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STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF HUMAN SERVICES

Nicholas A. Toumpas  
Commissioner

*BUREAU OF HOMELESS AND HOUSING SERVICES*

Mary Ann Cooney  
Associate  
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301  
603-271-5059 1-800-852-3345 Ext. 5059  
Fax: 603-271-5139 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

April 24, 2012

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

100% Federal

**Requested Action**

Authorize the Department of Health and Human Services, Office of Human Services, Bureau of Homeless and Housing Services to amend an Agreement with Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health, 111 Church Street, Laconia, NH 03246, vendor code 154480-B001, by increasing the Price Limitation by \$2,054 from \$36,605 to \$38,659.00, to provide services to homeless individuals, effective date of Governor and Council approval, through January 31, 2014. This agreement was originally approved by Governor and Executive Council on January 16, 2013, Item # 26.

Funds are available in the following accounts for State Fiscal Year 2013 and are anticipated to be available in State Fiscal Year 2014 upon availability and continued appropriation of funds in future operating budgets, with authority to adjust amounts if needed and justified between State Fiscal Years.

**05-95-95-958310-7176 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS:COMMISSIONER, DCBCS BHHS, HOUSING – SHELTER PROGRAMS**

Fiscal Year	Appropriation	Class/Account	Class Title	
2013	05-95-95-958310-7176	102-500731	Contracts for program services	\$ 22,552.00

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

Fiscal Year	Appropriation	Class/Account	Class Title	
2014	05-95-42-423010-7927	102-500731	Contracts for program services	\$16,107.00
			Total	\$38,659.00

**Explanation**

This agreement provides funds from the U. S. Department of Housing and Urban Development Supportive Housing Demonstration, Permanent Housing for the Handicapped Homeless program. The amendment was needed due to changes in the HUD allocated budget for this program.

Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health is one of thirteen New Hampshire agencies that received a competitive award. The funds shall be used to pay for operations of Summer Street

Residence, 13 Summer Street, Laconia, NH 03246. Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health will provide permanent housing for seven (7) or more individuals at this facility. A comprehensive supportive services network will be provided to meet their unmet housing needs and to promote the ability of participants to live more independently. Performance is monitored through the required submission of quarterly and annual progress reports regarding the performance of the program and the individuals it serves, as well as ongoing data reporting on the Homeless Management Information System.

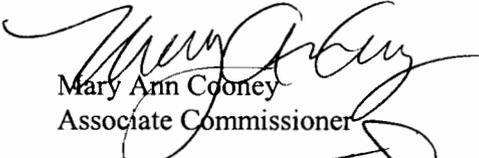
This funding supports the Genesis Summer Street Permanent Housing Program, which provides permanent housing for seven or more individuals. Should Governor and Executive Council determine not to approve this request, the project may not be able to continue to operate, causing seven individuals to become homeless. Also, one full-time staff person and one half-time staff person at this private non-profit agency may become unemployed.

Area served: Belknap and Grafton Counties.

Source of funds: 100% federal funds.

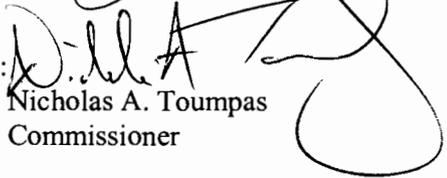
In the event that the federal funds become no longer available, general funds will not be requested to support this program.

Respectfully submitted,



Mary Ann Cooney  
Associate Commissioner

Approved by:



Nicholas A. Toumpas  
Commissioner



**State of New Hampshire  
Department of Health and Human Services  
Amendment 1 to the Permanent Housing for the Handicapped Homeless Laconia Contract**

This first Amendment to the Permanent Housing for the Handicapped Homeless Laconia contract (hereinafter referred to as "Amendment 1" dated this April 12th day of 2013, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health (hereinafter referred to as "the Contractor"), a non-profit organization with a place of business at 111 Church Street, Laconia, NH.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on January 16<sup>th</sup>, 2013, the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

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

WHEREAS, pursuant to the General Provisions, Paragraph 18, the State may amend this agreement by written agreement of the parties;

WHEREAS the HUD grant terms changed to allow for an increase in price limitation;

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

- 1) Amendment and modification of P-37 "Agreement";
  - a) Change Price Limitation in Block 1.8 to read \$38,659
- 2) Amendment and modification of Exhibit A
  - a) IV.A. replace \$36,605 with \$38,659
  - b) IV.A.1. replace \$35,714 with \$37,322
  - c) IV.A.2. replace \$891 with \$1,337
- 3) Amendment and modification of Exhibit B
  - a) Replace Amount \$36,605 with \$38,659
  - b) 4.1 replace \$36,605 with \$38,659



New Hampshire Permanent Housing for the Handicapped Homeless Program

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

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

5/3/13  
Date

State of New Hampshire  
Department of Health and Human Services

Nicholas A. Toumpas  
Nicholas A. Toumpas  
Commissioner

Lakes Region Mental Health, Inc. d/b/a Genesis  
Behavioral Health

4/23/13  
Date

Margaret R. Burchard  
Name:  
Title: Executive Director

Acknowledgement:

State of NH, County of Belknap on April 23, 2013, before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or Justice of the Peace

Dawn H. LaCroy  
Name and Title of Notary or Justice of the Peace



**New Hampshire Permanent Housing for the Handicapped Homeless Program**



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

OFFICE OF THE ATTORNEY GENERAL

29 April 2013  
Date

Juan C. Herrick  
Name: Juan C. Herrick  
Title: Attorney

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

OFFICE OF THE SECRETARY OF STATE

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name:  
Title:

# 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 THE LAKES REGION MENTAL HEALTH CENTER, INC is a New Hampshire nonprofit corporation formed July 14, 1969. 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 24<sup>th</sup> day of April A.D. 2013

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State

# CERTIFICATE OF VOTE

I, Cinde Warmington, do hereby certify that:

1. I am duly elected Clerk of The Lakes Region Mental Health Center, Inc., d/b/a Genesis Behavioral Health
2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Directors of the Corporation duly held on April 23, 2013.

**RESOLVED:** That this Corporation enter into a contract with the State of New Hampshire, acting through its Department of Health and Human Services, concerning the following matter:

To Provide: Permanent Housing for Handicapped Homeless

**RESOLVED:** That the Executive Director hereby is authorized on behalf of this Corporation 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 (s)he may deem necessary, desirable or appropriate.

3. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of April 23, 2013.

4. Margaret M. Pritchard is duly elected Executive Director of the Corporation.

(Seal)  
(Corporation)

  
\_\_\_\_\_  
Signature of Board Secretary

State of New Hampshire

County of Belknap

The foregoing instrument was acknowledged before me this 23rd day of April, 2013 by Cinde Warmington.

  
\_\_\_\_\_

Name: Dawn H. LaCroix

Title: Notary Public

(Seal)  
(Notary Public)

Commission Expires:





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*The mission of Genesis Behavioral Health is to provide direct services that enhance the emotional and mental health of our communities.*  
*(Revised June 2009)*

### **Our Vision**

**Genesis Behavioral Health is the leading health care provider recognized for its excellence in delivering accessible, quality mental health care and support in our communities.**

### **Our Values**

- |                          |                                                                                                                  |
|--------------------------|------------------------------------------------------------------------------------------------------------------|
| <b><u>RESPECT</u></b>    | <b>We conduct our business and provide services with respect and professionalism.</b>                            |
| <b><u>ADVOCATE</u></b>   | <b>We advocate for those we serve through enhanced collaborations, community relations and political action.</b> |
| <b><u>INTEGRITY</u></b>  | <b>We work with integrity and transparency, setting a moral compass for the agency.</b>                          |
| <b><u>STEWARDS</u></b>   | <b>We are effective stewards of our resources for our clients and our agency's health.</b>                       |
| <b><u>EXCELLENCE</u></b> | <b>We are committed to excellence in all programming and services.</b>                                           |

**The Lakes Region Mental Health Center, Inc.  
DBA GENESIS Behavioral Health  
Board of Directors  
October 24, 2012**

**PRESIDENT  
Susan Stearns**

**VICE PRESIDENT  
Deborah Pendergast**

**TREASURER  
Cydney Shapleigh-Johnson**

**SECRETARY  
Cinde Warmington**

**MEMBERS AT LARGE**

**Elizabeth "Bette" Baker**

**Lori Boelig**

**Jack Elzroth**

**Trudy Fletcher**

**Jim Hundrieser**

**Miller Lovett**

**Edward McFarland**

**Rae Mello-Andrews**

**Liz Merry**

**Carol Pierce**

**Jennifer Sereni**

**Matthew Soza**

**Peter Stewart**

**Jannine Sutcliffe**

**Kelley White, MD**

**HONORARY BOARD MEMBER**

**Esther Peters**

# Margaret M. Pritchard

---

**Objective:** Administer programs which assist disabled people in obtaining or maintaining quality independent life

**Experience:** Current Genesis Behavioral Health Laconia, NH

**Executive Director**

2004-2007 Community Partners Dover, NH

**Chief Operating Officer, Behavioral Health & Developmental Services of Strafford County, Inc.**

- Oversee day-to-day operations of this non-profit company
- Establish and monitor revenue projections for approximately 17 million dollars worth of business
- Supervise all clinical directors of programs
- Participate in all board meetings and prepares monthly reports for presentation to the board
- Implemented and maintains a cohesive corporate identity between two previously separate corporations
- Serves on Division committees as needed
- Acting CEO on an as-needed basis
- Advocates politically for the corporation

2001-2004 Community Partners Dover, NH

**Chief Operating Officer, Behavioral Health Division**

- Responsible for incorporating 7 million dollar CMHC operations into an existing developmental services agency as a result of the closing of Strafford Guidance Center

2000-2001 Genesis Behavioral Health Laconia, NH

**Director, Clinical Operations**

- Established multidisciplinary teams and set standards of care
- Monitored various contractor agreements
- Established revenue projections for 5 2 million dollar operations
- Served on both internal and external organization committees

1994-2000 Riverbend CMHC Concord, NH

**Director, Community Support Program**

- Hire, fire and supervise middle managers and direct care staff (approx 100 staff)
- Established productivity expectations consistent with budget target of approx 4 million dollars
- Monitored and implemented quality assurance standards to satisfy regulators including NH DBH, Medicaid, Medicare, NHHFA, etc
- Developed policies and procedures
- Established and ensured a full range of services for people with psychiatric disabilities

1992-1994 The Mental Health Center Manchester, NH

**Director, Emergency Services**

- Managed the 24-hour psychiatric assessments and emergency care Supervised, recruited and trained personnel internal and external to the department
- Liaison to local police hospitals, homeless shelters and refugee center

**Emergency Service Clinician**

- Provided crisis intervention, assessments and emergency care to people in acute distress

1987-1989 Community Council Nashua, NH

**Director, Community Education**

- Developed and implemented agency-wide staff development plan
- Submitted grants and responded to RFPs for special projects that assisted the agency in promoting education and prevention services

1986-1989 NE Non-profit Housing Manchester, NH

**Social Worker** Property management and general contractor for CDBH/"Mod Rehab" housing projects

- Screened individuals and families for housing assistance through Section 8 and other subsidy programs
- Co-authored HUD grant for 2.5 million dollars for "VWomen in Transition"
- Conducted housing inspections and worked with code department and local authority to assure compliance standards

1986 Region IV Agency Concord, NH

**Case Manager**

- Developed and monitored treatment plans for 25 developmentally disabled adults

1982-1985 The Mental Health Center Manchester, NH

**Manager: Criscare Care Unit/SRO/Respite Care/Shared Apartment Program**

- Supervised and trained direct care staff in implementing treatment related to independent living skills and community-based living
- Screened and assessed clients for appropriate services and placement.
- Liaison with local housing authority and police

**Residential Staff**

- Wrote and implemented residential service plans for 40 psychiatrically disabled adults.

**Education:** 1998-2000 New England College Henniker, NH

- MS Community Mental Health Counseling

1977-1981 SUNY Brockport Brockport, NY

- BS Social Work

**Interests:** 1989-Present

Granite State Critical Incident Street Management Team-Coordinator

**Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate**

**CONSOLIDATING FINANCIAL STATEMENTS**

**June 30, 2012**

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
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June 30, 2012

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**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate

We have audited the accompanying consolidating statement of financial position of Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health (a nonprofit organization) and its affiliate Mid State Mental Health Foundation, Inc. as of June 30, 2012, and the related consolidating statements of activities and cash flows for the year then ended. These consolidating financial statements are the responsibility of the Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health (a nonprofit organization) and its affiliate Mid State Mental Health Foundation, Inc.'s management. Our responsibility is to express an opinion on these consolidating financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health and its affiliate Mid State Mental Health Foundation, Inc. as of June 30, 2012, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2012 on our consideration of Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Directors  
of Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The supplementary information on pages 11 through 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with audit standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kittell Branagan & Synt*

St. Albans, Vermont  
August 30, 2012

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2012

ASSETS

	<u>LRMH</u>	<u>Mid State Foundation</u>	<u>Consolidating Entries</u>	<u>Consolidated Total</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 7,637	\$ 236,275	\$ -	\$ 243,912
Investments	334,468	569,915	-	904,383
Accounts receivable (net of \$337,000 allowance)	683,053	-	-	683,053
Prepaid expenses and other current assets	33,415	-	-	33,415
Due from affiliated organizations	<u>806,190</u>	<u>-</u>	<u>(806,190)</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,864,763</u>	<u>806,190</u>	<u>(806,190)</u>	<u>1,864,763</u>
<b>PROPERTY AND EQUIPMENT - NET</b>	<u>1,469,190</u>	<u>-</u>	<u>-</u>	<u>1,469,190</u>
<b>OTHER ASSETS</b>				
Restricted cash	<u>47,452</u>	<u>-</u>	<u>-</u>	<u>47,452</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,381,405</u>	<u>\$ 806,190</u>	<u>\$ (806,190)</u>	<u>\$ 3,381,405</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 123,148	\$ -	\$ -	\$ 123,148
Current portion--long-term debt	42,236	-	-	42,236
Due to related organization	-	806,190	(806,190)	-
Deferred income	18,025	-	-	18,025
Accrued vacation	209,970	-	-	209,970
Accrued expenses	<u>195,101</u>	<u>-</u>	<u>-</u>	<u>195,101</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>588,480</u>	<u>806,190</u>	<u>(806,190)</u>	<u>588,480</u>
<b>LONG-TERM DEBT, less current portion</b>	<u>551,209</u>	<u>-</u>	<u>-</u>	<u>551,209</u>
<b>TOTAL LIABILITIES</b>	<u>1,139,689</u>	<u>806,190</u>	<u>(806,190)</u>	<u>1,139,689</u>
<b>NET ASSETS</b>				
Temporarily restricted	52,673	-	-	52,673
Unrestricted	<u>2,189,043</u>	<u>-</u>	<u>-</u>	<u>2,189,043</u>
<b>TOTAL NET ASSETS</b>	<u>2,241,716</u>	<u>-</u>	<u>-</u>	<u>2,241,716</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,381,405</u>	<u>\$ 806,190</u>	<u>\$ (806,190)</u>	<u>\$ 3,381,405</u>

See Notes to Financial Statements

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2012

	LRMH			Mid-State Foundation	Consolidating Entries	Consolidated Total
	Unrestricted Funds	Temporarily Restricted Funds	All Funds			
<b>PUBLIC SUPPORT AND REVENUES</b>						
Public support -						
Federal	\$ 161,122	\$ -	\$ 161,122	\$ -	\$ -	\$ 161,122
State of New Hampshire - DBH	8,000	-	8,000	-	-	8,000
Other public support	<u>1,085,284</u>	<u>49,982</u>	<u>1,135,266</u>	-	<u>(822,692)</u>	<u>312,574</u>
<b>Total Public Support</b>	<u>1,254,406</u>	<u>49,982</u>	<u>1,304,388</u>	-	<u>(822,692)</u>	<u>481,696</u>
Revenues -						
Program service fees	7,308,967	-	7,308,967	-	-	7,308,967
Rental income	68,794	-	68,794	-	-	68,794
Investment income (loss)	(1,054)	-	(1,054)	24,542	-	23,488
Other revenue	13,039	-	13,039	-	-	13,039
Net assets released from restriction	<u>10,988</u>	<u>(10,988)</u>	<u>-</u>	-	-	<u>-</u>
<b>Total Revenues</b>	<u>7,400,734</u>	<u>(10,988)</u>	<u>7,389,746</u>	<u>24,542</u>	<u>-</u>	<u>7,414,288</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>8,655,140</u>	<u>38,994</u>	<u>8,694,134</u>	<u>24,542</u>	<u>(822,692)</u>	<u>7,895,984</u>
<b>EXPENSES</b>						
BBH funded program services -						
Children Services	2,270,886	-	2,270,886	-	-	2,270,886
Intake	206,304	-	206,304	-	-	206,304
Multi-service	3,364,812	-	3,364,812	-	-	3,364,812
Emergency Services	554,244	-	554,244	-	-	554,244
Housing Services	192,282	-	192,282	-	-	192,282
Non-Eligible	786,473	-	786,473	-	-	786,473
Non-BBH funded program services	<u>547,526</u>	<u>-</u>	<u>547,526</u>	<u>824,641</u>	<u>(822,692)</u>	<u>549,475</u>
<b>TOTAL EXPENSES</b>	<u>7,922,527</u>	<u>-</u>	<u>7,922,527</u>	<u>824,641</u>	<u>(822,692)</u>	<u>7,924,476</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>732,613</u>	<u>38,994</u>	<u>771,607</u>	<u>(800,099)</u>	<u>-</u>	<u>(28,492)</u>
<b>NET ASSETS, beginning</b>	<u>1,456,430</u>	<u>13,679</u>	<u>1,470,109</u>	<u>800,099</u>	<u>-</u>	<u>2,270,208</u>
<b>NET ASSETS, ending</b>	<u>\$ 2,189,043</u>	<u>\$ 52,673</u>	<u>\$ 2,241,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,241,716</u>

See Notes to Financial Statements

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
CONSOLIDATING STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2012

	LRMH	Mid State Foundation	Consolidating Entries	Consolidated Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ 771,607	\$ (800,099)	\$ -	\$ (28,492)
Adjustments to reconcile to net cash provided by operations:				
Depreciation	154,219	-	-	154,219
Unrealized (gain) loss on investments	8,606	(8,589)	-	17
(Increase) decrease in:				
Accounts receivable	(1,505)	-	-	(1,505)
Prepaid expenses	4,775	50	-	4,825
Due from affiliated organizations	(801,940)	-	801,940	-
Restricted Cash	(2)	-	-	(2)
Increase (decrease) in:				
Accounts payable & accrued liabilities	(83,827)	-	-	(83,827)
Deferred income	(11,580)	-	-	(11,580)
Due to related organizations	-	801,940	(801,940)	-
	<u>40,353</u>	<u>(6,698)</u>	<u>-</u>	<u>33,655</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	(223,051)	-	-	(223,051)
Purchase of investments	(7,103)	(9,768)	-	(16,871)
	<u>(230,154)</u>	<u>(9,768)</u>	<u>-</u>	<u>(239,922)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Principal payments on long-term debt	(37,691)	-	-	(37,691)
	<u>(227,492)</u>	<u>(16,466)</u>	<u>-</u>	<u>(243,958)</u>
<b>NET DECREASE IN CASH</b>				
CASH AT BEGINNING OF YEAR	235,129	252,741	-	487,870
CASH AT END OF YEAR	<u>\$ 7,637</u>	<u>\$ 236,275</u>	<u>\$ -</u>	<u>\$ 243,912</u>
<b>SUPPLEMENTAL DISCLOSURE</b>				
Cash Payments for Interest	\$ 29,140	\$ -	\$ -	\$ 29,140
Debt Incurred for the Purchase of Property and Equipment	\$ 100,000	\$ -	\$ -	\$ 100,000

See Notes to Financial Statements

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lakes Region Mental Health Center, Inc. (the Center) d/b/a Genesis Behavioral Health is a not-for-profit corporation, organized under New Hampshire law to provide services in the areas of mental health, and related non-mental health programs; it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Mid State Mental Health Foundation, Inc. is a not-for-profit corporation organized September 21, 2006 under New Hampshire law. The Center is exempt under 501(c)(3) of the Internal Revenue Code. Effective June 30, 2012 the board of Mid State Mental Health Foundation, Inc. voted to immediately dissolve the corporation and transfer all assets to the Center.

Basis of Presentation

The consolidating financial statements include the accounts of Lakes Region Mental Health Center, Inc. (the Center) d/b/a Genesis Behavioral Health and its affiliate, Mid State Mental Health Foundation, Inc. All inter-company transactions and accounts have been eliminated in combination. This presentation is required by the structure of the board of directors of Mid State Mental Health Foundation whose by-laws require the majority of the board must be comprised of the Center's board members.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Consideration has been given to uncertain tax positions. The federal income tax returns (Form 990) for the years ended June 30, 2009, remain open for potential examination by major tax jurisdictions, generally for three years after they were filed.

Depreciation

The cost of property, equipment and leasehold improvements is depreciated over the estimated useful life of the assets using the straight line method. Estimated useful lives range from 3 to 40 years.

State Grants

The Center receives a number of grants from and has entered into various contracts with the State of New Hampshire related to the delivery of mental health services.

Vacation Pay and Fringe Benefits

Vacation pay is accrued and charged to the programs when earned by the employee. Fringe benefits are allocated to the appropriate program expense based on the percentage of actual time spent on the programs.

Revenue

Revenue from federal, state and other sources is recognized in the period earned.

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Third Party Contractual Arrangements

A significant portion of patient revenue is derived from services to patients insured by third-party payors. The center receives reimbursement from Medicare, Medicaid, Blue Cross, and other third-party insurers at defined rates for services rendered to patients covered by these programs. The difference between the established billing rates and the actual rate of reimbursement is recorded as allowances when recorded. A provision for estimated contractual allowances is provided on outstanding patient receivables at the balance sheet date.

Temporarily Restricted Funds

Specific purpose funds are used to differentiate resources, the use of which is restricted by donors, from resources of general funds on which the donors place no restriction or that arise as a result of the operations of the Center for its stated purposes. Specific purpose contributions and other donor-restricted resources are recorded as additions to temporarily restricted net assets at the time they are received and as released from restrictions when expended for the purpose for which they were given. The earnings from these funds will be used to fund operations. For the year ending June 30, 2012 \$10,988 was released from restrictions.

Accounts Receivable

Accounts receivable are recorded based on amounts billed for services provided. The allowance for doubtful accounts in the Center's estimate of the amount of probable losses in the existing accounts receivable based on historic trends and the composition of the accounts receivable aging as of June 30, 2012.

Advertising

Advertising costs are expensed as incurred. Total costs were \$40,014 at June 30, 2012.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment, at cost, consists of the following:

Land, buildings and improvements	\$ 2,367,872
Computer equipment	744,452
Furniture, fixtures and equipment	1,513,062
Vehicles	<u>76,688</u>
	4,702,074
Accumulated depreciation	<u>(3,232,884)</u>
 NET BOOK VALUE	 <u>\$ 1,469,190</u>

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
June 30, 2012

NOTE 3      ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE – TRADE

Due from clients	\$	261,956
Receivable from insurance companies		88,237
Medicaid receivables		485,313
Medicare receivables		96,449
		931,955
Allowance for doubtful accounts		(337,000)
		594,955
Total Receivable - Trade		

ACCOUNTS RECEIVABLE – OTHER

Housing Rent		10,241
LCRS		2,863
HUD		12,790
Grafton County		5,750
Belknap County		8,550
Mount Prospect Academy		5,200
Town Appropriations		34,500
NFI North, Inc.		1,800
Health First		1,200
Other Grants		5,204
		88,098
Total Receivable - Other		

TOTAL ACCOUNTS RECEIVABLE		\$ 683,053
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NOTE 4      LINE OF CREDIT

As of June 30, 2012, the Center had available a line of credit with an upper limit of \$1,400,000 with a local area bank. At that date, \$-0- had been borrowed against the line of credit. These funds are available at a variable rate of interest, with a floor no less than 5.5% per annum. This line of credit expires November 30, 2012, and is secured by all business assets.

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
June 30, 2012

NOTE 5      COMMITMENTS

The corporation leases real estate and equipment under various operating leases. Minimum future rental payments under non cancelable operating leases as of June 30, 2012 for each of the next four years and in the aggregate are:

June 30,	Amount
2013	\$ 211,927
2014	202,417
2015	148,867
2016	73,936
2017	1,375

Total rent expense for the year ended June 30, 2012, including rent expense for leases with a remaining term of one year or less was \$195,608.

The Center entered into a subscription agreement with a software vendor and is obligated to pay \$5,950 per month through May 31, 2016 in exchange for software subscription services. The amount is included in the above obligations.

NOTE 6      EMPLOYEE BENEFIT PLAN

The Center has the option to make contributions to a defined contribution 403(b) plan on behalf of its employees. This program covers substantially all full-time employees. During the year ended June 30, 2012, no such contributions were made.

NOTE 7      RESTRICTED CASH

The Center maintains restricted depository accounts. At the balance sheet date the amounts are as follows:

Rural Development *	\$ 47,452
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\* Balance will accumulate per loan agreement to \$47,448 at a required monthly deposit of \$395. As of June 30, 2012 this required total had been accumulated.

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
June 30, 2012

NOTE 8 LONG-TERM DEBT

As of June 30, 2012, long-term debt consisted of the following:

5% mortgage note payable - Rural Development due in monthly aggregate installments of \$3,357 (including principal and interest) secured by land and buildings through May, 2027.	\$ 423,776
5% mortgage note payable - Rural Development due in monthly installments of \$597 (including principal and interest) secured by land and buildings through December, 2030.	85,983
1% note payable - NH Health and Education Facilities due in monthly installments of \$1,709 (including principal and interest) secured by equipment through September, 2016.	<u>83,686</u>
	593,445
Less: Current Portion	<u>(42,236)</u>
	<u>\$ 551,209</u>

Expected maturities for the next five years are as follows:

Year Ending <u>June 30,</u>	
2013	\$ 42,236
2014	43,585
2015	44,994
2016	46,264
2017	31,060
Thereafter	<u>385,306</u>
	<u>\$ 593,445</u>

NOTE 9 CONTINGENT LIABILITIES

The Center receives money under various State and Federal grants. Under the terms of these grants, the Center is required to use the money within the grant period for purposes specified in the grant proposal and is subject to compliance reviews and audits by the grantor agencies. It is the opinion of management that any liability, resulting from future grantor agency audits of completed grant contracts, would not be material in relation to the overall financial statements.

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
June 30, 2012

NOTE 10 INVESTMENTS

Investments consist of amounts invested in various Vanguard Equity and Bond Funds. At June 30, 2012, the status of these funds were as follows:

	LRMH			Mid-State Foundation		
	Cost	Unrealized Gain (Loss)	Market	Cost	Unrealized Gain (Loss)	Market
Large Blend	\$ 65,882	\$ (862)	\$ 65,020	\$ 166,857	\$ 17,844	\$ 184,701
Diversified Emerging						
Market	19,976	(3,048)	16,928	-	-	-
World Stock	63,276	(11,875)	51,401	-	-	-
Health	27,658	7,022	34,680	76,025	16,396	92,421
Large Growth	54,378	(94)	54,284	73,080	3,166	76,246
Mid-Cap Value	60,220	9,031	69,251	131,043	(11,749)	119,294
Short-Term Bond	41,267	443	41,710	93,729	3,520	97,249
Cash	1,194	-	1,194	4	-	4
	<u>\$ 333,851</u>	<u>\$ 617</u>	<u>\$ 334,468</u>	<u>\$ 540,738</u>	<u>\$ 29,177</u>	<u>\$ 569,915</u>

The related unrealized gain (losses) have been included in the investment income line on the accompanying statement of activities. Investment income (loss) is as follows:

	LRMH	Mid State Foundation	Total
Interest and Dividends	\$ 7,552	\$ 15,953	\$ 23,505
Unrealized Gains (Losses)	(8,606)	8,589	(17)
	<u>\$ (1,054)</u>	<u>\$ 24,542</u>	<u>\$ 23,488</u>

NOTE 11 FAIR VALUE MEASUREMENTS

Professional accounting standards require a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under these professional accounting standards are described below:

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
June 30, 2012

NOTE 11 FAIR VALUE MEASUREMENTS (continued)

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

All investments are categorized as Level 1 and recorded at fair value, as of June 30, 2012. As required by professional accounting standards, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

NOTE 12 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Center has evaluated subsequent events through August 30, 2012, which is the date the financial statement was available to be issued. All events requiring recognition as of June 30, 2012, have been incorporated into the financial statements herein.

**SUPPLEMENTARY INFORMATION**

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
ANALYSIS OF ACCOUNTS RECEIVABLE  
For the Year Ended June 30, 2012

	Accounts Receivable Beginning of Year	Gross Fees	Contractual Allowances and Other Discounts Given	Cash Receipts	Accounts Receivable End of Year
CLIENT FEES	\$ 334,742	\$ 1,132,189	\$ (958,402)	\$ 246,573	\$ 261,956
BLUE CROSS / BLUE SHIELD	24,985	319,714	(91,275)	224,304	29,120
MEDICAID	427,083	6,837,711	(989,798)	5,789,683	485,313
MEDICARE	63,554	451,463	(280,731)	137,837	96,449
OTHER INSURANCE	62,993	389,259	(192,816)	200,319	59,117
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(355,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(337,000)</u>
TOTAL	<u>\$ 558,357</u>	<u>\$ 9,130,336</u>	<u>\$ (2,513,022)</u>	<u>\$ 6,598,716</u>	<u>\$ 594,955</u>

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
**ANALYSIS OF BBH REVENUES, RECEIPTS AND RECEIVABLES**  
For the Year Ended June 30, 2012

	Receivable (Deferred Income) From BBH Beginning of Year	BBH Revenues Per Audited Financial Statements	Receipts for Year	Receivable (Deferred Income) From BBH End of Year
CONTRACT YEAR, June 30, 2012	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ (8,000)</u>	<u>\$ -</u>

Analysis of Receipts Date of Receipt Deposit Date	<u>Amount</u>
10/13/11	\$ 4,565
10/21/11	392
10/25/11	780
11/02/11	2,041
11/16/11	3,575
11/28/11	2,070
01/26/12	13,699
01/26/12	2,617
05/22/12	6,000
05/30/12	15,010
06/11/12	1,251
Less: Federal Monies	<u>(44,000)</u>
	<u>\$ 8,000</u>

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
STATEMENT OF FUNCTIONAL PUBLIC SUPPORT AND REVENUES  
For the Year Ended June 30, 2012

	Total Agency	Admin.	Total Programs	Children
<b>Program Service Fees:</b>				
Net Client Fee	\$ 173,787	\$ -	\$ 173,787	\$ 2,547
Blue Cross/Blue Shield	228,439	-	228,439	29,082
Medicaid	5,847,913	-	5,847,913	2,819,566
Medicare	170,732	-	170,732	-
Other Insurance	196,443	-	196,443	1,314
<b>Program Sales:</b>				
Service	691,653	-	691,653	-
<b>Public Support - Other:</b>				
United Way	364	364	-	-
Local/County Government	147,188	-	147,188	-
Donations/Contributions	860,267	40,576	819,691	4,867
Bureau Development	21,625	-	21,625	-
Other Public Support	54,233	11,777	42,456	17,600
DCYF	1,607	-	1,607	1,607
<b>Federal Funding:</b>				
HUD Grant	133,861	-	133,861	-
Other Federal Grants	27,261	-	27,261	9,958
Rental Income	68,794	-	68,794	-
Investment Income (loss)	(1,054)	(1,056)	2	1
<b>DBH &amp; DS:</b>				
Community Mental Health	8,000	-	8,000	1,570
Other Revenues	13,039	4,394	8,645	1,094
Net Assets Released From Restriction	10,988	10,988	-	-
Administration	8,655,140	67,043	8,588,097	2,889,206
	-	(67,043)	67,043	22,553
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>\$ 8,655,140</b>	<b>\$ -</b>	<b>\$ 8,655,140</b>	<b>\$ 2,911,759</b>

Multi-Service	Intake	Emergency Services	Housing Services		Non Eligible	Non BBH Funded Programs
			Apts. S.L. McGrath	Apts. S.L. Summer		
\$ 20,788	\$ 30,217	\$ 22,413	\$ -	\$ -	\$ 97,822	\$ -
36,268	33,998	20,408	-	-	108,683	-
2,742,731	105,839	99,707	-	-	80,070	-
114,856	6,676	(86)	-	-	49,286	-
30,175	20,143	19,324	-	-	125,487	-
850	-	-	-	-	19,558	671,245
-	-	-	-	-	-	-
-	-	90,488	-	-	56,700	-
6,363	205	1,013	-	-	1,053	806,190
21,625	-	-	-	-	-	-
14,829	485	4,970	-	-	4,414	158
-	-	-	-	-	-	-
-	-	-	36,601	97,260	-	-
14,773	181	1,089	-	-	1,247	13
-	-	-	37,426	31,368	-	-
1	-	-	-	-	-	-
6,430	-	-	-	-	-	-
5,535	9	272	-	10	975	750
-	-	-	-	-	-	-
3,015,224	197,753	259,598	74,027	128,638	545,295	1,478,356
23,539	1,544	2,027	578	1,004	4,257	11,541
<u>\$ 3,038,763</u>	<u>\$ 199,297</u>	<u>\$ 261,625</u>	<u>\$ 74,605</u>	<u>\$ 129,642</u>	<u>\$ 549,552</u>	<u>\$ 1,489,897</u>

Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2012

	Total Agency	Administration	Total Programs	Children
<b>Personnel Costs:</b>				
Salary and wages	\$ 5,120,848	\$ 524,562	\$ 4,596,286	\$ 1,334,908
Employee benefits	969,949	121,542	848,407	246,177
Payroll Taxes	360,333	37,152	323,181	95,325
Substitute Staff	147,490	-	147,490	8,392
Client Evaluation/Services	3,879	-	3,879	3,879
<b>PROFESSIONAL FEES AND CONSULTANTS:</b>				
Accounting/audit fees	28,335	28,335	-	-
Legal fees	12,971	-	12,971	4,506
Other professional fees	18,348	15,342	3,006	-
<b>Staff Devel. &amp; Training:</b>				
Journals & publications	3,286	147	3,139	666
In-Service training	7,207	-	7,207	2,458
Conferences & conventions	12,022	839	11,183	2,239
Other staff development	20,811	2,686	18,125	(6,355)
<b>Occupancy costs:</b>				
Rent	84,909	2,544	82,365	28,964
Mortgage (Interest)	26,852	2,954	23,898	8,152
Heating Costs	25,156	786	24,370	2,754
Other Utilities	69,983	4,145	65,838	16,643
Maintenance & repairs	89,977	325	89,652	25,662
<b>Consumable Supplies:</b>				
Office	29,583	143	29,440	9,901
Building/household	16,902	-	16,902	4,461
Medical	229	-	229	-
Other	123,845	9,779	114,066	36,634
Depreciation-Equipment	82,539	6,529	76,010	22,689
Depreciation-Building	71,680	4,678	67,002	13,677
Equipment rental	13,058	698	12,360	4,263
Equipment maintenance	21,909	317	21,592	7,360
Advertising	40,015	7,525	32,490	9,732
Printing	605	605	-	-
Telephone/communications	208,589	8,747	199,842	64,995
Postage/shipping	20,055	157	19,898	6,976
<b>Transportation:</b>				
Staff	152,649	1,511	151,138	47,919
Clients	4,285	-	4,285	644
<b>Assist to Individuals:</b>				
Client services	37,357	-	37,357	21,353
<b>Insurance:</b>				
Malpractice/bonding	22,806	7,661	15,145	5,043
Vehicles	2,566	71	2,495	364
Comp. Property/liability	17,438	1,148	16,290	4,068
Membership Dues	15,761	860	14,901	70
Other Expenditures	36,012	21,981	14,031	2,455
Interest Expense	2,288	2,288	-	-
	<u>7,922,527</u>	<u>816,057</u>	<u>7,106,470</u>	<u>2,036,974</u>
Admin. Allocation	-	(816,057)	816,057	233,912
<b>TOTAL PROGRAM EXPENSES</b>	<u>\$ 7,922,527</u>	<u>\$ -</u>	<u>\$ 7,922,527</u>	<u>\$ 2,270,886</u>

Multi-Service	Intake	Emergency Services	Housing Services		Non-Eligible	Non BBH Funded Programs
			Apts. S.L. McGrath	Apts. S.L. Summer		
\$ 1,878,261	\$ 137,179	\$ 342,999	\$ 17,393	\$ 40,264	\$ 482,202	\$ 363,080
363,210	21,839	68,777	3,465	8,022	76,031	60,886
133,823	9,992	24,866	1,253	2,902	33,252	21,768
92,814	2,673	3,217	-	-	32,658	7,736
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,211	195	948	-	-	1,094	17
-	-	-	-	-	-	3,006
1,969	32	120	-	-	347	5
3,475	119	449	-	-	660	46
4,798	16	116	-	100	1,097	2,817
19,847	134	685	-	-	88	3,726
38,554	1,580	846	-	-	12,392	29
11,949	295	1,875	-	-	1,625	2
4,126	100	642	8,846	7,314	586	2
23,715	664	2,994	9,292	8,336	4,194	-
36,529	1,049	4,773	5,079	10,056	6,472	32
14,473	398	1,894	-	200	2,542	32
6,245	195	806	136	3,770	1,246	43
229	-	-	-	-	-	-
52,215	1,571	7,382	-	-	9,541	6,723
36,269	1,623	3,989	1,351	4,172	5,896	21
19,655	1,019	2,724	8,923	17,781	3,206	17
6,051	181	678	-	-	1,187	-
10,513	300	1,452	-	120	1,815	32
18,345	373	1,675	-	-	2,264	101
-	-	-	-	-	-	-
92,349	2,614	17,916	300	1,506	17,643	2,519
9,418	340	695	-	-	2,430	39
96,057	204	2,483	-	1,791	2,653	31
3,318	27	139	-	-	157	-
16,004	-	-	-	-	-	-
5,132	68	689	-	-	513	3,700
1,624	15	65	163	163	99	2
5,873	157	826	2,229	2,202	932	3
99	3	14	-	-	18	14,697
5,071	99	420	4,186	1,161	623	16
-	-	-	-	-	-	-
3,018,221	185,054	497,154	62,616	109,860	705,463	491,128
346,591	21,250	57,090	7,190	12,616	81,010	56,398
<u>\$ 3,364,812</u>	<u>\$ 206,304</u>	<u>\$ 554,244</u>	<u>\$ 69,806</u>	<u>\$ 122,476</u>	<u>\$ 786,473</u>	<u>\$ 547,526</u>



**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

Report 1

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of  
Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate

We have audited the consolidating financial statements of Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health (a nonprofit organization) and its affiliate as of and for the year ended June 30, 2012, and have issued our report thereon dated August 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Lakes Region Mental Health Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakes Region Mental Health Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lakes Region Mental Health Center, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees of  
Lakes Region Mental Health Center, Inc.  
d/b/a Genesis Behavioral Health and Affiliate  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakes Region Mental Health Center, Inc.'s consolidating financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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



St. Albans, Vermont  
August 30, 2012



2/1/13

Admin Svcs.  
12/12/12



STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF HUMAN SERVICES

Nicholas A. Toumpas  
Commissioner

**BUREAU OF HOMELESS AND HOUSING SERVICES**

Mary Ann Cooney  
Associate  
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301  
603-271-5059 1-800-852-3345 Ext. 5059  
Fax: 603-271-5139 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

December 7, 2012

APPROVED BY \_\_\_\_\_

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

DATE 1/16/13

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ITEM # 26

**Requested Action**

Authorize the Department of Health and Human Services, Office of Human Services, Bureau of Homeless and Housing Services to enter into an Agreement with Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health, 111 Church Street, Laconia, NH 03246, vendor code 154480-B001, to provide services to homeless individuals in an amount not to exceed \$36,605.00. This amount represents an award effective February 1, 2013, or date of Governor and Council approval, whichever is later, through January 31, 2014. Funds are available in the following accounts for State Fiscal Year 2013 and are anticipated to be available in State Fiscal Year 2014 upon availability and continued appropriation of funds in future operating budgets, with authority to adjust amounts if needed and justified between State Fiscal Years.

**05-95-95-958310-7176 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS,  
HHS:COMMISSIONER, DCBCS BHHS, HOUSING – SHELTER PROGRAMS**

Fiscal Year	Appropriation	Class/Object	Class Title	
2013	05-95-95-958310-7176	102-500731	Contracts for program services	\$21,350.00

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

Fiscal Year	Appropriation	Class/Object	Class Title	
2014	05-95-42-423010-7927	102-500731	Contracts for program services	\$15,255.00
			Total	\$36,605.00

**Explanation**

This agreement provides funds from the U. S. Department of Housing and Urban Development Supportive Housing Demonstration, Permanent Housing for the Handicapped Homeless program. The Department of Housing and Urban Development requires a Continuum of Care process for communities seeking these funds. A Continuum is a coordinated planning approach to setting priorities for the housing and service needs of homeless people within a specific area. The Continuum includes broad participation of community stakeholders. Through this process, New Hampshire submits an annual application in response to the Department of Housing and Urban Development's Notice of Funding Availability. Once the Notice is announced, the Bureau of Homeless and Housing Services notifies all participants in the Continuum to submit project applications. The Department of Housing and Urban Development scores the application and awards funding based on their criteria. The Bureau of Homeless and Housing Services receives notification from the Department of Housing and Urban

Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Council  
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Development several months later regarding the awards. The Bureau of Homeless and Housing Services shall be requesting authority to contract with other providers who have also been selected during this competitive process.

In 1994, with input from providers throughout the country, the Department of Housing and Urban Development developed the Continuum concept to support communities in their efforts to address the problems of housing and homelessness in a coordinated, comprehensive, and strategic fashion. The Continuum serves three main purposes: (1) a strategic planning process for addressing homelessness in the community; (2) a process to engage broad-based, community-wide involvement in addressing homelessness on a year-round basis; and (3) an opportunity to submit an application to the Department of Housing and Urban Development for resources targeting housing and support services for homeless individuals and families. Although the Continuum is not mandated by law, in order to obtain Department of Housing and Urban Development housing and support services resources, communities must conduct a Continuum process and submit a Continuum application to the Department of Housing and Urban Development. This application is the Notice of Funding Availability, which is described in detail above.

Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health is one of thirteen New Hampshire agencies receiving a competitive award. Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health's award is \$36,605.00. The funds shall be used to pay for operations of Summer Street Residence, 13 Summer Street, Laconia, NH 03246. Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health will provide permanent housing for seven (7) or more individuals at this facility. A comprehensive supportive services network will be provided to meet their unmet housing needs and to promote the ability of participants to live more independently. Performance is monitored through the required submission of quarterly and annual progress reports regarding the performance of the program and the individuals it serves, as well as ongoing data reporting on the Homeless Management Information System.

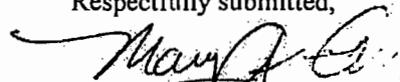
This funding supports the Genesis Summer Street Permanent Housing Program, which provides permanent housing for seven or more individuals. Should Governor and Executive Council determine not to approve this request, the project may not be able to continue to operate, causing seven individuals to become homeless. Also, one full-time staff person and one half-time staff person at this private non-profit agency may become unemployed.

Area served: Belknap and Grafton Counties.

Source of funds: 100% federal funds.

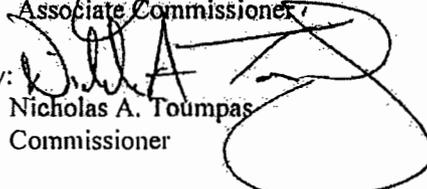
In the event that the federal funds become no longer available, general funds will not be requested to support this program.

Respectfully submitted,



Mary Ann Cooney  
Associate Commissioner

Approved by:



Nicholas A. Toumpas  
Commissioner