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

Lori A. Shibanette  
Commissioner

Joseph E. Ribsam, Jr.  
Director

129 PLEASANT STREET, CONCORD, NH 03301-3857  
603-271-4451 1-800-852-3345 Ext. 4451  
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June 8, 2020

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

Authorize the Department of Health and Human Services, Division for Children, Youth and Families, to enter into a **Sole Source** contract with Youth Villages, Inc. (VC#266910), 3320 Brother Blvd., Memphis, TN, 38133, in the amount of \$2,219,690 for the provision of the LifeSet Program to provide supportive services and life skills education for older youth transitioning out of State foster care and into adulthood, with the option to renew for up to three additional years, effective July 1, 2020 or upon Governor and Council approval, whichever is later, through June 30, 2023. 6.76% Federal Funds. 93.24% General Funds.

Funds are available in the following accounts for State Fiscal Year 2021, and are anticipated to be available in State Fiscal Years 2022 and 2023, upon the availability and continued appropriation of funds in the future operating budget, with the authority to adjust budget line items within the price limitation and encumbrances between state fiscal years through the Budget Office, if needed and justified.

**05-95-042-421010-29580000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVS, HHS: HUMAN SERVICES, CHILD PROTECTION, CHILD - FAMILY SERVICES**

State Fiscal Year	Class / Account	Class Title	Job Number	Total Amount
2021	644-504195	SGFSER SGF SERVICES	42105876	\$403,090
2022	644-504195	SGFSER SGF SERVICES	42105876	\$753,000
2023	644-504195	SGFSER SGF SERVICES	42105876	\$913,600
			<b>Subtotal</b>	<b>\$2,069,690</b>

**05-95-042-421010-29700000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVS, HHS: HUMAN SERVICES, CHILD PROTECTION, TEEN INDEPENDENT LIVING**

State Fiscal Year	Class / Account	Class Title	Job Number	Total Amount
2021	502-500891	Payments to Providers	42107003	\$50,000
2022	502-500891	Payments to Providers	42107003	\$50,000
2023	502-500891	Payments to Providers	42107003	\$50,000
			<b>Subtotal</b>	<b>\$150,000</b>
			<b>Total</b>	<b>\$2,219,690</b>

### EXPLANATION

This request is **Sole Source** because the vendor is the only vendor able to provide the necessary services. The passage of New Hampshire House Bill 550, on September 8, 2019, allowed youth served by the Division for Children Youth and Families (DCYF) to remain in foster care until twenty-one (21) years of age if participating in a qualifying activity. This created a need for the Department to acquire a specific and targeted service to provide hands-on life skill instruction, adult living preparation, and ongoing support to this population on a statewide basis.

In response to House Bill 550, the Department submitted an application to the Youth Villages Expansion Initiative in October 2019. New Hampshire's application was chosen to receive a three-year grant from Youth Villages, beginning in State Fiscal Year 2021, providing fifty percent (50%) of the cost to deliver the proprietary LifeSet program for the first two years, and forty percent (40%) in contract year three. In light of these specialized, targeted services being unavailable from any other provider, and considering the significant cost savings offered, Youth Villages LifeSet Program is the clear choice to meet this new and growing statewide need.

The purpose of this request is for the provision of the exclusive LifeSet Program of supportive services for a targeted average group of 64 to 80 youth on any given day, ages 17.5 through 22 years. The proven LifeSet program, which is highly successful in neighboring states, will serve older youth transitioning out of State foster care and into adult society through the delivery of one-on-one life skills training administered by select Youth Village's professionals.

DCYF's ability to effectively meet the needs of an expanding population of older youth in foster care will be greatly served by this program, given the current lack of available services. This program will likely result in superior outcomes, as have been attained in neighboring states such as Massachusetts, for youth exiting foster care in the areas of homelessness, unemployment, educational attainment and criminal involvement; all of which have been statistically proven, through independent studies, to have significantly improved through the implementation of the Youth Villages LifeSet Program. Approximately three-hundred (300) individuals will be served from July 1, 2020 to June 30, 2023.

The Contractor will have a minimum of weekly contact with referred youth for a period of seven (7) to nine (9) months. The Contractor will assess participant's needs, set attainable goals, identify barriers, and design treatment plans. Assigned specialists will take each participating youth out into the community individually and partner with them by providing direct hands-on support and guidance in vital areas, including but not limited to, academic education; vocational training and certification; housing; money management skills; acquiring and maintaining employment, medical insurance and various community and mainstream supportive services.

The Department will monitor Contractor performance using the following methods:

- The Contractor shall conduct satisfaction surveys and follow-up phone calls after participants complete the LifeSet Program at six (6), twelve (12) and twenty (24) months post-discharge.
- All youth who receive at least sixty (60) days of service are followed at all post-discharge points, regardless of their status at discharge.
- Thirty percent (30%) to forty percent (40%) of all participants shall respond to survey and follow-up phone calls.
- The Contractor shall actively and regularly collaborate with the Department to enhance contract management, improve results, and adjust program delivery and policy based on successful outcomes.

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
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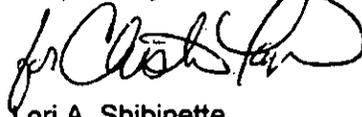
As referenced in Exhibit A, Revisions to Standard Contract Provisions, Section 1, Paragraph 1.1, of the attached contract, the parties have the option to extend the agreement for up three (3) additional years, contingent upon satisfactory delivery of services, available funding, agreement of the parties and Governor and Council approval.

Should the Governor and Council not authorize this request, DCYF's ability to effectively meet the needs of an expanding, older youth in foster care, population will be severely limited due to a lack of available services. This will likely result in poorer outcomes for youth exiting foster care in the areas of homelessness, unemployment, lack of educational attainment, and an increase in criminal involvement.

Area served: Statewide

Source of Funds: CFDA #93.674, FAIN #1901NHCILP

Respectfully submitted,



Lori A. Shibinette  
Commissioner

Subject: LifeSet Program, SS-2020-DCYF-16-LIFES

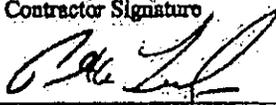
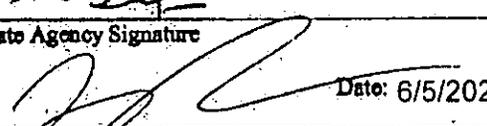
**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

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

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

<b>1.1 State Agency Name</b> New Hampshire Department of Health and Human Services		<b>1.2 State Agency Address</b> 129 Pleasant Street Concord, NH 03301-3857	
<b>1.3 Contractor Name</b> Youth Villages, Inc.		<b>1.4 Contractor Address</b> 3320 Brother Blvd. Memphis, TN 38133	
<b>1.5 Contractor Phone Number</b> (901) 251-5000	<b>1.6 Account Number</b> 05-095-42-421010-2958 & 05-095-42-421010-2970	<b>1.7 Completion Date</b> June 30, 2023	<b>1.8 Price Limitation</b> \$2,219,690
<b>1.9 Contracting Officer for State Agency</b> Nathan D. White, Director		<b>1.10 State Agency Telephone Number</b> (603) 271-9631	
<b>1.11 Contractor Signature</b>  Date: 5/27/2020		<b>1.12 Name and Title of Contractor Signatory</b> Patrick Lawler, Chief Executive Officer	
<b>1.13 State Agency Signature</b>  Date: 6/5/2020		<b>1.14 Name and Title of State Agency Signatory</b> Joseph E. Ribsam, Jr., Director, DCYF	
<b>1.15 Approval by the N.H. Department of Administration, Division of Personnel (if applicable)</b> By: _____ Director, On: _____			
<b>1.16 Approval by the Attorney General (Form, Substance and Execution) (if applicable)</b> By: Catherine Pinos On: 06/08/20			
<b>1.17 Approval by the Governor and Executive Council (if applicable)</b> G&C Item number: _____ G&C Meeting Date: _____			

Contractor Initials   
 Date 5/27/2020

**2. 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 B 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 1.17, 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 1.13 ("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 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 for Services provided in EXHIBIT B, in whole or in part. 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 reduce or terminate the Services under this Agreement immediately upon giving the Contractor notice of such reduction or termination. The State shall not be required to transfer funds from any other account or source 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 C 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 applicable 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 employment opportunity laws. In addition, if this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all federal executive orders, rules, regulations and statutes, and with any rules, regulations and guidelines as the State or the United States issue to implement these regulations. The Contractor shall also comply with all applicable intellectual property 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 The Contractor 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 cured, 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 give the Contractor a written notice specifying the Event of Default and 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 give the Contractor a written notice specifying the Event of Default, treat the Agreement as breached, terminate the Agreement and pursue any of its remedies at law or in equity, or both.

8.3. 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.

## 9. TERMINATION.

9.1 Notwithstanding paragraph 8, the State may, at its sole discretion, terminate the Agreement for any reason, in whole or in part, by thirty (30) days written notice to the Contractor that the State is exercising its option to terminate the Agreement.

9.2 In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall, at the State's discretion, 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 B. In addition, at the State's discretion, 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.

## 10. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

10.1 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.

10.2 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.

10.3 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.

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.

12.1 The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice, which shall be provided to the State at least fifteen (15) days prior to the assignment, and a written consent of the State. For purposes of this paragraph, a Change of Control shall constitute assignment. "Change of Control" means (a) merger, consolidation, or a transaction or series of related transactions in which a third party, together with its affiliates, becomes the direct or indirect owner of fifty percent (50%) or more of the voting shares or similar equity interests, or combined voting power of the Contractor, or (b) the sale of all or substantially all of the assets of the Contractor.

12.2 None of the Services shall be subcontracted by the Contractor without prior written notice and consent of the State. The State is entitled to copies of all subcontracts and assignment agreements and shall not be bound by any provisions contained in a subcontract or an assignment agreement to which it is not a party.

13. **INDEMNIFICATION.** Unless otherwise exempted by law, the Contractor shall indemnify and hold harmless the State, its officers and employees, from and against any and all claims, liabilities and costs for any personal injury or property damages, patent or copyright infringement, or other claims asserted against the State, its officers or employees, which arise out of (or which may be claimed to arise out of) the acts or omission of the

Contractor, or subcontractors, including but not limited to the negligence, reckless or intentional conduct. The State shall not be liable for any costs incurred by the Contractor arising under this paragraph 13. 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 continuously maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 commercial 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 or excess; and

14.1.2 special cause of loss coverage form covering all property subject to subparagraph 10.2 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 ten (10) days prior to the expiration date of each insurance policy. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference.

#### 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. The 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. **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.

17. **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.

18. **CHOICE OF LAW AND FORUM.** This Agreement shall be governed, interpreted and 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. Any actions arising out of this Agreement shall be brought and maintained in New Hampshire Superior Court which shall have exclusive jurisdiction thereof.

19. **CONFLICTING TERMS.** In the event of a conflict between the terms of this P-37 form (as modified in EXHIBIT A) and/or attachments and amendment thereof, the terms of the P-37 (as modified in EXHIBIT A) shall control.

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 or modifying provisions set forth in the attached EXHIBIT A 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 with respect to the subject matter hereof.



**EXHIBIT A**

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**REVISIONS TO STANDARD CONTRACT PROVISIONS**

**1. Revisions to Form P-37, General Provisions**

- 1.1. Paragraph 3, Effective Date/Completion of Services, is amended by adding subparagraph 3.3 as follows:
  - 3.3. The parties may extend the Agreement for up to three (3) additional years from the Completion Date, contingent upon satisfactory delivery of services, available funding, agreement of the parties, and approval of the Governor and Executive Council.
- 1.2. Paragraph 12, Assignment/Delegation/Subcontracts, is amended by adding subparagraph 12.3 as follows:
  - 12.3. Subcontractors are subject to the same contractual conditions as the Contractor and the Contractor is responsible to ensure subcontractor compliance with those conditions. The Contractor shall have written agreements with all subcontractors, specifying the work to be performed and how corrective action shall be managed if the subcontractor's performance is inadequate. The Contractor shall manage the subcontractor's performance on an ongoing basis and take corrective action as necessary. The Contractor shall annually provide the State with a list of all subcontractors provided for under this Agreement and notify the State of any inadequate subcontractor performance.



**EXHIBIT B**

**Scope of Services**

**1. Statement of Work**

- 1.1. The Contractor shall provide services in this Agreement to a targeted average group of 64 to 80 youth on any given day, ages 17.5 through 22 years. This population of individuals were placed in foster care through the Department of Child and Family Services (DCYF) child protection or Juvenile Justice Services or who were formerly placed in foster care and are now living on their own, or are with family or are leveraging other adult connections.
- 1.2. The Contractor shall ensure services are available on a statewide basis with the highest concentrations expected in Nashua, Manchester, Concord, Laconia, Portsmouth, and Rochester.
- 1.3. The Contractor shall ensure that the implementation of services indicated in this Exhibit B, are provided within thirty (30) days of the contract effective date.
- 1.4. For the purposes of this Agreement, all references to days shall mean business days.
- 1.5. For the purposes of this Agreement, all references to business hours shall mean Monday through Friday from (9:00 AM to 5:00 PM), excluding state and federal holidays.
- 1.6. For the purpose of this Agreement, prioritization shall be given to individuals with a permanency plan of Another Planned Living Arrangement (APPLA) in particular those without a Primary Caring Adult (PCA) and others not planning to return home to live with their family after turning 18 years of age.
- 1.7. The Contractor shall provide support and guidance to youth necessary for successful transitioning to adulthood, including but not limited to:
  - 1.7.1. Finding suitable and stable housing;
  - 1.7.2. Assistance teaching money management skills;
  - 1.7.3. Assistance in finding and maintaining employment;
  - 1.7.4. Assistance accessing community resources; and
  - 1.7.5. Assistance in maintaining healthy, meaningful and permanent relationships.
- 1.8. The Contractor shall ensure that the LifeSet model is implemented to youth based on the needs and goals of each client, including the provision of services outside of normal business hours, as needed per participant
- 1.9. The Contractor shall implement the program of services to youth as indicated in Section 1.1.
- 1.10. The Contractor shall assist individuals who will be eligible for, and are considering participating in, extended foster care.
- 1.11. The Contractor shall serve between approximately 147 to 184 youth per year.



**EXHIBIT B**

1.12. The Contractor shall ensure that LifeSet Specialists engage each referred youth with a minimum contact of once per week over the seven (7) to nine (9) month LifeSet program duration.

**1.13. PERMANENCY**

1.13.1. The Contractor shall provide coaching to assist LifeSet clients with gaining the inter-personal skills necessary to create and maintain healthy personal relationships with family, extended kin, friends, and any other extended support system;

1.13.2. The Contractor shall assist the clients in building their support systems by helping them to create healthy, meaningful and permanent relationships; and

1.13.3. The Contractor shall identify family members, friends, teachers or neighbors connected to the client to assist in achieving permanency.

**1.14. EDUCATION**

1.14.1. The Contractor shall support clients in obtaining their educational goals necessary to obtain employment, goals include but are not limited to:

1.14.1.1. General Educational Development (GED);

1.14.1.2. High School equivalency test (HiSet);

1.14.1.3. High School Diploma; and

1.14.1.4. Vocational certification, or degree necessary to obtain employment.

1.14.2. The Contractor shall provide tutors and or funds to acquire tutors for clients in order to better assist them in successfully completing their educational / training program(s).

1.14.3. The Contractor shall provide and, or, assist in identifying transportation needs to and from the educational/vocational program.

1.14.4. The Contractor shall provide opportunities and technical assistance to clients in completing the Free Application for Federal Student Aid (FAFSA), identifying other financial aid resources and applying to a post-secondary educational/vocational program.

**1.15. EMPLOYMENT**

1.15.1. The Contractor shall provide training, support, and technical assistance to clients in securing and maintaining employment.

1.15.2. The Contractor shall administer interest and aptitude assessments to help determine what areas of work might be appropriate for clients.

1.15.3. The Contractor shall conduct mock interviews and teach LifeSet clients how to complete a job application.

*[Handwritten Signature]*



**EXHIBIT B**

- 1.15.4. The Contractor shall teach clients how to read classified ads, access the Internet, search jobs, and complete job applications online.
- 1.15.5. The Contractor shall assist clients in connecting with employment resources, including, but not limited to:
  - 1.15.5.1. Workforce investment programs; and
  - 1.15.5.2. Local career centers.

**1.16. HOUSING.**

- 1.16.1. The Contractor shall assist in providing funding for clients in the program to secure and maintain stable and suitable housing as well as assist clients in the acquisition of this housing.
  - 1.16.1.1. The Contractor shall assist clients in assessing all housing options and help them identify family members and friends who may be able to provide housing opportunities.
- 1.16.2. The Contractor shall assist clients in identifying affordable housing and completing applications for occupancy.

**1.17. HEALTH**

- 1.17.1. The Contractor shall assist clients with the maintenance or acquisition of health insurance.
- 1.17.2. The Contractor shall support clients in attending preventative and other health care appointments.
- 1.17.3. The Contractor shall work with clients to identify and meet their own medical health and mental health needs.

**1.18. INDEPENDENT LIVING SKILLS**

- 1.18.1. The Contractor shall administer the Casey Life Skills Assessment (CLSA) and utilize results to develop appropriate training to improve skills deficits for clients.
- 1.18.2. The Contractor shall work with clients to improve their social skills and to help them identify and access a positive peer group.
- 1.18.3. The Contractor shall provide clients life skills instruction and provide opportunities for skills demonstration.
- 1.18.4. The Contractor shall assist clients with applying for Social Security Income (SSI) benefits, Medicaid and other supportive services based on need and eligibility.
- 1.18.5. The Contractor shall provide educational, as well as, hands-on opportunities for the clients to learn skills, including but not limited to:
  - 1.18.5.1. Financial budgeting;
  - 1.18.5.2. Cooking; and



**EXHIBIT B**

1.18.5.3. Handling emergency situations necessary to promote self-sufficiency.

**1.19. DIRECT FINANCIAL ASSISTANCE TO CLIENTS.**

1.19.1. The Contractor may use funds to provide direct financial assistance for specific services to clients based on their assessed need, eligibility and the availability of community resources, including the following:

1.19.1.1. Child Care Assistance;

1.19.1.2. Clothing;

1.19.1.3. Completion of Job Readiness Training/Job Start Up;

1.19.1.4. Crisis Intervention;

1.19.1.5. Housing and Utility Deposits and Assistance;

1.19.1.6. Emergency Food Assistance;

1.19.1.7. Household Furnishings;

1.19.1.8. Rental Assistance;

1.19.1.9. Testing Fees (for education, motor vehicle licensing, etc.);

1.19.1.10. Transportation Assistance; and

1.19.1.11. Tutoring.

1.20. The Contractor shall ensure Specialists report situations, crisis and or events to his/her supervisor, or the on-call supervisor; incidences include, but are not limited to:

1.20.1. Suicide/ Suicide attempt made by young adult.

1.20.2. Weapons/missing weapons.

1.20.3. Drug or alcohol abuse by the youth.

1.20.4. Gang activity.

1.20.5. School suspension/expulsion.

1.20.6. Assault.

1.21. The Contractor shall collaborate with the Child Protective Social Worker (CPSW) and Juvenile Probation and Parole Officer (JPPO), providing phone updates as needed in the areas of treatment, safety and resource planning.

1.22. The Contractor shall communicate any critical incidents to the CPSW/JPPO within 48 hours of the incident.

1.23. The Contractor will conduct initial and ongoing Casey Life Skills Assessments on all referred youth.

1.24. The Contractor shall complete additional assessments, on a case-by-case basis, depend upon clinical assessment and need, including the following:



## EXHIBIT B

- 1.24.1. Parenting;
- 1.24.2. Cultural or Sexual Identity;
- 1.24.3. Adolescent Community Reinforcement Approach (ACRA), if substance use is a concern;
- 1.24.4. Colombia Suicide Severity Rating Scale (CSSRS) for suicidality;
- 1.24.5. UCLA PTSD Reaction Index for trauma, if youth is eighteen (18) years old, or younger, and has a trauma history; and
- 1.24.6. Sexual Health Assessment.

### **2. Exhibits Incorporated**

- 2.1. The Contractor shall use and disclose Protected Health Information in compliance with the Standards for Privacy of Individually Identifiable Health Information (Privacy Rule) (45 CFR Parts 160 and 164) under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and in accordance with the attached Exhibit I, Business Associate Agreement, which has been executed by the parties.
- 2.2. The Contractor shall manage all confidential data related to this Agreement in accordance with the terms of Exhibit K, DHHS Information Security Requirements.
- 2.3. The Contractor shall comply with all Exhibits D through K, which are attached hereto and incorporated by reference herein.

### **3. Reporting Requirements**

- 3.1. The Contractor shall submit all reports and phone updates, as detailed in Sections 1.19., 1.20., and 1.21., Exhibit B, Scope of Services.
- 3.2. The Contractor shall conduct satisfaction surveys and follow-up phone calls after participants complete their program, as may be required by the Department; and as detailed in Section 5, Evaluation, Exhibit B, Scope of Services.
- 3.3. The Contractor shall provide weekly emails and monthly updates to the DCYF, CPSW and JPPO.
- 3.4. The Contractor shall provide monthly updates to the DCYF Project Lead, to include:
  - 3.4.1. Comprehensive treatment plans;
  - 3.4.2. Specialist Summary of goals and progress;
  - 3.4.3. Number of referrals received;
  - 3.4.4. Number of referrals screened out; and
  - 3.4.5. Number of referrals accepted for service.

3.5. The Contractor may be required to provide other key data and metrics to the  
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**EXHIBIT B**

Department, including client-level demographic, performance, and service data.

- 3.6. Where applicable, the Contractor shall collect and share data with the Department in a format specified by the Department.

**4. Performance Measures**

- 4.1. The Department will monitor Contractor performance using the following:

4.1.1. All youth who receive at least sixty (60) days of service are followed at all post-discharge points, regardless of their status at discharge.

4.1.2. Thirty percent (30%) to forty percent (40%) of all participants shall respond to survey follow-up on the timeline indicated in Section 5, Evaluation, Exhibit B, Scope of Services.

- 4.2. The Contractor shall actively and regularly collaborate with the Department to enhance contract management, improve results, and adjust program delivery and policy based on successful outcomes.

**5. Evaluation**

- 5.1. The Contractor shall administer surveys to clients upon discharge to determine the level of satisfaction with services.

- 5.2. The Contractor shall conduct satisfaction surveys of all served youth following discharge from the program and follow-up surveys at six (6), twelve (12) and twenty (24) months post-discharge. Survey questions include, but are not limited to:

5.2.1. Has (preferred name of youth) been homeless in the past six (6) months?

5.2.2. Has (preferred name of youth) graduated from high school?

5.2.3. Has (preferred name of youth) graduated from college.

5.2.4. Where is (preferred name of youth) currently living?

5.2.5. Have you lived in this location more than thirty (30) days?

5.2.6. Is (preferred name of youth) in the extended foster care program?

- 5.3. The Contractor shall provide youth-level survey results to the Department on a semi-annual basis.

- 5.4. The Contractor shall collect and analyze data based on follow-up research at six (6), twelve (12), and twenty-four (24) months post-discharge in the following areas:

5.4.1. Maintenance of stable housing;

5.4.2. Criminal/Legal involvement;

5.4.3. Employment;

5.4.4. Pregnancy/Parenting;



**EXHIBIT B**

- 5.4.5. Mental Health; and
- 5.4.6. Educational Attainment.

**6. Additional Terms**

**6.1. Impacts Resulting from Court Orders or Legislative Changes**

- 6.1.1. The Contractor agrees that, to the extent future state or federal legislation or court orders may have an impact on the Services described herein, the State has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

**6.2. Culturally and Linguistically Appropriate Services (CLAS)**

- 6.2.1. The Contractor shall submit and comply with a detailed description of the language assistance services they will provide to persons with limited English proficiency and/or hearing impairment to ensure meaningful access to their programs and/or services within ten (10) days of the contract effective date.

**6.3. Credits and Copyright Ownership**

- 6.3.1. 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, "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."
- 6.3.2. All materials produced or purchased under the contract shall have prior approval from the Department before printing, production, distribution or use.
- 6.3.3. The Contractor shall not reproduce any materials produced under the contract without prior written approval from the Department.

**7. Records**

- 7.1. The Contractor shall keep records that include, but are not limited to:
  - 7.1.1. Books, records, documents and other electronic or physical 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.
  - 7.1.2. All records must 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

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Contractor Initials PWT



**EXHIBIT B**

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.

- 7.1.3. Statistical, enrollment, attendance or visit records for each recipient of services, 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.

*RL*



**EXHIBIT C**

Payment Terms

1. This Agreement is funded by:
  - 1.1. 6.76% Federal funds from the John H. Chafee Foster Care Independence (CHAFEE (ILP) Program under Title IV-E of the Social Security Act, Catalog of Federal Domestic Assistance (CFDA) #93.674, Federal Award Identification Number (FAIN) #2001NHCILP.
  - 1.2. 93.24% General funds.
2. For the purposes of this Agreement:
  - 2.1. The Department has identified the Contractor as a Subrecipient, in accordance with 2 CFR 200.0. et seq.
  - 2.2. The de minimis Indirect Cost Rate of 10% applies in accordance with 2 CFR §200.414.
  - 2.3. The Department has identified this Contract as NON-R&D, in accordance with 2 CFR §200.87.
3. Payment for said services shall be made subject to the following conditions:
  - 3.1. Based upon the proposal and projected budget submitted to the Contractor, Youth Villages, Inc., and dated October 10, 2019, the Contractor will receive a per diem rate as follows:
    - 3.2. \$27.50 per day, per youth served in Implementation Year one (1);
    - 3.3. \$27.50 per day, per youth served in Implementation Year two (2); and
    - 3.4. \$33.00 per day, per youth served in Implementation Year three (3).
4. These per diem rates will be matched by the Contractor as follows:
  - 4.1. \$27.50 per day, per youth served in Implementation Year one (1);
  - 4.2. \$27.50 per day, per youth served in Implementation Year two (2); and
  - 4.3. \$22.00 per day, per youth served in Implementation Year three (3).
5. Implementation year one (1) starts on the day of first participant enrollment into the program.
6. Per diem rates are calculated based on the total annual service delivery costs plus total annual administrative costs of the program divided by expected daily census, divided by 365 days.
7. Maximum Contract Liability: The contract maximum liability, including the maximum Private Funding Match per year, will be as follows:



EXHIBIT C

Implementation Year	NH DCYF Funding	Contractor Private Match
Year 1 (SFY2021) *	\$453,090	\$453,090
Year 2 (SFY2022)	\$803,000	\$803,000
Year 3 (SFY2023)	\$963,600	\$642,400

\* Including ramp-up

8. Using the NH DHHS Web Billing Application link below, the Contractor shall submit expenses by the fifteenth (15th) working day of the following month which identifies and requests reimbursement for authorized expenses incurred in the prior month. The Contractor shall ensure expenses are submitted to the Department in order to initiate payment.
9. The Contractor shall submit expenses via the Website below:  
<https://business.nh.gov/beb/pages/index.aspx>
10. The State shall make payment to the Contractor within thirty (30) days of receipt of each invoice, subsequent to approval of the submitted invoice and if sufficient funds are available, subject to Paragraph 4 of the General Provisions Form Number P-37 of this Agreement.
11. The final invoice shall be due to the State no later than forty (40) days after the contract completion date specified in Form P-37, General Provisions Block 1.7 Completion Date.
12. The Contractor must provide the services in Exhibit B, Scope of Services, in compliance with funding requirements.
13. The Contractor agrees that funding under this Agreement may be withheld, in whole or in part in the event of non-compliance with the terms and conditions of Exhibit B, Scope of Services.
14. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this agreement may be withheld, in whole or in part, in the event of non-compliance with any Federal or State law, rule or regulation applicable to the services provided, or if the said services or products have not been satisfactorily completed in accordance with the terms and conditions of this agreement.
15. Notwithstanding Paragraph 18 of the General Provisions Form P-37, changes limited to adjusting amounts within the price limitation and adjusting encumbrances between State Fiscal Years and budget class lines through the



## EXHIBIT C

Budget Office may be made by written agreement of both parties, without obtaining approval of the Governor and Executive Council, if needed and justified.

### 16. Audits

16.1. The Contractor is required to submit an annual audit to the Department if any of the following conditions exist:

16.1.1. Condition A - The Contractor expended \$750,000 or more in federal funds received as a subrecipient pursuant to 2 CFR Part 200, during the most recently completed fiscal year.

16.1.2. Condition B - The Contractor is subject to audit pursuant to the requirements of NH RSA 7:28, III-b, pertaining to charitable organizations receiving support of \$1,000,000 or more.

16.1.3. Condition C - The Contractor is a public company and required by Security and Exchange Commission (SEC) regulations to submit an annual financial audit.

16.2. If Condition A exists, the Contractor shall submit an annual single audit performed by an independent Certified Public Accountant (CPA) to the Department within 120 days after the close of the Contractor's fiscal year, conducted in accordance with the requirements of 2 CFR Part 200, Subpart F of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards.

16.3. If Condition B or Condition C exists, the Contractor shall submit an annual financial audit performed by an independent CPA within 120 days after the close of the Contractor's fiscal year.

16.4. 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.

### 17. Commitment to LifeSet funding sustainability:

17.1. The Department shall be responsible for ongoing funding sustainability of LifeSet, recognizing that grant funds from Youth Villages are intended to support start-up of an ongoing LifeSet program beyond the completion of Youth Village grant funds awards.



**EXHIBIT C**

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- 17.2. The Department commits to engage in activities to support long-term sustainability, including, but not limited to:
- 17.2.1. Requesting and designating ongoing funding in agency budget requests;
  - 17.2.2. Sharing highlights of the program with key stakeholders, including LifeSet, within agency strategic and program plans;
  - 17.2.3. Educating relevant stakeholder groups of the priority to maintain LifeSet within the continuum of care; and
  - 17.2.4. Ultimately supporting ongoing funding of LifeSet through the agency budget.

*PLS*



**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

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

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

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

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

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

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

New Hampshire Department of Health and Human Services  
Exhibit D



has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

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

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

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

Vendor Name: Youth Villages

5/27/2020

Date

Name: Patrick Lawler  
Title: Chief Executive Officer

Vendor Initials

Date 5/27/2020



**CERTIFICATION REGARDING LOBBYING**

The Vendor 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

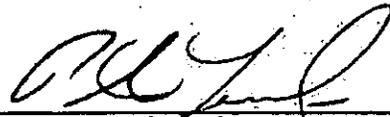
The undersigned certifies, to the best of his or her knowledge and belief, that:

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.

Vendor Name: Youth Villages

5/27/2020  
Date

  
Name: Patrick Lawler  
Title: Chief Executive Officer



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

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

**INSTRUCTIONS FOR CERTIFICATION**

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



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

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

**PRIMARY COVERED TRANSACTIONS**

11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - 11.2. have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - 11.3. are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(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.

Vendor Name: Youth Villages

Name: Patrick Lawler  
Title: Chief Executive Officer

5/27/2020  
Date

Vendor Initials PLW

Date 5/27/2020



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

The Vendor 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:

Vendor 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

Vendor Initials

*POZ*

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

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 Vendor 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 Vendor agrees to comply with the provisions indicated above.

Vendor Name: Youth Villages

5/27/2020

Date

Name: Patrick Lawler  
Title: Chief Executive Officer

Exhibit G

Vendor Initials PWL

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



**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 Vendor 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 Vendor 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.

Vendor Name: Youth Villages

A handwritten signature in black ink, appearing to read "Patrick Lawler".

Name: Patrick Lawler  
Title: Chief Executive Officer

5/27/2020  
Date

Vendor Initials PLW

Date 5/27/2020



Exhibit I

**HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY 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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Exhibit I

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

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

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

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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



Exhibit I

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

(4) Obligations of Covered Entity

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

(5) Termination for Cause

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

(6) Miscellaneous

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

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Contractor Initials

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Date 5/27/2020



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) l, 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.

Department of Health and Human Services  
The State

Signature of Authorized Representative  
Joseph E. Ribsam, Jr.

Name of Authorized Representative  
Director, DCYF

Title of Authorized Representative  
6/5/2020

Date

Youth Villages

Name of the Contractor

Signature of Authorized Representative  
Patrick Lawler

Name of Authorized Representative

Chief Executive Officer

Title of Authorized Representative

5/27/2020

Date

*PWZ*



**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: Youth Villages

Name: Patrick Lawler  
Title: Chief Executive Officer

5/27/2020  
Date

Contractor Initials BW

Date 5/27/2020



**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: 173506452
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

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

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

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

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

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

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

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

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

Name: _____	Amount: _____

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



A. Definitions

The following terms may be reflected and have the described meaning in this document:

1. "Breach" means the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, or any similar term referring to situations where persons other than authorized users and for an other than authorized purpose have access or potential access to personally identifiable information, whether physical or electronic. With regard to Protected Health Information, "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
2. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
3. "Confidential Information" or "Confidential Data" means all confidential information disclosed by one party to the other such as all medical, health, financial, public assistance benefits and personal information including without limitation, Substance Abuse Treatment Records, Case Records, Protected Health Information and Personally Identifiable Information.

Confidential Information also includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Protected Health Information (PHI), Personal Information (PI), Personal Financial Information (PFI), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.

4. "End User" means any person or entity (e.g., contractor, contractor's employee, business associate, subcontractor, other downstream user, etc.) that receives DHHS data or derivative data in accordance with the terms of this Contract.
5. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder.
6. "Incident" means an act that potentially violates an explicit or implied security policy, which includes attempts (either failed or successful) to gain unauthorized access to a system or its data, unwanted disruption or denial of service, the unauthorized use of a system for the processing or storage of data; and changes to system hardware, firmware, or software characteristics without the owner's knowledge, instruction, or consent. Incidents include the loss of data through theft or device misplacement, loss or misplacement of hardcopy documents, and misrouting of physical or electronic

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



mail, all of which may have the potential to put the data at risk of unauthorized access, use, disclosure, modification or destruction.

7. "Open Wireless Network" means any network or segment of a network that is not designated by the State of New Hampshire's Department of Information Technology or delegate as a protected network (designed, tested, and approved, by means of the State, to transmit) will be considered an open network and not adequately secure for the transmission of unencrypted PI, PFI, PHI or confidential DHHS data.
8. "Personal Information" (or "PI") means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, personal information as defined in New Hampshire RSA 359-C:19, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.
9. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
10. "Protected Health Information" (or "PHI") has the same meaning as provided in the definition of "Protected Health Information" in the HIPAA Privacy Rule at 45 C.F.R. § 160.103.
11. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Part 164, Subpart C, and amendments thereto.
12. "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.

**I. RESPONSIBILITIES OF DHHS AND THE CONTRACTOR**

**A. Business Use and Disclosure of Confidential Information.**

1. The Contractor must not use, disclose, maintain or transmit Confidential Information except as reasonably necessary as outlined under this Contract. Further, Contractor, including but not limited to all its directors, officers, employees and agents, must not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
2. The Contractor must not disclose any Confidential Information in response to a

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New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



request for disclosure on the basis that it is required by law, in response to a subpoena, etc., without first notifying DHHS so that DHHS has an opportunity to consent or object to the disclosure.

3. If DHHS notifies the Contractor that DHHS 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 Contractor must be bound by such additional restrictions and must not disclose PHI in violation of such additional restrictions and must abide by any additional security safeguards.
4. The Contractor agrees that DHHS Data or derivative there from disclosed to an End User must only be used pursuant to the terms of this Contract.
5. The Contractor agrees DHHS Data obtained under this Contract may not be used for any other purposes that are not indicated in this Contract.
6. The Contractor agrees to grant access to the data to the authorized representatives of DHHS for the purpose of inspecting to confirm compliance with the terms of this Contract.

II. METHODS OF SECURE TRANSMISSION OF DATA

1. Application Encryption. If End User is transmitting DHHS data containing Confidential Data between applications, the Contractor attests the applications have been evaluated by an expert knowledgeable in cyber security and that said application's encryption capabilities ensure secure transmission via the Internet.
2. Computer Disks and Portable Storage Devices. End User may not use computer disks or portable storage devices, such as a thumb drive, as a method of transmitting DHHS data.
3. Encrypted Email. End User may only employ email to transmit Confidential Data if email is encrypted and being sent to and being received by email addresses of persons authorized to receive such information.
4. Encrypted Web Site. If End User is employing the Web to transmit Confidential Data, the secure socket layers (SSL) must be used and the web site must be secure. SSL encrypts data transmitted via a Web site.
5. File Hosting Services, also known as File Sharing Sites. End User may not use file hosting services, such as Dropbox or Google Cloud Storage, to transmit Confidential Data.
6. Ground Mail Service. End User may only transmit Confidential Data via *certified* ground mail within the continental U.S. and when sent to a named individual.
7. Laptops and PDA. If End User is employing portable devices to transmit Confidential Data said devices must be encrypted and password-protected.
8. Open Wireless Networks. End User may not transmit Confidential Data via an open

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New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



wireless network. End User must employ a virtual private network (VPN) when remotely transmitting via an open wireless network.

9. Remote User Communication. If End User is employing remote communication to access or transmit Confidential Data, a virtual private network (VPN) must be installed on the End User's mobile device(s) or laptop from which information will be transmitted or accessed.
10. SSH File Transfer Protocol (SFTP), also known as Secure File Transfer Protocol. If End User is employing an SFTP to transmit Confidential Data, End User will structure the Folder and access privileges to prevent inappropriate disclosure of information. SFTP folders and sub-folders used for transmitting Confidential Data will be coded for 24-hour auto-deletion cycle (i.e. Confidential Data will be deleted every 24 hours).
11. Wireless Devices. If End User is transmitting Confidential Data via wireless devices, all data must be encrypted to prevent inappropriate disclosure of information.

**III. RETENTION AND DISPOSITION OF IDENTIFIABLE RECORDS.**

The Contractor will only retain the data and any derivative of the data for the duration of this Contract. After such time, the Contractor will have 30 days to destroy the data and any derivative in whatever form it may exist, unless, otherwise required by law or permitted under this Contract. To this end, the parties must:

**A. Retention**

1. The Contractor agrees it will not store, transfer or process data collected in connection with the services rendered under this Contract outside of the United States. This physical location requirement shall also apply in the implementation of cloud computing, cloud service or cloud storage capabilities, and includes backup data and Disaster Recovery locations.
2. The Contractor agrees to ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
3. The Contractor agrees to provide security awareness and education for its End Users in support of protecting Department confidential information.
4. The Contractor agrees to retain all electronic and hard copies of Confidential Data in a secure location and identified in section IV. A.2
5. The Contractor agrees Confidential Data stored in a Cloud must be in a FedRAMP/HITECH compliant solution and comply with all applicable statutes and regulations regarding the privacy and security. All servers and devices must have currently-supported and hardened operating systems, the latest anti-viral, anti-hacker, anti-spam, anti-spyware, and anti-malware utilities. The environment, as a

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



whole, must have aggressive intrusion-detection and firewall protection.

6. The Contractor agrees to and ensures its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the hosting infrastructure.

B. Disposition

1. If the Contractor will maintain any Confidential Information on its systems (or its sub-contractor systems), the Contractor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the Contractor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure deletion and media sanitization, or otherwise physically destroying the media (for example, degaussing) as described in NIST Special Publication 800-88, Rev 1, Guidelines for Media Sanitization, National Institute of Standards and Technology, U. S. Department of Commerce. The Contractor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and Contractor prior to destruction.
2. Unless otherwise specified, within thirty (30) days of the termination of this Contract, Contractor agrees to destroy all hard copies of Confidential Data using a secure method such as shredding.
3. Unless otherwise specified, within thirty (30) days of the termination of this Contract, Contractor agrees to completely destroy all electronic Confidential Data by means of data erasure, also known as secure data wiping.

IV. PROCEDURES FOR SECURITY

- A. Contractor agrees to safeguard the DHHS Data received under this Contract, and any derivative data or files, as follows:
  1. The Contractor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services.
  2. The Contractor will maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).

Handwritten signature in black ink, appearing to be 'P. W.' or similar.

**New Hampshire Department of Health and Human Services**

**Exhibit K**

**DHHS Information Security Requirements**



3. The Contractor will maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
4. The Contractor will ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
5. The Contractor will provide regular security awareness and education for its End Users in support of protecting Department confidential information.
6. If the Contractor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the Contractor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the Contractor, including breach notification requirements.
7. The Contractor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the Contractor and any applicable sub-contractors prior to system access being authorized.
8. If the Department determines the Contractor is a Business Associate pursuant to 45 CFR 160.103, the Contractor will execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
9. The Contractor will work with the Department at its request to complete a System Management Survey. The purpose of the survey is to enable the Department and Contractor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the Contractor engagement. The survey will be completed annually, or an alternate time frame at the Department's discretion with agreement by the Contractor, or the Department may request the survey be completed when the scope of the engagement between the Department and the Contractor changes.
10. The Contractor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the Information Security Office leadership member within the Department.
11. **Data Security Breach Liability.** In the event of any security breach Contractor shall make efforts to investigate the causes of the breach, promptly take measures to prevent future breach and minimize any damage or loss resulting from the breach. The State shall recover from the Contractor all costs of response and recovery from

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



the breach, including but not limited to: credit monitoring services, mailing costs and costs associated with website and telephone call center services necessary due to the breach.

12. Contractor must, comply with all applicable statutes and regulations regarding the privacy and security of Confidential Information, and must in all other respects maintain the privacy and security of PI and PHI at a level and scope that is not less than the level and scope of requirements applicable to federal agencies, including, but not limited to, provisions of the Privacy Act of 1974 (5 U.S.C. § 552a), DHHS Privacy Act Regulations (45 C.F.R. §5b), HIPAA Privacy and Security Rules (45 C.F.R. Parts 160 and 164) that govern protections for individually identifiable health information and as applicable under State law.
13. Contractor agrees to establish and maintain appropriate administrative, technical, and physical safeguards to protect the confidentiality of the Confidential Data and to prevent unauthorized use or access to it. The safeguards must provide a level and scope of security that is not less than the level and scope of security requirements established by the State of New Hampshire, Department of Information Technology. Refer to Vendor Resources/Procurement at <https://www.nh.gov/doit/vendor/index.htm> for the Department of Information Technology policies, guidelines, standards, and procurement information relating to vendors.
14. Contractor agrees to maintain a documented breach notification and incident response process. The Contractor will notify the State's Privacy Officer and the State's Security Officer of any security breach immediately, at the email addresses provided in Section VI. This includes a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
15. Contractor must restrict access to the Confidential Data obtained under this Contract to only those authorized End Users who need such DHHS Data to perform their official duties in connection with purposes identified in this Contract.
16. The Contractor must ensure that all End Users:
  - a. comply with such safeguards as referenced in Section IV A. above, implemented to protect Confidential Information that is furnished by DHHS under this Contract from loss, theft or inadvertent disclosure.
  - b. safeguard this information at all times.
  - c. ensure that laptops and other electronic devices/media containing PHI, PI, or PFI are encrypted and password-protected.
  - d. send emails containing Confidential Information only if encrypted and being sent to and being received by email addresses of persons authorized to receive such information.

*Pw2*

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



- e. limit disclosure of the Confidential Information to the extent permitted by law.
- f. Confidential Information received under this Contract and individually identifiable data derived from DHHS Data, must be stored in an area that is physically and technologically secure from access by unauthorized persons during duty hours as well as non-duty hours (e.g., door locks, card keys, biometric Identifiers, etc.).
- g. only authorized End Users may transmit the Confidential Data, including any derivative files containing personally identifiable information, and in all cases, such data must be encrypted at all times when in transit, at rest, or when stored on portable media as required in section IV above.
- h. In all other instances Confidential Data must be maintained, used and disclosed using appropriate safeguards, as determined by a risk-based assessment of the circumstances involved.
- i. understand that their user credentials (user name and password) must not be shared with anyone. End Users will keep their credential information secure. This applies to credentials used to access the site directly or indirectly through a third party application.

Contractor is responsible for oversight and compliance of their End Users. DHHS reserves the right to conduct onsite inspections to monitor compliance with this Contract, including the privacy and security requirements provided in herein, HIPAA, and other applicable laws and Federal regulations until such time the Confidential Data is disposed of in accordance with this Contract.

**V. LOSS REPORTING**

The Contractor must notify the State's Privacy Officer and Security Officer of any Security Incidents and Breaches immediately, at the email addresses provided in Section VI.

The Contractor must further handle and report Incidents and Breaches involving PHI in accordance with the agency's documented incident Handling and Breach Notification procedures and in accordance with 42 C.F.R. §§ 431.300 - 306. In addition to, and notwithstanding, Contractor's compliance with all applicable obligations and procedures, Contractor's procedures must also address how the Contractor will:

1. Identify Incidents;
2. Determine if personally identifiable information is involved in Incidents;
3. Report suspected or confirmed Incidents as required in this Exhibit or P-37;
4. Identify and convene a core response group to determine the risk level of Incidents and determine risk-based responses to Incidents; and

*BWZ*

**New Hampshire Department of Health and Human Services**

**Exhibit K**

**DHHS Information Security Requirements**



5. Determine whether Breach notification is required, and, if so, identify appropriate Breach notification methods, timing, source, and contents from among different options, and bear costs associated with the Breach notice as well as any mitigation measures.

Incidents and/or Breaches that implicate PI must be addressed and reported, as applicable, in accordance with NH RSA 359-C:20.

**VI. PERSONS TO CONTACT**

A. DHHS Privacy Officer:

DHHSPrivacyOfficer@dhhs.nh.gov

B. DHHS Security Officer:

DHHSInformationSecurityOffice@dhhs.nh.gov

Business Services Online > Find and Update a Business Record

## Business Information Search

As of June 08, 2020 we have processed all corporate filings received in our office through June 01, 2020 and all annual reports received in our office through June 04, 2020.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

Search: 1-1 of 1

Search Name:   Starts With  Contains

Control #:

Active Entities Only:

Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
<u>000182952</u>	NCORP	YOUTH VILLAGES, INC. TENNESSEE	Entity	Active	01/08/1987	Active

1-1 of 1

### Search Business Names

[Back to Home](#)

#### Search Result

Business Name	Business ID	Homestate Name	Previous Name	Business Type	Principal Office Address	Registered Agent Name	Status
Youth Villages, Inc.	619973	Youth Villages, Inc.		Foreign Nonprofit Corporation	3320 Brother Boulevard, Memphis, 38133, USA	URS Agents, LLC	Good Standing



Tennessee  
Secretary of  
State  
Tre Hargett

[Business Services](#)

[Charitable](#)

[Civics](#)

[Elections](#)

[Publications](#)

[Library & Archives](#)

[Safe At Home](#)

[Contact Us](#)

Business Services Online > Find and Update a Business Record > Business Entity Detail

## Business Entity Detail

Available Entity Actions


[File Annual Report](#)  
[Certificate of Existence](#)  
[More](#)

Entity details cannot be edited. This detail reflects the current state of the filing in the system.

Return to the [Business Information Search](#).

000182959: Nonprofit Corporation - Domestic

[Printer Friendly Version](#)

Name: YOUTH VILLAGES, INC.

Status: Active

Formed In: TENNESSEE

Fiscal Year Close: June

Term of Duration: Perpetual

Principal Office: 3320 BROTHER BLVD  
MEMPHIS, TN 38133-8950 USA

Mailing Address: 3320 BROTHER BLVD  
MEMPHIS, TN 38133-8950 USA

AR Exempt: No

Public Benefit Corporation: Yes

Initial Filing Date: 01/08/1987

Delayed Effective Date:

AR Due Date: 10/01/2020

Inactive Date:

Obligated Member Entity: No

**CERTIFICATE OF AUTHORITY**

I, James D. Lackie, hereby certify that:

(Name of the elected Officer of the Corporation/LLC; cannot be contract signatory)

1. I am a duly elected Clerk/Secretary/Officer of River Street Management Company and Chairman of the Youth Villages Board of Directors.

(Corporation/LLC Name)

2. The following is a true copy of a vote taken at a meeting of the Board of Directors/shareholders, duly called and held on March 31, 2020, at which a quorum of the Directors/shareholders were present and voting.

(Date)

**VOTED:** That Patrick Lawler, CEO (may list more than one person)

(Name and Title of Contract Signatory)

is duly authorized on behalf of Youth Villages to enter into contracts or agreements with the State  
(Name of Corporation/ LLC)

of New Hampshire and any of its agencies or departments and further is authorized to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, which may in his/her judgment be desirable or necessary to effect the purpose of this vote.

3. I hereby certify that said vote has not been amended or repealed and remains in full force and effect as of the date of the contract/contract amendment to which this certificate is attached. This authority **remains valid for thirty (30) days** from the date of this Certificate of Authority. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person(s) listed above currently occupy the position(s) indicated and that they have full authority to bind the corporation. To the extent that there are any limits on the authority of any listed individual to bind the corporation in contracts with the State of New Hampshire, all such limitations are expressly stated herein.

Dated: 5/21/2020



Signature of Elected Officer

Name: James D. Lackie

Title: CEO of River Street Management Company





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
5/20/2020

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

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

<b>PRODUCER</b> Lipscomb & Pitts Insurance, LLC 2670 Union Ave. Ext. Suite 100 Memphis TN 38112	<b>CONTACT NAME:</b> _____	
	<b>PHONE (A/C, No, Ext):</b> 901-321-1000	<b>FAX (A/C, No):</b> _____
<b>E-MAIL ADDRESS:</b> jessicaw@lpinsurance.com		
<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
<b>INSURER A:</b> Pennsylvania Manufacturers Assoc Ins Co		12262
<b>INSURER B:</b> _____		
<b>INSURER C:</b> _____		
<b>INSURER D:</b> _____		
<b>INSURER E:</b> _____		
<b>INSURER F:</b> _____		

**INSURED** YOUTHVILL  
 Youth Villages Inc.  
 3320 Brother Blvd.  
 Memphis TN 38133

**COVERAGES** **CERTIFICATE NUMBER:** 83272466 **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"/> PRO-JECT <input type="checkbox"/> LOC 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"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					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 DED _____ 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	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A	2019759841354	9/15/2019	9/15/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER	E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

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

<b>CERTIFICATE HOLDER</b>  NH Department of Health and Human Services Attn: Contract Department 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  

All Youth Villages' employees are committed to the mission and values that guide our organization. Adherence to these simple, specific principles ensures that we offer the very best, most effective help to every child in our care and provides the foundation for our organization's dynamic growth.

### **Our Mission**

Youth Villages helps children and families live successfully.

### **Our Values**

- **Kids' needs come first... Always**  
We make every decision in the best interest of each child. We adapt our programs to accommodate the special needs of children and families. Often we make personal sacrifices in order to help children and families achieve their potential.
- **Children are raised best by their families.**  
When at all possible, children belong with their families. We help families provide the support and structure that all children need.
- **We provide a safe place.**  
We provide care and treatment for children in an open, safe environment. We ensure that young people are physically and emotionally safe.
- **We strive to achieve positive, lasting results.**  
We help children and families develop skills to live successfully by focusing on areas that have a long-term impact on the family.
- **We are committed to our staff.**  
We recognize the many challenges our staff face each day. We value teamwork and help staff achieve their potential through an atmosphere of open communication, learning and fun.
- **We are each responsible for providing the highest level of service to our customers.**  
We deliver our best by listening and responding to our customers...every time, every day.
- **We constantly improve our performance to achieve excellence.**  
We measure our efforts by assessing our strengths and needs to identify areas for improvement. We believe that anything can be made better.
- **We create new programs to meet the needs of children, families and the community.**  
We develop innovative programs that serve children and families facing the most challenging circumstances. Our entrepreneurial spirit leads us to test the limits of existing services and create new opportunities.
- **We do what we say we do.**  
Our mission and values are more than just something to talk about. They guide all of our decisions. We believe that our integrity can only be measured by how we live by these values each day.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019 and 2018



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**YOUTH VILLAGES, INC. AND AFFILIATES  
ROSTER OF MANAGEMENT OFFICIALS**

For the Year Ended June 30, 2019

---

Patrick Lawler, Chief Executive Officer  
Hugh Gregory, Chief Financial Officer  
Fred Thomason, Chief Medical Officer  
Richard Shaw, Chief Development Officer  
Edward Reyle, Chief Human Resources Officer  
Scott Palmer, Chief Information Officer  
Timothy Goldsmith, Chief Clinical Officer  
Robert Paine, Chief Operating Officer  
Jennifer Jones, Chief Marketing Officer  
Hannah Caroline, Chief Operating Officer

**YOUTH VILLAGES, INC. AND AFFILIATES  
ROSTER OF BOARD MEMBERS**

For the Year Ended June 30, 2019

---

Mike Bruns, Bruns Holdings  
Jennifer Bush, Cummins Mid-South LLC and Southern Plains, LLC  
Mark Allen, Fed Ex  
Candace Flippin, First Horizon Corporation  
Nicholas Ehlen, Melvin Mark Brokerage Company  
Jack Eiferman, Attorney at Goulston & Storrs  
Marietta Davis  
Bill Giles, Autozone  
Bryan Jordan, First Horizon Corporation  
Matthew Tarkenton, the Tarkenton Companies  
Vanessa Diffenbaugh, the Camellia Network  
Elizabeth Rose, Caiola Rose Attorneys at Law  
James Lackie, River Street Management Company  
Gerald Laurain, FTB Wealth Management  
Johnny Pitts, Lipscomb & Pitts Insurance Co.  
Daryl 'Chip' Wade, Red Lobster  
H Patterson 'Pat' Ritz, Footwear Specialties International  
Gary Shorb, Executive Director Urban Child Institute



Watkins Uiberall, PLLC

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Memphis, Tennessee 38120  
901.761.2720 • Fax: 901.683.1120

417 West Main Street - Suite 100  
Tupelo, Mississippi 38804  
662.269.4014 • Fax: 662.269.4016

[www.wucpas.com](http://www.wucpas.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Youth Villages, Inc. and Affiliates  
Memphis, Tennessee

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Youth Villages, Inc. and Affiliates (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 auditor's 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.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Youth Villages, Inc. and Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Youth Villages, Inc. and Affiliates as a whole. The supplemental information as described in the accompanying table of contents is presented for purposes of additional analysis 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 information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued, in a separate bound document, our report dated December 13, 2019, on the schedule of expenditures of federal award, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and our consideration of Youth Villages, Inc. and Affiliates' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Youth Villages, Inc. and Affiliates' 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 Youth Villages, Inc. and Affiliates' internal control over financial reporting and compliance.

*Watkins Miknall, PLLC*

Memphis, Tennessee  
December 13, 2019

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2019 and 2018

	<u>Assets</u>	
	2019	2018
<b>Current Assets</b>		
Cash and cash equivalents	\$ 55,004,305	\$ 46,678,523
Receivables		
Promises to give, current portion	9,963,152	7,154,133
Grantor agencies, net of allowance	731,285	698,757
Contract receivables, net of allowance	21,740,217	28,800,366
Other	209,050	32,020
Investments	194,371,155	191,885,115
Prepaid expenses	1,467,378	1,301,764
<b>Total current assets</b>	<b>283,486,542</b>	<b>276,550,678</b>
Property and equipment, net	82,180,426	69,052,395
<b>Other Assets</b>		
Promises to give, net of current portion	11,257,651	15,924,815
Other	6,883,278	6,356,353
<b>Total other assets</b>	<b>18,140,929</b>	<b>22,281,168</b>
<b>Total assets</b>	<b>\$ 383,807,897</b>	<b>\$ 367,884,241</b>
	<u>Liabilities and Net Assets</u>	
<b>Current Liabilities</b>		
Accounts payable	\$ 5,197,029	\$ 5,055,720
Accrued salaries and compensated absences	7,058,448	7,031,788
Accrued retirement plan contributions	2,076,944	2,027,551
Accrued and withheld taxes	171,313	180,094
Accrued other expenses	3,084,889	2,941,523
Deferred revenue	105,551	41,592
<b>Total current liabilities</b>	<b>17,694,174</b>	<b>17,278,268</b>
<b>Net Assets</b>		
Without donor restrictions	311,791,274	281,770,021
With donor restrictions	54,322,449	68,835,952
<b>Total net assets</b>	<b>366,113,723</b>	<b>350,605,973</b>
<b>Total liabilities and net assets</b>	<b>\$ 383,807,897</b>	<b>\$ 367,884,241</b>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions		
Revenues and Support		
State of Tennessee contract revenue	\$ 79,730,059	\$ 79,983,271
Contract revenue	50,705,505	50,303,878
TennCare revenue	15,812,981	16,483,733
Medicaid revenue	40,576,467	38,337,512
Net private insurance	4,281,116	4,476,589
Grants	1,600,847	1,866,899
USDA	909,017	986,835
Other - local education authority, county, city, provider agency	1,078,495	2,169,007
Donations and promises to give	4,308,314	7,760,267
Special events revenue	4,288,265	3,736,345
Less: costs of direct benefits to donors	(2,307,988)	(1,741,776)
Net revenues (loss) from special events	1,980,277	1,994,569
Dividends and interest on investments	1,739,658	734,905
Net gain on investments	3,758,375	13,527,217
Gain on sale of fixed assets	1,686,937	90,628
Miscellaneous income	937,094	627,297
	209,105,142	219,342,607
Net assets released from donor restrictions	35,203,074	12,786,070
Total revenues and support	244,308,216	232,128,677
Expenses		
Program services	180,683,665	178,132,579
Management and general	30,255,892	28,851,299
Fundraising	3,347,406	3,167,275
Total expenses	214,286,963	210,151,153
Change in net assets without donor restrictions	30,021,253	21,977,524

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)**

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net Assets With Donor Restrictions		
Donations and pledges	20,689,571	43,142,918
Net assets released from donor restrictions	<u>(35,203,074)</u>	<u>(12,786,070)</u>
Change in net assets with donor restrictions	<u>(14,513,503)</u>	<u>30,356,848</u>
Change in net assets	15,507,750	52,334,372
Net assets - beginning of year	<u>350,605,973</u>	<u>298,271,601</u>
Net assets - end of year	<u><u>\$ 366,113,723</u></u>	<u><u>\$ 350,605,973</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2019

	Dogwood Residential	Bartlett Campus Residential	Deer Valley Residential	Boys CIRT Residential	Rose Center for Girls Residential	Day Treatment (MS)	Germaine Lawrence Residential
Salaries and wages	\$ 5,735,139	\$ 7,010,304	\$ 1,736,489	\$ 6,398,262	\$ 6,149,666	\$ 116,916	\$ 2,197,867
Employee benefits	1,458,894	1,906,362	471,665	1,832,626	1,774,413	26,241	440,570
Clothing allowance	32,564	22,841	-	-	-	-	2,703
Communications	50,910	79,764	23,745	22,968	26,127	1,933	30,913
Contribution expense	-	-	-	-	-	-	-
General insurance	72,134	136,083	17,808	60,652	59,184	312	50,479
Miscellaneous	78,080	164,298	128,000	114,177	71,260	63	14,457
Professional services	306,155	226,601	61,896	213,385	307,684	-	98,762
Rent	108,000	-	-	-	-	-	14,118
Repairs and maintenance	242,335	478,547	88,168	154,156	177,568	473	125,130
Supplies	581,551	634,313	86,724	576,412	604,564	773	86,703
Training and seminars	35,165	36,833	12,987	47,670	44,447	200	7,497
Travel	81,595	187,647	65,532	74,080	55,163	12,940	42,854
Bad debt expense	16,545	12,100	-	68,013	20,045	-	-
Special events direct costs	-	-	-	-	-	-	-
Utilities	128,921	168,639	72,855	151,919	170,026	-	148,056
	<u>8,927,988</u>	<u>11,064,332</u>	<u>2,765,869</u>	<u>9,714,320</u>	<u>9,460,147</u>	<u>159,851</u>	<u>3,260,109</u>
Less: costs of direct benefits to donors	-	-	-	-	-	-	-
Total functional expenses before depreciation	8,927,988	11,064,332	2,765,869	9,714,320	9,460,147	159,851	3,260,109
Depreciation	336,663	555,716	126,760	440,778	462,955	-	574,422
Total	<u>\$ 9,264,651</u>	<u>\$ 11,620,048</u>	<u>\$ 2,892,629</u>	<u>\$ 10,155,098</u>	<u>\$ 9,923,102</u>	<u>\$ 159,851</u>	<u>\$ 3,834,531</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

For the Year Ended June 30, 2019

	Inner Harbour	Therapeutic Foster Care	In-Home Services	Group Homes	Adoptions	LifeSet	Mentoring
Salaries and wages	\$ 11,778,691	\$ 5,645,645	\$ 42,321,749	\$ 4,035,366	\$ 358,490	\$ 10,374,875	\$ 236,333
Employee benefits	3,637,396	1,462,342	10,811,533	949,004	77,678	2,471,479	56,545
Clothing allowance	-	-	-	-	-	-	-
Communications	42,688	128,534	1,157,114	87,634	6,544	282,860	4,419
Contribution expense	-	-	-	-	-	-	-
General insurance	183,484	34,470	260,317	41,059	7,884	46,484	-
Miscellaneous	115,055	411,099	1,040,626	74,422	9,337	518,452	14,864
Professional services	771,948	6,370,992	1,092,854	3,336	255	124,150	-
Rent	-	126,301	1,743,827	18,000	-	359,614	-
Repairs and maintenance	420,489	104,433	952,082	150,121	122	133,051	13,444
Supplies	1,312,788	179,477	464,961	321,407	1,010	124,230	1,261
Training and seminars	61,108	147,897	722,831	32,395	999	96,870	2,703
Travel	155,452	514,929	5,280,640	143,667	17,908	1,174,152	3,981
Bad debt expense	89,285	(1,680)	91,473	(152,208)	-	2,500	-
Special events direct costs	-	-	-	-	-	-	-
Utilities	223,524	23,504	218,839	73,990	-	33,178	-
	<u>18,791,908</u>	<u>15,147,943</u>	<u>66,158,846</u>	<u>5,778,193</u>	<u>480,227</u>	<u>15,741,895</u>	<u>333,550</u>
Less: costs of direct benefits to donors	-	-	-	-	-	-	-
Total functional expenses before depreciation	18,791,908	15,147,943	66,158,846	5,778,193	480,227	15,741,895	333,550
Depreciation	928,141	45,597	506,278	170,604	-	66,991	-
Total	<u>\$ 19,720,049</u>	<u>\$ 15,193,540</u>	<u>\$ 66,665,124</u>	<u>\$ 5,948,797</u>	<u>\$ 480,227</u>	<u>\$ 15,808,886</u>	<u>\$ 333,550</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

For the Year Ended June 30, 2019

	Crisis Services	Partners	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 3,574,716	\$ 1,128,930	\$ 108,799,438	\$ 14,780,619	\$ 2,222,122	\$ 125,802,179
Employee benefits	877,480	224,637	28,478,865	3,752,557	473,336	32,704,758
Clothing allowance	-	-	58,108	-	-	58,108
Communications	95,232	19,289	2,060,674	485,931	100,088	2,646,693
Contribution expense	-	1,308,913	1,308,913	-	-	1,308,913
General insurance	21,780	15,779	1,007,909	223,915	-	1,231,824
Miscellaneous	38,831	131,779	2,924,800	769,235	-	3,694,035
Professional services	73,753	198,753	9,850,524	2,828,824	93,627	12,772,975
Rent	105,371	69,528	2,544,759	-	31,173	2,575,932
Repairs and maintenance	45,069	149,294	3,234,482	4,215,971	83,261	7,533,714
Supplies	11,467	1,295	4,988,936	634,284	218,764	5,841,984
Training and seminars	43,123	18,930	1,311,655	486,681	14,948	1,813,284
Travel	241,665	178,270	8,230,475	689,755	95,532	9,015,762
Bad debt expense	-	-	146,073	-	-	146,073
Special events direct costs	-	-	-	-	2,307,988	2,307,988
Utilities	21,416	-	1,434,867	250,658	779	1,686,304
	<u>5,149,903</u>	<u>3,445,397</u>	<u>176,380,478</u>	<u>29,118,430</u>	<u>5,641,618</u>	<u>211,140,526</u>
Less: costs of direct benefits to donors	-	-	-	-	2,307,988	2,307,988
Total functional expenses before depreciation	5,149,903	3,445,397	176,380,478	29,118,430	3,333,630	208,832,538
Depreciation	79,216	9,066	4,303,187	1,137,462	13,776	5,454,425
Total	<u>\$ 5,229,119</u>	<u>\$ 3,454,463</u>	<u>\$ 180,683,665</u>	<u>\$ 30,255,892</u>	<u>\$ 3,347,406</u>	<u>\$ 214,286,963</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

For the Year Ended Jun 30, 2018

	Dogwood Residential	Bartlett Campus Residential	Deer Valley Residential	Boys CIRT Residential	Rose Center for Girls Residential	Marylhurst Residential	Day Treatment (MS)
Salaries and benefits	\$ 5,706,705	\$ 6,954,598	\$ 3,303,714	\$ 6,551,310	\$ 5,505,709	\$ 77,013	\$ 54,249
Employee benefits	1,567,145	1,774,600	830,912	1,696,333	1,636,119	72,051	16,076
Clothing allowance	29,429	20,199	-	-	-	-	-
Communications	47,041	75,206	31,886	23,337	22,378	4,353	1,306
Contribution expense	-	-	-	-	-	-	-
General insurance	70,913	125,475	38,064	55,013	55,961	40,512	324
Miscellaneous	66,792	148,293	40,293	130,415	68,309	1,369	362
Professional services	483,601	273,668	184,258	236,678	214,512	32,842	-
Rent	108,000	-	-	-	-	-	-
Repairs and maintenance	263,625	490,442	174,707	216,860	172,909	171,105	359
Supplies	504,015	667,758	310,816	578,648	539,536	7,812	590
Training and seminars	54,883	63,740	18,289	58,933	42,031	-	112
Travel	109,385	182,128	141,494	87,810	53,145	13,870	4,764
Bad debt expense	84,422	13,870	3,800	121,497	18,390	-	-
Special events direct costs	-	-	-	-	-	-	-
Utilities	134,656	172,156	115,661	138,164	169,247	67,885	-
	<u>9,230,612</u>	<u>10,962,133</u>	<u>5,193,894</u>	<u>9,894,998</u>	<u>8,498,246</u>	<u>488,812</u>	<u>78,142</u>
Less: costs of direct benefits to donors	-	-	-	-	-	-	-
Total functional expenses before depreciation	9,230,612	10,962,133	5,193,894	9,894,998	8,498,246	488,812	78,142
Depreciation	213,798	543,537	198,836	362,335	449,543	240,596	-
Total	<u>\$ 9,444,410</u>	<u>\$ 11,505,670</u>	<u>\$ 5,392,730</u>	<u>\$ 10,257,333</u>	<u>\$ 8,947,789</u>	<u>\$ 729,408</u>	<u>\$ 78,142</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

For the Year Ended Jun 30, 2018

	Germaine Lawrence Residential	Inner Harbour	Therapeutic Foster Care	In-Home Services	Group Homes	Adoptions	LifeSet
Salaries and benefits	\$ 6,979,028	\$ 10,639,633	\$ 6,049,908	\$ 36,677,201	\$ 4,163,537	\$ 351,426	\$ 8,962,824
Employee benefits	1,573,838	3,047,939	1,580,275	9,122,507	978,873	73,930	2,163,774
Clothing allowance	23,114	-	-	-	-	-	-
Communications	69,045	41,307	151,593	1,070,167	85,891	6,786	242,470
Contribution expense	-	-	-	-	-	-	-
General insurance	69,812	166,763	39,380	180,712	32,217	10,800	38,407
Miscellaneous	95,340	145,246	431,964	966,862	64,530	8,495	411,345
Professional services	272,570	1,342,620	6,692,053	1,012,888	55,628	-	149,283
Rent	56,472	-	141,515	1,618,701	18,000	-	350,258
Repairs and maintenance	359,725	424,232	107,186	565,020	170,429	409	110,779
Supplies	558,329	1,239,658	178,610	381,098	367,838	955	84,725
Training and seminars	63,676	60,386	160,263	440,523	49,697	3,387	88,230
Travel	131,849	180,898	562,353	4,601,174	143,763	21,119	928,237
Bad debt expense	2,000	60,793	21,724	97,323	250,717	-	1,228
Special events direct costs	-	-	-	-	-	-	-
Utilities	265,998	274,559	23,568	142,809	70,998	-	33,031
	<u>10,520,796</u>	<u>17,624,034</u>	<u>16,140,392</u>	<u>56,876,985</u>	<u>6,452,118</u>	<u>477,307</u>	<u>13,564,591</u>
Less: costs of direct benefits to donors	-	-	-	-	-	-	-
Total functional expenses before depreciation	10,520,796	17,624,034	16,140,392	56,876,985	6,452,118	477,307	13,564,591
Depreciation	653,487	806,746	47,296	467,857	221,683	-	75,003
Total	<u>\$ 11,174,283</u>	<u>\$ 18,430,780</u>	<u>\$ 16,187,688</u>	<u>\$ 57,344,842</u>	<u>\$ 6,673,801</u>	<u>\$ 477,307</u>	<u>\$ 13,639,594</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

For the Year Ended Jun 30, 2018

	Mentoring	Crisis Services	Partners	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 201,587	\$ 3,612,559	\$ 956,743	\$ 106,747,744	\$ 14,470,744	\$ 2,082,260	\$ 123,300,748
Employee benefits	47,538	818,380	172,181	27,172,471	3,076,870	463,506	30,712,847
Clothing allowance	-	-	-	72,742	-	-	72,742
Communications	5,108	112,704	19,979	2,010,557	505,941	79,343	2,595,841
Contribution expense	-	-	484,534	484,534	-	-	484,534
General insurance	-	24,552	8,744	957,649	198,732	-	1,156,381
Miscellaneous	15,344	50,598	110,184	2,755,741	709,124	-	3,464,865
Professional services	-	83,083	96,188	11,129,872	2,580,613	67,826	13,778,311
Rent	-	133,062	86,608	2,512,616	39,797	30,075	2,582,488
Repairs and maintenance	13,204	46,143	139,923	3,427,057	3,996,526	69,481	7,493,064
Supplies	539	17,945	5,965	5,444,837	649,800	251,914	6,346,551
Training and seminars	284	27,330	5,237	1,137,001	544,494	15,441	1,696,936
Travel	4,476	256,205	140,983	7,563,653	744,433	90,317	8,398,403
Bad debt expense	-	-	-	675,764	-	-	675,764
Special events direct costs	-	-	-	-	-	1,741,776	1,741,776
Utilities	-	21,382	-	1,630,114	234,657	1,490	1,866,261
	<u>288,080</u>	<u>5,203,943</u>	<u>2,227,269</u>	<u>173,722,352</u>	<u>27,751,731</u>	<u>4,893,429</u>	<u>206,367,512</u>
Less: costs of direct benefits to donors	-	-	-	-	-	1,741,776	1,741,776
Total functional expenses before depreciation	288,080	5,203,943	2,227,269	173,722,352	27,751,731	3,151,653	204,625,736
Depreciation	-	117,511	11,999	4,410,227	1,099,568	15,622	5,525,417
Total	<u>\$ 288,080</u>	<u>\$ 5,321,454</u>	<u>\$ 2,239,268</u>	<u>\$ 178,132,579</u>	<u>\$ 28,851,299</u>	<u>\$ 3,167,275</u>	<u>\$ 210,151,153</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows Provided By (Used For) Operating Activities:		
Change in net assets	\$ 15,507,750	\$ 52,334,372
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	5,454,425	5,525,417
Unrealized gain on investments	(5,480,083)	(14,937,510)
Realized loss on investments	799	675,388
Gain on disposal of property and equipment	(1,630,223)	(80,145)
Increase (Decrease) in Cash and Cash Equivalents:		
Receivables	8,708,736	(20,621,909)
Prepaid expenses	(165,614)	238,854
Accounts payable	141,309	1,092,575
Accrued salaries and compensated balances	26,660	1,004,701
Accrued retirement plan contributions	49,393	(385,984)
Accrued and withheld taxes	(8,781)	22,500
Accrued other expenses	143,366	332,337
Deferred revenue	63,959	(1,109,657)
Total adjustments	<u>7,303,946</u>	<u>(28,243,433)</u>
Net cash provided by operating activities	22,811,696	24,090,939
Cash Flows From (Used For) Investing Activities:		
Purchase of property and equipment	(20,205,273)	(16,015,776)
Proceeds from the sale of property and equipment	3,253,040	88,633
Investment in securities	(7,832,491)	(11,374,686)
Proceeds from sales of securities	10,825,735	24,521,507
Increase in sundry assets	(526,925)	(195,779)
Net cash used for investing activities	<u>(14,485,914)</u>	<u>(2,976,101)</u>
Net increase in cash and cash equivalents	8,325,782	21,114,838
Cash and cash equivalents at beginning of the year	<u>46,678,523</u>	<u>25,563,685</u>
Cash and cash equivalents at end of the year	<u>\$ 55,004,305</u>	<u>\$ 46,678,523</u>

The accompanying notes are an integral part of the consolidated financial statements.

## YOUTH VILLAGES, INC. AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019 and 2018

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization and Nature of Operations

Youth Villages, Inc. and Affiliates (the "Organization") is a not-for-profit corporation designed to offer a comprehensive continuum of care to children and youth who are in need due to life circumstances including but not limited to emotional disturbance, mental illness, serious problem behaviors, and histories of abuse and neglect. The Organization recognizes that just as life circumstances can produce a broad spectrum of needs, an equally diverse array of services is required to meet those needs utilizing evidence and research based practices whenever possible. The programs offered vary in location from residential services to LifeSet and intensity from intensive residential treatment to volunteer based mentoring.

The most restrictive level of care offered by the Organization is the Residential Treatment programs which provide treatment in a secured residential setting to the most seriously troubled youth. All residential treatment allows for educational, social and recreational opportunities. Children are accepted into the residential programs when they are unable to be successful in their homes or in other placements such as foster care. Residential campuses are located in Georgia, Massachusetts, and Tennessee. In addition to serving youth from these states, Youth Villages also accepted and provided residential services to out-of-state youth from Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Florida, Idaho, Indiana, Kentucky, Mississippi, New Hampshire, North Carolina, Ohio, Oklahoma, Rhode Island, Virginia, West Virginia, Washington, Wisconsin and the District of Columbia. Payments for residential services are provided through contracts and/or through Medicaid and private insurance carriers as services are rendered.

The Group Home programs are less restrictive than residential programs, allowing children to attend public schools when possible and more community outings while still living in supervised small homes. Locations for group homes are in Memphis and Nashville, Tennessee.

The Foster Care program provides settings for children with the opportunity to live and function as part of an individual family fully integrated within the community. These services are provided in Tennessee.

The Organization's largest program is the In-Home Services program which provides intensive in-home services to youth and their families to prevent the child from being placed out of the home. In-Home Services also works with families to remove barriers so that children can return home from placements such as hospitals, residential treatment centers, and foster care. The multisystemic Therapy (MST) program also provides intensive treatment in the home utilizing the nationally recognized MST model. This model serves youth presenting serious anti-social behaviors, often involving the juvenile justice systems, who are at high risk of placement out of the home. In-home services are provided in the states of Alabama, Arkansas, Florida, Georgia, Indiana, Massachusetts, Mississippi, New Hampshire, North Carolina, Ohio, Oklahoma, Oregon, and Tennessee.

The Adoptions program is located in Tennessee and allows for many children in foster care to be adopted by their foster parents. The In-Home Services program also provides intensive in-home services to help stabilize adoptive homes in some state foster care systems.

As children grow into young adults, the Organization recognized their changing needs by developing the LifeSet program to work one-on-one with young adults, many of whom are in state foster care, to help establish independence. Job skills, budgeting, continuing education and independent living skills help to lay a solid foundation for a successful move into adulthood. These services are currently provided in Georgia, Massachusetts, Mississippi, North Carolina, Oklahoma, Oregon and Tennessee. In addition, the Mentoring program pairs adult volunteers with young adults to provide additional support and guidance in Tennessee and Georgia.

The Organization's Specialized Crisis Services provide emergency psychiatric support and recommendations for the majority of children living in Tennessee. This unique program sends staff into the home or the child's placement to assist in providing immediate support and guidance to ensure appropriate placement decisions which includes avoiding unnecessary placements into psychiatric hospitals by providing immediate support in the home setting. Crisis support services are also provided in Oregon.

The Organization's Partners program started in January 2016 and allows for the LifeSet model to be implemented by public or private child welfare organizations for a fee.

During fiscal year 2019, the Organization ceased operations and closed down the following programs: Deer Valley residential program located in Tennessee, Germaine Lawrence residential program located in Massachusetts, and the Mississippi therapeutic foster care program. The children were placed in other programs/locations and still served by the Organization.

Youth Villages Foundation, Inc. is a not-for-profit corporation organized on July 1, 1996 to provide financial and support services for and operates in conjunction with Youth Villages, Inc.

#### Basis of Consolidation

The consolidated financial statements include the accounts of Youth Villages, Inc. and Youth Villages Foundation, Inc. The intercompany balances and transactions have been eliminated.

#### Method of Accounting and Basis of Presentation

The Organization uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### Use of Estimates

The presentation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

#### Credit Risk

The Organization's credit risks primarily relate to cash and cash equivalents and investments. The Organization maintains cash balances at several banks. Those accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate of \$250,000 at each institution and by the investment companies holding mutual funds and common stocks up to an aggregate of \$150,000,000. A portion of the Organization's bank deposits are held in a business investment account which is fully collateralized by U.S. government backed securities or agencies. The Organization's cash deposits exceeded FDIC limits at various times during the year. The Organization believes it is not exposed to any significant credit risk on its cash balances, due to its policy of banking with high quality financial institutions.

### Revenue Recognition and Support

State contract revenue, TennCare, Medicaid, and private insurance revenue are recognized at estimated net realizable amounts when services are performed.

Promises to give and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which they are recognized. All other donor-restricted promises to give and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents and investments include amounts that are donor restricted totaling \$33,023,645 and \$45,679,004 as of June 30, 2019 and 2018, respectively, and are limited in use to specific program support, program expansion and growth, capital asset purchases, mergers and acquisitions, plus infrastructure support with selected administrative functions that are tied to growth.

### Investments

Investments are carried at fair market value with realized and unrealized gains and losses reflected in the consolidated statements of activities. Donated investments are recorded at fair value at the date of donation. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less related investment advisory fees.

### Property and Equipment

The Organization capitalizes all property and equipment purchases of \$2,000 or greater at cost at the date of acquisition, or at estimated fair market value at the date of donation in the case of donated property. Depreciation is provided using the straight-line method over the expected useful lives of the related assets which range from three to thirty years. Interest incurred on financing during a construction period is capitalized.

### Contract and Grant Receivables, Promises to Give, and Allowance for Doubtful Accounts

Receivables other than promises to give, which consist primarily of amounts due from grantor agencies and contracts with states, are valued in the financial statements net of an allowance for doubtful accounts of \$648,052 and \$699,525 at June 30, 2019 and 2018, respectively. Receivables are evaluated by management monthly, and the allowance for doubtful accounts is estimated by management based on historical experience.

The Organization evaluates the collectability of promises to give and makes adjustments to the assets accordingly. An allowance for uncollectible promises to give of \$291,865 and \$250,480 was established at June 30, 2019 and 2018, respectively, based on management's estimation that all promises to give are not fully collectible.

### In-Kind Donations and Donated Services

In-kind donations of goods are recorded at their estimated fair market value at the date of donation. Volunteers periodically provide uncompensated non-specialized services as administrative and special events assistants. During 2019 and 2018, there were no specialized services which would require recognition in the consolidated financial statements.

### Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income from these net assets may be used for specific purposes. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

### Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses were \$353,363 and \$364,983 for the years ended June 30, 2019 and 2018, respectively.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited. The consolidated statements of functional expenses present the natural classification detail of expenses by function.

The Organization classifies as program services expense those items which are directly attributable to a specific program service. Those expenses which benefit more than one specific program service (shared program service expenses) are included in management and general or fundraising expenses.

### Federal Tax Status

No provision for federal income taxes is required since the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization that is not a private foundation. The Organization files an exempt return in the U.S. federal jurisdiction.

### Financial Instruments

The carrying amounts of the financial instruments of the Organization, consisting of cash, accounts receivable, and other assets, approximate their fair value.

## Reclassifications

For comparability, certain prior year amounts have been reclassified where appropriate to conform to the presentation in the current year.

## Recent Accounting Pronouncement

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and non-lease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2020. The Entity is evaluating the impact the standard will have on the consolidated financial statements and expects the standard to have a material impact due to the recognition of additional assets and liabilities for operating leases.

On June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which applies to all entities that receive or make contributions. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier or hurdle" that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. No new disclosures are required. For grants/contributions made, donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/release) to determine whether gifts or grants are conditional or unconditional.

For federal and other government grants, the ASU clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today.

For transactions in which a non-public entity serves as a resource recipient, the entity should apply the amendments in this ASU on contributions received to annual periods beginning after December 15, 2018. For transactions in which a non-public entity serves as a resource provider, the entity should apply the amendments in this ASU on contributions made to annual periods beginning after December 15, 2019. Early adoption of the amendments is permitted. The Entity is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

## Change in Accounting Principle

On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and

availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

The Organization has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which did not have a material effect on the consolidated financial statements.

#### Date of Management's Review

The Organization evaluated its June 30, 2019, consolidated financial statements for subsequent events through December 13, 2019, the date the consolidated financial statements were available to be issued. Except as disclosed in Note 19, the Organization is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

#### **NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 55,004,305	\$ 46,678,523
Receivables		
Promises to give, current portion	9,963,152	7,154,133
Grantor agencies, net of allowance	731,285	698,757
Contract receivables, net of allowance	21,740,217	28,800,366
Other	209,050	32,020
Investments	194,371,155	191,885,115
	<u>282,019,164</u>	<u>275,248,914</u>
Less: donor restricted cash and investments	(33,023,645)	(45,679,004)
Less: donor restricted promises to give	<u>(5,963,153)</u>	<u>(3,154,133)</u>
Available for general expenditure	<u>\$ 243,032,366</u>	<u>\$ 226,415,777</u>

The Entity's goal is generally to maintain financial assets to meet 90-180 days of operating expenses (currently approximately \$52,000,000 to \$105,000,000). As part of its liquidity plan, excess cash is held in reserve or short-term investments. As described in Note 8, the Organization also has a line of credit in the amount of \$8,000,000, there were no draws on this line of credit as of June 30, 2019 and 2018.

#### **NOTE 3 – PROMISES TO GIVE**

In 2016, the Organization began a capital campaign to fund the construction to expand the Boys Center for Intensive Residential Treatment Program. Promises to give are restricted to payment of the costs of constructing new program service facilities and other expansion activities. These unconditional contributions are recorded as income when contributed and have been discounted to net present value using a discount rate of 1.79% based on expected payments.

Promises to give are due as follows at June 30, 2019:

2020	\$ 10,137,482
2021	6,017,113
2022	4,868,894
2023	546,036
2024	285,769
Thereafter	200,000
	<u>\$ 22,055,294</u>
Promises to give, current portion, net of allowance of \$174,330	<u>\$ 9,963,152</u>
Promises to give, long-term	\$ 11,917,812
Less discount to present value	(542,627)
Less allowance, non-current	(117,534)
	<u>\$ 11,257,651</u>

As of June 30, 2018, total promises to give were \$23,078,949, net of a discount to present value of \$1,371,624 and the allowance of \$250,480.

#### NOTE 4 – CONDITIONAL PROMISES TO GIVE AND INTENTIONS TO GIVE

During 2016, the Organization began a growth and sustainability capital campaign in its efforts to expand its LifeSet program. This campaign was an agreement made between the Organization and a third party. This third party agreed to contribute an amount defined by their contract dependent upon the Organization meeting certain milestones each year. For the years ended June 30, 2019 and 2018, the amounts received and recorded by the Organization related to this agreement totaled \$13,300,000 and \$12,300,000, respectively. As of June 30, 2019, the Organization had no outstanding commitments. As of June 30, 2018, the Organization had outstanding commitments of \$13,300,000, which were recorded during fiscal year 2019 when the defined program accomplishments were met.

During 2016, the Organization received a conditional promise to give in relation to its efforts to expand its services in Oklahoma. This was an agreement made between the Organization and a third party. This third party agreed to contribute an amount defined by their contract dependent upon the Organization meeting certain milestones each year. For the year ended June 30, 2019, the Organization did not receive or record an amount. For the year ended June 30, 2018, the Organization received and recorded was \$949,459. During fiscal year 2019, the Organization did not request any additional private funds for their services in Oklahoma from this funder, and they do not anticipate requesting any more funding going forward, therefore no outstanding commitment is disclosed as of June 30, 2019. As of June 30, 2018, the Organization had an outstanding commitment of \$1,898,960.

During 2017, The Organization was notified by a foundation of their intention to give \$14,000,000 to the Organization over a period of three years. Since this intention to give can be rescinded by the donor, is not legally enforceable, and was made for budgeting purposes only, the amounts will not be recorded in the consolidated financial statements until they are actually received. For the years ended, June 30, 2019 and 2018, \$3,000,000 and \$5,500,000 have been received and recorded, respectively, by the Organization related to this intention to give. The whole amount has now been recorded on this intention to give.

During 2018, the Organization received a conditional promise to help support LifeSet services to young people aging out of the child welfare system. This was an agreement made between the Organization and a third party. This third party agreed to contribute an amount defined by their contract dependent upon the

Organization meeting certain milestones each year. For the years ended June 30, 2019 and 2018, the amounts received and recorded by the Organization related to this agreement totaled \$500,000 each year. As of June 30, 2019 and 2018, the Organization had outstanding commitments of \$1,500,000 and \$2,000,000, respectively, which have not been recorded in the accompanying consolidated financial statements, nor will it be until the defined program accomplishments are met.

During 2018, the Organization received a conditional promise to give in relation to its efforts to expand its services in New England. This was an agreement made between the Organization and a third party. This third party agreed to contribute an amount defined by their contract dependent upon the Organization meeting certain milestones each year. For the years ended June 30, 2019 and 2018, the amounts received and recorded by the Organization related to this agreement totaled \$600,000 each year. As of June 30, 2019, the Organization had no outstanding commitments. As of June 30, 2018, the Organization had outstanding commitments of \$600,000, which were recorded during fiscal year 2019 when the defined program accomplishments were met.

## NOTE 5 – INVESTMENTS

The cost and market value of investments are as follows at June 30:

	2019	
	Cost	Market Value
Mutual funds	\$ 47,268,727	\$ 49,254,980
Equity securities	3,523,952	6,775,482
Private equity funds and master limited partnerships	30,341,820	41,375,208
Hedge funds	56,491,738	96,849,851
Real estate investment trusts	105,000	115,634
Total	<u>\$ 137,731,237</u>	<u>\$ 194,371,155</u>
Cumulative unrealized gain on investments		<u>\$ 56,639,918</u>
		2018
	Cost	Market Value
Mutual funds	\$ 46,565,170	\$ 48,524,265
Equity securities	2,877,560	5,581,311
Private equity funds and master limited partnerships	27,133,269	38,442,904
Hedge funds	60,991,738	99,145,121
Real estate investment trusts	160,000	191,514
Total	<u>\$ 137,727,737</u>	<u>\$ 191,885,115</u>
Cumulative unrealized gain on investments		<u>\$ 54,157,378</u>

The Organization holds shares in domestic and foreign companies that invest in derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the effects of stock selections through 1) borrowing money against their long positions and 2) borrowing securities in connection with short positions. The hedged investments are carried at fair market value. During 2019 and 2018, the Organization recognized a

net gain of \$2,204,730 and \$9,349,809, respectively, from fair value hedges which are included in "Net gain (loss) on investments" in the consolidated statements of activities.

At June 30, 2019 and 2018, the Foundation had commitments to fund private equity and real estate investment trusts of \$9,197,040 and \$13,782,667, respectively, which are due upon request.

## **NOTE 6 – FAIR VALUE MEASUREMENT**

The framework for measuring fair value provides 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 – Inputs (other than quoted prices with level 1) that are observable for the asset or liability, either directly or indirectly.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs which are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

*Private equity funds, master limited partnerships, hedge funds and real estate investment trusts:* Valued at the net asset value of shares held by the Organization at year end, as reported by the fund.

*Equity securities and mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019 and 2018.

Assets at Fair Value as of June 30, 2019					
	Level 1	Level 2	Level 3	Assets Measured at Net Asset Value	Total
Mutual funds	\$ 49,254,980	\$ -	\$ -	\$ -	\$ 49,254,980
Equity securities	6,775,482	-	-	-	6,775,482
Private equity funds and master limited partnerships at NAV	-	-	-	41,375,208	41,375,208
Hedge funds at NAV	-	-	-	96,849,851	96,849,851
Real estate investment trusts at NAV	-	-	-	115,634	115,634
Total assets at fair value	<u>\$ 56,030,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,340,693</u>	<u>\$ 194,371,155</u>

Assets at Fair Value as of June 30, 2018					
	Level 1	Level 2	Level 3	Assets Measured at Net Asset Value	Total
Mutual funds	\$ 48,524,265	\$ -	\$ -	\$ -	\$ 48,524,265
Equity securities	5,581,311	-	-	-	5,581,311
Private equity funds and master limited partnerships at NAV	-	-	-	38,442,904	38,442,904
Hedge funds at NAV	-	-	-	99,145,121	99,145,121
Real estate investment trusts at NAV	-	-	-	191,514	191,514
Total assets at fair value	<u>\$ 54,105,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,779,539</u>	<u>\$ 191,885,115</u>

The Organization has the following investments which calculate net asset value (NAV) per share at June 30:

2019				
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private equity funds and master limited partnerships	\$ 41,375,208	\$ 9,117,040	Monthly, quarterly, annually, or as provided	30-90 days
Real estate investment trusts	115,634	80,000	As provided	Not applicable
Hedge funds	96,849,851	-	Quarterly, annually, or as provided	60-180 days
	<u>\$ 138,340,693</u>	<u>\$ 9,197,040</u>		
2018				
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private equity funds and master limited partnerships	\$ 38,442,904	\$ 13,702,667	Monthly, quarterly, annually, or as provided	30-90 days
Real estate investment trusts	191,514	80,000	As provided	Not applicable
Hedge funds	99,145,121	-	Quarterly, annually, or as provided	60-180 days
	<u>\$ 137,779,539</u>	<u>\$ 13,782,667</u>		

#### Private Equity and Master Limited Partnerships

Youth Villages Inc. and Affiliates invests in several private equity and master limited partnership funds that invests in private equity, venture capital; closed end bond funds, long Japanese and pan-Asia equity, U.S. equity, international equity, emerging markets equity, global long/short equity, and designated side pocket equity that are not publically traded. Redemptions are permitted during the life of the funds, and the redemption notice period ranges from 30-90 days. When the assets are sold, the proceeds, less any incentive due to the fund sponsor, will be distributed to the investors. The sale of the assets is subject to the approval of the fund's managers.

### Real Estate Investment Trusts

Youth Villages Inc. and Affiliates invests in one real estate investment trust that invests in residential real estate. Redemptions are permitted. When the underlying assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors.

### Hedge Funds

Youth Villages Inc. and Affiliates invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. These funds invest in private equity, venture capital, global long/short equity, designated side pocket investments, insurance linked securities, municipal bonds, corporate stocks, real estate, insurance linked debt, film receivables lending, and cash. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the hedge fund managers.

## **NOTE 7 – PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 8,345,138	\$ 8,610,509
Buildings	73,001,871	71,598,645
Equipment and vehicles	25,619,613	24,991,981
Furniture and fixtures	9,435,965	8,515,729
Construction in progress	23,707,982	10,606,499
Land and property held for sale	1,096,345	1,151,029
	<u>141,206,914</u>	<u>125,474,392</u>
Less accumulated depreciation	(59,026,488)	(56,421,997)
	<u>\$ 82,180,426</u>	<u>\$ 69,052,395</u>

Construction in progress primarily consists of various construction projects including the construction of the Culinary and Arts Center on the Bartlett campus, Shelby Oaks building renovation, Nashville office remodel, and the Boys Center Residential expansion project. As of June 30, 2019, the estimated cost to complete these projects was approximately \$13,540,000.

During fiscal year 2019, the Organization sold the Deer Valley facility which created a gain on the sale of fixed assets of approx. \$1,300,000 and was recognized on the consolidated statements of activities.

## **NOTE 8 – LINE OF CREDIT**

The Organization holds a line of credit with a financial institution with a credit limit of \$8,000,000. Regular monthly payments of all accrued unpaid interest are due as of each payment date, beginning April 30, 2019, with all subsequent interest payments to be due on the same day of each month thereafter. The line of credit matures on March 31, 2020, with all outstanding principal plus all accrued unpaid interest due on that date. Interest is equal to the one month LIBOR rate plus 1.5%. As of June 30, 2019, the rate was 3.99%. The note is unsecured. As of June 30, 2019 and 2018, there were no draws on this line of credit.

## NOTE 9 – LETTER OF CREDIT

The Organization has established one letter of credit with a bank, which names an insurance company as beneficiary. The Organization is self-insured with regard to workers' compensation, and the letter of credit was established to cover workers' compensation claims in the event of default on the part of the Organization. The letter of credit allows beneficiary drawings up to \$2,490,000; it expires December 16, 2019. As of June 30, 2019 and 2018, there were no drawings made by the beneficiary.

## NOTE 10– NET ASSETS

As of June 30, 2019 and 2018, net assets without donor restriction, designated by the board are, \$5,949,924 and \$5,489,344, respectively. These whole amounts have been designated to pay benefits to key employees upon termination of employment.

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
Purpose Restrictions:		
Growth Capital Campaign	\$ 476,003	\$ 715,929
LifeSet	16,581,691	17,197,624
Capital Projects	781,941	781,941
Boys Center Campaign	5,126,360	21,241,161
Janie's Fund	2,382,520	1,909,218
Blue Meridian Partners/Growth Capital Campaign III	16,895,934	10,912,079
Time Restrictions	12,000,000	16,000,000
Perpetual in Nature - ChristieCare Land	78,000	78,000
	<u>\$ 54,322,449</u>	<u>\$ 68,835,952</u>

The amount that is perpetual in nature consisted of Oregon land acquired through the merger with ChristieCare. The land is limited under the deed from encumbrance, mortgage, or transfer of title without prior written consent.

## NOTE 11 – LEASE COMMITMENTS

The Organization maintains various lease agreements for certain administrative and operating facilities in Alabama, Arkansas, District of Columbia, Georgia, Florida, Indiana, Massachusetts, Mississippi, North Carolina, Ohio, Oklahoma, Oregon, and Tennessee. Total rental expense for such real property was \$2,501,070 and \$2,582,413 for the years ended June 30, 2019 and 2018, respectively. Certain leases are subject to rental escalation clauses in future years.

Minimum lease commitments in fiscal years subsequent to June 30, 2019 are as follows:

2020	\$	1,767,420
2021		935,711
2022		581,262
2023		239,200
2024		198,321
Thereafter		20,277
	\$	<u>3,742,191</u>

**NOTE 12 – CONTINGENCIES**

The Organization is involved in various legal actions incident to the ordinary course of business. In the opinion of management, the eventual disposition of these matters will not have a material adverse effect on financial position or results of operations.

**NOTE 13 – RETIREMENT PLAN**

Youth Villages Retirement Plan (the "Plan") is a defined contribution retirement plan which covers substantially all employees that have completed one year of service and have attained the age of twenty-one. Contributions are made at the discretion of management and the Board of Directors. Employer contributions for the years ended June 30, 2019 and 2018 were \$3,839,801 and \$4,441,086, respectively.

**NOTE 14 – RELATED PARTY TRANSACTIONS**

Youth Villages, Inc. is affiliated through common management and membership with Youth Villages Foundation, Inc. The Foundation collects donations and pledges for Youth Villages, Inc. and transferred \$38,872,799 and \$20,475,501 to Youth Villages, Inc. for the years ended June 30, 2019 and 2018, respectively. Also, Youth Villages, Inc. and Youth Villages Foundation Inc. have intercompany receivables/payables which totaled \$66,277,557 and \$47,200,028 as of June 30, 2019 and 2018, respectively. These amounts have been eliminated in the consolidation.

The Organization maintains cash and investments in numerous banks and trust companies. Officers of these banks and trust companies serve on the Board of Directors of the Organization. The amount of funds maintained at these institutions at June 30, 2019 and 2018 was \$25,413,332 and \$19,210,194, respectively. Any fees paid were at market rates. There are no related party transactions with Arkansas funding.

The Organization purchased insurance services through a company that is owned and managed by a member of the Board of Directors of the Organization. The amounts paid totaled \$272,649 and \$289,500 for the years ended June 30, 2019 and 2018, respectively.

The Organization purchased landscaping services from a company owned by a relative of a member of the Board of Directors of the Organization. The amounts paid totaled \$11,970 and \$191,210 for the years ended June 30, 2019 and 2018, respectively.

#### **NOTE 15 – INSURANCE POLICIES**

Youth Villages, Inc. maintains life insurance policies on certain key employees of the Organization. As of June 30, 2019 and 2018, the cash value of these policies totaled \$5,949,924 and \$5,489,344, respectively and are included in "Other Assets" on the consolidated statements of financial position.

#### **NOTE 16 – ECONOMIC DEPENDENCY**

Youth Villages, Inc. relies upon the State of Tennessee as its major source of revenue. For the years ended June 30, 2019 and 2018, revenues from the State of Tennessee were \$95,543,040, and \$96,467,004, respectively. These revenues represented 40% and 45% of total revenue for Youth Villages, Inc. for the years ended June 30, 2019 and 2018, respectively. The Organization places an emphasis on diversifying its sources of revenue. The Organization has been successful in its diversification plan by lowering the dependence on revenue from the State of Tennessee from 69% in 2005 to 40% in 2019. State of Tennessee contract revenue is reported at estimated net realizable amounts for services rendered. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

#### **NOTE 17 – UNCERTAINTIES**

The Medicaid program accounted for approximately 24% and 25% of Youth Villages, Inc.'s total revenue for the years ended June 30, 2019 and 2018, respectively. Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term.

#### **NOTE 18 – NET PRIVATE INSURANCE AND MEDICAID REVENUE**

Net private insurance and Medicaid revenue is reported at estimated net realizable amounts from third-party payors for services rendered. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

#### **NOTE 19 – SUBSEQUENT EVENT**

In November 2019, the Organization received notification from a donor that they have committed to invest up to \$66 million in the Organization for a period of up to 54 months beginning January 1, 2020. The agreement with the donors is conditioned upon the Organization meeting certain specific program performance milestones (program barriers or hurdles) and it releases the donor from its obligation to transfer resources if the program barriers or hurdles are not achieved.

**SUPPLEMENTAL INFORMATION**

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

June 30, 2019

	Youth Villages, Inc.	Youth Villages Foundation, Inc.	Eliminations	Total
<b>Current Assets</b>				
Cash and cash equivalents	\$ 6,380,158	\$ 48,624,147	\$ -	\$ 55,004,305
Receivables				
Affiliate	66,277,557	-	(66,277,557)	-
Promises to give, current portion	-	9,963,152	-	9,963,152
Grantor agencies, net of allowance	731,285	-	-	731,285
Contract receivables, net of allowance	21,740,217	-	-	21,740,217
Other	209,050	-	-	209,050
Investments	-	194,371,155	-	194,371,155
Prepaid expenses	1,424,799	42,579	-	1,467,378
<b>Total current assets</b>	<b>96,763,066</b>	<b>253,001,033</b>	<b>(66,277,557)</b>	<b>283,486,542</b>
<b>Property and Equipment</b>				
Land	8,345,138	-	-	8,345,138
Buildings	73,001,871	-	-	73,001,871
Equipment and vehicles	25,470,026	149,587	-	25,619,613
Furniture and fixtures	9,378,171	57,794	-	9,435,965
Construction in progress	23,707,982	-	-	23,707,982
Land and property held for sale	1,096,345	-	-	1,096,345
	140,999,533	207,381	-	141,206,914
Accumulated depreciation	(58,877,505)	(148,983)	-	(59,026,488)
<b>Total property and equipment</b>	<b>82,122,028</b>	<b>58,398</b>	<b>-</b>	<b>82,180,426</b>
<b>Other Assets</b>				
Promises to give, net of current portion	-	11,257,651	-	11,257,651
Other	6,883,278	-	-	6,883,278
<b>Total other assets</b>	<b>6,883,278</b>	<b>11,257,651</b>	<b>-</b>	<b>18,140,929</b>
<b>Total assets</b>	<b>\$ 185,768,372</b>	<b>\$ 264,317,082</b>	<b>\$ (66,277,557)</b>	<b>\$ 383,807,897</b>

See independent auditor's report.

	Youth Villages, Inc.	Youth Villages Foundation, Inc.	Eliminations	Total
<b>Current Liabilities</b>				
Accounts payable	\$ 4,907,032	\$ 289,997	\$ -	\$ 5,197,029
Accounts payable - affiliate	-	66,277,557	(66,277,557)	-
Accrued salaries and compensated absences	6,956,088	102,360	-	7,058,448
Accrued retirement plan contributions	2,036,510	40,434	-	2,076,944
Accrued and withheld taxes	154,168	17,145	-	171,313
Accrued other expenses	3,067,999	16,890	-	3,084,889
Deferred revenue	105,551	-	-	105,551
<b>Total current liabilities</b>	<b>17,227,348</b>	<b>66,744,383</b>	<b>(66,277,557)</b>	<b>17,694,174</b>
<b>Net Assets</b>				
Without donor restrictions	168,541,024	143,250,250	-	311,791,274
With donor restrictions	-	54,322,449	-	54,322,449
<b>Total net assets</b>	<b>168,541,024</b>	<b>197,572,699</b>	<b>-</b>	<b>366,113,723</b>
<b>Total liabilities and net assets</b>	<b>\$ 185,768,372</b>	<b>\$ 264,317,082</b>	<b>\$ (66,277,557)</b>	<b>\$ 383,807,897</b>

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**

For the Year Ended June 30, 2019

	Youth Villages Inc.	Youth Villages Foundation Inc.	Eliminations	Total
<b>Net Assets Without Donor Restrictions</b>				
<b>Revenues and Support</b>				
State of Tennessee contract revenue	\$ 79,730,059	\$ -	\$ -	\$ 79,730,059
Contract revenue	50,705,505	-	-	50,705,505
TennCare revenue	15,812,981	-	-	15,812,981
Medicaid revenue	40,576,467	-	-	40,576,467
Net private insurance	4,281,116	-	-	4,281,116
Grants	1,600,847	-	-	1,600,847
USDA	909,017	-	-	909,017
Other - local education authority, county, city, provider agency	1,078,495	-	-	1,078,495
Donations and promises to give	38,872,799	4,322,714	(38,887,199)	4,308,314
Special events revenue	-	4,288,265	-	4,288,265
Less: costs of direct benefits to donors	-	(2,307,988)	-	(2,307,988)
Net revenues from special events	-	1,980,277	-	1,980,277
Dividends and interest on investments	-	1,739,658	-	1,739,658
Net gain on investments	-	3,758,375	-	3,758,375
Gain on sale of fixed assets	1,686,937	-	-	1,686,937
Miscellaneous income	657,045	280,049	-	937,094
	235,911,268	12,081,073	(38,887,199)	209,105,142
Net assets released from donor restrictions	-	35,203,074	-	35,203,074
<b>Total revenues and support</b>	<b>235,911,268</b>	<b>47,284,147</b>	<b>(38,887,199)</b>	<b>244,308,216</b>
<b>Expenses</b>				
Charitable contributions	-	38,887,199	(38,887,199)	-
Program services	180,683,665	-	-	180,683,665
Management and general	29,540,360	715,532	-	30,255,892
Fundraising	-	3,347,406	-	3,347,406
Total expenses	210,224,025	42,950,137	(38,887,199)	214,286,963
Change in net assets without donor restrictions	25,687,243	4,334,010	-	30,021,253

See independent auditor's report.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)**

For the Year Ended June 30, 2019

	Youth Villages Inc.	Youth Villages Foundation Inc.	Eliminations	Total
Net Assets With Donor Restrictions				
Donations and promises to give	-	20,689,571	-	20,689,571
Net assets released from donor restrictions	-	(35,203,074)	-	(35,203,074)
Change in net assets with donor restrictions	-	(14,513,503)	-	(14,513,503)
Change in net assets	25,687,243	(10,179,493)	-	15,507,750
Net assets - beginning of year	142,853,781	207,752,192	-	350,605,973
Net assets - end of year	<u>\$ 168,541,024</u>	<u>\$ 197,572,699</u>	<u>\$ -</u>	<u>\$ 366,113,723</u>

See independent auditor's report.

**YOUTH VILLAGES, INC. AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF CASH FLOWS**

For the Year Ended June 30, 2019

	Youth Villages, Inc.	Youth Villages Foundation, Inc.	Eliminations	Total
<b>Cash Flows Provided By (Used For) Operating Activities:</b>				
Change in net assets	\$ 25,687,243	\$ (10,179,493)	\$ -	\$ 15,507,750
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:</b>				
Depreciation	5,440,649	13,776	-	5,454,425
Unrealized gain on investments	-	(5,480,083)	-	(5,480,083)
Realized loss on investments	-	799	-	799
Gain on disposal of property and equipment	(1,630,223)	-	-	(1,630,223)
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>				
Receivables	6,850,591	1,858,145	-	8,708,736
Receivables - affiliate	(19,077,529)	-	19,077,529	-
Prepaid expenses	(136,264)	(29,350)	-	(165,614)
Accounts payable	(126,055)	267,364	-	141,309
Accounts payable - affiliate	-	19,077,529	(19,077,529)	-
Accrued salaries and comp absences	50,394	(23,734)	-	26,660
Accrued retirement plan contributions	45,594	3,799	-	49,393
Accrued and withheld taxes	(23,106)	14,325	-	(8,781)
Accrued other expenses	142,298	1,068	-	143,366
Deferred revenue	63,959	-	-	63,959
Total adjustments	<u>(8,399,692)</u>	<u>15,703,638</u>	<u>-</u>	<u>7,303,946</u>
Net cash provided by operating activities	17,287,551	5,524,145	-	22,811,696
<b>Cash Flows From (Used For) Investing Activities:</b>				
Purchase of property and equipment	(20,205,273)	-	-	(20,205,273)
Proceeds from the sale of equipment	3,253,040	-	-	3,253,040
Investment in securities	-	(7,832,491)	-	(7,832,491)
Proceeds from sales of securities	-	10,825,735	-	10,825,735
Increase in sundry assets	(526,925)	-	-	(526,925)
Net cash provided by (used for) investing activities	<u>(17,479,158)</u>	<u>2,993,244</u>	<u>-</u>	<u>(14,485,914)</u>
Net increase (decrease) in cash and cash equivalents	(191,607)	8,517,389	-	8,325,782
Cash and cash equivalents at beginning of the year	6,571,765	40,106,758	-	46,678,523
Cash and cash equivalents at end of the year	<u>\$ 6,380,158</u>	<u>\$ 48,624,147</u>	<u>\$ -</u>	<u>\$ 55,004,305</u>

See independent auditor's report.



The force for families

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Member since 2019

Mr. David Tyler  
Principal  
Grant Thornton LLP  
Member since 2019

Mr. Darryl 'Chip' Wade  
President  
Union Square Hospitality Group  
Member since 2014

# Scott Manheimer

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## WORK EXPERIENCE

### Youth Villages

*Regional Manager*

MA and NH

May 19- Present

- Provide clinical and operational oversight Intercept and Lifeset programs in MA, Intercept in NH
- Provide leadership development of specialists, supervisors, and specialized positions
- Responsible for program budgeting
- Participate in marketing, lobbying, communications, and fund-raising efforts
- Responsible for program adherence to state audit standards
- Responsible for program adherence to Joint Commission accreditation standards
- Interface with Commonwealth agencies on fiscal budgeting, funding and expansion opportunities
- Monitor and forecast growth needs of regions through hiring and retention strategies and census

### Youth Villages

*Regional Supervisor*

Woburn, MA

September 16-May 19

- Oversee Intercept Program including census management, clinical integrity, staff management and retention, customer service, and marketing.
- Directly supervise and provide professional development of 4 supervisors to ensure all staff are supported in providing the highest quality of care to a census of up to 64

### Youth Villages

*Clinical Supervisor*

Woburn, MA

Aug 14- Sept 16

- Responsible for the overall direction, coordination and evaluation of 4-5 counselors on a team
- Ensuring treatment progress for youth and families
- Appraising performances of counselors
- Run weekly group supervision to ensure effective clinical work
- Providing on call supervision to support and guide counselors

### Youth Villages

*Senior Family Intervention Specialist*

Woburn, MA

March 12- Aug 14

Intensive in-home services

- Provide intensive home based treatment to families in a variety of settings and communities.
- Implementing weekly interventions for families based on their specific needs.
- Assist in diverting youth from out of home placements by providing treatments that support families to safely maintain the youth in their home environment.
- Provide 24/7 on-call support to families including rotating weekend schedule.
- Work closely with collaterals on a weekly basis reviewing family progress, goals and potential struggles for upcoming treatment cycles.

### Futures Clinic

*1:1 Teacher/Case Manager*

Beverly, MA

May 11- March 12

- Utilized ABA teacher of students with Autism in a 1:1 school setting.
- Implement behavior intervention and curriculum programs.
- Follow Behavioral Programs and complete daily data collection on target behaviors.
- Responsible for daily entry of academic and social data into graphing system.
- Maintain student's academic books, supplies and updating material for lessons.
- Assist in assessing progress of effectiveness of behavior plans and curriculum modifications.

### Melmark New England

*ABA (Applied Behavior Analysis) Counselor*

Dracut, MA

Oct 09 – April 11

- Provide care for children with ages ranging from 6-14 in a residential setting.
- Assist students with everyday living skills to increase independence and rehabilitate behavior.
- Run students schedule of IEPs (Individualized Educational Program) on a daily basis.
- Monitor, oversee and communicate all aspects of behavior support plans for students.
- Manage and organize the logistics of the educational and clinical programs.

- Responsible for extensive data collection pertaining to behavior, lifestyle and everyday activities.

**CERTIFICATIONS & SKILLS**

CPR, First Aide, Crisis Prevention Institute, Public Service License, Medication Certified  
Microsoft Word, Excel, PowerPoint, Outlook, Adobe, Lotus Notes, Photoshop

**EDUCATION & ACADEMICS:**

**Merrimack College, North Andover, MA** 2008 Graduation  
Bachelor of Arts – Concentration Psychology

**Cambridge College, Lawrence, MA** 2017 Graduation  
Masters of Education -Mental Health Counseling

## Lori Sustek, MSW

c/o Youth Villages  
400 W. Cummings Park  
Suite 5200  
Woburn, MA 01801

### PROFESSIONAL EXPERIENCE

#### Youth Villages, Inc.

##### **Director of Community Based Programs (January 2016 to present)**

- Provide clinical and operational oversight of Intercept, Life Set, Continuum and CBHI programs in MA and NH
- Provide leadership development of specialists, supervisors, consultants, senior leadership and specialized positions
- Oversee operations for 5 offices and 160 staff
- Responsible for program budgeting
- Participate in marketing, lobbying, communications, and fund-raising efforts in MA and NH
- Responsible for program adherence to state audit standards
- Responsible for program adherence to Joint Commission accreditation standards
- Interface with Commonwealth agencies on fiscal budgeting, funding and expansion opportunities
- Monitor census of programs
- Monitor and forecast growth needs of regions through hiring and retention strategies

##### **Assistant Director of Community Based Programs (August 2011- January 2016); Woburn, MA**

- Provide clinical and operational oversight of Intercept, Transitional Living and CBHI programs in MA and NH
- Provide leadership development of specialists, supervisors, consultants, senior leadership and specialized positions
- Responsible for program budgeting
- Participate in marketing, lobbying, communications, and fund-raising efforts in MA and NH
- Responsible for program adherence to state audit standards
- Responsible for program adherence to Joint Commission accreditation standards
- Interface with Commonwealth agencies on fiscal budgeting, funding and expansion opportunities
- Monitor census of programs
- Monitor and forecast growth needs of regions through hiring and retention strategies

##### **Regional Manager (December 2008 – August 2011); Woburn, MA**

- Provide clinical and operational oversight of Intercept and Transitional Living programs in MA
- Provide leadership development of counselors, specialists, supervisors, and specialized positions
- Responsible for program budgeting
- Participate in marketing, lobbying, communications, and fund-raising efforts in MA
- Responsible for program adherence to state audit standards
- Responsible for program adherence to Joint Commission accreditation standards
- Interface with Commonwealth agencies on fiscal budgeting, funding and expansion opportunities
- Monitor census of programs
- Monitor and forecast growth needs of regions through hiring and retention strategies
- Provide clinical and programmatic supervision for graduate school interns

##### **Regional Supervisor (March 2008- December 2008); Woburn, MA**

- Provide clinical and operational oversight of the Intercept Program that includes 40+ families.
- Provide leadership development of clinical supervisor and counselors.
- Responsible for budgetary concerns of programs
- Responsible for program adherence to Joint Commission accreditation standards
- Responsible for expansion of the Intercept Program, increasing funding sources to increase the number of families served over three regions
- Develop and maintain relationships with Commonwealth agencies for program referral and expansion opportunities
- Monitor and report on census
- Interfacing with Commonwealth agencies on fiscal budgeting and funding opportunities
- Marketing of program commonwealth-wide including benefit fundraisers, program presentations, and career fairs
- Collection and reporting of data on customer satisfaction
- Adherence of program and staff to APA/ACA Code of Ethics

- Forecasting growth needs of the region through hiring and retention strategies

**Clinical Supervisor (August 2007- March 2008); Lawrence, MA**

- Supervision of 5- 7 clinicians with a combined case load of 20-42 families
- Managed case load documentation and ensured compliance with JCAHO quality and contractual standards
- Provided clinical direction to counselors to ensure case progress
- Educated staff on organizations' analytical model
- Administered in-field supervisory assessments of staff
- Conducted weekly supervision meetings and training development classes
- Administered performance appraisals, as well as, disciplinary action for counselors not meeting program expectations
- Acquired and review referrals for program participation
- Developed program awareness with the Department of Children and Families and the Department of Mental Health providers
- Conducted training of new counselors

**Family Counselor (July 2006- August 2007); Washington, D.C. / Lawrence, MA**

- Managed a case load of 5 families, including a minimum of 3 therapy sessions per week and 24/7 crisis response availability
- Advocated for families ensuring needs were met within the 5 system perspective (individual, family, peer, community, and school)
- Facilitated and secured enrollment in developmentally appropriate community activities
- Identified and connected families with basic needs agencies
- Advocated for families at IEP meetings, court and provider meetings
- Assisted families in the development of peer directories to reduce time of runaway incidents, and ensure safety of at-risk youth in the program
- Complete documentation in a timely manner and communicated case progress to funders, DCF social workers, probation officers, and the Clinical Supervisor

University of Colorado at Denver and Health Sciences Center- Synergy Outpatient Programs, Denver, CO.

**MST Family Therapist (full-time 2005- 2006)**

- Counsel male and female adolescence with conduct disorders and substance dependency issues
- Provide intensive in- home family therapy and community based treatment, having an average of 4 direct client hours per week, using an ecological and evidence based approach, CBT, solution focused, psychodynamic and multisystemic therapy
- Case management and collaboration with involved systemic providers, including human services and probation office
- Advocacy within juvenile justice system
- Complete comprehensive substance abuse and psychiatric evaluations including use of multi- disciplinary team format for generation of recommendations

Wheaton College Counseling Center, Norton, MA

**Social Work Intern (part-time 2004-2005)**

- Implement a variety of therapeutic techniques including CBT, narrative, strength based and psychodynamic to provide individual counseling resulting in improved life skills for young adults facing suicide tendencies, depression, anxiety, home sickness, academic challenges, cutting, bulimia etc.
- Provide depression screening, stress busting, alcohol awareness, and other outreach programs which resulted in identifying clients and providing program resource exposure
- Generated idea for and created a monthly newsletter to highlight a various issues that college aged students may face to provide the community with accurate information

Memorial Spaulding and Zervas Elementary Schools, Newton, MA

**Social Work Intern (part-time 2003-2004)**

- Counseled students (K-4) who had behavioral problems, were at-risk students, or developmentally delayed, provided individual therapy and followed their progress throughout the year

- Facilitated Social Skills and Friendship groups that addressed specific behaviors and focused on modifying these behaviors
- Interviewed parents to obtain developmental history of students, prepared written reports and presented findings to the Special Education Team
- Collaborated with teachers and administrators regarding on-going student's needs and progress
- Developed and implemented treatment plans for individual students and groups

Y.O.U., Inc., Worcester, MA

**Relief Clinical Counselor (part-time 2002-2003)**

- Coached and mentored 10 adolescent at-risk girls in a group home providing counseling to help them achieve personal growth
- Facilitated group activities to develop new skills through recreational activities, daily living skills training and healthy role modeling
- Collaborated with program staff in design and implementation of specific treatment plans for individual clients
- Document any unusual situations and behaviors, and update client chart with progress each day

Sullivan Middle School, Worcester, MA

**School Psychology Sequence Intern (part-time 2002 – 2003)**

- Mentored, tutored, counseled, and followed the progress of inner city seventh and eighth graders throughout the entire school year, providing continuity and support for these at-risk students, preventing academic failure and promoting effective study techniques
- Collaborated with professor and other interns, as well as the teachers to create effective academic plans

Westwood Lodge Hospital

**Mental Health Associate (summer 2002)**

- Provided personal care and individual support, structure and guidance to children and adolescents long-term acute care in a hospital environment
- Applied crisis prevention and intervention techniques and collaborated with staff addressing issues that included behavioral problems, attempts at self harm, and managing anger
- Co-facilitated goals groups and topic of the day groups, helping patients set and achieve realistic goals so that they could succeed
- Assumed additional responsibility as a Pharmacy Technician, preparing prescriptions of all psychological medications for children, adolescent and adult patients resulting in an awareness of the relationship between the drugs and the disorders

Clark University, Psychology Department, Worcester, MA

**Research Assistant to Psychology Professor (2000-2001, part-time)**

- Observed parent/child interactions for a study of Families Through Time

**EDUCATION**

May, 2005	Simmons College, Graduate School of Social Work Master of Social Work
May, 2003	Clark University, Worcester, MA Bachelor of Arts in Psychology, minor in Sociology, certificate in School Psychology Dean's List, Scholar Athlete Award, 2002

**TRAININGS AND CERTIFICATIONS**

- CPI Crisis Prevention/Intervention
- First Aid
- CPR
- HIPAA
- CBT including DBT

- MST
- Process of Change – Substance Abuse Protocol
- PAYA Preparing Adolescents for Young Adulthood Curriculum
- Suicide Risk Assessment
- Motivational Interviewing

**Youth Villages**

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Scott Manheimer	Regional Manager	\$70,000	100%	\$70,000
Lori Sustek	Director of In-Home Services	\$109,000	15%	\$16,350