party. The sublease agreement expired in February 2014. Total rental income earned under this sublease agreement for the year ended August 31, 2014 was approximately \$65,000.

#### Capital

In 2015, Easter Seals NH entered into a three year lease agreement with a bank for certain computer equipment. Rent expense under this agreement for the year ended August 31, 2015 was \$38,321. The carrying value of assets recorded under the capital lease totaled \$134,095, net of accumulated amortization of \$44,724, at August 31, 2015. Amortization expense related to the above capital lease is a component of depreciation expense in the accompanying 2015 consolidated statement of functional expenses. Interest expense recognized on the capital lease in 2015 was insignificant.

Future minimum payments required for the above capital lease at August 31, 2015 are as follows:

2016	\$58,886
2017	60,617
2018	20,995

#### 5. Fixed Assets

Fixed assets consist of the following at August 31:

	<u>2015</u>	<u>2014</u>
Buildings	\$ 25,247,764	\$ 27,225,674
Land and land improvements	2,897,690	2,696,051
Leasehold improvements	140,663	997,631
Office equipment and furniture	8,416,695	9,679,631
Vehicles	2,936,154	3,250,383
Construction in progress	<u>66,541</u>	<u>296,043</u>
	39,705,507	44,145,413
Less accumulated depreciation and amortization	<u>(16,759,482)</u>	<u>(19,051,030)</u>
	<u>\$ 22,946,025</u>	<u>\$ 25,094,383</u>

Depreciation and amortization expense related to fixed assets totaled \$1,837,811 and \$1,728,935 in 2015 and 2014, respectively. Depreciation and amortization of fixed assets included within discontinued operations in 2015 and 2014 totaled \$3,825 and \$64,351, 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, 2015 and 2014.

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

**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>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 452,024	\$ 523,616
Marketable equity securities	1,552,683	1,883,153
Mutual funds	10,636,952	11,634,793
Corporate and foreign bonds	620,550	711,063
Government and agency securities	<u>317,780</u>	<u>366,744</u>
	13,579,989	15,119,369
Less: assets limited as to use	<u>(1,324,196)</u>	<u>(1,286,323)</u>
Total investments, at fair value	<u>\$12,255,793</u>	<u>\$13,833,046</u>

The composition of assets limited as to use at August 31, 2015 and 2014 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>2015</u>	<u>2014</u>
Under a deferred compensation plan (see note 7):		
Investments	\$1,009,131	\$ 986,277
Maintained in escrow to make required payments on certain bonds (see note 8):		
Cash and cash equivalents	<u>315,065</u>	<u>300,046</u>
Total assets limited as to use	<u>\$1,324,196</u>	<u>\$1,286,323</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>2015</u>	<u>2014</u>
Unrestricted investment income and unrealized and realized gains (losses) on investments:		
Dividend and interest income	\$ 391,263	\$ 742,337
Net unrealized (losses) gains	(686,996)	668,363
Net realized gains	<u>279,967</u>	<u>828,601</u>
	(15,766)	2,239,301
Restricted investment income and unrealized and realized gains (losses) on investments:		
Dividend and interest income	11,569	3,613
Net unrealized (losses) gains	(28,827)	20,109
Net realized gains	<u>28,604</u>	<u>17,877</u>
	<u>11,346</u>	<u>41,599</u>
	<u>\$ (4,420)</u>	<u>\$2,280,900</u>

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

**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 \$546,000 and \$673,000 for the years ended August 31, 2015 and 2014, 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 \$85,000 and \$128,000 to this plan during the years ended August 31, 2015 and 2014, respectively. The assets and liabilities associated with this plan were \$1,009,131 and \$986,277 at August 31, 2015 and 2014, 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>2015</u>	<u>2014</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 (0.03% at August 31, 2015) through December 2034, annual principal payments continually increasing from \$420,000 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)	\$13,875,000	\$14,275,000
Revenue Bonds, Series 2010, issued through the Monroe County Industrial Development Corporation, monthly principal and interest payments ranging from \$10,650 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% (see deconsolidation of affiliate – note 12)	–	4,929,360
Non-revolving note payable to a bank with a total availability of \$3,500,000 with a variable rate of LIBOR plus 4.07% (4.27% at August 31, 2015), interest only payments through June 2015, after which monthly principal and interest payments are required through the maturity in June 2018, secured by an interest in certain property with a net book value of \$3,799,172 at August 31, 2015	3,377,160	3,482,580
Unsecured note payable to an individual with a fixed rate of 5.25%, principal and interest of \$10,311 payable monthly, due April 2016	80,847	197,002
Note payable to a bank with a fixed rate of 3.66%, principal and interest of \$3,177 payable monthly, paid in full in August 2015	–	37,353

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

**8. Borrowings (Continued)**

	<u>2015</u>	<u>2014</u>
Various notes payable to a bank with fixed interest rates ranging from 2.24% to 2.50%, various principal and interest payments ranging from \$144 to \$2,923 payable monthly through dates ranging from September 2018 through March 2020, secured by vehicles with a net book value of \$346,760 at August 31, 2015	\$ 315,440	\$ 283,344
Mortgage note payable to a bank with a fixed rate of 4.25%. Principal and interest of \$12,200 payable monthly, due February 2030, secured by an interest in certain property with a net book value of \$3,304,776 at August 31, 2015	<u>2,459,602</u>	<u>—</u>
	20,108,049	23,204,639
Less current portion	<u>745,011</u>	<u>4,228,339</u>
	<u>\$19,363,038</u>	<u>\$18,976,300</u>

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

2016	\$ 745,011
2017	693,186
2018	3,749,484
2019	572,502
2020	566,120
Thereafter	<u>13,781,746</u>
	<u>\$20,108,049</u>

**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 were converted to various term notes secured by vehicles, as described above. Included in long-term debt are seven notes payable totaling \$182,756 and \$283,344 at August 31, 2015 and 2014, respectively.

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 ten notes payable totaling \$132,684 at August 31, 2015 that originated under this agreement. Availability under this agreement at August 31, 2015 is \$367,316.

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 8. Borrowings (Continued)

Easter Seals New Hampshire, Inc. (the sole member of Easter Seals NY, through its deconsolidation on August 31, 2015, and Harbor Schools), Easter Seals NY and Harbor Schools have a revolving line of credit with a bank through September 1, 2015, 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 October 2014: Easter Seals NH \$3.225 million, Easter Seals NY \$3.5 million and Harbor Schools \$275,000. The interest rate charged on outstanding borrowings is at LIBOR plus 2.25% (2.45% at August 31, 2015). 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, 2015 and 2014 were \$262,356, for both years, related to Harbor Schools, and \$1,935,548 at August 31, 2014 related to Easter Seals NY (see deconsolidation of affiliate – note 12). All outstanding balances were paid off on September 1, 2015, (subsequent to year end), and this line of credit was replaced with that described below.

On August 31, 2015, Easter Seals NH entered into a revolving line of credit with a bank. Borrowing availability is up to \$4 million (a portion of which is secured by available letters of credit of \$59,000). Outstanding advances are due on demand. The interest rate charged on outstanding borrowings is at LIBOR plus 2.25% (2.45% at August 31, 2015). 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. with guarantees from Agency Realty, Inc., Easter Seals VT, and Manchester Alcoholism Rehabilitation Center. As a result of the deconsolidation of Easter Seals NY discussed in note 12, Easter Seals NY has been removed as borrower and guarantor under this revolving line of credit. The agreement requires that collective borrowings under the line of credit be reduced to \$1,000,000 for 30 consecutive days during each calendar year. There was no outstanding balance at August 31, 2015.

#### 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 \$315,065 and \$300,046 at August 31, 2015 and 2014, 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 \$14,046,062 each (expiring and subject to renewal on March 15, 2016, 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 \$14,046,062 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 \$181,000 and \$183,000 in 2015 and 2014, respectively.

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 8. Borrowings (Continued)

##### 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. See deconsolidation of affiliate – note 12.

##### Mortgage Notes Payable

On December 5, 2014, Easter Seals NY entered into a \$1,980,000 mortgage note payable to finance the acquisition of certain property located in Valhalla, New York. The interest rate charged on the outstanding borrowings is fixed at 3.66% for the first 60 months. Thereafter, as of the first day of the sixty first (61st) month, the interest rate will re-set to 1.75% per annum in excess of the five-year bank cost of funds rate as of the re-set date. Monthly principal and interest payments are \$9,153, and all remaining outstanding principal and interest is due on January 2025. The note is secured by the property. Additionally, this note was guaranteed by Easter Seals NH through August 31, 2015 when the guarantee was terminated (see deconsolidation of affiliate – note 12).

On February 18, 2015, Easter Seals NH and Manchester Alcoholism Rehabilitation Center entered into a \$2,480,000 mortgage note payable to finance the acquisition of certain property located in Franklin, New Hampshire. The interest rate charged is fixed at 4.25%. Monthly principal and interest payments are \$12,200, and all remaining outstanding principal and interest is due on February 18, 2030. The note is secured by the property.

##### Note Payable

On September 15, 2014, Easter Seals NY entered into a \$63,045 note payable to finance the purchase of equipment. The interest rate charged on the outstanding borrowings is fixed at 3.15%. Monthly principal and interest payments of \$1,841 commenced November 2014, and all remaining outstanding principal and interest is due in October 2017. The note is secured by the equipment financed (see deconsolidation of affiliate – note 12).

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 8. Borrowings (Continued)

##### 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 \$13,875,000 and \$14,275,000 at August 31, 2015 and 2014, 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 (0.03% at August 31, 2015).

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 at August 31, 2014 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) (see deconsolidation of affiliate – note 12).

Excluding interest rate swap agreements of Easter Seals NY for 2015, the fair value of the above interest rate swap agreements totaled \$2,819,967 and \$3,329,813 at August 31, 2015 and 2014, respectively, \$442,045 and \$615,570 of which was current at August 31, 2015 and 2014, respectively. During the years ended August 31, 2015 and 2014 net payments required by the agreements, including Easter Seals NY, totaled \$618,445 and \$674,448, 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, 2015, Easter Seals NH was in compliance with restrictive covenants specified under the NHHEFA 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.

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 10. Related Party Transactions

Approximately 12% and 13% of other fees and grants revenue is derived from a pass-through grant from Easter Seals, Inc. for the years ended August 31, 2015 and 2014, respectively. Easter Seals NH is a member of Easter Seals, Inc. As of August 31, 2014, Easter Seals NY had a receivable of \$334,352 from Easter Seals, Inc. related to amounts due under this grant. Membership fees to Easter Seals, Inc. were \$119,969 and \$122,586 for the years ended August 31, 2015 and 2014, respectively, and are reflected as support of National programs on the accompanying consolidated statements of activities and changes in net assets.

Easter Seals NH has an amount due from Easter Seals NY of \$98,710 at August 31, 2015, which is expected to be received in 2016 (see also note 12). Easter Seals NH also had an amount due from Easter Seals CT of \$7,301 at August 31, 2014, which was received in 2015 (see also note 12).

#### 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.

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 11. Fair Value of Financial Instruments (Continued)

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, 2015 and 2014.

##### 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 that are based upon quoted prices in active markets for identical assets are reflected as Level 1. Investments in certain government and agency securities 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.

##### 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.

##### 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.

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015 and 2014

**11. Fair Value of Financial Instruments (Continued)**

At August 31, 2015 and 2014, 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>2015</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 452,024	\$ -	\$ -	\$ 452,024
Marketable equity securities:				
Large-cap	957,876	-	-	957,876
International	594,807	-	-	594,807
Mutual funds, open-ended:				
Short-term fixed income	2,736,504	-	-	2,736,504
Intermediate-term bond fund	972,183	-	-	972,183
High yield bond fund	243,935	-	-	243,935
Foreign bond	14,089	-	-	14,089
Government securities	746,217	-	-	746,217
International equities	786,193	-	-	786,193
Domestic, large-cap	1,095,893	-	-	1,095,893
Domestic, mid-cap	49,538	-	-	49,538
Domestic, small-cap	3,520	-	-	3,520
Domestic, Multi Alt	404,922	-	-	404,922
Real estate fund	125,629	-	-	125,629
Mutual funds, closed-ended:				
Domestic, large-cap	2,470,333	-	-	2,470,333
Domestic, mid-cap	501,299	-	-	501,299
Domestic, small-cap	192,844	-	-	192,844
International equity	293,853	-	-	293,853
Corporate and foreign bonds	-	620,550	-	620,550
Government and agency securities	-	<u>317,780</u>	-	<u>317,780</u>
	<u>\$12,641,659</u>	<u>\$938,330</u>	<u>\$ -</u>	<u>\$13,579,989</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 15,496	\$ -	\$ -	\$ 15,496
Marketable equity securities:				
Large-cap	93,067	-	-	93,067
Mutual funds:				
Domestic fixed income	-	<u>20,784</u>	-	<u>20,784</u>
	<u>\$ 108,563</u>	<u>\$ 20,784</u>	<u>\$ -</u>	<u>\$ 129,347</u>
Liabilities:				
Interest rate swap agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,819,967</u>	<u>\$ 2,819,967</u>

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

**11. Fair Value of Financial Instruments (Continued)**

	<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
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	—	366,744	—	366,744
	<u>\$14,041,562</u>	<u>\$1,077,807</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	35,117	—	—	35,117
	<u>\$ 396,654</u>	<u>\$ 296,773</u>	<u>\$ —</u>	<u>\$ 693,427</u>
Liabilities:				
Interest rate swap agreements	\$ —	\$ —	\$ 3,329,813	\$ 3,329,813

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 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 liabilities for the years ended August 31, 2015 and 2014:

	<u>Interest Rate Swaps</u>
Beginning balance, August 31, 2013	\$(2,758,346)
Unrealized loss, net	(594,854)
Decrease due to deconsolidation of affiliate – see note 12	<u>23,387</u>
Ending balance, August 31, 2014	(3,329,813)
Unrealized loss, net	(227,568)
Decrease due to deconsolidation of affiliate – see note 12	<u>737,414</u>
Ending balance, August 31, 2015	<u>\$(2,819,967)</u>

Excluding interest rate swaps held by deconsolidated affiliates (see note 12), the net amounts of unrealized losses for the period attributable to the change in unrealized losses relating to the interest rate swaps still held at August 31, 2015 and 2014 were \$227,568 and \$594,854, 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 August 31, 2015, Easter Seals NH entered into an agreement with Fedcap, an unrelated entity, whereby Easter Seals NH agreed to transfer its sole member interest in Easter Seals NY to Fedcap for no consideration. Accordingly, all of the assets, liabilities and net assets of Easter Seals NY were transferred to Fedcap effective August 31, 2015. Easter Seals NH was concurrently released from all guarantees and other obligations related to Easter Seals NY. Easter Seals NH recognized a decrease in net assets of \$80,656 as a result of the deconsolidation of Easter Seals NY. The accompanying 2015 consolidated financial statements include the operating results of Easter Seals NY for the period from September 1, 2014 through August 31, 2015.

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.

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015 and 2014

**12. Deconsolidation of Related Entity (Continued)**

Summary statements of financial position and activities of Easter Seals NY for the years ended August 31, 2015 and 2014 and Easter Seals CT for the period ended July 31, 2014 are as follows:

	<u>Easter Seals NY</u> <u>August 31, 2015</u>	<u>Easter Seals NY</u> <u>August 31, 2014</u>	<u>Easter Seals CT</u> <u>July 31, 2014</u> <u>(Unaudited)</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 812,975	\$ 858,787	\$ 21,440
Program and other accounts receivable, net	3,291,793	3,039,832	18,572
Assets limited as to use	—	—	3,548,526
Investments, at fair value	706,842	900,840	256,832
Beneficial interests in trust held by others	501,660	563,738	5,719,267
Fixed assets, net	7,592,335	5,361,330	1,879,966
Other assets	<u>370,019</u>	<u>452,940</u>	<u>24,828</u>
Total assets	13,275,624	11,177,467	11,469,431
<b>Liabilities:</b>			
Line of credit	(3,101,513)	(1,935,548)	—
Accounts payable	(940,713)	(1,435,010)	—
Deferred revenue	(222,027)	(51,562)	(3,138,717)
Accrued expenses	(944,467)	(917,617)	—
Long-term debt	(6,802,401)	(4,966,713)	(2,365,500)
Interest rate swap agreement	(737,414)	(660,433)	—
Capital lease obligation	(78,325)	—	—
Other liabilities	<u>(368,108)</u>	<u>(239,506)</u>	<u>(124,135)</u>
Total liabilities	<u>(13,194,968)</u>	<u>(10,206,389)</u>	<u>(5,628,352)</u>
Net assets	<u>\$ 80,656</u>	<u>\$ 971,078</u>	<u>\$ 5,841,079</u>
	<u>Year Ended</u> <u>August 31, 2015</u>	<u>Year Ended</u> <u>August 31, 2014</u>	<u>11-Month</u> <u>Period Ended</u> <u>July 31, 2014</u> <u>(Unaudited)</u>
Total public support and revenue	\$ 28,576,469	\$ 29,130,350	\$ 1,027,556
Total operating expenses	(29,757,863)	(29,888,051)	(856,861)
Other nonoperating expenses, gains and losses, net	<u>(273,772)</u>	<u>(141,883)</u>	<u>778,724</u>
Increase (decrease) in net assets before discontinued operations	<u>\$ (1,455,166)</u>	<u>\$ (899,584)</u>	<u>\$ 949,419</u>

## EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 12. Deconsolidation of Related Entity (Continued)

Losses from discontinued operations within Easter Seals NY for years ended August 31, 2015 and 2014 were \$63,854 and \$192,456, respectively. Losses from discontinued operations within Easter Seals CT for the eleven month period ended July 31, 2014 were \$454,230. Total increase (decrease) in net assets for Easter Seals NY for the year ended August 31, 2015 includes the forgiveness of accounts payable and loan to affiliates of \$628,598.

#### 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 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, 2015 and 2014 are as follows:

	<u>Harbor Schools</u>		<u>New York</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total assets	\$ 881,802	\$878,144	\$ 21,047	\$ 32,929
Total liabilities	645,381	648,892	61,380	44,511
Net assets (deficit):				
Unrestricted	187,136	180,556	(40,033)	(11,582)
Temporarily restricted	25,459	24,870	-	-
Permanently restricted	23,826	23,826	-	-

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015 and 2014

**13. Discontinued Operations (Continued)**

	<u>Maine</u>		<u>New Hampshire</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total assets	\$ -	\$ 825	\$256,980	\$800,810
Total liabilities	-	-	-	31,783
Net assets:				
Unrestricted	-	825	256,980	769,027

Summary statements of activities for each of the above discontinued programs/entities for the years ended August 31, 2015 and 2014 are as follows:

	<u>Harbor Schools</u>		<u>New York</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total public support and revenue	\$ 50,578	\$ 22,127	\$ -	\$ -
Operating expenses	(42,885)	(70,891)	(47,408)	(192,456)
Other nonoperating expense, gains or (losses)	(524)	830	-	-
Loss on sale of properties, net	<u>-</u>	<u>-</u>	<u>(16,446)</u>	<u>-</u>
Total increase (decrease) in net assets	<u>\$ 7,169</u>	<u>\$ (47,934)</u>	<u>\$ (63,854)</u>	<u>\$ (192,456)</u>

	<u>Maine</u>		<u>Connecticut</u>		<u>New Hampshire</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total public support and revenue	\$(302)	\$ 4,667	\$ -	\$ 57,166	\$ 19,096	\$ 1,276,909
Operating expenses	-	(42,262)	-	(511,596)	(119,573)	(2,018,853)
Gain (loss) on sale of properties, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>(46,620)</u>	<u>-</u>
Total decrease in net assets	<u>\$(302)</u>	<u>\$(37,595)</u>	<u>\$ -</u>	<u>\$(454,230)</u>	<u>\$(147,097)</u>	<u>\$(741,944)</u>

**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. No investments exceeded 10% of investments as of August 31, 2015.

**OTHER FINANCIAL INFORMATION**

**EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

August 31, 2015

ASSETS

	<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>New York</u>	<u>Elimin- ations</u>	<u>Total</u>
Current assets:								
Cash and cash equivalents	\$ 5,571,356	\$ 700	\$ 42,539	\$ 500	\$ -	\$ -	\$ -	\$ 5,615,095
Accounts receivable from affiliates	1,326,663	2,012,939	-	-	-	-	(3,240,892)	98,710
Program and other accounts receivable, net	6,390,110	428,089	190,115	102,466	3,500	-	-	7,114,280
Contributions receivable, net	543,356	6,700	22,857	32,343	-	-	-	605,256
Current portion of assets limited as to use	315,065	-	-	-	-	-	-	315,065
Prepaid expenses and other current assets	<u>1,150,585</u>	<u>10,611</u>	<u>42,367</u>	<u>10,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,214,353</u>
Total current assets	15,297,135	2,459,039	297,878	146,099	3,500	-	(3,240,892)	14,962,759
Assets limited as to use, net of current portion	1,009,131	-	-	-	-	-	-	1,009,131
Fixed assets, net	22,832,042	55,042	29,292	29,649	-	-	-	22,946,025
Property held for sale	252,645	-	-	-	829,017	-	-	1,081,662
Bond issuance costs, net	59,145	-	-	-	-	-	-	59,145
Investments, at fair value	12,206,508	-	-	-	49,285	-	-	12,255,793
Beneficial interest in trusts held by others and other assets	321,926	-	-	34,533	-	-	-	356,459
	<u>\$51,978,532</u>	<u>\$2,514,081</u>	<u>\$ 327,170</u>	<u>\$ 210,281</u>	<u>\$ 881,802</u>	<u>\$ -</u>	<u>\$(3,240,892)</u>	<u>\$52,670,974</u>

LIABILITIES AND NET ASSETS

	<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>New York</u>	<u>Elimin- ations</u>	<u>Total</u>
Current liabilities:								
Lines of credit	\$ --	\$ --	\$ --	\$ --	\$ 262,356	\$ --	\$ --	\$ 262,356
Accounts payable	1,861,772	13,946	1,068	2,425	--	--	--	1,879,211
Accrued expenses	4,084,707	22,980	41,272	13,283	551	--	--	4,162,793
Accounts payable to affiliates	--	--	2,756,262	123,156	361,474	--	(3,240,892)	--
Current portion of deferred revenue	1,034,952	51,748	24,077	--	21,000	--	--	1,131,777
Current portion of capital lease obligation	58,886	--	--	--	--	--	--	58,886
Current portion of interest rate swap agreements	442,045	--	--	--	--	--	--	442,045
Current portion of long-term debt	<u>745,011</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>745,011</u>
Total current liabilities	8,227,373	88,674	2,822,679	138,864	645,381	--	(3,240,892)	8,682,079
Deferred revenue, net of current portion	971,667	--	--	--	--	--	--	971,667
Other liabilities	1,010,108	--	--	--	--	--	--	1,010,108
Capital lease obligation, net of current portion	81,612	--	--	--	--	--	--	81,612
Interest rate swap agreements, less current portion	2,377,922	--	--	--	--	--	--	2,377,922
Long-term debt, less current portion	<u>19,363,038</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>19,363,038</u>
Total liabilities	32,031,720	88,674	2,822,679	138,864	645,381	--	(3,240,892)	32,486,426
Net assets (deficit):								
Unrestricted	14,588,670	2,417,858	(2,516,780)	8,489	187,136	--	--	14,685,373
Temporarily restricted	941,759	7,549	21,271	28,395	25,459	--	--	1,024,433
Permanently restricted	<u>4,416,383</u>	<u>--</u>	<u>--</u>	<u>34,533</u>	<u>23,826</u>	<u>--</u>	<u>--</u>	<u>4,474,742</u>
Total net assets (deficit)	<u>19,946,812</u>	<u>2,425,407</u>	<u>(2,495,509)</u>	<u>71,417</u>	<u>236,421</u>	<u>--</u>	<u>--</u>	<u>20,184,548</u>
	<u>\$51,978,532</u>	<u>\$2,514,081</u>	<u>\$ 327,170</u>	<u>\$ 210,281</u>	<u>\$ 881,802</u>	<u>\$ --</u>	<u>\$(3,240,892)</u>	<u>\$52,670,974</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, 2014

ASSETS

	<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>Elimin- ations</u>	<u>Total</u>
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	Elimin- ations	Total
<b>Current liabilities:</b>									
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	<u>4,064,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,953</u>	<u>-</u>	<u>4,228,339</u>
<b>Total current liabilities</b>	<b>12,785,226</b>	<b>40,874</b>	<b>2,602,316</b>	<b>111,832</b>	<b>648,892</b>	<b>-</b>	<b>4,884,411</b>	<b>(7,014,255)</b>	<b>14,059,296</b>
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	<u>14,173,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,802,760</u>	<u>-</u>	<u>18,976,300</u>
<b>Total liabilities</b>	<b>31,140,143</b>	<b>40,874</b>	<b>2,602,316</b>	<b>111,832</b>	<b>648,892</b>	<b>-</b>	<b>10,206,389</b>	<b>(7,014,255)</b>	<b>37,736,191</b>
<b>Net assets (deficit):</b>									
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	<u>4,398,190</u>	<u>-</u>	<u>-</u>	<u>38,768</u>	<u>23,826</u>	<u>-</u>	<u>563,738</u>	<u>-</u>	<u>5,024,522</u>
<b>Total net assets (deficit)</b>	<b><u>19,516,802</u></b>	<b><u>1,666,762</u></b>	<b><u>(2,364,442)</u></b>	<b><u>139,269</u></b>	<b><u>229,252</u></b>	<b><u>-</u></b>	<b><u>971,078</u></b>	<b><u>-</u></b>	<b><u>20,158,721</u></b>
	<b><u>\$50,656,945</u></b>	<b><u>\$1,707,636</u></b>	<b><u>\$ 237,874</u></b>	<b><u>\$ 251,101</u></b>	<b><u>\$ 878,144</u></b>	<b><u>\$ -</u></b>	<b><u>\$11,177,467</u></b>	<b><u>\$(7,014,255)</u></b>	<b><u>\$57,894,912</u></b>

\* 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, 2015

	* New <u>Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>New York</u>	<u>Elimin- ations</u>	<u>Total</u>
<b>Public support and revenue:</b>								
Public support:								
Contributions	\$ 730,807	\$ 15,252	\$ 121,753	\$ 84,306	\$ -	\$ 534,478	\$ (6,000)	\$ 1,480,596
Special events, net	1,070,232	4,572	48,920	80,945	-	278,847	-	1,483,516
Annual campaigns, net	363,600	13,426	41,561	13,555	-	-	-	432,142
Bequests	<u>459,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,852</u>	<u>-</u>	<u>492,019</u>
Total public support	2,623,806	33,250	212,234	178,806	-	846,177	(6,000)	3,888,273
<b>Revenue:</b>								
Fees and grants from governmental agencies	41,393,156	4,096,507	1,743,157	1,170,710	-	23,561,944	-	71,965,474
Other fees and grants	19,058,227	655,514	244,805	47,930	-	4,105,076	-	24,111,552
Sales to public	4,375,698	-	-	-	-	-	-	4,375,698
Dividend and interest income	353,829	-	-	1,554	-	56,733	(9,284)	402,832
Rental income	27,390	-	-	-	-	6,539	-	33,929
Intercompany revenue	2,390,406	-	-	-	-	-	(2,390,406)	-
Other	<u>123,805</u>	<u>-</u>	<u>41</u>	<u>932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,778</u>
Total revenue	<u>67,722,511</u>	<u>4,752,021</u>	<u>1,988,003</u>	<u>1,221,126</u>	<u>-</u>	<u>27,730,292</u>	<u>(2,399,690)</u>	<u>101,014,263</u>
Total public support and revenue	70,346,317	4,785,271	2,200,237	1,399,932	-	28,576,469	(2,405,690)	104,902,536
<b>Operating expenses:</b>								
Program services:								
Public health education	285,591	4,370	-	21,125	-	99,800	-	410,886
Professional education	23,435	-	-	-	-	-	(6,000)	17,435
Direct services	<u>58,214,130</u>	<u>4,108,875</u>	<u>2,044,378</u>	<u>1,237,113</u>	<u>-</u>	<u>26,104,067</u>	<u>(95,252)</u>	<u>91,613,311</u>
Total program services	58,523,156	4,113,245	2,044,378	1,258,238	-	26,203,867	(101,252)	92,041,632

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	New York	Elimin- ations	Total
Supporting services:								
Management and general Fundraising	\$ 8,603,810 <u>902,347</u>	\$ 435,732 <u>2,317</u>	\$ 195,933 <u>90,061</u>	\$ 142,268 <u>62,583</u>	\$ - <u>-</u>	\$ 2,710,841 <u>751,069</u>	\$ (2,302,938) <u>-</u>	\$ 9,785,646 <u>1,808,377</u>
Total supporting services	<u>9,506,157</u>	<u>438,049</u>	<u>285,994</u>	<u>204,851</u>	<u>-</u>	<u>3,461,910</u>	<u>(2,302,938)</u>	<u>11,594,023</u>
Total functional expenses	68,029,313	4,551,294	2,330,372	1,463,089	-	29,665,777	(2,404,190)	103,635,655
Support of National programs	<u>26,793</u>	<u>-</u>	<u>630</u>	<u>460</u>	<u>-</u>	<u>92,086</u>	<u>-</u>	<u>119,969</u>
Total operating expenses	<u>68,056,106</u>	<u>4,551,294</u>	<u>2,331,002</u>	<u>1,463,549</u>	<u>-</u>	<u>29,757,863</u>	<u>(2,404,190)</u>	<u>103,755,624</u>
Increase (decrease) in net assets from operations	2,290,211	233,977	(130,765)	(63,617)	-	(1,181,394)	(1,500)	1,146,912
Other nonoperating expenses, gains and losses:								
Change in fair value of interest rate swaps	(150,587)	-	-	-	-	(76,981)	-	(227,568)
Net realized and unrealized losses on investments	(381,953)	-	-	-	-	(25,299)	-	(407,252)
Increase (decrease) in fair value of beneficial interest in trusts held by others	3,890	-	-	(4,235)	-	(62,078)	-	(62,423)
(Loss) gain on sales and disposals of property, plant and equipment	(11,938)	-	-	-	-	1,690	-	(10,248)
Other nonoperating expenses	<u>(17,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,104)</u>	<u>-</u>	<u>(128,854)</u>
	(558,338)	-	-	(4,235)	-	(273,772)	-	(836,345)
Capital transfer	(523,877)	523,877	-	-	-	-	-	-
(Loss) gain from discontinued operations	<u>(148,597)</u>	<u>-</u>	<u>(302)</u>	<u>-</u>	<u>7,169</u>	<u>(63,854)</u>	<u>1,500</u>	<u>(204,084)</u>
Increase (decrease) in net assets before effects of deconsolidation of affiliate	1,059,399	757,854	(131,067)	(67,852)	7,169	(1,519,020)	-	106,483
Deconsolidation of affiliate	<u>(629,389)</u>	<u>791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>547,942</u>	<u>-</u>	<u>(80,656)</u>
Total increase (decrease) in net assets	430,010	758,645	(131,067)	(67,852)	7,169	(971,078)	-	25,827
Net assets (deficit) at beginning 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>971,078</u>	<u>-</u>	<u>20,158,721</u>
Net assets (deficit) at end of year	<u>\$ 19,946,812</u>	<u>\$ 2,425,407</u>	<u>\$ (2,495,509)</u>	<u>\$ 71,417</u>	<u>\$ 236,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,184,548</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, 2014

	* New <u>Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	Harbor Schools, <u>Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimin- ations</u>	<u>Total</u>
<b>Public support and revenue:</b>									
<b>Public support:</b>									
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
Bequests	<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>
<b>Total public support</b>	<b>2,269,901</b>	<b>13,904</b>	<b>224,790</b>	<b>218,664</b>	<b>-</b>	<b>50,482</b>	<b>1,288,896</b>	<b>-</b>	<b>4,066,637</b>
<b>Revenue:</b>									
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>
<b>Total revenue</b>	<b>64,691,309</b>	<b>3,926,715</b>	<b>2,180,275</b>	<b>1,182,138</b>	<b>-</b>	<b>977,074</b>	<b>27,841,454</b>	<b>(2,438,834)</b>	<b>98,360,131</b>
<b>Total public support and revenue</b>	<b>66,961,210</b>	<b>3,940,619</b>	<b>2,405,065</b>	<b>1,400,802</b>	<b>-</b>	<b>1,027,556</b>	<b>29,130,350</b>	<b>(2,438,834)</b>	<b>102,426,768</b>
<b>Operating expenses:</b>									
<b>Program services:</b>									
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>
<b>Total program services</b>	<b>56,865,105</b>	<b>3,519,008</b>	<b>2,156,102</b>	<b>1,168,431</b>	<b>-</b>	<b>577,230</b>	<b>26,277,315</b>	<b>(31,000)</b>	<b>90,532,191</b>

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimin- ations	Total
Supporting services:									
Management and general Fundraising	\$ 8,240,795 862,957	\$ 344,097 319	\$ 220,095 90,098	\$ 130,416 141,535	\$ — —	\$ 147,814 129,258	\$ 2,722,667 796,555	\$ (2,386,314) (13,783)	\$ 9,419,570 2,006,939
Total supporting services	<u>9,103,752</u>	<u>344,416</u>	<u>310,193</u>	<u>271,951</u>	<u>—</u>	<u>277,072</u>	<u>3,519,222</u>	<u>(2,400,097)</u>	<u>11,426,509</u>
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>—</u>	<u>606</u>	<u>2,110</u>	<u>—</u>	<u>2,559</u>	<u>91,514</u>	<u>—</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>—</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>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(249,092)</u>
	640,634	—	—	2,851	—	778,724	(141,883)	—	1,280,326
Loss from discontinued operations	<u>(741,943)</u>	<u>—</u>	<u>(37,595)</u>	<u>—</u>	<u>(48,439)</u>	<u>(461,463)</u>	<u>(192,456)</u>	<u>7,737</u>	<u>(1,474,159)</u>
Increase (decrease) in net assets before effects of deconsolidation of affiliate	865,247	77,195	(99,431)	(38,839)	(48,439)	487,956	(1,092,040)	—	151,649
Deconsolidation of affiliate	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,841,079)</u>	<u>—</u>	<u>—</u>	<u>(5,841,079)</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>—</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 FUNCTIONAL EXPENSES**

Year Ended August 31, 2015

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	New York	Elimin- ations	Total
Salaries and related expenses	\$ 49,574,053	\$ 3,577,628	\$ 1,834,414	\$ 1,096,869	\$ -	\$ 21,555,197	\$ -	\$ 77,638,161
Professional fees	7,415,575	533,058	189,755	193,494	-	3,971,367	(2,388,906)	9,914,343
Supplies	1,952,095	27,908	20,485	9,217	-	910,426	-	2,920,131
Telephone	622,842	21,360	12,500	10,012	-	144,543	-	811,257
Postage and shipping	59,319	912	2,089	2,076	-	30,363	-	94,759
Occupancy	2,444,094	111,515	174,786	88,416	-	1,424,846	-	4,243,657
Outside printing, artwork and media	62,529	847	8,333	6,390	-	16,353	-	94,452
Travel	2,100,674	162,775	14,650	42,013	-	172,832	-	2,492,944
Conventions and meetings	209,924	20,428	6,140	2,727	-	139,649	(6,000)	372,868
Specific assistance to individuals	935,227	76,105	36,556	618	-	222,644	-	1,271,150
Dues and subscriptions	25,403	-	980	676	-	11,520	-	38,579
Minor equipment purchases- and equipment rental	207,153	2,966	2,764	2,336	-	29,127	-	244,346
Ads, fees and miscellaneous	107,080	1,794	5,266	713	-	17,587	-	132,440
Interest	907,340	-	-	-	-	365,055	(9,284)	1,263,111
Facility tax assessment	-	-	-	-	-	226,703	-	226,703
Depreciation and amortization	<u>1,406,005</u>	<u>13,998</u>	<u>21,654</u>	<u>7,532</u>	<u>-</u>	<u>427,565</u>	<u>-</u>	<u>1,876,754</u>
	<u>\$ 68,029,313</u>	<u>\$ 4,551,294</u>	<u>\$ 2,330,372</u>	<u>\$ 1,463,082</u>	<u>\$ -</u>	<u>\$ 29,665,777</u>	<u>\$ (2,404,190)</u>	<u>\$ 103,635,655</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	Elimin- ations	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	<u>1,300,611</u>	<u>3,204</u>	<u>12,546</u>	<u>2,478</u>	<u>-</u>	<u>2,696</u>	<u>385,817</u>	<u>-</u>	<u>1,707,352</u>
	<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.; 555 Auburn Street; Manchester, NH 03103  
2016 Board of Directors**

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**Andrew MacWilliam**

**Tim Murray**

Past Chairman

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**Rob Wiczorek**

**Leslie Thompson**

**Dennis Beaulieu**

General Counsel & Assistant Secretary  
(non voting member)

**Cynthia Makris**

**Bradford Cook, Esq.**

**Larry J. Gammon**  
Easter Seals New Hampshire, Inc.  
555 Auburn Street  
Manchester, NH 03103

**Employment**

**7/88 to Present**                      **President, Chief Executive Officer**

A member of Easter Seals National, the Agency is a comprehensive, multi-facility organization with services throughout New Hampshire, Vermont, New York, Maine, Rhode Island, and Connecticut. Employing over 2000 persons, and operating in excess of 100 million dollars, the Agency has services in Vocational, Educational, Residential, Clinical, Medical, Camping/Recreational, Veterans and Substance Abuse. 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**  
Easter Seals New Hampshire, Inc.  
555 Auburn Street  
Manchester, NH 03103

**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:**

- |                |   |
|----------------|---|
| 2012 – Present | Easter Seals New Hampshire, Inc., Manchester, NH<br><u>Chief Operating Officer/Chief Financial Officer</u><br>Oversee all program and fiscal management of multi-corporate, multi-state entity.   |
| 1994 – 2012    | Easter Seals New Hampshire, Inc., Manchester, NH<br><u>Senior Vice President &amp; Chief Financial Officer</u><br>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<br><u>Vice President of Finance</u><br>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<br><u>Controller</u><br>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.

- 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

# Jeannette Davila

## CAREER SUMMARY

*A passionate executive leader with experience spanning roles in corporate, higher education, nonprofit and community service, with a proven track record of achievement in business strategies, corporate services management, diversity and inclusion, strategic philanthropy and board relations. A groundbreaker in planning and leading institutional initiatives forward successfully and consistently, in tandem with brand, mission and business objectives, while building a socially responsible and culturally diverse organization.*

## EXPERTISE

- Alliance Development & Community Engagement
- Continuous Improvement & Best Practices
- Change Management & Organizational Effectiveness
- Diversity & Inclusion Business Performance Strategies
- Strategic Partnership Development/Management
- Supplier Development/Supply Chain Management
- Strategic Philanthropy
- Nonprofit Management
- Executive Leadership & Development
- Leadership Team Development
- Government Relations and Coalition Building
- Multi-Brand Management

## LEADERSHIP OVERVIEW

### **Fedcap, New York City, NY**

Executive Vice President, Corporate Services  
2013-2015

Implemented and directed a new corporate services model to support Fedcap's aggressive growth in rapidly expanding footprint throughout New York, New Jersey, Massachusetts, Washington, DC, Rhode Island, New Hampshire and Florida, while providing services and programs focused on the needs of a diverse workforce and clientele. Directed Senior Leadership team to, amongst other deliverables, support diverse initiatives in core business functions including Communications, Marketing and Development, Human Resources, Real Estate and Facilities Management, Information Technology and Business Development Divisions.

### **RBS Citizens Financial Group, Manchester, NH**

Senior Vice President, Organizational Effectiveness & Development  
2010-2012

Partnered with senior executives of cross-functional business units (e.g. Marketing and Communications, Legal, Human Resources and Corporate Finance) with accountability for developing and delivering the learning strategy for the business units, optimizing the organizational structure, establishing shared values, fostering key behaviors, developing leadership skills, leading change, and focusing on employee development, including Citizens commitment to diversity and inclusion among colleagues, customers and the community through innovated programs that serve all segments of the population.

Senior Vice President, Team Leader and Regional Manager, Government and Not-for-Profit Banking Division  
1997-2010

Led team in developing and retaining account relationships in Northern New England. Cultivated new emerging markets, customized products and services. Total funds under management exceeded \$2.4 billion, with pre-tax profits of \$18+ million. Developed \$400 million portfolio in Maine with no underlying branch network. Achieved number 3 position in Vermont market, with \$175 million under management and a 25% market share.

## EDUCATION AND AWARDS

- President's Award (Leadership award received for role in promoting the College's racial and ethnic diversity initiative, mentoring students and alumni, and chairing the Board's Trusteeship Committee,) Saint Anselm College, 2011

- 
- Harvard University Executive Leadership Program, 2004
  - Honorary Doctorate of Humane Letters, Saint Anselm College, 1999
  - Bachelor of Arts in Psychology, Saint Anselm College, 1983

### COMMUNITY AND CIVIC SERVICE

- Catholic Medical Center, Board of Directors, 2016-2022
  - Committee Member, Finance, Investment and Development Committees
- Saint Anselm College, Advisor – Diversity Recruitment, Office of the Dean of Admission, 2012
- National Education for Women’s Leadership Program, Center for American Women and Politics, Rutgers University, Faculty in Residence, NH Institute of Politics, 2012-Present
- New Hampshire Scholars Initiative, New Hampshire College & University Council, Steering Committee Member, 2011
- Leadership NH, Graduate, 2011
- Easter Seals New Hampshire, Inc., 75<sup>th</sup> Anniversary Committee Member, 2010
- Easter Seals New Hampshire, Inc., Board of Directors
  - Planning and Executive Committee, 2002-2008
  - Vice Chairman, 2006-2007
- NH Public Deposit Investment Pool, Advisory Board, 2000-2010
- Greater Manchester Chamber of Commerce, Strategic Planning Committee, 1999-2001
- Saint Anselm College, Board of Trustees, 1995-2014
  - Committee member, Finance, Investment, Advancement, Enrollment Management and Marketing, Corporate Partners, and Trusteeship
- Saint Anselm College, Advisor on Multicultural Affairs, 1990-2013
- Established the Hector and Jean Davila Annual Scholarship at Saint Anselm College, 1995
- YWCA Board of Directors, 1988-1991

### SPEAKING ENGAGEMENTS

- Guest speaker, *“Networking: the Power of Building Relationships,”* National Education for Women’s Leadership Program, 2013
- Guest speaker, Southern New Hampshire University’s Organizational Leadership Program, School of Business, 2010-2012
- Keynote address, Transitions Program, Multicultural Center, Saint Anselm College, 2012
- Guest speaker, *“Women’s Leadership Summit,”* Southern New Hampshire University, 2010
- Keynote address, Access Convention, *“Developing 21<sup>st</sup> Century Workforce Skills,”* NH College & University Council, 2010-2011
- Guest speaker, addressed students within the College Unbound Integrated Studies Program, Southern New Hampshire University, 2009-2012
- Guest speaker, Addressed over 1,000 parents and high school students; *“College Made the Difference,”* NH Higher Education Assistance Foundation *“Destination College”* Convention, 2002
- Guest speaker, *“The Real Big Dig: New Business Development Opportunities in the 21st Century,”* Boston Business Roundtable, 2000
- Commencement speaker, on the Occasion of the 25th Anniversary of Admission of Women to the College, Saint Anselm College, 1999
- Keynote address, New England Network Conference for Students of Color, 1994

### LANGUAGES

- English
- Spanish

**Tina M. Sharby, PHR**  
Easter Seals New Hampshire, Inc.  
555 Auburn Street  
Manchester, NH 03103

Human Resources Professional with multi-state experience working as a strategic partner in all aspects of Human Resources Management.

**Areas of expertise include:**

Strong analytical and organizational skills	Problem solving and complaint resolution
Ability to manage multiple tasks simultaneously	Policy development and implementation
Employment Law and Regulation Compliance	Compensation and benefits administration
Strategic management, mergers and acquisitions	

**PROFESSIONAL EXPERIENCE**

**Chief Human Resources Officer 2012-Present**

**Senior Vice President Human Resources**  
**Easter Seals, NH, VT, NY, ME, RI, Harbor Schools & Farnum Center**  
**1998- 2012**

Reporting directly to the President with total human resources and administration. Responsible for employee relations, recruitment and retention, compensation, benefits, risk management, health and safety, staff development for over 2100 employees in a six state not-for-profit organization. Developed and implemented human resources policies to meet all organizational, state and federal requirements. Research and implemented an organizational wide benefits plan that is supportive of on-boarding and retention needs.

Developed and implemented a due diligence research and analysis system for assessing merger and acquisition opportunities. Partnered with senior staff team in preparation of strategic planning initiatives.

Member of the organizations Compliance Committee, Wellness Committee and Risk Management Committee. Attended various board meetings as part of the senior management team, and sit on the investment committee of the Board of Directors for Easter Seals NH, Inc.

**Human Resources Director**  
**Moore Center Services, Inc., Manchester, NH**  
**1986-1998**

Held progressively responsible positions in this not-for-profit organization of 450 employees. Responsible for the development and administration of all Human Resources

activities. Implemented key regulatory compliance programs and developed innovative employee relations initiatives in a rapidly changing business environment. Lead the expansion of the Human Resources department from basic benefit administration to becoming a key advisor to the senior management.

Key responsibilities included benefit design, implementation and administration; workers compensation administration; wage and salary administration, new employee orientation and training; policy development and communication; retirement plan administration; budgetary development: and recruitment.

## **EDUCATION**

Bachelor of Science Degree, Keene State College, 1986  
Minor in Human Resources and Safety Management  
MS Organizational Leadership, Southern NH University (in process)

## **ORGANIZATIONS**

Manchester Area Human Resource Association  
Diversity Chair 2010  
Society for Human Resource Management  
BIA Human Resources  
Health Care & Workforce Development Committee 2009, 2010

# Susan L. Silsby

## **SUMMARY OF QUALIFICATIONS**

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- 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**

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

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

## **PROFESSIONAL EXPERIENCE**

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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

## **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](http://www.BedfordBigBand.com) , 1997-2013
- Board of Directors - Girls Inc. NH [www.girlsincnewhampshire.org](http://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

**CONTRACTOR NAME**

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Larry G. Gammon	President & CEO	\$367,107	0%	\$0
Elin Treanor	CFO	\$244,800	0%	\$0
Jeannette Davila	CDO	\$150,000	0%	\$0
Tina Sharby	CHRO	\$145,656	0%	\$0
Susan Silsby	SVP, Adult Services	\$146,000	0%	\$0