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Virginia M. Barry, Ph.D.
Commissioner of Education
Tel. 603-271-3144



Paul Leather
Deputy Commissioner of Education
Tel. 603-271-3801

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, N.H. 03301
FAX 603-271-1953
Citizens Services Line 1-800-339-9900

March 7, 2013

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

*Sole Source
100% Federal Funds*

Requested Action

Authorize the New Hampshire Department of Education to enter into a sole source contract with Granite State Independent Living, Concord, NH (Vendor Code 155330) to develop and provide training and technical assistance to local education agencies in their region under the State Personnel Development Grant (SPDG), upon Governor and Council approval for the period effective May 1, 2013 through June 30, 2014 in an amount not to exceed \$109,500.00. These are 100% Federal funds.

Funding is available as with the authority to adjust encumbrances in each of the State fiscal years through the Budget office if needed and justified.

| | | |
|---|-------------|-------------|
| Funding for this request is available as follows: | FY2013 | FY2014 |
| 06-056-56-5625210-41070000-102-500731 | \$36,500.00 | \$73,000.00 |

Authorize the Department of Education to exercise a renewal option on this contract for up to three additional fiscal years, pending legislative approval of the next two (2) successive biennial budgets, in accordance with the grant award, subject to contractor's acceptable performance of the terms therein, and subject of Governor and Council approval.

Explanation

The New Hampshire Department of Education received a \$3.85 million (\$770,000.00 per year for 5 years) State Personnel Development Grant from the U.S. Department of Education, Office of Special Education Programs. The SPDG proposal is targeted to increase the number of students with disabilities graduating from high school who are college and career ready, through the implementation of evidence based transition practices. Our ambitious proposal targets four strategies to achieve this goal:

Her Excellency Governor Margaret Wood Hassan
And the Honorable Council
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(1) increasing student competency through increased use of Extended Learning Opportunities (ELOs), (2) enhanced transition planning and increased transition planning opportunities/practices, (3) greater family – school engagement, and (4) sustaining practices through our state Institutes of Higher Education (IHEs), regional education intermediaries, a transition Community of Practice, and the use of technology. These strategies are aimed at school districts, parents, regional professional development intermediaries, Vocational Rehabilitation, IHEs, and other community members.

The Office of Special Education Programs requires a comprehensive evaluation detailed within the grant that measures the short-term, intermediate and long-term outcomes and impacts of the grant initiatives. The Evaluation assesses the degree to which the NH SPDG meets its goals and objectives, as well as the established federal performance goals and objectives. The evaluation will be ongoing and formative to provide for data-based decision making and planning mid-course corrections.

New Hampshire was awarded this grant with the provision that the partners identified in our proposal would be funded to assist the Department of Education to meet the goals and objectives of the grant. These partners were required to be highly qualified entities already engaged in professional development in the grant areas and in agreement to expand these services. The OSEP required partners and their services as detailed in the grant include Evergreen Evaluation and Consulting Inc., Strafford Learning Center, Monadnock Developmental Services, North Country Education Services, Granite State Independent Living, Parent Information Center, Keene State College, Institute on Disability, and QED. Therefore, no competitive bid process was established.

Granite State Independent Living is a nonprofit organization whose mission is to promote life with independence for people with disabilities through advocacy, information, education and support. Granite State Independent Living provides some extended learning opportunity training to LEAs in their region so it made sense to include them as a partner under the SPDG. Therefore, Granite State Independent Living, as a SPDG partner will bring to this grant the research, knowledge and expertise to conduct the following grant activities:

- Increase capacity of regional transition infrastructure for Professional Development (PD)
- Participate in the NH Leadership Team (LT) and Evaluation Work Group
- Develop and provide training and coaching on Extended Learning Opportunities (ELOs) and evidenced-based transition practices
- Assist NH LT with the LEA recruitment
- Attend Participatory Adult Learning Styles training
- Support family engagement training
- Coordination of PD training and coaching at regional intermediary

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And the Honorable Council
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- Serve as coaches to LEAs implementing ELOs and transition planning/parent engagement strategies
- Support LEAs in developing their PD plans
- Collect training and coaching implementation data, and intervention fidelity data
- Assist in the development of coaching fidelity instrument
- Contribute training and coaching material, evaluation instruments and assessments, and resource materials to Transition Resource Portal
- Participate in training on how to use the Transition Resource Portal for training and coaching with LEAs

The grant was awarded to the New Hampshire Department of Education for five years. Therefore, we are including an option for renewal for three additional fiscal years to cover this grant commitment to accomplish the approved goals, objectives and activities.

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

Respectfully submitted,



Virginia M. Barry, Ph.D.
Commissioner of Education

VMB/alj

Attachments

Subject: NH SPDG Grant Regional Intermediary to Provide Training and TA to LEAs

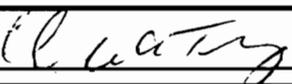
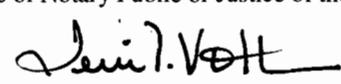
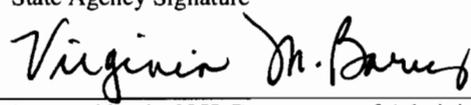
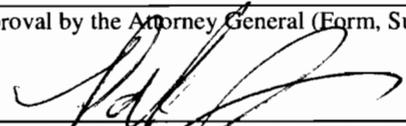
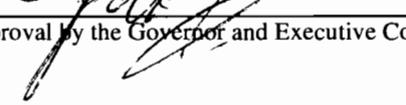
FORM NUMBER P-37 (version 1/09)

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

| | | | |
|---|-------------------------------------|--|------------------------------------|
| 1.1 State Agency Name Department of Education | | 1.2 State Agency Address 101 Pleasant Street, Concord NH 03301 | |
| 1.3 Contractor Name Granite State Independent Living | | 1.4 Contractor Address 21 Chenell Drive, Concord, NH 03301 | |
| 1.5 Contractor Phone Number (603) 228-9680 | 1.6 Account Number See Exhibit B | 1.7 Completion Date June 30, 2014 | 1.8 Price Limitation 109,500.00 |
| 1.9 Contracting Officer for State Agency Santina Thibedeau, Administrator, Special Education | | 1.10 State Agency Telephone Number (603) 271-6693 | |
| 1.11 Contractor Signature  | | 1.12 Name and Title of Contractor Signatory CLYDE E. TERRY, CEO | |
| 1.13 Acknowledgement: State of NH , County of MERRIMACK On January 22, 2013 , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12. | | | |
| 1.13.1 Signature of Notary Public or Justice of the Peace [Seal]  05/06/14 | | | |
| 1.13.2 Name and Title of Notary or Justice of the Peace TERRI L. VOTH, NOTARY | | | |
| 1.14 State Agency Signature  | | 1.15 Name and Title of State Agency Signatory Virginia, M. Barry, Ph. D., Commissioner of Education | |
| 1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____ | | | |
| 1.17 Approval by the Attorney General (Form, Substance and Execution) By:  On: 4/1/13 | | | |
| 1.18 Approval by the Governor and Executive Council By:  On: _____ | | | |

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

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

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

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

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

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

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

8. EVENT OF DEFAULT/REMEDIES.

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

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

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

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.

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

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

14. INSURANCE.

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

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

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

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

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

15. WORKERS' COMPENSATION.

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

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

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

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

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

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

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

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

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

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

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

EXHIBIT A

Scope of Services

Granite State Independent Living, as a regional intermediary, will develop and provide training and technical assistance to Local Education Agencies (LEAs) in their region under the NH State Personnel Development Grant (SPDG) to accomplish the grant goals, objectives, activities and outcomes over the course of the 5-year grant period.

The contractor will:

- Increase capacity of regional transition infrastructure for Professional Development (PD)
- Participate in the NH Transition CoP
- Participate in the NH Leadership Team (LT) monthly meetings
- As part of NH LT, participate in Evaluation WG by attending monthly state-level coaching meetings.
- Develop and provide training and coaching on Extended Learning Opportunities (ELOs) and evidenced-based transition practices
- Assist NH LT with the LEA recruitment
- Attend Participatory Adult Learning Styles training
- Participate in NH LT and the Transition Planning work group to review LEA current transition practices, and develop and implement a PD plan that will impact the local need
- Support family engagement training
- Coordination of PD training and coaching at regional intermediary
- Serve as coaches to LEAs implementing ELOs and transition planning/parent engagement strategies
- Support LEAs in developing their PD plans
- Meet with LEA transition liaisons to review the LEA PD plans once months, as well as fostering ongoing contact to stay in close communication
- Collect training and coaching implementation data, and intervention fidelity data
- Assist in the development of coaching fidelity instrument
- Contribute training and coaching material, evaluation instruments and assessments, and resource materials to be posted on Transition Resource Portal
- Participate in training on how to use the Transition Resource Portal for training and coaching with LEAs

Initials: 
Date: 01/17/13

EXHIBIT B

Estimated Budget

Budget (through June 30, 2014)

Account 06-056-56-5625210-41070000-102-500731

| | <u>FY2013</u> | <u>FY2014</u> |
|---|--------------------|--------------------|
| <u>Personnel</u> | | |
| Personnel | \$25,100.00 | \$50,200.00 |
| Fringe Benefit | \$ 6,800.00 | \$13,600.00 |
| Travel | <u>\$ 500.00</u> | <u>\$ 1,000.00</u> |
| Total Personnel | \$32,400.00 | \$64,800.00 |
| | | |
| <u>Contractual</u> | | |
| <u>Other</u> | | |
| Occupancy Expenses | \$ 1,200.00 | \$ 2,400.00 |
| Computer Expenses | \$ 100.00 | \$ 100.00 |
| Telephone Expenses | <u>\$ 100.00</u> | <u>\$ 100.00</u> |
| Total Other | \$ 1,400.00 | \$ 2,800.00 |
| | | |
| Total Direct Costs | \$33,800.00 | \$67,600.00 |
| Indirect costs 8.0% of total direct costs | <u>\$ 2,700.00</u> | <u>\$ 5,400.00</u> |
| Total Contract | \$36,500.00 | \$73,000.00 |

Limitation of Price: This contract will not exceed \$109,500.00

Method of Payment

Payment will be made upon receipt of monthly invoices as described above, which are supported by a summary of activities that have taken place in accordance with the terms of the contract. If otherwise, correct and acceptable, payment will be made for 100% of the expenditures. Line items in this budget may be adjusted, one to the other, within +/- 10% of the indicated amount but in no case can the total budget exceed the price limitation. Invoices with summary of activities will be submitted to:

Mary Steady, SPDG Director
Department of Education
Bureau of Special Education
SPDG
101 Pleasant Street
Concord, NH 03301

Initials: CS
Date: 01/17/13

EXHIBIT C
Special Provisions

none

Initials:
Date: 8/1/13

Principal Staff

Peter Darling, Project Director

Maureen O'Donnell, Regional PD Intermediary Trainer/Coach

Marybeth Hammond, Regional PD Intermediary Trainer/Coach



Granite State Independent Living

Resolutions of the Board of Directors

Whereas: Granite State Independent Living, (herein after GSIL,) is interested in obtaining funds through contracts, grants or other means to promote its mission of supporting persons with disabilities obtain independent living services, and

Whereas: The State of New Hampshire, Department of Education; has made available funds for a NH State Personnel Development Grant (SPDG) through a request for proposal (RFP) process, funds for such independent living purposes, and

Whereas: GSIL submitted an application and such application was approved by the New Hampshire Department of Education, and

Whereas: the New Hampshire Department of Education: SPDG seeks to enter into a contract for \$109,500.00 with GSIL for such services identified in the approved application.

Now therefore be it RESOLVED: The Board of Directors of GSIL accepts such funds and enters into a contract with the Department of Education: SPDG, effective upon Governor and Council approval.

Be it further RESOLVED: Clyde E. Terry, as Chief Executive Officer, is hereby authorized on behalf of Granite State Independent Living, to enter into said contracts with the State and to execute any and all documents, agreements, and other instruments, and any amendments, revisions, or modifications thereto, as may be deemed necessary, desirable or appropriate.

The foregoing resolutions have not been revoked, annulled or amended in any manner whatsoever, and remain in full force and effect as of the date hereof; and the following person has been duly elected and now occupy the office indicated below.

Certificate of Vote

The undersigned, being the Secretary of Granite State Independent Living., a New Hampshire voluntary corporation ("Corporation"), does hereby certify that the Board of Directors of the Corporation did approve the resolutions set forth above, at a duly called vote of said Board of Directors held on January 17, 2013.

DATED: 1/17/13 2013


Irv Gordon, Secretary

My Commission Expires: May 6, 2014


Notary Public

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that GRANITE STATE INDEPENDENT LIVING is a New Hampshire nonprofit corporation formed January 29, 1980. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 19th day of March A.D. 2013

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

William M. Gardner
Secretary of State

2012-2013 BOARD OF DIRECTORS

(No Compensation)

Ron Page, Chair (2014- 2)

Ken Traum, 1st Vice Chair (2015-2)

Dan Hebert, 2nd Vice Chair (2014-1)

Eric Norman, Treasurer (2014-2)

Irvin D. Gordon, Secretary (2013-2)

Joyce Anderson (2013-1)

Randi Peterson (2015-2)

Mark Haddad (2015-2)

Dave Qualey (2013-2)

John Irwin (2013-1)

Terry Scott (2014-2)

Thad Mandsager (2013 -2)

Philip Spurr (2015-1)

Paul Perry (2015-1)

Peter Whitehouse (2015-1)

GRANITE STATE INDEPENDENT LIVING
Financial Statements
For the Year Ended September 30, 2011
(With Independent Auditors' Report Thereon)

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MELANSON HEATH & COMPANY, PC

CHARTERED ACCOUNTANTS
MEMBER FINANCIAL ACCOUNTING BOARD

102 Pennacot Road
Nashua, NH 03005-1321
Tel: (603) 882-1111 • Fax: (603) 882-0257
www.melansonheath.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Granite State Independent Living
Concord, New Hampshire

We have audited the accompanying statement of financial position of Granite State Independent Living (a nonprofit organization) as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granite State Independent Living as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2012 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2010, from which the summarized information was derived.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
January 19, 2012

GRANITE STATE INDEPENDENT LIVING

Statement of Financial Position

September 30, 2011

(With Comparative Totals as of September 30, 2010)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2011</u> | <u>2010</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 3,347,808 | \$ 43,477 | \$ 45,958 | \$ 3,437,243 | \$ 3,069,919 |
| Cash reserved for mortgage | 25,287 | - | - | 25,287 | 25,275 |
| Accounts receivable, net of allowance for doubtful accounts of \$ 44,730: | | | | | |
| Medicaid | 1,174,981 | - | - | 1,174,981 | 912,455 |
| Title VII | 10,903 | - | - | 10,903 | 34,620 |
| Other | 260,395 | - | - | 260,395 | 341,939 |
| Prepaid expenses | 146,753 | - | - | 146,753 | 150,090 |
| Total Current Assets | <u>4,966,127</u> | <u>43,477</u> | <u>45,958</u> | <u>5,055,562</u> | <u>4,534,298</u> |
| Property and Equipment, net | 1,194,849 | - | - | 1,194,849 | 1,296,061 |
| Total Assets | <u>\$ 6,160,976</u> | <u>\$ 43,477</u> | <u>\$ 45,958</u> | <u>\$ 6,250,411</u> | <u>\$ 5,830,359</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | \$ 40,172 | \$ - | \$ - | \$ 40,172 | \$ 87,153 |
| Accrued expenses and other current liabilities | 35,923 | - | - | 35,923 | 86,721 |
| Accrued salaries and related expenses | 677,948 | - | - | 677,948 | 648,241 |
| Refundable advances | 41,359 | - | - | 41,359 | 11,665 |
| Note payable - current portion | 19,298 | - | - | 19,298 | 18,358 |
| Total Current Liabilities | <u>814,700</u> | <u>-</u> | <u>-</u> | <u>814,700</u> | <u>852,138</u> |
| Note payable - net of current portion | 505,890 | - | - | 505,890 | 525,178 |
| Total Liabilities | 1,320,590 | - | - | 1,320,590 | 1,377,316 |
| Net Assets | <u>4,840,386</u> | <u>43,477</u> | <u>45,958</u> | <u>4,929,821</u> | <u>4,453,043</u> |
| Total Liabilities and Net Assets | <u>\$ 6,160,976</u> | <u>\$ 43,477</u> | <u>\$ 45,958</u> | <u>\$ 6,250,411</u> | <u>\$ 5,830,359</u> |

See accompanying notes to financial statements.

GRANITE STATE INDEPENDENT LIVING

Statement of Activities

For the Year Ended September 30, 2011

(With Comparative Totals for the Year Ended September 30, 2010)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2011</u> | <u>2010</u> |
|---------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|---------------------|
| Support and Revenue: | | | | | |
| Program fees, net | \$ 15,003,380 | \$ - | \$ - | \$ 15,003,380 | \$ 14,814,566 |
| Grants | 1,982,321 | 7,000 | - | 1,989,321 | 1,636,230 |
| Public support | 47,391 | 4,192 | - | 51,583 | 70,116 |
| Interest | 19,930 | - | - | 19,930 | 27,154 |
| Miscellaneous | 83,163 | - | - | 83,163 | 213,568 |
| Net assets released from restrictions | 53,524 | (53,524) | - | - | - |
| Total Support and Revenue | <u>17,189,709</u> | <u>(42,332)</u> | <u>-</u> | <u>17,147,377</u> | <u>16,761,634</u> |
| Expenses: | | | | | |
| Long term care | 12,031,008 | - | - | 12,031,008 | 11,644,983 |
| Community living | 1,383,147 | - | - | 1,383,147 | 1,451,217 |
| Employment services | 1,438,714 | - | - | 1,438,714 | 1,291,041 |
| Management Expenses: | | | | | |
| General management | 1,649,271 | - | - | 1,649,271 | 1,458,669 |
| Fundraising | 168,459 | - | - | 168,459 | 174,702 |
| Total Expenses | <u>16,670,599</u> | <u>-</u> | <u>-</u> | <u>16,670,599</u> | <u>16,020,612</u> |
| Change in net assets | 519,110 | (42,332) | - | 476,778 | 741,022 |
| Net Assets, Beginning of Year | <u>4,321,276</u> | <u>85,809</u> | <u>45,958</u> | <u>4,453,043</u> | <u>3,712,021</u> |
| Net Assets, End of Year | <u>\$ 4,840,386</u> | <u>\$ 43,477</u> | <u>\$ 45,958</u> | <u>\$ 4,929,821</u> | <u>\$ 4,453,043</u> |

See accompanying notes to financial statements.

GRANITE STATE INDEPENDENT LIVING

Statement of Functional Expenses

For the Year Ended September 30, 2011

(With Comparative Totals for the Year Ended September 30, 2010)

| | Long Term Care | Community Living | Employment Services | Total Program | General Management | Fundraising | 2011 | 2010 |
|---------------------------------|----------------------|---------------------|------------------------|----------------------|-----------------------|-------------------|----------------------|----------------------|
| Personnel Expense: | | | | | | | | |
| Salary and wages | \$ 9,795,558 | 772,084 | \$ 913,449 | \$ 11,481,091 | \$ 949,971 | \$ 124,834 | \$ 12,555,896 | \$ 12,114,872 |
| Payroll taxes | 922,819 | 62,094 | 73,644 | 1,058,557 | 77,003 | 9,659 | 1,145,219 | 1,047,872 |
| Employee benefits | 767,901 | 169,386 | 218,747 | 1,156,034 | 199,353 | 29,561 | 1,384,948 | 1,311,852 |
| All Other Expenses: | | | | | | | | |
| Advertising | 11,129 | 172 | 205 | 11,506 | 74,441 | 170 | 86,117 | 132,631 |
| Board of directors | - | - | - | - | 28,474 | - | 28,474 | 19,636 |
| Building occupancy | 76,462 | 48,277 | 57,487 | 182,226 | 60,705 | - | 242,931 | 227,010 |
| Computer | 33,299 | 3,433 | 4,005 | 40,737 | 3,908 | 281 | 44,926 | 51,580 |
| Consultants | 770 | - | - | 770 | 19,165 | - | 19,935 | 10,500 |
| Depreciation | 112,820 | 57,404 | 12,056 | 182,280 | 12,086 | - | 194,366 | 219,023 |
| Dues and subscriptions | - | 1,264 | 1,244 | 2,508 | 8,267 | 295 | 11,070 | 7,503 |
| Equipment lease and maintenance | 30,032 | 3,264 | 3,619 | 36,915 | 3,162 | - | 40,077 | 37,985 |
| Grant expense | - | 103,248 | 44,320 | 147,568 | - | - | 147,568 | 151,113 |
| Insurance | 29,573 | 3,083 | 3,145 | 35,801 | 23,681 | - | 59,482 | 32,981 |
| Interest expense | - | - | - | - | 26,839 | - | 26,839 | 27,716 |
| Interpreter | 128 | 2,813 | - | 2,941 | 1,014 | - | 3,955 | 14,028 |
| Meals and entertainment | 914 | 1,585 | 1,068 | 3,567 | 711 | 74 | 4,352 | 4,789 |
| Miscellaneous | 61,527 | 2,502 | 5,962 | 69,991 | 26,978 | 14 | 96,983 | 68,654 |
| Postage and shipping | 43,109 | 2,769 | 1,356 | 47,234 | 2,822 | 1,693 | 51,749 | 49,378 |
| Printing | 12,079 | 2,596 | 3,556 | 18,231 | 21,515 | 445 | 40,191 | 28,899 |
| Professional development | 2,016 | 1,076 | 2,533 | 5,625 | 7,437 | 335 | 13,397 | 16,373 |
| Professional fees | 23,129 | 1,953 | 2,285 | 27,367 | 65,720 | - | 93,087 | 35,917 |
| Supplies | 8,735 | 3,388 | 10,260 | 22,383 | 21,304 | 876 | 44,563 | 34,977 |
| Telephone | 43,728 | 11,318 | 6,812 | 61,858 | 5,345 | - | 67,203 | 113,504 |
| Transportation | 1,957 | 99,508 | 2,959 | 104,424 | 588 | - | 105,012 | 103,321 |
| Travel | 53,323 | 29,930 | 70,002 | 153,255 | 8,782 | 222 | 162,259 | 158,498 |
| Total Expenses | \$ 12,031,008 | 1,383,147 | \$ 1,438,714 | \$ 14,852,869 | \$ 1,649,271 | \$ 168,459 | \$ 16,670,599 | \$ 16,020,612 |

See accompanying notes to financial statements.

GRANITE STATE INDEPENDENT LIVING

Statement of Cash Flows

For the Year Ended September 30, 2011

(With Comparative Totals for the Year Ended September 30, 2010)

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| <u>Cash Flows From Operating Activities:</u> | | |
| Change in net assets | \$ 476,778 | \$ 741,022 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 194,366 | 219,023 |
| Loss on disposal of asset | - | 4,073 |
| (Increase) Decrease In: | | |
| Accounts receivable | (157,265) | 24,505 |
| Prepaid expenses | 3,337 | (114,672) |
| Mortgage reserve | (12) | (16) |
| Increase (Decrease) In: | | |
| Accounts payable | (46,981) | 17,954 |
| Accrued expenses and other liabilities | (50,798) | (21,024) |
| Accrued salaries and related expenses | 29,707 | (123,860) |
| Refundable advances | 29,694 | 11,165 |
| | <u>478,826</u> | <u>758,170</u> |
| Net Cash Provided by Operating Activities | 478,826 | 758,170 |
| <u>Cash Flows From Investing Activities:</u> | | |
| Proceeds from disposal of fixed asset | - | 6,190 |
| Purchase of fixed assets | <u>(93,154)</u> | <u>(155,329)</u> |
| Net Cash Used by Investing Activities | (93,154) | (149,139) |
| <u>Cash Flows From Financing Activities:</u> | | |
| Repayment of mortgage note payable | <u>(18,348)</u> | <u>(17,454)</u> |
| Net Cash Used by Financing Activities | <u>(18,348)</u> | <u>(17,454)</u> |
| Net Increase in Cash and Cash Equivalents | 367,324 | 591,577 |
| Cash and Cash Equivalents, Beginning of Year | <u>3,069,919</u> | <u>2,478,342</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 3,437,243</u> | <u>\$ 3,069,919</u> |
| <u>Supplemental disclosures of cash flow information:</u> | | |
| Interest paid | <u>\$ 26,839</u> | <u>\$ 27,716</u> |

See accompanying notes to financial statements.

GRANITE STATE INDEPENDENT LIVING

Notes to Financial Statements

1. Organization:

Granite State Independent Living (the Organization), is a New Hampshire nonprofit corporation providing a wide range of services to improve the quality of life for individuals with disabilities in New Hampshire. This is accomplished through insuring the availability of a broad range of services, advocacy efforts, and the establishment of social support.

2. Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies of the Organization used in preparing and presenting the accompanying financial statements.

Accounting for Contributions and Financial Statement Presentation

The Organization follows *Accounting for Contributions Received and Contributions Made* and *Financial Statements of Not-for-Profit Organizations* as required by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Organization is required to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services, meeting certain criteria at fair values. These reporting standards establish standards for general purpose external financial statements of not-for-profit organizations and require a statement of financial position, a statement of activities, a statement of cash flows, and a statement of functional expenses.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. Under this basis, revenues, other than contributions, and expenses are reported when incurred, without regard to the date of receipt or payment of cash. Contributions are reported in accordance with FASB ASC *Accounting for Contributions Received and Contributions Made*.

Recognition of Donor Restricted Contributions

Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled

in the same time period in which the contribution is received, the Organization reports the contribution revenue as unrestricted.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The allowance for doubtful accounts has been estimated at 3% of gross receivables.

The adequacy of the allowance for doubtful accounts for receivables is reviewed on an ongoing basis by the Organization's management and adjusted as required through the provision for doubtful accounts (bad debt expense). In determining the amount required in the allowance account for the year ended September 30, 2011, management has taken into account a variety of factors including industry standards.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation. Major additions and improvements are capitalized, while ordinary maintenance and repairs are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, ranging from three to forty years. Assets not in service are not depreciated.

Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Tax Status

Granite State Independent Living is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. FASB ASC 740-10 did not have a material impact on the Organization's financial statements.

The Organization's Federal Form 990 (Return of Organization Exempt From Income Tax) for fiscal years 2010, 2009, and 2008 are subject to examination by the IRS, generally for three years after they were filed.

The Organization recognizes interest related to unrecognized tax benefits in interest expense and penalties that are included within reported expenses. During the year ended September 30, 2011, the Organization had no interest or penalties accrued related to unrecognized tax benefits.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

In accordance with the provisions set forth by FASB ASC, *Subsequent Events*, events and transactions from October 1, 2011 through January 19, 2012, the date the financial statements were available to be issued, have been evaluated by management for disclosure. Management has determined that there were no material events that would require disclosure in the Organization's financial statements through this date.

3. Concentration of Credit Risk - Cash and Cash Equivalents:

The carrying amount of the Organization's deposits with financial institutions was \$ 3,462,530 at September 30, 2011. The difference between the carrying amount and the bank balance represents reconciling items, such as deposits in transit and outstanding checks, which have not been transmitted by the bank at September 30, 2011. The bank balance is categorized as follows:

| | | |
|--------------------------------|----|-------------------------|
| Collateralized | \$ | 3,068,246 |
| Insured by FDIC | | 500,000 |
| Uninsured and uncollateralized | | <u>800</u> |
| Total Bank Balance | \$ | <u><u>3,569,046</u></u> |

4. Cash Reserved for Mortgage:

U.S. Department of Agriculture regulations require that cash reserves be maintained in order to meet payments due on the mortgage obligation in the event amounts paid are not sufficient. A minimum of \$ 382 per month must be reserved until a balance equal to one year's payment is attained. As of September 30, 2011 and 2010, \$ 25,287 and \$ 25,275, respectively, had been reserved for future mortgage obligations.

5. Property, Equipment and Depreciation:

A summary of the major components of property and equipment is presented below:

| | <u>2011</u> | <u>2010</u> |
|------------------------------------|----------------------------|----------------------------|
| Land | \$ 69,198 | \$ 69,198 |
| Buildings and improvements | 1,307,115 | 1,291,014 |
| Furniture, fixtures, and equipment | 1,076,172 | 1,005,984 |
| Vehicles | <u>359,098</u> | <u>359,098</u> |
| Subtotal | 2,811,583 | 2,725,294 |
| Less: accumulated depreciation | <u>(1,616,734)</u> | <u>(1,429,233)</u> |
| Total | <u><u>\$ 1,194,849</u></u> | <u><u>\$ 1,296,061</u></u> |

Depreciation expense for the year ended September 30, 2011 totaled \$ 194,366.

6. Note Payable:

The Organization has a term note payable to the United States Department of Agriculture, Rural Development, due in monthly installments of \$ 3,759 including principal and interest at 5.0%, through March 2029. The note is secured by all assets of the Organization.

The following is a summary of future principal debt service:

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2012 | \$ 19,298 |
| 2013 | 20,285 |
| 2014 | 21,323 |
| 2015 | 22,414 |
| 2016 | 23,561 |
| Thereafter | <u>418,307</u> |
| Total | <u>\$ 525,188</u> |

7. Line of Credit:

The Organization has available a revolving line of credit with a bank in the amount of \$ 1,000,000. The outstanding balance on this line at September 30, 2011 was \$ 0, and there were no borrowings during the year. This line is payable on demand and requires monthly interest only payments calculated on the outstanding balance from the previous month. Interest is variable based upon One Month LIBOR rate (Index) plus 2.25%. The current rate at September 30, 2011 was 5.00%.

8. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at September 30, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------|------------------|------------------|
| AMP program | \$ 13,799 | \$ 44,084 |
| Advocacy | 1,554 | 2,565 |
| Deaf & Hard of Hearing | 2,400 | 3,999 |
| NH SCIA | 7,210 | 18,500 |
| Career development/employment | 1,261 | 1,261 |
| Community living | 7,310 | 6,687 |
| NTRAN | 7,000 | - |
| Housing | 581 | 5,581 |
| Facilitated meetings | <u>2,362</u> | <u>3,132</u> |
| Total | <u>\$ 43,477</u> | <u>\$ 85,809</u> |

9. Permanently Restricted Net Assets:

Permanently restricted net assets consist of donor restricted, internally controlled funds. Income earned on these funds that is not restricted is transferred to unrestricted funds and expended as the Organization dictates. Income earned on these funds that is restricted to purpose is transferred to unrestricted funds when expended for that purpose or accumulated until such purpose is satisfied. Permanently restricted net assets totaled \$ 45,958 and \$ 45,958 for the years ended September 30, 2011 and 2010, respectively.

10. Net Assets Released from Restriction:

Net assets are released from program restrictions by incurring expenses satisfying the restricted purpose satisfied. During 2011, \$ 53,524 was released from temporarily restricted net assets.

11. Retirement Plan:

All salaried employees who are working 30 or more hours a week and are 21 years of age or older, may participate in a voluntary contributory tax sheltered annuity plan. The Organization matches up to 100% of employee contributions to the plan, to a maximum of 6% of salaries, depending on the years of service. The Organization contributed \$ 96,562 and \$ 86,197 for the years ended September 30, 2011 and 2010, respectively.

12. Flexible Benefits Plan:

The Organization maintains a flexible benefits plan for the benefit of its employees. There is no contribution required from the Organization to this plan other than minimal administrative costs.

13. Operating Leases:

The Organization leases office space under the terms of written lease agreements that are scheduled to expire at various times through 2016. The Organization also rents additional facilities on a month to month basis. Rent expense under these agreements totaled \$ 137,442 and \$ 124,654 for the years ended September 30, 2011 and 2010, respectively.

The Organization also leases office equipment under non-cancellable lease agreements that are scheduled to expire at various times through 2014. Equipment rental expense totaled \$ 35,814 and \$ 27,213 for the years ended September 30, 2011 and 2010, respectively.

Estimated future minimum lease payments on the above leases are as follows:

| | | |
|-------|----|----------------|
| 2012 | \$ | 167,638 |
| 2013 | | 111,847 |
| 2014 | | 48,747 |
| 2015 | | 38,438 |
| 2016 | | <u>7,712</u> |
| Total | \$ | <u>374,382</u> |

14. Concentration of Risk:

A material part of the Organization's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Organization. During the years ended September 30, 2011 and 2010, Medicaid accounted for 80% and 83%, respectively, of total revenues and 81% and 71%, respectively, of total accounts receivable. During the years ended September 30, 2011 and 2010, funding from the United States Department of Education accounted for 10% and 9%, respectively, of total revenues.

15. Fair Value Measurements:

FASB ASC, *Fair Value Measurements*, provides guidance for using fair value to measure assets and liabilities. *Fair Value Measurements* applies whenever other standards require or permit assets or liabilities to be measured at their fair market value. The standard does not expand the use of fair value in any new circumstances. Under *Fair Value Measurements*, fair value refers to the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. *Fair Value Measurements* clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions.

Under *Fair Value Measurements*, the Organization categorizes its fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at

the measurement date. The types of financial instruments included in Level 1 are highly liquid instruments with quoted prices;

- Level 2 - Inputs from active markets, other than quoted prices for identical instruments, are used to model fair value. Significant inputs are directly observable from active markets for substantially the full term of the asset or liability being valued; and
- Level 3 - Pricing inputs significant to the valuation are unobservable. Inputs are developed based on the best information available; however, significant judgment is required by management in developing the inputs.

The estimated fair value of the Organization's financial instruments is presented in the following table:

| | <u>Fair Value</u> | <u>Level One</u> | <u>Level Two</u> | <u>Level Three</u> |
|-------------------|-------------------|------------------|------------------|--------------------|
| Note payable | \$ 525,188 | \$ - | \$ - | \$ 525,188 |
| Total liabilities | <u>\$ 525,188</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 525,188</u> |

Fair Value
Measurements
Using Significant
Unobservable Inputs
Level 3
Note
Payable

| | |
|---------------------------------------|-------------------|
| Beginning Balance, September 30, 2010 | \$ 543,536 |
| Advances | - |
| Reductions | (18,348) |
| Transfers in to Level 3 | <u>-</u> |
| Ending Balance, September 30, 2011 | <u>\$ 525,188</u> |

16. Commitments and Contingencies:

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Outstanding Legal Issues – Upon notifying the State of New Hampshire Department of Health and Human Services of possible Medicaid fraud by a former consumer, GSIL is cooperating with the State's Attorney General's Office as the former consumer was indicted for Medicaid fraud in December 2011. The indictment was for \$ 150,000 in services provided by GSIL to the former consumer.

GSIL continues to work with the State of New Hampshire Attorney General's Office to resolve a dispute concerning documentation on Medicaid services provided for the period July 2008 through December 2009. The amount in dispute is \$ 492,846. No funds have been reserved.