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Frank Edelblut
Commissioner

Paul K. Leather
Deputy Commissioner

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, N.H. 03301
TEL. (603) 271-3495
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March 6, 2017

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

REQUESTED ACTION

Authorize the New Hampshire Department of Education to amend a **Sole Source** contract (PO# 1029577) with Monadnock Developmental Services of Keene, NH (Vendor Code 177280), by increasing the price limitation by \$81,376.24 from \$108,563.00 to \$189,939.24 and extending the completion date from June 30, 2017 to June 30, 2018 to continue to provide training and technical assistance to local education agencies in their region under the State Personnel Development Grant (SPDG) & provide sustainability activities related to the Next Steps NH initiative. This contract will be in effect upon Governor and Council approval through June 30, 2018. Original item approved by Governor and Council on March 9, 2016 (item #100) and amended June 15, 2016 (item #73) 100% Federal funds.

Funds to support this request are anticipated to be available in account titled State Program Implementation as follows, contingent upon legislative approval of the next biennial budget:

FY 2018

06-056-56-562510-41070000-102-500731 Contracts for Program Services

\$81,376.24

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, through September 30, 2017. The Office of Special Education Programs approved a no-cost extension through September 30, 2018 to continue the work of the grant and promote full implementation and project sustainability. This request is **sole source** because New Hampshire applied for and was awarded this grant with the provision that highly qualified partners be identified in our proposal and funded through our award to assist the Department of Education in meeting 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 (MDS), Granite State Independent Living (GSIL), Parent Information Center (PIC), Keene State College (KSC), Institute on Disability, and QED. As a result of the SPDG application requirements, a competitive bid process was not established.

Monadnock Developmental Center for Successful Transitions (MCST) a project of Monadnock Developmental Services is focused on providing supports to individuals with disabilities as they transition to life after high

school. MCST provided secondary transition training to districts under the State Improvement Grant II and thus is highly qualified to continue this work under the SPDG. Therefore, MCST, as a SPDG partner will bring to this grant the research, knowledge and expertise to conduct the following grant activities:

- Serve as Regional Intermediary (RI) to two Cohort 4 schools.
- Increase capacity and sustainability of regional transition infrastructure for Professional Development
 - Develop ELO training & materials for the NSNH transition resource portal in collaboration with Strafford Learning Center (SLC) and Keene State College (KSC).
 - Participate in statewide workgroups focused on developing ELO Coordinator skill sets.
 - Develop a “transition practices sustainability and capacity-building” toolkit and offer related training and coaching on its use in collaboration with SLC and the Parent Information Center.
 - Develop and deliver a statewide ELO training along with follow-up coaching in collaboration with Strafford Learning Center.
- Participate in training on how to use the Transition Resource Portal and the NHDOE Networks for training and coaching with LEAs.

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: (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 Institutions 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.

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

Respectfully submitted,



Frank Edelblut
Commissioner of Education

**AMENDMENT TO
PROFESSIONAL SERVICES CONTRACT**

Now come the New Hampshire Department of Education, Commissioner's Office, hereinafter "the Agency," and Monadnock Developmental Services of Keene, NH, hereinafter "the Contractor", and, pursuant to an agreement between the parties that was approved by Governor and Council on March 9, 2016 (item #100) and amended June 15, 2016 (item #73) hereby agree to modify same as follows:

1. Amendment of contract by modifying 1.7 Completion Date to June 30, 2018.
2. Amendment of contract by modifying 1.8 Price Limitation to \$189,939.24
3. Modify Exhibit A "Scope of Services" to include the following:
 - Serve as Regional Intermediary (RI) to two Cohort 4 schools.
 - Increase capacity and sustainability of regional transition infrastructure for Professional Development
 - Develop ELO training & materials for the NSNH transition resource portal in collaboration with Strafford Learning Center (SLC) and Keene State College (KSC).
 - Participate in statewide workgroups focused on developing ELO Coordinator skill sets.
 - Develop a "transition practices sustainability and capacity-building" toolkit and offer related training and coaching on its use in collaboration with SLC and the Parent Information Center.
 - Develop and deliver a statewide ELO training along with follow-up coaching in collaboration with SLC.
 - Participate in training on how to use the Transition Resource Portal and the NHDOE Networks for training and coaching with LEAs.
4. Modify Exhibit B, by increasing the budget by \$81,376.24 with the contract price limitation becoming \$189,939.24

Description of Services	Original Approved Budget	Requested Action	Amended Budget
Personnel	\$62,270.00	\$42,120.00	\$104,390.00
Fringe Benefit	\$29,866.00	\$24,554.40	\$54,420.40
Travel	\$4,235.00	\$6174.00	\$10,409.00
Total Personnel	\$96,371.00	\$72,848.40	\$169,219.40
Supplies	\$850.00	\$500.0	\$1,350.00
Contractual	\$350.00	\$0.00	\$350.00
Other (phone, printing, postage, trainings, equipment)	\$2,950.00	\$2,000.00	\$4,950.00
Total Other	\$4,150.00	\$2,500.00	\$6,650.00
Total Direct Costs	\$100,521.00	\$75,348.40	\$175,869.40
Indirect Cost 8%	\$8,042.00	\$6,027.84	\$14,069.84
Total Contract	\$108,563.00	\$81,376.24	\$189,939.24
Total revised contract limitation \$189,939.24			

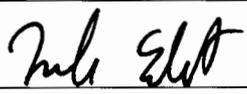
5. All other provisions of this agreement shall remain in full force and effect as originally set forth; and
6. This amendment shall commence upon Governor and Council approval and shall terminate on June 30, 2018.

This modification of an existing agreement is hereby incorporated by reference to the existing agreement by the parties and must be attached to the said agreement.

IN WITNESS WHEREOF, the parties, hereto have set their hands as of the day and year first above written.

THE STATE OF NEW HAMPSHIRE
Department of Education
(Agency)

Division of Commissioner's Office

By:  5-30-17
Commissioner of Education Date

Monadnock Developmental Services

By: *Don Hayes* 3-1-2017
Signature, Title Date
STATE OF New Hampshire
County of Cheshire

On this the 1 day of March, 2017 before me, Priscilla Brisson, the undersigned officer, personally appeared Don Hayes known to me (or satisfactory proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof, I hereto set my hand and official seal.
Priscilla Brisson
Notary Public/Justice of the Peace

PRISCILLA A. BRISSON, Notary Public
My Commission Expires April 18, 2017
Commission Expires

Approved as to form, substance and execution by the Attorney General this 10th day of April, 2017.

P. B. McEntyre
Division of Attorney General Office

Approved by the Governor and Council this _____ day of _____, 2017

By: _____

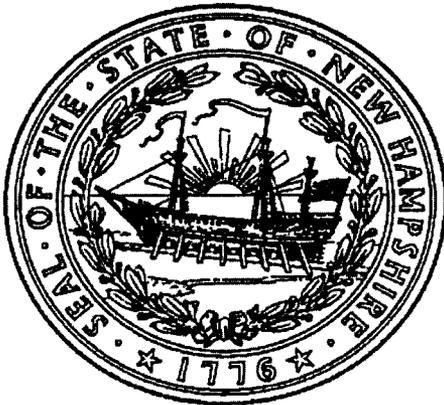
State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that MONADNOCK DEVELOPMENTAL SERVICES, INC. is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on March 30, 1983. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 69358



IN TESTIMONY WHEREOF,
I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 17th day of February A.D. 2017.

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

William M. Gardner
Secretary of State

Certificate of Authority

I, Mary Anne Wisell, Clerk/Secretary of Monadnock Developmental Services, Inc do hereby certify that:

- (1) I maintain and have custody of and am familiar with the seal and minute books of the corporation;
- (2) I am authorized to issue certificates with respect to the contents of such books and to affix such seal to such certificate;
- (3) The following (is a) (are) true and complete cop(y)(ies) of the resolution(s) adopted by the board of directors of the corporation at a meeting of that board on February 27, 2017, which meeting was held in accordance with the law of the state of incorporation and the by-laws of the corporation:

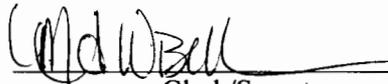
BE IT RESOLVED, that Don Hayes, as President of the Board of Directors of the Corporation, is authorized, on behalf of this Corporation to enter into amendment for the contract/agreement with the State of New Hampshire Department of Education for Next Steps NH covering July 1, 2016 to June 30, 2018.

- a) Sign the amended application for an additional \$81,376.24 Department of Education "Next Steps" contract/agreement.
 - b) Sign any other documentation that may be required by the funding agent in the process of application or acceptance of the grant.
- (4) The foregoing resolution(s) and by-law are in full force and effect, unamended, as of the date hereof; and
 - (5) The following person(s) lawfully occupy the office(s) indicated below:

Don Hayes , President
Beth Provost, Secretary
Shelly Viles, Treasurer

IN WITNESS WHEREOF, I have hereunto set my hand as the Clerk/Secretary of the Corporation this 1st day of March 20 17.

(Corporate Seal if any)


Clerk/Secretary

(If the corporation has no seal, the Clerk/Secretary shall acknowledge the certificate before an authorized officer below)

STATE OF NEW HAMPSHIRE

COUNTY OF Cheshire

On March, 2017, before the undersigned officer personally appeared the person identified in the foregoing certificate, know to me (or satisfactorily proven) to be the Clerk/Secretary of the corporation identified in the foregoing certificate, and acknowledge that he executed the foregoing certificate.

In witness whereof I hereunto set my hand and official seal.


Notary Public/Justice of the Peace

PRISCILLA A. BRISSON, Notary Public
My Commission Expires April 18, 2017

MONADNOCK DEVELOPMENTAL SERVICES, INC.
Board Members
FY 2017

Updated February 1, 2017

COHEN, Jennifer
11/2017

**Consumer
*Consumer Parent/Sibling Guardian

CRONIN, Mickey
11/2018

FORREST, Michael (Mike),
Immediate Past President 11/2017

HAYES, Don,
President 11/2018

JORDAN, Timothy
11/2018

**KENNEY, Elizabeth
11/2017

MANAHAN, Terry,
Secretary 11/2017

*MCGREER, Heather
11/2018

PROVOST, Beth
11/2017

*REMILLARD, Adele
Member & Council/Board Liaison 11/2017

SCHOFIELD, James
Vice President 1/2017

**SELIGMAN, Sand,
11/2018

*TORELLI, Manfredo
11/2017

*VILES, Shelley L., Treasurer
11/2017

Financial Statements

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND
SUBSIDIARY**

**FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015
AND
INDEPENDENT AUDITORS' REPORT**

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND
SUBSIDIARY**

CONSOLIDATING FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Consolidating Statement of Financial Position	3
Consolidating Statement of Activities	4
Consolidating Statement of Cash Flows	5
Consolidating Statement of Functional Expenses	6
Notes to Consolidating Financial Statements	7 - 17

SUPPLEMENTARY INFORMATION

Consolidating Schedule of Functional Revenues	18
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To the Board of Directors of
Monadnock Developmental Services, Inc. and Subsidiary
Keene, New Hampshire

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of Monadnock Developmental Services, Inc. (a New Hampshire nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, cash flows and functional expenses for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Monadnock Developmental Services, Inc. and Subsidiary as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Monadnock Developmental Services, Inc. and Subsidiary's 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functional revenues on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

*Leon McDermott & Robert PA
Professional Association*

November 22, 2016
Wolfeboro, New Hampshire

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016 WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

ASSETS

	Monadnock Developmental Services, Inc.	Railroad Street Mill, Inc.	Eliminations	Consolidated Totals 2016	Consolidated Totals 2015
Cash and equivalents	\$ 594,598	\$ 157,825	\$ -	\$ 752,423	\$ 1,914,106
Client funds	151,577	-	-	151,577	102,156
Accounts receivable:					
Medicaid	2,547,163	-	-	2,547,163	1,152,212
Medical insurance	25,000	-	-	25,000	-
Other, net of allowance of \$24,227	81,940	2,174	-	84,114	133,383
Prepaid expenses	164,067	1,258	-	165,325	131,737
Deposits	11,585	-	-	11,585	11,535
Property and equipment, net of accumulated depreciation	1,455,432	2,797,734	-	4,253,166	4,449,174
Loan reserves	-	104,607	-	104,607	87,399
Investment in insurance captive	85,663	-	-	85,663	55,439
Total	<u>\$ 5,117,025</u>	<u>\$ 3,063,598</u>	<u>\$ -</u>	<u>\$ 8,180,623</u>	<u>\$ 8,037,141</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Client funds	\$ 151,577	\$ -	\$ -	\$ 151,577	\$ 102,156
Accounts payable	1,104,842	25,203	-	1,130,045	1,271,574
Accrued salaries and wages and related expenses	642,600	-	-	642,600	641,176
Other accrued expenses	7,261	15,270	-	22,531	20,023
Refundable advances	131,730	-	-	131,730	166,129
Notes payable	565,634	2,806,153	-	3,371,787	3,546,721
Total liabilities	<u>2,603,644</u>	<u>2,846,626</u>	<u>-</u>	<u>5,450,270</u>	<u>5,747,779</u>

NET ASSETS

Unrestricted:					
Board designated	530,212	-	-	530,212	478,725
Other unrestricted	1,929,563	216,972	-	2,146,535	1,762,031
Temporarily restricted	53,606	-	-	53,606	48,606
Total net assets	<u>2,513,381</u>	<u>216,972</u>	<u>-</u>	<u>2,730,353</u>	<u>2,289,362</u>
Total	<u>\$ 5,117,025</u>	<u>\$ 3,063,598</u>	<u>\$ -</u>	<u>\$ 8,180,623</u>	<u>\$ 8,037,141</u>

See Notes to Financial Statements

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	Monadnock Developmental Services, Inc.	Railroad Street Mill, Inc.	Eliminations	Consolidated Totals 2016	Consolidated Totals 2015
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues and Support					
Medicaid	\$ 25,399,506	\$ -	\$ -	\$ 25,399,506	\$ 24,601,346
Other program fees	735,886	-	-	735,886	816,460
State of New Hampshire - DDS	581,470	-	-	581,470	206,196
Residential fees	386,371	-	-	386,371	449,295
Rental income	132,349	375,638	(210,893)	297,094	330,693
Client resources	265,821	-	-	265,821	350,845
Grants	139,261	-	-	139,261	101,430
United Way	38,250	-	-	38,250	38,250
Vocational rehabilitation fees	37,174	-	-	37,174	38,523
Contributions and other public support	25,320	-	-	25,320	18,663
Production/service income	7,220	-	-	7,220	45,236
Investment income	1,827	94	-	1,921	1,273
Gain on sale of assets	-	-	-	-	28,212
Local education	-	-	-	-	5,951
Other income	69,711	-	-	69,711	75,966
Total unrestricted revenues and support	<u>27,820,166</u>	<u>375,732</u>	<u>(210,893)</u>	<u>27,985,005</u>	<u>27,108,339</u>
Expenses					
Program services					
Service Coordination	1,607,333	-	(73,813)	1,533,520	1,640,072
Family support	572,897	-	(27,416)	545,481	532,066
Subcontracted area agency program services	14,962,838	-	-	14,962,838	14,598,647
In house area agency program services:					
ISO	5,356,965	-	(48,505)	5,308,460	5,574,319
PDMS	2,275,672	-	-	2,275,672	2,281,445
Non DDS funded programs:					
MCST	484,807	-	-	484,807	419,384
Other Non DDS funded programs	609,047	-	-	609,047	785,373
Railroad Street Mill, Inc.	-	319,760	-	319,760	326,923
Supporting services					
General management	1,570,588	-	(61,159)	1,509,429	1,530,213
Total expenses	<u>27,440,147</u>	<u>319,760</u>	<u>(210,893)</u>	<u>27,549,014</u>	<u>27,688,442</u>
CHANGES IN UNRESTRICTED NET ASSETS	380,019	55,972	-	435,991	(580,103)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions	5,000	-	-	5,000	-
CHANGE IN NET ASSETS	385,019	55,972	-	440,991	(580,103)
NET ASSETS - BEGINNING OF YEAR	<u>2,128,362</u>	<u>161,000</u>	<u>-</u>	<u>2,289,362</u>	<u>2,869,465</u>
NET ASSETS - END OF YEAR	<u>\$ 2,513,381</u>	<u>\$ 216,972</u>	<u>\$ -</u>	<u>\$ 2,730,353</u>	<u>\$ 2,289,362</u>

See Notes to Financial Statements

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUSIDIARY**

**CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	<u>Monadnock Developmental Services, Inc.</u>	<u>Railroad Street Mill, Inc.</u>	<u>Eliminations</u>	<u>Consolidated Totals 2016</u>	<u>Consolidated Totals 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in net assets	\$ 385,019	\$ 55,972	\$ -	\$ 440,991	\$ (580,103)
Adjustments to reconcile increase in unrestricted net assets to net cash from operating activities:					
Depreciation and amortization	158,609	78,462	-	237,071	250,252
Gain on sale of assets	(700)	-	-	(700)	(28,212)
Loss on sale of assets	-	-	-	-	260,316
Imputed interest on long term debt	-	13,170	-	13,170	13,170
Forgiveness of other long term liabilities	-	-	-	-	(10,000)
Decrease (increase) in assets:					
Accounts receivable - Medicaid	(1,394,951)	-	-	(1,394,951)	204,476
Accounts receivable - medical insurance	(25,000)	-	-	(25,000)	-
Accounts receivable - Other	51,443	(2,174)	-	49,269	13,930
Prepaid expenses	(32,869)	(719)	-	(33,588)	(38,344)
Deposits	(50)	-	-	(50)	3,950
Investment in insurance captive	(30,224)	-	-	(30,224)	(12,711)
Increase (decrease) in liabilities:					
Accounts payable	(122,264)	(19,265)	-	(141,529)	138,623
Accrued salaries, wages and related expenses	1,424	-	-	1,424	13,254
Other accrued expenses	2,538	(30)	-	2,508	(26,815)
Refundable advances	(34,399)	-	-	(34,399)	(41,123)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,041,424)</u>	<u>125,416</u>	<u>-</u>	<u>(916,008)</u>	<u>160,663</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	(41,063)	-	-	(41,063)	(60,158)
Increase in loan reserves	-	(17,208)	-	(17,208)	(17,204)
Proceeds from the sale of assets	700	-	-	700	201,180
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(40,363)</u>	<u>(17,208)</u>	<u>-</u>	<u>(57,571)</u>	<u>123,818</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long term borrowings	-	-	-	-	158,400
Repayment of long term debt	(127,972)	(60,132)	-	(188,104)	(406,465)
NET CASH USED IN FINANCING ACTIVITIES	<u>(127,972)</u>	<u>(60,132)</u>	<u>-</u>	<u>(188,104)</u>	<u>(248,065)</u>
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	(1,209,759)	48,076	-	(1,161,683)	36,416
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>1,804,357</u>	<u>109,749</u>	<u>-</u>	<u>1,914,106</u>	<u>1,877,690</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>\$ 594,598</u>	<u>\$ 157,825</u>	<u>\$ -</u>	<u>\$ 752,423</u>	<u>\$ 1,914,106</u>

See Notes to Financial Statements

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	General Management	Service Coordination	Family Support	Subcontracted Area Agency Program Services	In House Area Agency ISO Program	In House Area Agency PDMS Program	Total DDS Funded	MCST	Other Non-DDS Funded	Railroad Street Mill. Inc.	Total Non-DDS Funded	2016 Total	Eliminations	Consolidated Totals 2016	Consolidated Totals 2015
Salaries and wages	\$ 899,896	\$ 1,010,610	\$ 272,254	\$ -	\$ 2,691,262	\$ 609,028	\$ 5,483,050	\$ 253,152	\$ 302,930	\$ -	\$ 556,382	\$ 6,039,132	\$ -	\$ 6,039,132	\$ 5,898,760
Employee benefits	124,667	216,739	29,221	-	703,491	46,978	1,121,116	81,230	61,167	-	142,397	1,263,513	-	1,263,513	1,235,764
Payroll taxes	53,902	73,598	23,079	-	191,167	37,401	379,147	19,704	26,008	-	45,712	424,859	-	424,859	403,866
Family provider services	-	-	56,505	-	789,172	800,888	1,626,565	-	-	-	-	1,626,565	-	1,626,565	2,019,468
Respite care	-	-	149,381	-	41,014	71,935	262,330	-	-	-	-	262,330	-	262,330	327,460
Client treatment and care	-	17,616	6,664	38,783	133,796	52,987	249,825	228	-	-	228	250,053	-	250,053	247,400
Accounting fees	31,200	-	-	-	-	-	31,200	-	-	-	-	31,200	-	31,200	42,916
Legal fees	24,628	-	-	-	-	-	24,628	-	-	-	-	24,628	-	24,628	17,555
Other professional fees	66,935	73,943	2,504	-	14,774	1,542	159,698	856	20,767	13,078	34,701	159,399	-	194,399	212,623
Subcontractors	3,663	(20)	-	14,910,630	218,405	462,861	15,591,876	98,731	101,920	2,889	101,920	15,693,496	-	15,693,496	15,239,470
Staff development	61,466	101,229	650	-	24,573	3,706	34,408	5,005	1,428	-	6,433	40,841	-	40,841	42,122
Rent	-	-	-	-	146,165	32,400	341,260	-	30,815	-	30,815	372,075	(210,893)	161,182	246,728
Mortgage payments	-	-	-	-	12,368	-	12,368	-	41	-	41	12,409	-	12,409	18,402
Utilities	4,372	7,236	-	-	39,327	-	50,935	-	30,829	41,323	72,152	123,087	-	123,087	178,387
Repairs and maintenance	-	-	-	-	1,417	159	1,576	-	29,923	17,885	47,808	49,384	-	49,384	56,389
Property taxes	-	-	-	-	15,757	-	15,757	-	1,000	29,872	30,872	46,629	-	46,629	48,206
Other occupancy costs	-	-	-	-	5,782	-	5,782	-	4,770	-	4,770	10,642	-	10,642	15,673
Home modifications	-	-	-	-	-	90	90	-	-	-	-	42,604	-	42,604	97,500
Office supplies	9,557	12,236	408	-	8,413	991	31,605	-	837	-	3,328	34,933	-	34,933	44,699
Building supplies	1,083	1,767	774	-	14,404	4,947	22,975	24	7,028	-	7,052	30,027	-	30,027	32,961
Client consumables	-	-	7,923	-	57,804	11,688	77,415	-	1,350	-	1,350	78,765	-	78,765	84,175
Production supplies	-	-	-	-	39	-	39	-	-	-	-	39	-	39	9,024
Medical supplies	-	-	-	-	4,789	2,028	6,817	-	700	-	1,379	6,817	-	6,817	11,527
Computer supplies	7,973	2,397	-	-	1,695	1,958	14,023	679	-	-	1,379	15,402	-	15,402	8,431
Equipment rental	3,359	6,724	-	-	5,155	2,086	17,304	-	-	-	-	17,304	-	17,304	21,155
Equipment maintenance	102	268	-	-	128	-	558	-	-	-	-	550	-	558	9,973
Depreciation expense	158,609	-	-	-	-	-	158,609	-	-	78,462	78,462	237,071	-	237,071	250,252
Advertising	(2,000)	(1,273)	-	-	15,384	2,334	14,445	-	102	-	1,081	15,526	-	15,526	13,565
Printing	1,394	2,902	649	-	2,208	1,089	8,242	444	3,901	-	4,345	12,587	-	12,587	8,609
Telephone	7,565	13,339	2,052	-	34,641	8,892	64,489	1,203	2,528	-	3,731	68,220	-	68,220	75,080
Postage	3,818	8,123	-	-	6,535	74	18,550	157	1,292	-	1,449	19,999	-	19,999	20,061
Transportation	6,747	35,884	20,827	324	165,545	76,499	305,826	18,401	38,868	-	57,269	363,095	-	363,095	367,572
Assistance to individuals	-	3,622	-	-	76	-	3,697	-	-	-	-	3,697	-	3,697	6,781
Insurance	20,214	18,321	-	13,121	22,893	943	75,592	-	21,062	23,173	44,235	119,827	-	119,827	106,379
Interest expense	1,005	-	-	-	5,370	-	6,375	-	21,419	112,764	134,183	140,558	-	140,558	148,617
Other expenses	80,373	237	6	-	3,317	1,584	85,517	1,523	262	314	2,119	87,636	-	87,636	322,832
Total functional expenses	\$ 1,570,588	\$ 1,607,333	\$ 572,887	\$ 14,962,838	\$ 5,355,965	\$ 2,275,872	\$ 26,346,283	\$ 484,807	\$ 609,047	\$ 319,750	\$ 1,413,614	\$ 27,759,907	\$ (210,893)	\$ 27,549,014	\$ 27,888,442

See Notes to Financial Statements

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Monadnock Developmental Services, Inc. (MDS) is a New Hampshire nonprofit corporation organized exclusively for charitable purposes to facilitate the integration of individuals with developmental disabilities within their communities in ways to maximize opportunities for living, working, socializing, learning new skills and maintaining existing ones, participating in community activities of choice which promote independence, dignity and respect and which assist individuals to assume valued roles within their communities. The Organization serves the developmentally disabled of Cheshire County and the surrounding communities.

Railroad Street Mill, Inc. (Railroad) was incorporated under the laws of the State of New Hampshire on March 25, 2010 for the purpose of holding title to personal and real property and collect all income earned from said property for the exclusive benefit of Monadnock Developmental Services, Inc.

Principles of Consolidation

The consolidating financial statements include the accounts of Monadnock Developmental Services, Inc. and Railroad Street Mill, Inc. Railroad Street Mill, Inc. is consolidated since Monadnock Developmental Services, Inc. has both an economic interest in Railroad Street Mill, Inc. and control of the Railroad Street Mill, Inc. through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

Basis of Accounting

The financial statements of Monadnock Developmental Services, Inc. and subsidiary have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The classes of net assets are determined by the presence or absence of donor restrictions.

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted: Net assets whose use is limited by donor imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Organization.

Permanently Restricted: Reflects the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor – imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

As of June 30, 2016 and 2015, the Organization had unrestricted and temporarily restricted net assets.

Accounting Estimates

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

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

Comparative Financial Information

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 June 30, 2015, from which the summarized information was derived.

Property and Depreciation

The Organization follows the policy of charging to expense, annual amounts of depreciation, which allocates the cost of the property, plant and equipment over their estimated useful lives. Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation. Material assets with a useful life in excess of one year are capitalized. Depreciation is provided for using the straight-line method in amounts designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings and improvements	10 - 39 years
Vehicles	5 years
Furniture and equipment	5 - 7 years

Costs for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation and any gain or loss is recognized.

Property, plant and equipment consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land, buildings and improvements	\$ 5,567,135	\$ 5,565,135
Vehicles	712,555	683,309
Equipment	506,709	496,892
Furniture	<u>147,583</u>	<u>147,583</u>
	6,933,982	6,892,919
Less accumulated depreciation	<u>(2,680,816)</u>	<u>(2,443,745)</u>
Property, net	<u>\$ 4,253,166</u>	<u>\$ 4,449,174</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$237,071 and \$250,252, respectively.

Refundable Advances

Grants received in advance are recorded as refundable advances and recognized as revenue in the period in which the related services or expenditures are incurred.

Accrued Earned Time

The Organization has accrued a liability for future compensated leave time that its employees have earned and which is vested with the employee.

Income Taxes

Monadnock Developmental Services, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined the Organization to be other than a private foundation.

Railroad Street Mill, Inc. is exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code. The Internal Revenue Service has determined the Organization to be other than a private foundation.

Management has evaluated the Organizations' tax positions and concluded that the Organizations have maintained their tax-exempt status and do not have any uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Organizations' are no longer subject to income tax examinations by the United States Federal or State tax authorities prior to 2013.

Cash Equivalents

The Organization considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

Advertising

The Organization expenses advertising costs as incurred.

Functional Allocation of Expenses

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

Fair Value of Financial Instruments

FASB ASC Topic No. 820-10, *Financial Instruments*, provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework in generally accepted accounting principles for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with ASC 820-10, the Organization may use valuation techniques consistent with market, income and cost approaches to measure fair value. As a basis for considering market participant assumptions in fair value measurements, Topic 820-10 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy under ASC Topic 820-10 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

At June 30, 2016 and 2015, all cash and cash equivalents were classified as Level 1 and were based on fair value. Valuation was derived on the open market.

The carrying amount of cash, prepaid expense, other assets and current liabilities, approximates fair value because of the short maturity of those instruments.

2. CONCENTRATION OF CREDIT RISK

The Organization maintains several of its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2016 and 2015. At June 30, 2016 and 2015, the uninsured balances aggregated \$639,647 and \$1,659,414, respectively.

3. INVESTMENT IN INSURANCE CAPTIVE

During May of 2013, the Organization entered into a captive insurance program sponsored by Roundstone Insurance Ltd (Sponsor), to provide reinsurance coverage on behalf of several participants of a group captive known as Roundstone Mid Market Med Group Captive (Roundstone). The Organization and other participants purchase insurance from

one or more insurance companies reinsured by the Sponsor. The Organizations' participant investment into the captive insurance program amounted to \$85,663 and \$55,439, respectively at June 30, 2016 and 2015. As of June 30, 2016, the Organization's insurance agreement with Roundstone ended, and the Organization entered an agreement with a new group captive, Hamilton EmCap Program, as of July 1, 2016.

4. DEMAND NOTE PAYABLE

For the years ended June 30, 2016 and 2015, the Organization maintained a revolving line of credit with a bank. The maximum available credit at June 30, 2016 and 2015 was \$1,500,000. Interest is stated at the Wall Street Journal Prime Rate or 4%, whichever is greater. At June 30, 2016 and 2015, there were no amounts outstanding on this line of credit. The demand note payable is secured by all business assets of the Organization.

5. OTHER LONG TERM LIABILITIES

In connection with the change in accounting treatment of First Course, the Organization had assumed responsibility for the repayment of \$30,000 to the original stakeholders in First Course. Under the terms of the original agreement, payments on the liability were set to begin on July 1, 2008. Due to the financial burden of First Course, no payments were made as of July 1, 2008. During the year ended June 30, 2015, the remaining stakeholder in First Course forgave the \$10,000 investment that they had made.

6. LONG TERM DEBT

The long term debt of the Organization consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
<u>MONADNOCK DEVELOPMENTAL SERVICES, INC.</u>		
Mortgage note payable to a bank in monthly installments for principal and interest of \$460 through November of 2017. Interest is stated at the three year United States Treasury Yield plus 3%, adjustable every three years. This resulted in an interest rate of 3.88% at June 30, 2016 and 2015. The note is collateralized by real estate owned by the Corporation.	\$ 7,164	\$ 12,299
Mortgage note payable to a bank in monthly installments for principal and interest of \$871 through February of 2016. Interest was fixed for five years and then stated at the Wall Street Prime Rate plus .75%, adjustable yearly. This resulted in an interest rate of 4.56% at June 30, 2015. The note was collateralized by real estate owned by the Organization and was repaid in full during the year ended June 30, 2016.	-	5,908

Mortgage note payable to a bank in monthly installments for principal and interest of \$748 through July of 2033, at which time all principal and interest is due and payable. Interest is fixed for five years and then stated the five year Wall Street Prime Rate plus .50%. This resulted in an interest rate of 3.50% at June 30, 2016 and 2015. The note is collateralized by real estate owned by the Organization.	115,892	120,716
5% note payable to a Corporation in monthly installments for principal and interest of \$995 through October of 2028. The note is collateralized by real estate owned by the Organization.	109,330	115,531
4.75% mortgage note payable to a bank in monthly installments for principal and interest of \$432 through January of 2029, at which time all principal and interest is due and payable. The note is collateralized by real estate owned by the Organization.	48,319	51,128
Mortgage note payable to a bank in monthly installments for principal and interest of \$5,105 through July of 2016, at which time all principal and interest is due and payable. Interest is fixed for three years and then stated at the Wall Street Prime Rate plus 1.00%, adjustable yearly. This resulted in an interest rate of 4.00% at June 30, 2016 and 2015, respectively. The note is collateralized by real estate owned by the Organization.	5,035	64,660
Mortgage note payable to a bank in monthly installments for principal and interest of \$939 through January of 2035, at which time all principal and interest is due and payable. Interest is fixed for five years at 3.75%. The note is collateralized by real estate owned by the Organization.	150,645	156,147
Mortgage note payable to a bank in monthly installments for principal and interest of \$988 through November of 2025, at which time all principal and interest is due and payable. Interest is fixed for three years at 4.99%. The note is collateralized by real estate owned by the Organization.	89,532	96,715
4.50% retail installment contract payable to a bank in monthly installments for principal and interest of \$556 through August of 2016. The note is collateralized by a Company vehicle.	1,102	7,568

4.25% retail contract payable to a bank in monthly installments for principal and interest of \$1,101 through May of 2018. The note is collateralized by Company vehicles.

23,237 35,186

1.00% retail installment contract payable to the New Hampshire Health and Education Authority in monthly installments for principal and interest of \$970 through February of 2018. The note is collateralized by Company vehicles.

15,378 27,748

RAILROAD STREET MILL, INC.

4% mortgage note payable to Rural Development in monthly installments for principal and interest of \$13,313 through July of 2040. The note is collateralized by real estate owned by the Organization.

2,457,734 2,517,865

0% (imputed at 4%) note payable to an economic development corporation. There are no payments due on the note until June of 2020 when all principal is due and payable. The note is collateralized by real estate owned by the Organization.

206,874 199,055

0% (imputed at 4%) note payable to an economic development corporation. There are no payments due on the note until June of 2020 when all principal is due and payable. The note is collateralized real estate owned by the Organization.

141,545 136,195

\$ 3,371,787 \$ 3,546,721

The scheduled maturities of long term debt as of June 30, 2016 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2017	\$ 100,192
2018	96,738
2019	98,250
2020	102,398
2021	106,724
Thereafter	<u>2,867,485</u>
	<u>\$ 3,371,787</u>

7. **BOARD DESIGNATED FUNDS**

As of June 30, 2016 and 2015, the Board of Directors has designated funds to be used for the following:

	<u>2016</u>	<u>2015</u>
Development costs	\$ 322,317	\$ 270,830
Property maintenance and acquisitions	157,895	157,895
Client crisis	<u>50,000</u>	<u>50,000</u>
	<u>\$ 530,212</u>	<u>\$ 478,725</u>

8. **RETIREMENT PLAN**

The Organization maintains a retirement plan for all eligible employees. The plan permits eligible employee deferrals of up to 5% of compensation. These deferrals may be matched by the Organization at its discretion. In addition, the plan allows eligible employees to make an additional voluntary contribution of up to 15% of compensation; these additional deferrals are not subject to any Organization match. All full-time employees are eligible to participate after one year of employment and the attaining of age 18. The Organization's contribution to the retirement plan for the years ended June 30, 2016 and 2015 was \$102,394 and \$91,994, respectively.

9. **ECONOMIC DEPENDENCY**

The Organization's services are performed mostly within Cheshire County, New Hampshire. For each of the years ended June 30, 2016 and 2015, approximately 91% of the total support and revenue was derived from Medicaid. The future level of services provided by the Organization is dependent upon the funding policies of Medicaid or securing additional sources of income.

Medicaid receivables comprise approximately 90% and 84% of the total accounts receivable balances at June 30, 2016 and 2015, respectively. The Organization has no policy for charging interest on past due accounts, not are its accounts receivable pledged as collateral, except as discussed in Note 3.

In order for the Organization to receive this Medicaid funding, they must be formally approved by the State of New Hampshire, Division of Developmental Services as the provider of services for developmentally disabled individuals for its region. The designation is received by the Organization on a quadrennial basis. The current designation expires in September of 2019. Annually, the Organization engages in a contract with the State of New Hampshire to perform these services for the coming year.

10. **LEASE COMMITMENTS**

The Organization has entered into various operating lease agreements to rent certain facilities for their programs. The terms of these leases range from one to ten years. The Organization also leases various apartments on behalf of clients on a month-to-month basis. Rent expense under these agreements aggregated \$372,075 and \$457,621 for the years ended June 30, 2016 and June 30, 2015, respectively.

During June of 2010, Railroad Street Mill, Inc. purchased property in Keene, New Hampshire where Monadnock Developmental Services, Inc. maintains its main offices. Rent charged to Monadnock Developmental Services, Inc. for each of the years ended June 30, 2016 and 2015 was \$210,893.

The approximate future minimum lease payments on the above leases as of June 30, 2016 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2017	\$ 19,200
2018	19,200
2019	19,200
2020	19,200
2021	19,950
Thereafter	<u>89,250</u>
	<u>\$ 186,000</u>

11. RENTAL INCOME

For the year ended June 30, 2015 the Organization leased commercial space to tenants under various non-cancelable operating lease agreements, the initial terms of which vary in length from between one and three years. The leases provided for annual rental increases based upon the Consumer Price Index with certain operating expense escalation charges. At June 30, 2016 all leases had expired and tenants were considered at will. As a result, there are not future minimum rents to be received.

12. CONTINGENCIES

Grant Compliance

The Organization receives funds under a state grant and from Federal sources. Under the terms of these agreements, the Organization is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Organization might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not been determined by government audits or assessed as of June 30, 2016.

13. CLIENT FUNDS

The Organization administers funds for certain consumers. As of June 30, 2016 and 2015, client funds held by the Organization were as follows:

	<u>2016</u>	<u>2015</u>
Client funds administered by the Organization	\$ <u>151,577</u>	\$ <u>102,156</u>

There is an offsetting liability titled "Client funds" for the same amount in each respective year.

14. **FLEXIBLE BENEFITS PLAN**

The Organization maintains a flexible benefits plan for its employees. Substantially all full time employees are eligible to participate. There is no contribution required from the Organization to this plan other than administrative costs.

15. **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Non-cash investing and financing transactions:

	<u>2016</u>	<u>2015</u>
Purchase of property and equipment	\$ 41,063	\$ 62,408
Amount financed and allowances	<u>-</u>	<u>(2,250)</u>
Cash paid for property	<u>\$ 41,063</u>	<u>\$ 60,158</u>
Cash paid for interest	<u>\$ 140,558</u>	<u>\$ 148,617</u>

16. **RESTRICTIONS ON NET ASSETS**

The temporarily restricted net assets consist of contributions received by the Organization that have not been used in satisfaction for the specified purpose of the donors as of June 30, 2016 and 2015. During the year ended June 30, 2016, the Organization received a contribution of \$5,000 restricted for the use of dental funds.

17. **DISCONTINUED OPERATIONS AND SALE OF ASSETS**

During the year ended June 30, 2011, it was determined that the First Course culinary program operated by the Organization was not economically feasible to continue, and the program ceased operations.

In connection with the closing of the program, it was determined that the book value of the assets remaining in the program exceeded their fair value. Management has adjusted the fair value of the assets to the sum of the undiscounted cash flows expected to result from the eventual disposition. This adjustment resulted in an impairment loss of \$236,508 for the year ended June 30, 2011. In addition, since the assets were being held for sale they were reclassified from property, plant and equipment to assets held for sale. During the year ended June 30, 2015, it was determined that no amounts would ever be realized from the sale of the assets, and the assets were written off, resulting in a loss of \$257,350.

In addition, during the year ended June 30, 2015, the Organization's Life Art program was closed and the remaining assets were disposed of. This resulted in a loss of \$2,966.

18. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These classifications had no effect on the previously reported change in net assets, or net assets amounts.

19. SUBSEQUENT EVENTS

Events occurring after the financial statement date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through November 22, 2016, the date when the financial statements were available to be issued.

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FUNCTIONAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	General Management	Service Coordination	Family Support	Subcontracted Area Agency Program Services	In House Area Agency ISO Program	In House Area Agency PDMS Program	DDS Funded	MCSI	Other Non DDS Funded	Railroad Street Mill. Inc.	Total Non DDS Funded	2016 Total	Eliminations	Consolidated Totals 2016	Consolidated Totals 2015
Medicaid	\$ -	\$ 1,366,446	\$ 534,857	\$ 15,901,127	\$ 4,372,283	\$ 2,884,256	\$ 25,058,969	\$ 291,835	\$ 48,702	\$ -	\$ 340,537	\$ 25,399,506	\$ -	\$ 25,399,506	\$ 24,601,346
State of New Hampshire - DDS	32,844	78,099	67,448	191,899	144,766	66,414	581,470	-	-	-	-	581,470	-	581,470	206,186
Residential fees	-	-	-	69,210	227,409	51,414	348,033	-	38,338	-	38,338	386,371	-	386,371	443,296
Other program fees	150	51,608	(51,467)	-	374,935	113,782	489,008	111,053	135,825	-	246,878	735,866	-	735,866	816,460
Grants	-	-	76,098	-	-	-	76,098	63,163	-	-	63,163	139,261	-	139,261	101,430
Rental income	30	-	2,400	-	4,983	-	7,413	-	124,936	375,638	500,574	507,987	(210,893)	297,094	330,693
Local education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,951
Vocational	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
rehabilitation fees	-	-	-	-	-	-	-	37,174	-	-	37,174	37,174	-	37,174	38,523
Client resources	47,058	2,422	-	129,359	52,813	15,689	247,341	-	18,480	-	18,480	265,821	-	265,821	350,845
Production/service income	-	-	5,245	-	-	-	5,245	-	1,975	-	1,975	7,220	-	7,220	45,236
Contributions and other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
public support	30,195	-	-	-	-	125	30,320	-	-	-	-	30,320	-	30,320	16,663
United Way	1,827	-	38,250	-	-	-	38,250	-	-	-	38,250	38,250	-	38,250	38,250
Investment income	14,076	27,574	179	(22,676)	13,385	-	1,827	-	25,597	94	94	1,921	-	1,921	1,273
Other income	-	-	-	-	-	-	-	11,576	-	-	37,173	69,711	-	69,711	75,966
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,212
Total functional revenues	\$ 126,180	\$ 1,526,149	\$ 673,010	\$ 16,268,919	\$ 5,190,574	\$ 3,131,680	\$ 26,916,512	\$ 514,801	\$ 383,853	\$ 375,732	\$ 1,284,366	\$ 28,200,898	\$ (210,893)	\$ 27,990,005	\$ 27,108,339

W

138

06-056-56-562510-41070000-102-500731

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

May 26, 2016

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

REQUESTED ACTION

Authorize the New Hampshire Department of Education, Bureau of Special Education to amend a **sole source** contract with Monadnock Developmental Services, Keene, New Hampshire (Vendor Code 177280), by increasing the price limitation by \$41,563.00 from \$67,000.00 to \$108,563.00, to continue to develop and provide training and technical assistance to local education agencies in their region under the State Personnel Development Grant (SPDG), effective upon Governor and Council approval through June 30, 2017. Original item approved by Governor and Council on March 9, 2016 (Item #100). 100% Federal Funds.

Funding is available in the account titled State Professional Development Improvement Plan Grant as follows:

		FY17
06-056-56-562510-41070000-102-500731	Contracts for Program Services	\$41,563

EXPLANATION

The New Hampshire Department of Education received a \$3.85 million (\$770,000.00 per year for 5 years) State Personnel Development Grant (SPDG) from the U.S. Department of Education, Office of Special Education Programs (OSEP). This request is **sole source** because 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

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
Page 2 of 2

State College, Institute on Disability, and QED. Therefore, no competitive bid process was established.

The Department of Education would like to amend this agreement with Monadnock Developmental Services to add on an additional staff member to provide services not originally anticipated, in support of adding two more Local Education Agencies (LEAs) that the Contractor will serve as their coach and train in addition to the LEAs they are currently supporting. The Contractor will include one additional staff member to assume the responsibility of the additional two LEAs.

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: (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, which 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.

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

AMENDMENT TO SERVICES CONTRACT

Now come the New Hampshire Department of Education, Bureau of Special Education, hereinafter “the Agency,” and Monadnock Developmental Services, Keene, New Hampshire hereinafter “the Contractor”, and, pursuant to an agreement between the parties that was approved by Governor and Council on March 9, 2016 (Item #100) hereby agree to modify same as follows:

1. Amend Section 1.8 of the Contract Agreement by increasing the Price Limitation from \$67,000.00 to \$108,563.00.
2. Amend Exhibit A (Scope of Services) by adding on additional staff member to provide services not originally anticipated, in support of adding two more Local Education Agencies (LEAs) that the Contractor will serve as their coach and train in addition to the LEAs they are currently supporting. The Contractor will include one additional staff member to assume the responsibility of the additional two LEAs.

Amendment –

Project Coordinator, will join the Contractor’s team to provide services not originally anticipated that will include but are not limited to:

- Participating in the NSNH Leadership Team (LT) and relevant Work Group (WG) Meetings, including the IHE workgroup.
- Serving as trainer and coach for 2 LEAs implementing project strategies (with varying degrees of duration and intensity based on school implementation level):
- Reviewing LEA current transition practices, and developing and implementing a PD plan that will impact the local need
- Meeting frequently with LEA transition liaisons to review the LEA PD plans, as well as fostering ongoing contact to stay in close communication
- Supporting family engagement training
- Providing coaching on Extended Learning Opportunities (ELOs) and evidenced-based transition practices
- Collecting training and coaching implementation data, and intervention fidelity data

3. Amend Exhibit B, by increasing the FY17 budget by \$41,563.00 from \$67,000.00 to \$108,563.00, with the contract price limitation becoming \$108,563.00

Description of Services	FY'17 G&C approval – July 1, 2016- June 30, 2017	Adjusted Budget	Total
Personnel	\$32,110.00	\$30,160.00	\$62,270.00
Fringe Benefit	\$25,342.00	\$4,524.00	\$29,866.00
Travel	\$2,135.00	\$2,100.00	\$4,235.00
Total Personnel	\$59,587.00	\$36,784.00	\$96,371.00
Supplies	\$350.00	\$500.00	\$850.00
Contractual	\$350.00		\$350.00
Other (phone, printing postage, trainings, equipment)	\$1,750.00	\$1,200.00	\$2,950.00
Total Other	\$2450.00	\$1,700.00	\$4,150.00
Total Direct Costs	\$62,037.00	\$38,484.00	\$100,521.00

Indirect costs 8%	\$4963.00	\$3,079.00	\$8,042.00
Total Contract	\$67,000.00	\$41,563.00	\$108,563.00

FY17 Revised budget \$108,563.00

Total Revised Contract Price \$108,563.00

4. All other provisions of the contract shall remain in effect.
5. This modification shall be effective on the date of approval by Governor and Council.

This modification of an existing agreement is hereby incorporated by reference into the existing agreement by the parties and must be attached to the said agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year first above written.

THE STATE OF NEW HAMPSHIRE
Department of Education

By: Virginia M. Barry
Virginia M. Barry, Commissioner of Education

Monadnock Developmental Services

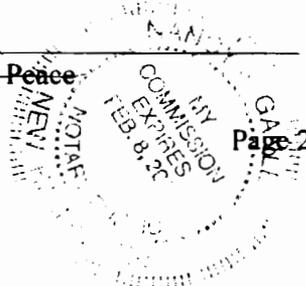
By: Mike Forrest
Mike Forrest, President

STATE OF New Hampshire
County of Cheshire

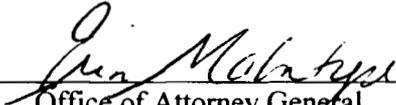
On this the 23rd day of May, 2016 before me, Michael Forrest, the undersigned officer, personally appeared Michael Forrest who acknowledged himself/herself to be the President of Monadnock Developmental Services a corporation, and that he/she, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Michael B. Forrest, President.

In WITNESS WHEREOF, I hereto set my hand and official seal.

Nancy J. Gaudin
Notary Public/Justice of the Peace



Approved as to form, substance and execution by the Attorney General this 31 day of May, 2016

By: 
Office of Attorney General

Approved by the Governor and Council this _____ day of _____, _____

By: _____

Certificate of Authority

I, **Terry Manahan**, Clerk/Secretary of Monadnock Developmental Services, Inc do hereby certify that:

- (1) I maintain and have custody of and am familiar with the seal and minute books of the corporation;
- (2) I am authorized to issue certificates with respect to the contents of such books and to affix such seal to such certificate;
- (3) The following (is a) (are) true and complete cop(y)(ies) of the resolution(s) adopted by the board of directors of the corporation at a meeting of that board on **May 23, 2016**, which meeting was held in accordance with the law of the state of incorporation and the by-laws of the corporation:

BE IT RESOLVED, that Michael Forrest, as President of the Board of Directors of the Corporation, is authorized, on behalf of this Corporation to enter into amendment for the contract/agreement with the State of New Hampshire Department of Education for Next Steps NH covering July 1, 2016 to June 30, 2017.

- a) Sign the amended application for an additional \$41,563 Department of Education "Next Steps" contract/agreement.
 - b) Sign any other documentation that may be required by the funding agent in the process of application or acceptance of the grant.
- (4) The following is a true and complete copy of a by-law adopted at a (shareholder)(organizational) meeting on January 24, 2000.
 - (5) The foregoing resolution(s) and by-law are in full force and effect, unamended, as of the date hereof; and
 - (6) The following person(s) lawfully occupy the office(s) indicated below:

Mike Forrest, President
Terry Manahan, Secretary
Jim Schofield, Treasurer

IN WITNESS WHEREOF, I have hereunto set my hand as the Clerk/Secretary of the Corporation this

23rd day of MAY 20 16.

(Corporate Seal if any)



Clerk/Secretary

(If the corporation has no seal, the Clerk/Secretary shall acknowledge the certificate before an authorized officer below)

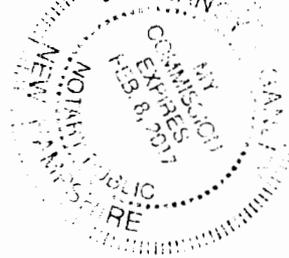
STATE OF NEW HAMPSHIRE

COUNTY OF Cheshire

On May 23, 2016, before the undersigned officer personally appeared the person identified in the foregoing certificate, know to me (or satisfactorily proven) to be the Clerk/Secretary of the corporation identified in the foregoing certificate, and acknowledge that he executed the foregoing certificate.

In witness whereof I hereunto set my hand and official seal.

Nancy J. Gessley
Notary Public/Justice of the Peace



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 MONADNOCK DEVELOPMENTAL SERVICES, INC. is a New Hampshire limited liability company formed on March 30, 1983. I further certify that it is in good standing as far as this office is concerned, having filed the annual report(s) and paid the fees required by law; and that a certificate of cancellation has not been filed.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 6th day of May, A.D. 2016

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/14/2015

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

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

PRODUCER Clark - Mortenson Insurance P.O. Box 606 Keene NH 03431	CONTACT NAME: PHONE (A/C No, Ext): 603-352-2121 FAX (A/C No): 603-357-8491 E-MAIL ADDRESS: csr24@clark-mortenson.com	
	INSURER(S) AFFORDING COVERAGE NAIC #	
INSURED Monadnock Developmental Serv 121 Railroad Street Keene NH 03431	INSURER A: Philadelphia Insurance Company 0	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES **CERTIFICATE NUMBER: 54657152** **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			7/1/2015	7/1/2016	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$3,000,000 \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A			PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

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

CERTIFICATE HOLDER State of New Hampshire Department of Education 101 Pleasant Street Concord NH 03301-3860	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

Financial Statements

**403(b) THRIFT PLAN OF MONADNOCK
DEVELOPMENTAL SERVICES, INC.**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
AND
INDEPENDENT AUDITORS' REPORT**

403(b) THRIFT PLAN OF MONADNOCK DEVELOPMENTAL SERVICES, INC.

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Net Assets Available for Benefits	3
Statements of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5 - 13
Supplemental Schedule:	
Schedule of Assets (Held at End of Year)	14 - 15

To the Plan Trustee
403(b) Thrift Plan of Monadnock Developmental Services, Inc.
Keene, New Hampshire

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of 403(b) Thrift Plan of Monadnock Developmental Services, Inc. (the "Plan"), which comprise the statements of net assets available for benefits as of June 30, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in **Note 4**, which was certified by Mutual of America Life Insurance Company and The Variable Annuity Life Insurance Company (VALIC), the custodians of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the custodians hold the Plan's investment assets and execute investment transactions. The Plan Administrator has obtained certifications from the custodians as of and for the years ended June 30, 2015 and 2014, that the information provided to the Plan Administrator by the custodians is complete and accurate.

As described in Note 2, the Plan has not maintained sufficient accounting records and supporting documents relating to certain annuity and custodial accounts issued to current and former employees prior to July 1, 2009. Accordingly, we were unable to apply auditing procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets (held at end of year), which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*June McDermott + Roberts
Professionals Association*

January 7, 2016
Dover, New Hampshire

403(b) THRIFT PLAN OF MONADNOCK DEVELOPMENTAL SERVICES, INC.

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Investments, at fair value:		
Mutual funds	\$ 2,907,111	\$ 2,856,030
Fixed income funds	112,401	171,044
Interest accumulation account	<u>110,862</u>	<u>101,570</u>
Total investments, at fair value	3,130,374	3,128,644
Participants' notes receivable	<u>19,062</u>	<u>13,408</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 3,149,436</u>	<u>\$ 3,142,052</u>

See Notes to Financial Statements

403(b) THRIFT PLAN OF MONADNOCK DEVELOPMENTAL SERVICES, INC.

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Net appreciation in fair value of investments	\$ 134,859	\$ 474,884
Interest income	<u>4,417</u>	<u>7,348</u>
Total investment income	<u>139,276</u>	<u>482,232</u>
Contributions:		
Participants'	128,481	134,898
Employer	95,055	98,925
Rollovers	<u>36,408</u>	<u>30,490</u>
Total contributions	<u>259,944</u>	<u>264,313</u>
Total additions to net assets	<u>399,220</u>	<u>746,545</u>
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Distributions	389,531	236,957
Deemed distributions	-	42,475
Administrative expenses	<u>2,305</u>	<u>1,838</u>
Total deductions from net assets	<u>391,836</u>	<u>281,270</u>
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	7,384	465,275
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>3,142,052</u>	<u>2,676,777</u>
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$3,149,436</u>	<u>\$3,142,052</u>

See Notes to Financial Statements

403(b) THRIFT PLAN OF MONADNOCK DEVELOPMENTAL SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 1 DESCRIPTION OF PLAN

The following description of the 403(b) Thrift Plan of Monadnock Developmental Services, Inc. ("the Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan, which became effective April 1, 1997, is a defined contribution plan covering all eligible employees of Monadnock Developmental Services, Inc. ("the Organization"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, eligible participants, as defined, are allowed to make voluntary pretax or after tax contributions of up to 100% of eligible compensation up to the maximum annual limit provided by the Internal Revenue Service, as defined in the Plan. Participants who have attained the age of 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. The Organization matches up to 5% of eligible employee compensation as defined in the Plan document. For the years ended June 30, 2015 and 2014 the Organization made matching contributions of \$95,055 and \$98,925 to the Plan, respectively.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Organization's contribution and, (b) Plan earnings (losses) and is charged with an allocation of administrative expenses, depending on the participant's choice of investments. Allocations are based on participant earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participants' Notes Receivable

An employee may borrow from his or her 403(b) account for any purpose. The maximum loan is 50% of a participant's vested account balance up to \$50,000 with a minimum loan amount of \$1,000. The loans are secured by the remaining balance in the participant's account (if married, spousal consent must be obtained).

Under the current provisions of the Plan, participants' notes receivable are loans directly with Mutual of America Life Insurance Company. Under the agreement, the loan requests processed are directly paid to the participant by Mutual of America, and the funds equal to the amount of the loan are transferred into the accumulated interest account as security. Participants pay 4% on all outstanding loan balances to Mutual of America and earn the then prevailing rate on the accumulated interest account. The difference between the two rates is approximately 3%. For financial statement purposes the accumulated interest account has been reduced by the balance of the outstanding loans as of June 30, 2015 and 2014.

Principal and interest may either be paid ratably through payroll deductions or through a home billing cycle.

Vesting

Participants are immediately vested in their voluntary and rollover contributions plus actual earnings thereon. Vesting in employer matching contributions is based on years of service as defined by the Plan document. Participants vest in employer matching contributions, plus actual earnings thereon, based on years of service as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Forfeited Accounts

At June 30, 2015 and 2014, there were no forfeited non-vested account balances. Under the terms of the Plan, forfeited balances of terminated participants' non-vested accounts may be used to offset plan expenses or employer contributions. In 2015 and 2014 employer contributions were reduced by \$3,065 and \$2,028, respectively from forfeited non-vested accounts.

Investments

Upon enrollment in the Plan, a participant may direct contributions in whole unit increments in a variety of mutual funds and interest bearing accounts. Participants may change their investment options and make transfers between investments online at any time via VALIC or Mutual of America Life Insurance Company's automated systems.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount, a direct transfer to another qualified retirement account, or a combination of the two, equal to the participant's vested interest in his or her account; or periodic installments over a designated period. Benefit payments are recorded when paid.

Upon termination of service, a participant, unless electing otherwise, will begin receiving benefit payments on the first calendar month following the benefit commencement date established under the Plan. Employees with a balance of \$5,000 or greater have the right to keep their retirement account in the Plan or elect to have the benefits paid in a lump sum, through installment payments or by purchase of an annuity. Participants with a balance of less than \$5,000 but greater than \$1,000 have the option to transfer their funds to an IRA without penalty or receive a lump sum payment. All others with a balance of less than \$1,000 receive a lump sum payment.

In-Service Withdrawal

An employee is permitted to take a distribution while being an active participant in the Plan at the age of 59 ½. Such a distribution will not be subject to a 10% excise tax but will be subject to income taxes.

Hardship Withdrawal

An employee may take a distribution from the Plan if a heavy financial burden can be demonstrated to the Plan Trustee. The Trustee shall grant a hardship withdrawal if it is determined the withdrawal is necessary to meet an immediate and heavy financial need of the participant, as defined by the Plan. Hardship withdrawals are limited to certain funds, as defined by the Plan. Hardship withdrawals are subject to income tax and a 10% excise tax.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Plan Records

The Plan has not maintained sufficient accounting records and supporting documents relating to certain custodial accounts issued to current and former employees prior to July 1, 2009.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. See **Note 3** for discussion of fair value measurements.

Participants' Notes Receivable

Participants' notes receivable are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and are expensed when incurred. No allowance for credit losses has been recorded as of June 30, 2015 and 2014. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be in default, the participant's loan balance is reduced and a benefit payment is recorded.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See **Note 3** for discussion of fair value measurement.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/depreciation includes the Plan's gains and losses on the investments bought and sold as well as held during the year.

In July 2015, the Financial Accounting Standards Board issued ASU 2015-12, Plan Accounting: Defined Contribution Pension Plans (Topic 962): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. Part I eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. For the year end June 30, 2015 the plan sponsor adopted this pronouncement and has applied it retroactively, as allowed.

Risks and Uncertainties

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the participant balances and amounts reported in the statements of net assets available for benefits.

NOTE 3 FAIR VALUE MEASUREMENTS

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability; and,• inputs that are derived principally from or corroborated by observable market data by correlation or other means. |

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 to the valuation methodology are unobservable and significant to the fair value measurement. |
|---------|---|

The asset 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 need 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:

Mutual Funds (Level 1): Valued at the daily closing price as reported by the fund. Mutual funds (Level 1) held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds (Level 1) held by the Plan are deemed to be actively traded.

Mutual Funds (Level 2): Valued at the closing price as reported by the fund. These funds are internally managed by the asset custodian Mutual of America Life Insurance Company and are valued based on the NAV of the underlying assets, which are generally traded in active markets.

Fixed Income Funds: Fixed income funds are invested in Insurance Company Contracts. Insurance Company Contracts are comprised of a non-benefit responsive investment fund and fully benefit responsive investment contracts. The investment in the non-benefit responsive investment fund is valued based upon the quoted redemption value of units owned by the Plan at year end. The fair value of fully benefit responsive investment contracts is calculated using a discounted cash flow model. Insurance Company Contracts are not available in an exchange and active market, however, the fair value is determined based on the underlying investments as traded in an exchange and active market. The majority of Insurance Company Contracts are comprised of nonconvertible bonds, governmental agency mortgage securities, asset backed securities, collateralized mortgage obligations and other short term fixed obligations. The fair market value of the fixed income funds is contract value.

Interest Accumulation Account: The interest accumulation account is held by Mutual of America Life Insurance Company and is valued at cost and accumulated earnings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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 Plan's investments at fair value as of June 30:

	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,307,759	\$ 1,599,352	\$ -	\$ 2,907,111
Fixed income funds	-	112,401	-	112,401
Interest Accumulation Account	<u>-</u>	<u>110,862</u>	<u>-</u>	<u>110,862</u>
Total investments at fair value	<u>\$ 1,307,759</u>	<u>\$ 1,822,615</u>	<u>\$ -</u>	<u>\$ 3,130,374</u>

	<u>2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,264,486	\$ 1,590,931	\$ -	\$ 2,855,417
Fixed income funds	-	171,044	-	171,044
Interest Accumulation Account	<u>-</u>	<u>101,570</u>	<u>-</u>	<u>101,570</u>
Total investments at fair value	<u>\$ 1,264,486</u>	<u>\$ 1,863,545</u>	<u>\$ -</u>	<u>\$ 3,128,031</u>

The Plan entered into a benefit-responsive investment contract (fixed income funds) with VALIC. VALIC maintains the contributions in either a fixed income or a general account. The related account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The crediting interest rates are determined on the contracts based on when the participants opened their account. For the year ended June 30, 2015 new transfers and contributions in, yielded a guaranteed minimum interest rate ranging between 1.97% and 2.96%. For the year ended June 30, 2014 new transfers and contributions in yielded a guaranteed minimum interest rate ranging between 2.31% and 2.96%. There are no reserves against contract value for surrender charges or for credit risk of the contract issuer or otherwise.

The Interest Accumulation Account includes contracts issued by Mutual of America which credit interest at a rate specified in the contract. These contracts continue in-force until they are terminated by either the Plan or Mutual of America. The Interest Accumulation Account is reported at contract value. Contract value represents the amount participants would receive if they were to initiate a transaction under the terms of the ongoing plan. Interest is credited daily at an interest rate not less than the guaranteed minimum interest rate shown on the contract specifications. The interest crediting rate is determined on a daily basis.

NOTE 4 INFORMATION CERTIFIED BY THE PLAN'S ASSET CUSTODIANS

The Plan Administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the asset custodians, Mutual of America Life Insurance Company and VALIC, have certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments, as shown in the statements of net assets available for benefits as of June 30, 2015 and 2014.
- Investment activity, as shown in the statements of changes in net assets available for benefits for the years ended June 30, 2015 and 2014.
- The supplemental schedule of assets (held at end of year) as of June 30, 2015.

The Plan's independent auditors did not perform auditing procedures with respect to this information, for the years ended June 30, 2015 and 2014, except for comparing such information to the related information included in the financial statements and supplemental schedule.

NOTE 5 PLAN TERMINATION

Although it has not expressed any intent to do so, the Organization has the right under the Plan to terminate the Plan subject to the provisions of ERISA, the Internal Revenue Code governing termination of employee benefit plans and a 60 day written notification to the Plan Trustee. In the event of plan termination, participants will become 100% vested in their accounts.

NOTE 6 ADMINISTRATIVE EXPENSES

The Organization provides certain administrative and accounting services to the Plan at no cost. Additionally, the Organization pays for the annual audit and some third party administrative expenses. Administrative expenses in the statements of changes in net assets available for benefits consist of loan and additional investment management fees charged by the asset custodian. All other investment fees are included in the net appreciation in fair value of investments.

NOTE 7 PARTY IN INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by VALIC and Mutual of America Life Insurance Company, the asset custodians, as defined by the Plan, and, therefore, these transactions qualify as party in interest transactions. The Executive Director of the Plan sponsor serves as the Plan Trustee and also currently participates in the Plan.

NOTE 8 TAX STATUS

403(b) plans currently are not required to submit plan documents to the Internal Revenue Service for determination. The Plan Administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe the Plan was qualified and the related trust was tax exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained on examination by the Internal Revenue Service. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years ending prior to June 30, 2012.

NOTE 9 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of net assets available for benefits date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of net assets available for benefits date, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the statement of net assets available for benefits date, but arose after that date. Management has evaluated subsequent events through January 7, 2016, the date the financial statements were available for issuance.

403(b) THRIFT PLAN OF MONADNOCK DEVELOPMENTAL SERVICES, INC.

**SCHEDULE OF ASSETS (HELD AT END OF YEAR)
JUNE 30, 2015**

Form 5500: Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

Employer Identification Number: 02-0369974
Plan Number 001

(a)	(b)	(c)	(d)	(e)
Identity of Issue, Borrower, Lessor or Similar Party		Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
*	Mutual of America Life Insurance Co.	Mutual of America Equity Index Fund	n/a	\$ 285,673
*	Mutual of America Life Insurance Co.	Mutual of America 2035 Retirement Fund	n/a	241,140
*	Mutual of America Life Insurance Co.	American Century VP Capital Appreciation Fund	n/a	181,412
*	Mutual of America Life Insurance Co.	Mutual of America 2030 Retirement Fund	n/a	145,189
*	Mutual of America Life Insurance Co.	Mutual of America Moderate Allocation Fund	n/a	130,569
*	Mutual of America Life Insurance Co.	Vanguard VIF International Portfolio	n/a	123,374
*	Mutual of America Life Insurance Co.	Mutual of America 2015 Retirement Fund	n/a	121,696
*	Mutual of America Life Insurance Co.	Mutual of America 2025 Retirement Fund	n/a	114,629
*	Mutual of America Life Insurance Co.	Mutual of America Bond Fund	n/a	112,946
*	Mutual of America Life Insurance Co.	Mutual of America Interest Accumulation Account	n/a	110,862
*	Mutual of America Life Insurance Co.	Fidelity VIP Contrafund Portfolio	n/a	106,031
*	Mutual of America Life Insurance Co.	Mutual of America Mid-Cap Equity Index Fund	n/a	103,038
*	Mutual of America Life Insurance Co.	Deutsche Variable Series I Capital Growth VIP	n/a	97,436
*	Variable Annuity Life Insurance Co.	Fixed Account Plus	n/a	90,802
*	Mutual of America Life Insurance Co.	Fidelity VIP Mid Cap Portfolio	n/a	90,350
*	Mutual of America Life Insurance Co.	Mutual of America Aggressive Allocation Fund	n/a	89,146
*	Mutual of America Life Insurance Co.	Mutual of America 2020 Retirement Fund	n/a	77,696
*	Variable Annuity Life Insurance Co.	Small Cap Index Fund	n/a	73,227
*	Mutual of America Life Insurance Co.	Vanguard VIF Diversified Value Portfolio	n/a	72,609
*	Variable Annuity Life Insurance Co.	Stock Index Fund	n/a	67,854
*	Mutual of America Life Insurance Co.	Mutual of America 2040 Retirement Fund	n/a	61,874
*	Variable Annuity Life Insurance Co.	Vanguard Wellington Fund, Inc.	n/a	60,756
*	Mutual of America Life Insurance Co.	Mutual of America Small Cap Growth Fund	n/a	58,427
*	Variable Annuity Life Insurance Co.	Mid Cap Index Fund	n/a	58,164
*	Variable Annuity Life Insurance Co.	Ariel Appreciation Fund	n/a	55,872
*	Mutual of America Life Insurance Co.	Mutual of America 2045 Retirement Fund	n/a	52,275
*	Mutual of America Life Insurance Co.	Mutual of America Small Cap Value Fund	n/a	34,179
*	Variable Annuity Life Insurance Co.	Money Market Fund	n/a	34,000
*	Variable Annuity Life Insurance Co.	Science & Technology Fund	n/a	31,791
*	Mutual of America Life Insurance Co.	Fidelity VIP Equity-Income Portfolio	n/a	29,785
*	Variable Annuity Life Insurance Co.	Emerging Economies	n/a	25,349
*	Variable Annuity Life Insurance Co.	Growth Fund	n/a	22,882
*	Variable Annuity Life Insurance Co.	Short Term Fixed Account	n/a	21,599
*	Variable Annuity Life Insurance Co.	Global Strategy	n/a	19,260
*	Variable Annuity Life Insurance Co.	Health Sciences Fund	n/a	12,985
*	Variable Annuity Life Insurance Co.	Vanguard Lifestrategy Growth	n/a	10,866
*	Variable Annuity Life Insurance Co.	Core Equity Fund	n/a	10,397
*	Variable Annuity Life Insurance Co.	Small Mid Cap Growth Fund	n/a	10,024
*	Variable Annuity Life Insurance Co.	Vanguard Long-Term Treasury	n/a	9,691
*	Variable Annuity Life Insurance Co.	International Growth I Fund	n/a	9,339
*	Mutual of America Life Insurance Co.	Calvert VP SRI Balanced Portfolio	n/a	8,662
*	Variable Annuity Life Insurance Co.	Foreign Value	n/a	8,630
*	Mutual of America Life Insurance Co.	Mutual of America Mid-Term Bond Fund	n/a	8,235

See Notes to Financial Statements

403(b) THRIFT PLAN OF MONADNOCK DEVELOPMENTAL SERVICES, INC.

**SCHEDULE OF ASSETS (HELD AT END OF YEAR)
JUNE 30, 2015**

Form 5500: Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

Employer Identification Number: 02-0369974
Plan Number 001

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
*	Variable Annuity Life Insurance Co.	International Equities Index Fund	n/a	7,371
*	Mutual of America Life Insurance Co.	Mutual of America Conservative Allocation Fund	n/a	6,969
*	Variable Annuity Life Insurance Co.	International Government Bond	n/a	4,468
*	Variable Annuity Life Insurance Co.	Global Social Awareness Fund	n/a	3,978
*	Mutual of America Life Insurance Co.	Mutual of America 2050 Retirement Fund	n/a	3,968
*	Variable Annuity Life Insurance Co.	Strategic Bond Fund	n/a	3,544
*	Mutual of America Life Insurance Co.	Oppenheimer Main Street Fund VA	n/a	2,612
*	Variable Annuity Life Insurance Co.	Mid Cap Value Fund	n/a	2,186
*	Mutual of America Life Insurance Co.	American Funds Insurance Series New World	n/a	1,166
*	Variable Annuity Life Insurance Co.	Small Cap Special Value Fund	n/a	938
*	Variable Annuity Life Insurance Co.	Small Cap Fund	n/a	922
*	Variable Annuity Life Insurance Co.	Vanguard Long Term Investment-Grade Fund	n/a	641
*	Variable Annuity Life Insurance Co.	Vanguard Windsor	n/a	519
*	Variable Annuity Life Insurance Co.	Small Cap Growth Fund	n/a	129
*	Variable Annuity Life Insurance Co.	Mid Cap Growth Fund	n/a	118
*	Variable Annuity Life Insurance Co.	Large Capital Growth	n/a	66
*	Mutual of America Life Insurance Co.	Vanguard VIF REIT Index Portfolio	n/a	58
*	Participant loans	Interest rates are 4%, with maturity dates ranging from August 2015 to January 2019, secured by individual accounts.	-0-	\$ 19,062

* Indicates a party-in-interest to the Plan

See Notes to Financial Statements

MONADNOCK DEVELOPMENTAL SERVICES INC.
Board Members
FY'2016

Updated January 7, 2016

ADAMS, Nancy Hancock, NH 03449	11/2016	**Consumer *Consumer Parent/Sibling Guardian
COHEN, Jennifer Keene, NH 03431	11/2017	
FORREST, Michael (Mike), President Keene, NH 03431	11/2017	
HAYES, Don, Keene, NH 03431	11/2016	
KENNEY, Elizabeth Peterborough, NH 03458	11/2017	
MANAHAN, Terry, Secretary Harrisville, NH 03450	11/2017	
PROVOST, Beth Keene, NH 03431	11/2017	
*REMILLARD, Adele Member & Council/Board Liaison Jaffrey, NH 03452	11/2017	
SCHOFIELD, James, Treasurer Keene NH 03431	11/2017	
**SELIGMAN, Sand, Keene, NH 03431	11/2016	
*TORELLI, Manfredo Marlborough NH 03455	11/2017	
*VILES, Shelley L., Vice-President Keene, NH 03431	11/2017	

Principal Staff

Personnel	Title	Full Time Equivalent
Sheila Mahon	Regional PD Intermediary Coach	67%
Jessica Bigaj	Project Coordinator	48%

Jessica Bigaj

EDUCATION

- Brown University, Providence, RI** 1982-1986
Bachelor of Arts in Art History
- Completed Masters level coursework at Castleton State College and Keene State College 1992-1994

QUALIFICATIONS

- Written and verbal communication
- Collaboration and problem solving
- Organization of time and materials
- Development of policy and procedure
- Event and project coordination
- Budget management
- Database and spreadsheet experience: Banner Finance, Colleague, Tk20, Access, Excel, Raiser's Edge
- Website development: WordPress

EXPERIENCE

- Alumni & Constituent Engagement, Alumni Reunion Coordinator**, Keene State College, Keene, NH Present
- Coordinate event planning and scheduling, catering, written and electronic communications, volunteer recruitment and supervision
 - Manage registration on Raiser's Edge database
 - Generate and process contracts and payments for performers and service providers
- Arts & Humanities Dean's Office Administrative Assistant**, Keene State College, Keene, NH Present
- General administrative office support including processing and recording fund commitments and expenditures, processing academic travel requests, and Colleague scheduling
- Next Steps, NH Website Development Project**, Keene State College, Keene, NH Present
- Update and build website content
 - Improve usability and design within current WordPress platform
- New Hampshire Geographic Alliance Administrative Assistant**, Keene State College, Keene, NH 2013-2015
- Generated and processed independent contractor agreements, payments and reimbursement
 - Processed and recorded budgeted expenses for grant funded activities
 - Coordinated National Geographic Society giant map tour in New Hampshire
 - Assisted the Coordinator with outreach, event coordination and marketing
 - Communicated program development, tasks and activities to Steering Committee and members
- ACES Summer Program Director**, Keene State College, Keene, NH 2013-2014
- Hired and supervised Assistant Director and workshop instructors
 - Managed budget
 - Oversaw compliance with KSC policy and procedure
 - Recruited and selected participants
 - Collaborated with community and agency partners
 - Organized campus residency, meals, activities, and facility scheduling
 - Organized on and off campus job shadows, events and activities for participants
- Pastry Chef**, Kristin's Bakery, Keene, NH 2012-2013

Jessica Bigaj

- Teacher Education Interim Placement Coordinator**, Keene State College, Keene, NH 2011-2012
- Coordinated field experiences for KSC Teacher Education students in collaboration with site administrators and teachers, KSC faculty and Teacher Education staff
 - Created resources and communications to inform and support KSC cooperating professionals
 - Coordinated workshop and acknowledgment events for KSC cooperating professionals
 - Visited placement sites to train and support site supervisors
 - Managed placement records and data
 - Assisted KSC Certification Officer with the NH Department of Education certification application process
- Teacher Education Outreach Coordinator**, Keene State College, Keene, NH 2009-2011
- Assisted the KSC Certification Officer with the NH Department of Education certification application process
 - Coordinated workshop and acknowledgment events for KSC cooperating professionals
 - Assisted Placement Coordinator with student teaching eligibility and data management using Access Database, Microsoft Word, and Tk20
 - Created resources and communications to inform and support KSC cooperating professionals
 - Conducted surveys to assess support and training needs of KSC cooperating professionals
- Graduate Studies Program Assistant**, Keene State College, Keene, NH 2006-2009
- Assisted administrative activities for graduate programs including recruitment of prospective graduate students, application process, registration, data management, website development, audits for program completion, and application for certification process
- Disability Services Counselor, Office of Disability Services**, Keene State College, Keene, NH 2000-2004
- Determined and provided Section 504 and ADA accommodations for students with disabilities
 - Authored *Keene State College Policy and Procedures for Students with Disabilities*
 - Screened and referred students for learning disability assessments
 - Co-developed a leadership panel of students with disabilities
 - Facilitated group meetings with faculty and staff to support student access to KSC programs
 - Consulted with external agency and school professionals to support student access to KSC programs
 - Conducted workshops for KSC orientations, faculty and staff development, and parent information
- Headstart Instructional Assistant**, Willamette Educational Service District, Salem, OR 1998-1999
- Disability Specialist**, University of Minnesota, Minneapolis, MN 1995-1996
- Coordinator of Disability Services**, Vermont Technical College, Randolph Center, VT 1994-1995
- Instructor of Speech Communication**, Landmark College, Putney, VT 1993-1994
- Learning Disabilities Tutor**, Landmark College, Putney, VT 1992-1993

ADDITIONAL INFORMATION

- Making Community Connections Charter School, Community Connections Committee
- President of Nelson School Parent Teacher Organization (2008-2010)
- Coordinator of 5K running race fundraiser for the Nelson School Parent Association (2004 and 2005)
- Recipient of Monadnock Developmental Services Respect Award for support of a KSC student with Autism (2005)
- Wedding cake designer
- Participant in MothersUniting for a Nonviolent and Just World for all Children, Keene, NH (2004 and 2005)
- Volunteer, Breast Cancer Network of Vermont
- Volunteer, Big Sister for Cancer Outreach Relief Effort

References available upon request

Revised 4/2016

41

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FEB 19 '16 PM 3:57 EAT



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

Paul K. 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

February 17, 2016

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

Sole Source

REQUESTED ACTION

Authorize the New Hampshire Department of Education, Bureau of Special Education to enter into a **sole source** contract with Monadnock Developmental Services, Keene, NH (Vendor Code #177280) in the amount of \$67,000.00 to develop and provide training and technical assistance to local education agencies in their region under the State Personnel Development Grant (SPDG), effective upon Governor and Council approval for the period of July 1, 2016 through June 30, 2017. 100% Federal Funds.

Funding is available in the account titled State Professional Development Improvement Plan Grant as follows:

	<u>FY2017</u>
06-56-56-562510-41070000-102-500731 Contracts for Program Services	\$67,000.00

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 (OSEP). This request is **sole source** because New Hampshire was awarded this grant with the provision that the partners identified in the Department of Education's proposal would be funded to assist the Department 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 Foundation. Therefore, no competitive bid process was established.

TDD Access: Relay NH 711
EQUAL OPPORTUNITY EMPLOYER- EQUAL EDUCATIONAL OPPORTUNITIES

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council

Page 2 of 2

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: (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, which 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.

Monadnock Developmental Center for Successful Transitions (MCST), a project of Monadnock Developmental Services, is focused on providing supports to individuals with disabilities as they transition to life after high school. MCST provided secondary transition training to districts under the State Improvement Grant II and, thus, is highly qualified to continue this work under the SPDG. Therefore, MCST, 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 Leadership Team (LT) with the LEA recruitment
- Attend Participatory Adult Learning Styles training
- Support family engagement training
- Coordinate 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
- 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

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

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 Monadnock Developmental Services		1.4 Contractor Address 121 Railroad Street, Keene, NH 03431	
1.5 Contractor Phone Number (603)352-1304	1.6 Account Number See Exhibit B	1.7 Completion Date June 30, 2017	1.8 Price Limitation \$67,000.00
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 <i>Michael Forrest</i>		1.12 Name and Title of Contractor Signatory Michael Forrest, President	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Cheshire</u> On <u>10/26/15</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that 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] <i>Nancy J. Ganley</i>			
1.13.2 Name and Title of Notary or Justice of the Peace Nancy J. Ganley			
1.14 State Agency Signature <i>Virginia M. Barry</i>		1.15 Name and Title of State Agency Signatory Virginia M. Barry, Contract Administrator	
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: <i>Eric McLary</i> On: <u>2/18/16</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

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

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

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

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

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

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

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

Contractor Initials MAF
Date 10/26/15

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

Contractor Initials *WCF*
Date *10/24/10*

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

Monadnock Center for Successful Transitions, 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)
 - Support the development of local Transition CoP
 - Coordination of PD training and coaching at regional intermediary
- Participate in the NSNH Leadership Team (LT) and relevant Work Group (WG) Meetings, including the IHE workgroup.
- Assist NSNH LT with the LEA recruitment
- Serve as trainers and coaches for up to 3 LEAs implementing project strategies (with varying degrees of duration and intensity based on school implementation level):
 - Review LEA current transition practices, and develop and implement a PD plan that will impact the local need
 - Meet frequently with LEA transition liaisons to review the LEA PD plans, as well as fostering ongoing contact to stay in close communication
 - Support family engagement training
 - Develop and provide training and coaching on Extended Learning Opportunities (ELOs) and evidenced-based transition practices
- Collect training and coaching implementation data, and intervention fidelity data
- Assist the Evaluation WG in the development of fidelity instruments
- Contribute training and coaching materials, evaluation instruments and assessments, and resource materials to be posted on the Transition Resource Portal and the NHDOE Networks
- Participate in training on how to use the Transition Resource Portal and the NHDOE Networks for training and coaching with LEAs

Initials: *MS*
Date: *10/26/15*

EXHIBIT B

Estimated Budget

Budget (through June 30, 2017)

Account Number: 06-056-56-562510-41070000-102-500731

	<u>FY2017</u>
Personnel	\$32,110.00
Fringe Benefit	\$25,342.00
Travel	<u>\$ 2,135.00</u>
Total Personnel	\$59,587.00
Supplies	\$ 350.00
Contractual	\$ 350.00
Other (phone, printing, postage, conferences/trainings, equipment):	<u>\$ 1,750.00</u>
Total Other	\$ 2,450.00
Total Direct Costs	\$62,037.00
Indirect costs 8.0% of total direct costs	<u>\$ 4,963.00</u>
Total Contract	\$67,000.00

Limitation of Price: This contract will not exceed \$67,000.00

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:

Penny Duffy
Department of Education
Bureau of Special Education; SPDG
101 Pleasant Street
Concord, NH 03301

Initials: *MD*

Date: *12/26/15*

EXHIBIT C

Special Provisions

none

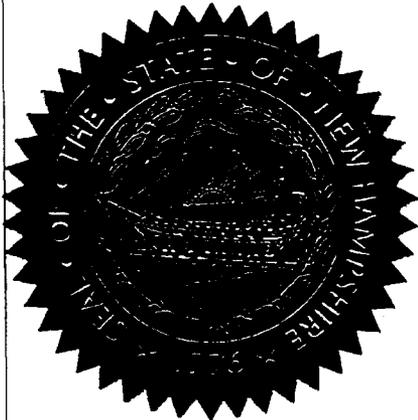
Initials: MB
Date: 10/26/15

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 MONADNOCK DEVELOPMENTAL SERVICES, INC. is a New Hampshire nonprofit corporation formed March 30, 1983. 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 4th day of September A.D. 2015

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

William M. Gardner
Secretary of State

Certificate of Authority

I, Lessa Manahan, Clerk/Secretary of Monadnock Developmental Services, Inc do hereby certify that:

- (1) I maintain and have custody of and am familiar with the seal and minute books of the corporation;
- (2) I am authorized to issue certificates with respect to the contents of such books and to affix such seal to such certificate;
- (3) The following (is a) (are) true and complete cop(y)(ies) of the resolution(s) adopted by the board of directors of the corporation at a meeting of that board on Oct. 26, 2015, which meeting was held in accordance with the law of the state of incorporation and the by-laws of the corporation:
- (4) The following is a true and complete copy of a by-law adopted at a (shareholder)(organizational) meeting on Oct. 26, 2015.
- (5) The foregoing resolution(s) and by-law are in full force and effect, unamended, as of the date hereof; and
- (6) The following person(s) lawfully occupy the office(s) indicated below:

Mike Forrest , President
Terry Manahan, Secretary
Shelly Viles, Treasurer

IN WITNESS WHEREOF, I have hereunto set my hand as the Clerk/Secretary of the Corporation this 26th day of October 2015.

(Corporate Seal if any)

Lessa Manahan
Clerk/Secretary

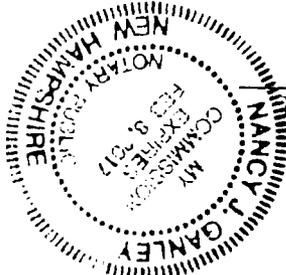
(If the corporation has no seal, the Clerk/Secretary shall acknowledge the certificate before an authorized officer below)

STATE OF NEW HAMPSHIRE

COUNTY OF Cheshire

On Oct. 26th, 2015, before the undersigned officer personally appeared the person identified in the foregoing certificate, know to me (or satisfactorily proven) to be the Clerk/Secretary of the corporation identified in the foregoing certificate, and acknowledge that she executed the foregoing certificate.

In witness whereof I hereunto set my hand and official seal.



Nancy J. Ganley
Notary Public/Justice of the Peace



MONADNOCK
DEVELOPMENTAL
SERVICES

BE IT RESOLVED, that Michael Forrest, as President of the Board of Directors of the Corporation, is authorized, on behalf of this Corporation, to:

- a) Sign the application for the \$67,000 Department of Education "Next Steps" grant application.
- b) Sign any other documentation that may be required by the funding agent in the process of application or acceptance of the grant.

The undersigned hereby certifies that she is the duly elected and qualified Treasurer of the Board of Directors for Monadnock Developmental Services, Inc, a corporation duly formed pursuant to the laws of the State of New Hampshire and that the foregoing is a true record of a resolution duly adopted at a meeting of the Board of Directors and that said meeting was held in accordance with state law and the Bylaws of the above-named Corporation and that said resolution is now in full force and effect without modification or rescission.

IN WITNESS WHEREOF, I have executed my name as ^{Treasurer}~~President~~ of the above-named Corporation this 26th day of October, 2015.



Shelley Viles
Treasurer, Board of Directors



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/14/2015

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

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

PRODUCER Clark - Mortenson Insurance P.O. Box 606 Keene NH 03431	CONTACT NAME: PHONE (A/C, No, Ext): 603-352-2121 FAX (A/C, No): 603-357-8491 E-MAIL ADDRESS: csr24@dark-mortenson.com																				
	<table border="1"> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A:</td> <td>Philadelphia Insurance Company</td> <td>0</td> </tr> <tr> <td>INSURER B:</td> <td></td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Philadelphia Insurance Company	0	INSURER B:			INSURER C:			INSURER D:			INSURER E:			INSURER F:	
INSURER(S) AFFORDING COVERAGE		NAIC #																			
INSURER A:	Philadelphia Insurance Company	0																			
INSURER B:																					
INSURER C:																					
INSURER D:																					
INSURER E:																					
INSURER F:																					
INSURED Monadnock Developmental Serv 121 Railroad Street Keene NH 03431	MONADNOCKDEVELO																				

COVERAGES **CERTIFICATE NUMBER: 54657152** **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	ADDD SUBR RNSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN. AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			7/1/2015	7/1/2016	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$3,000,000 \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A			<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

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

CERTIFICATE HOLDER State of New Hampshire Department of Education 101 Pleasant Street Concord NH 03301-3860	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

2/9/2016

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

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

PRODUCER Wieczorek Insurance 166 Concord St. Manchester NH 03104	CONTACT NAME: Tonja Kendall PHONE (A/C, No, Ext): (603) 668-3311 E-MAIL ADDRESS: tonja@wizinsurance.com FAX (A/C, No): (603) 352-6707
INSURED Monadnock Developmental Services, Inc. 121 Railroad Street Keene NH 03431	INSURER(S) AFFORDING COVERAGE INSURER A: QBE Insurance Corp INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES

CERTIFICATE NUMBER: 16-17 WC

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD Y/YD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTIONS					EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> Y N/A	Cov: State of NH Excl: Michael Forrest & Donald Hayes	1/1/2016 1/1/2016	1/1/2017 1/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

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

CERTIFICATE HOLDER

CANCELLATION

NH Department of Education
101 Pleasant Street
Concord, NH 03301-3494

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

R Wieczorek/TONJA

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Financial Statements

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND
SUBSIDIARY**

**FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013
AND
INDEPENDENT AUDITORS' REPORT**

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND
SUBSIDIARY

CONSOLIDATING FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Consolidating Statement of Financial Position	3
Consolidating Statement of Activities	4
Consolidating Statement of Cash Flows	5
Consolidating Statement of Functional Expenses	6
Notes to Consolidating Financial Statements	7 - 18

SUPPLEMENTARY INFORMATION

Consolidating Schedule of Functional Revenues	19
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To the Board of Directors of
Monadnock Developmental Services, Inc. and Subsidiary
Keene, New Hampshire

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of Monadnock Developmental Services, Inc. (a New Hampshire nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, cash flows and functional expenses for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 Monadnock Developmental Services, Inc. and Subsidiary as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Monadnock Developmental Services, Inc. and Subsidiary's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 26, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functional revenues on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

*Leone, McDonnell & Roberts
Professional Association*

October 27, 2014
Wolfeboro, New Hampshire

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014 WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

ASSETS

	Monadnock Developmental Services, Inc.	Railroad Street Mill, Inc.	Eliminations	Consolidated Totals 2014	Consolidated Totals 2013
Cash and equivalents	\$ 1,838,166	\$ 39,524	\$ -	\$ 1,877,690	\$ 1,602,215
Client funds	74,035	-	-	74,035	72,957
Accounts receivable:					
Medical	1,356,688	-	-	1,356,688	1,450,283
Other	147,313	-	-	147,313	124,452
Prepaid expenses	91,602	1,791	-	93,393	100,540
Deposits	15,485	-	-	15,485	15,085
Property and equipment, net of accumulated depreciation	1,839,014	2,948,368	-	4,787,372	4,884,914
Loan reserves	-	70,195	-	70,195	52,998
Assets held for sale	285,180	-	-	285,180	285,180
Investment in insurance captive	42,728	-	-	42,728	36,490
Total	\$ 5,690,211	\$ 3,059,868	\$ -	\$ 8,750,079	\$ 8,625,114

LIABILITIES AND NET ASSETS

LIABILITIES					
Client funds	\$ 74,035	\$ -	\$ -	\$ 74,035	\$ 72,957
Accounts payable	1,096,879	39,297	-	1,136,276	977,523
Accrued salaries and wages and related expenses	627,922	-	-	627,922	511,103
Other accrued expenses	31,390	15,448	-	46,838	100,304
Refundable advances	203,927	-	-	203,927	190,455
Notes payable	882,899	2,898,717	-	3,781,616	3,914,368
Other long term liabilities	10,000	-	-	10,000	20,000
Total liabilities	2,927,152	2,953,462	-	5,880,614	5,786,710
NET ASSETS					
Unrestricted:					
Board designated	151,565	-	-	151,565	189,160
Other unrestricted	2,562,888	106,406	-	2,669,294	2,600,638
Temporarily restricted	48,606	-	-	48,606	48,606
Total net assets	2,763,059	106,406	-	2,869,465	2,838,404
Total	\$ 5,690,211	\$ 3,059,868	\$ -	\$ 8,750,079	\$ 8,625,114

See Notes to Financial Statements

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

CHANGES IN UNRESTRICTED NET ASSETS	Monadnock Developmental Services, Inc.	Railroad Street Mill, Inc.	Eliminations	Consolidated Totals 2014	Consolidated Totals 2013
Revenues and Support	\$ 24,954,567	\$ -	\$ -	\$ 24,954,567	\$ 24,757,468
Medicaid	877,875	-	-	877,875	953,894
Other program fees	470,413	-	-	470,413	461,815
Residential fees	193,475	374,737	(210,893)	357,319	372,041
Rentier income	332,406	-	-	332,406	368,371
Client resources	248,420	-	-	248,420	245,228
State of New Hampshire - DDS	146,564	-	-	146,564	215,685
Grants	50,701	-	-	50,701	35,475
Vocational rehabilitation fees	49,260	-	-	49,260	115,685
Production/service income	36,750	-	-	36,750	33,867
United Way	34,922	-	-	34,922	2,050
Local education	19,935	-	-	19,935	28,388
Contributions and other public support	7,941	-	-	7,941	5,474
Gain on sale of assets	1,291	51	-	1,342	1,026
Investment income	51,231	-	-	51,231	37,678
Other income	-	-	-	-	-
Total revenues and support	27,475,771	374,788	(210,893)	27,639,666	27,634,245
Expenses					
Program services					
Service Coordination	1,765,256	-	(73,813)	1,691,443	1,721,032
Family support	606,635	-	(27,416)	579,219	603,681
Subcontracted area agency program services	14,022,026	-	-	14,022,026	13,479,437
In house area agency program services:					
ISO	5,156,144	-	(48,505)	5,107,639	5,358,875
CMISO	2,122,574	-	-	2,122,574	2,056,146
Other	1,235,801	-	-	1,235,801	1,318,861
Non DDS funded programs:					
MCST	341,348	-	-	341,348	331,226
Other Non DDS funded programs	887,927	-	-	887,927	925,581
Railroad Street Mill, Inc.	-	338,779	-	338,779	338,291
Supporting services					
General management	1,343,008	-	(61,159)	1,281,849	1,501,146
Total expenses	27,480,719	338,779	(210,893)	27,608,605	27,634,276
CHANGES IN NET ASSETS	(4,948)	36,009	-	31,061	(31)
NET ASSETS - BEGINNING OF YEAR	2,768,007	70,397	-	2,838,404	2,838,435
NET ASSETS - END OF YEAR	2,763,059	106,406	-	2,869,465	2,838,404

See Notes to Financial Statements

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	Monadnock Developmental Services, Inc.	Railroad Street Mill, Inc.	Eliminations	Consolidated Totals 2014	Consolidated Totals 2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in net assets	\$ (4,948)	\$ 36,009	\$ -	\$ 31,061	\$ (31)
Adjustments to reconcile increase in unrestricted net assets to net cash from operating activities:					
Depreciation and amortization	189,566	75,914	-	265,480	250,680
Gain on sale of assets	(7,941)	-	-	(7,941)	(5,474)
Imputed interest on long term debt	-	13,169	-	13,169	13,169
Forgiveness of other long term liabilities	(10,000)	-	-	(10,000)	-
Decrease (increase) in assets:					
Accounts receivable - Medicaid	93,595	-	-	93,595	(415,191)
Accounts receivable - Other	(23,762)	901	-	(22,861)	143,543
Prepaid expenses	7,105	42	-	7,147	82,030
Deposits	(400)	-	-	(400)	(1,355)
Investment in insurance captive	(6,238)	-	-	(6,238)	(36,490)
Increase (decrease) in liabilities:					
Accounts payable	162,324	(3,571)	-	158,753	95,233
Accrued salaries, wages and related expenses	116,819	-	-	116,819	65,578
Other accrued expenses	(53,332)	(134)	-	(53,466)	72,280
Refundable advances	13,472	-	-	13,472	(72,784)
	476,260	122,330	-	598,590	191,186
NET CASH PROVIDED BY OPERATING ACTIVITIES					
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	(85,532)	(38,965)	-	(124,497)	(108,138)
Increase in loan reserves	-	(17,197)	-	(17,197)	(17,137)
Decrease in advance to related entity	17,584	-	(17,594)	-	-
Decrease in advance from related entity	-	(17,594)	17,594	-	-
Proceeds from the sale of assets	13,000	-	-	13,000	5,474
	(54,938)	(73,756)	-	(128,694)	(119,801)
NET CASH USED IN INVESTING ACTIVITIES					
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long term borrowings	184,500	-	-	184,500	-
Repayment of long term debt	(324,401)	(54,520)	-	(378,921)	(188,913)
	(139,901)	(54,520)	-	(194,421)	(188,913)
NET CASH USED IN FINANCING ACTIVITIES					
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS					
	281,421	(5,946)	-	275,475	(117,528)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	1,556,745	45,470	-	1,602,215	1,719,743
CASH AND EQUIVALENTS - END OF YEAR	\$ 1,838,166	\$ 39,524	\$ -	\$ 1,877,690	\$ 1,602,215

See Notes to Financial Statements

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	General Management	Service Coordination	Family Support	Subcontracted Area Agency Program Services	In House Area Agency Program	In House Area Agency CHHSO Program	In House Area Agency Other Program	Total DDS Funded	MCSI	Other Non DDS Funded	Railroad Street Mill./Inc.	Total Non DDS Funded	2014 Total	Eliminations	Consolidated Totals 2014	Consolidated Totals 2013
Salaries and wages	\$ 775,473	\$ 985,767	\$ 243,787	\$ 2,217,187	\$ 784,864	\$ 97,878	\$ 33,762	\$ 5,224,660	\$ 187,211	\$ 407,323	\$ -	\$ 599,534	\$ 5,814,194	\$ -	\$ 5,814,194	\$ 5,964,778
Employee benefits	184,206	314,893	34,801	556,369	665,794	65,063	10,877	2,025,242	47,609	105,861	-	154,470	1,376,378	-	1,376,378	1,404,642
Payroll taxes	69,320	74,300	22,905	171,300	88,540	53,063	398,131	398,131	15,429	38,033	-	53,462	451,593	-	451,593	494,919
Family provider services	-	-	74,250	-	188,978	-	-	2,025,242	-	-	-	-	2,025,242	-	2,025,242	1,823,594
Respite care	4,045	27,877	5,797	30,972	45,612	67,528	19,347	321,463	625	-	-	625	321,463	-	321,463	280,236
Client treatment and care	24,830	-	-	-	18,110	-	39,077	256,766	-	-	4,189	4,189	257,391	-	257,391	275,575
Accounting fees	26,509	-	-	-	-	-	-	24,830	-	-	-	4,189	29,019	-	29,019	30,673
Legal fees	59,585	128,512	365	-	-	-	-	26,508	-	-	-	46,222	26,508	-	26,508	23,029
Other professional fees	2,467	7,598	760	315,227	275,034	19,831	232	213,111	1,773	44,449	-	46,222	259,333	-	259,333	367,313
Subcontractors	62,367	101,229	-	257,089	46,287	6,275	700	14,808,157	77,940	36,737	7,461	85,401	14,893,558	-	14,893,558	14,505,463
Rent	4,905	7,884	380	85,720	2,635	1,342	19,400	486,372	100	46,432	-	46,532	532,904	-	532,904	56,127
Mortgage payments	-	-	-	3,470	980	-	-	4,450	-	49,073	71,011	120,084	227,231	(210,893)	32,011	317,128
Utilities	-	-	-	19,697	929	-	-	20,626	-	1,000	13,892	50,529	55,079	-	55,079	209,055
Repairs and maintenance	-	-	-	11,396	270	-	909	26,742	-	7,825	-	7,825	20,200	-	20,200	48,209
Property taxes	11,283	14,474	944	8,838	1,231	-	26,742	26,742	-	4,988	-	7,260	26,742	-	26,742	63,897
Other occupancy costs	5,999	2,271	4,326	12,791	2,499	-	395	36,750	2,272	10,975	44,010	10,975	39,256	-	44,010	47,879
Home modifications	-	-	-	72,997	19,228	-	5,463	105,419	-	4,055	-	4,055	109,474	-	109,474	38,317
Office supplies	-	-	-	78	-	-	15,321	15,399	-	49	-	49	15,448	-	15,448	132,387
Building supplies	-	-	160	5,443	4,017	-	1,300	10,920	-	331	-	331	11,251	-	11,251	16,681
Equipment rental	2,175	4,061	480	480	-	-	-	7,196	559	1,695	-	2,254	9,450	-	9,450	20,896
Client consumables	5,029	5,287	-	4,556	1,848	-	-	16,720	-	-	-	16,720	16,720	-	16,720	15,594
Production supplies	12,386	3,409	-	1,698	-	-	-	17,493	-	-	-	-	17,493	-	17,493	16,744
Medical supplies	9,343	12,177	4,185	35,568	14,642	-	8,525	181,093	-	8,473	75,914	84,387	265,480	-	265,480	250,680
Computer supplies	(8,576)	2,242	-	16,035	3,658	-	650	14,209	1,789	203	-	1,992	16,201	-	16,201	10,503
Equipment maintenance	25	2,254	2,254	2,296	996	-	25	7,525	154	2,417	-	2,571	10,096	-	10,096	11,827
Depreciation expense	8,879	16,177	1,546	39,030	6,194	-	1,339	73,115	60	4,808	-	4,868	77,983	-	77,983	71,932
Advertising	2,954	8,269	-	6,898	272	-	84	18,477	25	1,289	-	1,314	19,791	-	19,791	21,004
Printing	6,758	38,730	12,505	196,108	52,568	-	13,151	319,862	10,155	48,828	-	58,983	378,845	-	378,845	368,786
Telephone	15,378	16,211	-	2,823	1,211	-	1,848	14,037	-	18,464	21,457	39,921	111,640	-	140,037	21,714
Postage	34	535	586	3,170	2,792	-	-	5,377	-	35,626	118,272	153,898	159,275	-	111,640	110,210
Transportation	-	-	-	-	-	-	-	68,537	577	3,665	-	4,242	72,779	-	72,779	168,587
Assistance to individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	61,454	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total functional expenses	\$ 1,343,008	\$ 1,765,255	\$ 606,635	\$ 14,022,026	\$ 5,156,144	\$ 2,122,574	\$ 1,235,801	\$ 26,251,444	\$ 341,348	\$ 887,827	\$ 338,779	\$ 1,568,054	\$ 27,819,498	\$ (710,893)	\$ 27,608,605	\$ 27,634,276

See Notes to Financial Statements

**MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Monadnock Developmental Services, Inc. (MDS) is a New Hampshire nonprofit corporation organized exclusively for charitable purposes to facilitate the integration of individuals with developmental disabilities within their communities in ways to maximize opportunities for living, working, socializing, learning new skills and maintaining existing ones, participating in community activities of choice which promote independence, dignity and respect and which assist individuals to assume valued roles within their communities. The Organization serves the developmentally disabled of Cheshire County and the surrounding communities.

Railroad Street Mill, Inc. (Railroad) was incorporated under the laws of the State of New Hampshire on March 25, 2010 for the purpose of holding title to personal and real property and collect all income earned from said property for the exclusive benefit of Monadnock Developmental Services, Inc.

Principles of Consolidation

The consolidating financial statements include the accounts of Monadnock Developmental Services, Inc. and Railroad Street Mill, Inc. Railroad Street Mill, Inc. is consolidated since Monadnock Developmental Services, Inc. has both an economic interest in Railroad Street Mill, Inc. and control of the Railroad Street Mill, Inc. through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

Basis of Accounting

The financial statements of Monadnock Developmental Services, Inc. and subsidiary have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The classes of net assets are determined by the presence or absence of donor restrictions.

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted: Net assets whose use is limited by donor imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Organization.

Permanently Restricted: Reflects the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor – imposed stipulations, which require the corpus to be invested in perpetuity to product income for general or specific purposes.

As of June 30, 2014 and 2013, the Organization had unrestricted and temporarily restricted net assets.

Accounting Estimates

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

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

Comparative Financial Information

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 June 30, 2013, from which the summarized information was derived.

Property and Depreciation

The Organization follows the policy of charging to expense, annual amounts of depreciation, which allocates the cost of the property, plant and equipment over their estimated useful lives. Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation. Material assets with a useful life in excess of one year are capitalized. Depreciation is provided for using the straight-line method in amounts designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings and improvements	10 - 39 years
Vehicles	5 years
Furniture and equipment	5 - 7 years

Costs for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation and any gain or loss is recognized.

Property, plant and equipment consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land, buildings and improvements	\$ 5,842,166	\$ 5,783,858
Vehicles	682,547	769,595
Equipment	489,893	501,893
Furniture	<u>147,583</u>	<u>147,583</u>
	7,162,189	7,202,929
Less accumulated depreciation	<u>(2,374,817)</u>	<u>(2,318,015)</u>
Property net	<u>\$ 4,787,372</u>	<u>\$ 4,884,914</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$265,480 and \$250,680, respectively.

Refundable Advances

Grants received in advance are recorded as refundable advances and recognized as revenue in the period in which the related services or expenditures are incurred.

Accrued Earned Time

The Organization has accrued a liability for future compensated leave time that its employees have earned and which is vested with the employee.

Income Taxes

Monadnock Developmental Services, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined the Organization to be other than a private foundation.

Railroad Street Mill, Inc. is exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code. The Internal Revenue Service has determined the Organization to be other than a private foundation.

Management has evaluated the Organizations' tax positions and concluded that the Organizations' have maintained their tax-exempt status and do not have any uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Organizations' are no longer subject to income tax examinations by the United States Federal or State tax authorities prior to 2010.

Cash Equivalents

The Organization considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

Advertising

The Organization expenses advertising costs as incurred.

Functional Allocation of Expenses

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

Fair Value of Financial Instruments

FASB ASC Topic No. 820-10, *Financial Instruments*, provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework in generally accepted accounting principles for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with ASC 820-10, the Organization may use valuation techniques consistent with market, income and cost approaches to measure fair value. As a basis for considering market participant assumptions in fair value measurements, Topic 820-10 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy under ASC Topic 820-10 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

At June 30, 2014 and 2013, all cash and cash equivalents were classified as Level 1 and were based on fair value. Valuation was derived on the open market.

The carrying amount of cash, prepaid expense, other assets and current liabilities, approximates fair value because of the short maturity of those instruments.

Subsequent Events

Events occurring after the financial statement date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through October 27, 2014, the date when the financial statements were available to be issued.

2. CONCENTRATION OF CREDIT RISK

The Organization maintains several of their cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2014 and 2010. At June 30, 2014 and 2013, the uninsured balances aggregated \$1,878,237 and \$1,955,035, respectively.

3. **INVESTMENT IN INSURANCE CAPTIVE**

During May of 2013, the Organization entered into a captive insurance program sponsored by Roundstone Insurance Ltd (Sponsor), to provide reinsurance coverage on behalf of several participants of a group captive known as Roundstone Mid Market Med Group Captive. The Organization and other participants purchase insurance from one or more insurance companies reinsured by the Sponsor. The Organizations' participant investment into the captive insurance program amounted to \$42,728 and \$36,490, respectively at June 30, 2014 and 2013.

4. **DEMAND NOTE PAYABLE**

For the years ended June 30, 2014 and 2013, the Organization maintained a revolving line of credit with a bank. The maximum available credit at June 30, 2014 and 2013 was \$1,500,000. Interest is stated at the Wall Street Journal Prime Rate or 4%, whichever is greater. At June 30, 2014 and 2013, there were no amounts outstanding on this line of credit. The demand note payable is secured by all business assets of the Organization.

5. **OTHER LONG TERM LIABILITIES**

In connection with the change in accounting treatment of First Course, the Organization had assumed responsibility for the repayment of \$30,000 to the original stakeholders in First Course. Under the terms of the original agreement, payments on the liability were set to begin on July 1, 2008. Due to the financial burden of First Course, no payments were made as of July 1, 2008, and at this point, it is undeterminable as to when these payments will begin. During the year ended June 30, 2014, one of the stakeholders in First Course forgave the \$10,000 investment that they had made.

6. **LONG TERM DEBT**

The long term debt of the Organization consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
<u>MONADNOCK DEVELOPMENTAL SERVICES, INC.</u>		
Mortgage note payable to a bank in monthly installments for principal and interest of \$460 through November of 2017. Interest is stated at the three year United States Treasury Yield plus 3%, adjustable every three years. This resulted in an interest rate of 3.88% and 4.01% at June 30, 2014 and 2013, respectively. The note is collateralized by real estate owned by the Corporation.	\$ 17,240	\$ 21,987
Mortgage note payable to a bank in monthly installments for principal and interest of \$1,502 through February of 2016. Interest is fixed for five years and then stated at the Wall Street Prime Rate plus .75%, adjustable yearly. This resulted in an interest rate of 4.00% at June 30, 2014 and 2013. The note is collateralized by real estate owned by the Organization.	28,992	45,493

Mortgage note payable to a bank in monthly installments for principal and interest of \$748 through July of 2033, at which time all principal and interest is due and payable. Interest is fixed for five years and then stated the five year Wall Street Prime Rate plus .50%. This resulted in an interest rate of 3.50% at June 30, 2014. The note is collateralized by real estate owned by the Organization.

125,380

Mortgage note payable to a bank in monthly installments for principal and interest of \$949 through June of 2013 at which time all interest and principal was due. Interest was fixed for five years at 6.30%. The note was collateralized by real estate owned by the Organization and was repaid in full during the year ended June 30, 2014.

- 128,167

5% note payable to a Corporation in monthly installments for principal and interest of \$995 through October of 2028. The note is collateralized by real estate owned by the Organization.

121,531

127,075

Mortgage note payable to a bank in monthly installments for principal and interest of \$380 through January of 2014, at which time all principal and interest is due and payable. Interest was fixed for five years at 5.89%. The note was collateralized by real estate owned by the Organization, and was repaid in full during the year ended June 30, 2014.

- 53,937

4.75% mortgage note payable to a bank in monthly installments for principal and interest of \$432 through January of 2029, at which time all principal and interest is due and payable. The note is collateralized by real estate owned by the Organization

53,810

Mortgage note payable to a bank in monthly installments for principal and interest of \$5,105 through July of 2016, at which time all principal and interest is due and payable. Interest is fixed for three years and then stated at the Wall Street Prime Rate plus 1.00%, adjustable yearly. This resulted in an interest rate of 4.00% and 4.61% at June 30, 2014 and 2013, respectively. The note is collateralized by real estate owned by the Organization.

122,063

177,189

Mortgage note payable to a bank in monthly installments for principal and interest of \$810 through

February of 2015, at which time all principal and interest is due and payable. Interest is fixed for five years and then stated at the Wall Street Prime Rate plus .75%, adjustable yearly. This resulted in an interest rate of 5.57% at June 30, 2014 and 2013. The note is collateralized by real estate owned by the Organization.	24,038	32,182
Mortgage note payable to a bank in monthly installments for principal and interest of \$1,200 through February of 2015, at which time all principal and interest is due and payable. Interest is fixed for five years at 5.57%. The note is collateralized by real estate owned by the Organization	170,070	174,751
Mortgage note payable to a bank in monthly installments for principal and interest of \$988 through November of 2025, at which time all principal and interest is due and payable. Interest is fixed for three years at 4.99%. The note is collateralized by real estate owned by the Organization.	103,557	110,067
Mortgage note payable to a bank in monthly installments for principal and interest of \$871 through June of 2016, at which time all principal and interest is due and payable. Interest is fixed for five years and then stated at the Five Year Federal Loan Home Bank Classic Rate plus 2.35%, adjustable every five years. This resulted in an interest rate of 4.56% at June 30, 2014 and 2013. The note is collateralized by real estate owned by the Organization.	15,832	25,312
6.00% retail installment contract payable to a bank in monthly installments for principal and interest of \$753 through October of 2013. The note was collateralized by a Company vehicle, and was repaid in full during the year ended June 30, 2014.	-	3,020
4.73% retail installment contract payable to a bank in monthly installments for principal and interest of \$404 through December of 2013. The note was collateralized by a Company vehicle, and was repaid in full during the year ended June 30, 2014.	-	2,386
4.50% retail installment contract payable to a bank in monthly installments for principal and interest of \$556 through August of 2016. The note is collateralized by a Company vehicle.	13,751	19,663

4.25% retail contract payable to a bank in monthly installments for principal and interest of \$1,101 through May of 2018. The note is collateralized by Company vehicles.

46,640

1.00% retail installment contract payable to the New Hampshire Health and Education Authority in monthly installments for principal and interest of \$970 through February of 2018. The note is collateralized by Company vehicles.

39,995

53,071

RAILROAD STREET MILL, INC.

4% mortgage note payable to Rural Development in monthly installments for principal and interest of \$13,313 through July of 2040. The note is collateralized by real estate owned by the Organization.

2,576,637

2,631,157

0% (imputed at 4%) note payable to an economic development corporation. There are no payments due on the note until June of 2020 when all principal is due and payable. The note is collateralized by real estate owned by the Organization.

191,235

183,416

0% (imputed at 4%) note payable to an economic development corporation. There are no payments due on the note until June of 2020 when all principal is due and payable. The note is collateralized real estate owned by the Organization.

130,845

125,495

\$ 3,781,616

\$ 3,914,368

The scheduled maturities of long term debt as of June 30, 2014 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2015	\$ 395,718
2016	192,112
2017	114,624
2018	106,702
2019	91,615
Thereafter	<u>2,880,845</u>
	<u>\$ 3,781,616</u>

7. **BOARD DESIGNATED FUNDS**

As of June 30, 2014 and 2013, the Board of Directors has designated funds to be used for the following:

	<u>2014</u>	<u>2013</u>
Development costs	\$ 101,565	\$ 139,160
Client crisis	<u>50,000</u>	<u>50,000</u>
	<u>\$ 151,565</u>	<u>\$ 189,160</u>

8. **RETIREMENT PLAN**

The Organization maintains a retirement plan for all eligible employees. The plan permits eligible employee deferrals of up to 5% of compensation. These deferrals may be matched by the Organization at their discretion. In addition, the plan allows eligible employees to make an additional voluntary contribution of up to 15% of compensation; these additional deferrals are not subject to any Organization match. All full-time employees are eligible to participate after one year of employment and the attaining of age 18. The Organization's contribution to the retirement plan for the years ended June 30, 2014 and 2013 was \$96,425 and \$100,625, respectively.

9. **ECONOMIC DEPENDENCY**

The Organization's services are performed mostly within Cheshire County, New Hampshire. For the years ended June 30, 2014 and 2013 approximately 91% and 90% of the total support and revenue was derived from Medicaid. The future level of services provided by the Organization is dependent upon the funding policies of Medicaid or securing additional sources of income.

Medicaid receivables comprise approximately 85% and 81% of the total accounts receivable balances at June 30, 2014 and 2013, respectively. The Organization has no policy for charging interest on past due accounts, not are its accounts receivable pledged as collateral, except as discussed in Note 3.

In order for the Organization to receive this Medicaid funding, they must be formally approved by the State of New Hampshire, Division of Developmental Services as the provider of services for developmentally disabled individuals for its region. The designation is received by the Organization on a quadrennial basis. The current designation expires in September of 2015. Annually, the Organization engages in a contract with the State of New Hampshire to perform these services for the coming year.

10. **LEASE COMMITMENTS**

The Organization has entered into various operating lease agreements to rent certain facilities for their programs. The terms of these leases range from one to ten years. The Organization also leases various apartments on behalf of clients on a month-to-month basis. Rent expense under these agreements aggregated \$532,904 and \$528,021 for the years ended June 30, 2014 and June 30, 2013, respectively.

During June of 2010, Railroad Street Mill, Inc. purchased property in Keene, New Hampshire where Monadnock Developmental Services, Inc. maintains its main offices. Rent charged to Monadnock Developmental Services, Inc. for the years ended June 30, 2014 and 2013 was \$210,893.

The approximate future minimum lease payments on the above leases as of June 30, 2014 were as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2015	\$ 76,671
2016	18,750
2017	19,200
2018	19,200
2019	19,200
Thereafter	<u>128,400</u>
	<u>\$ 281,421</u>

11. **RENTAL INCOME**

For the year ended June 30, 2013 The Organization leased commercial space to tenants under various non-cancelable operating lease agreements, the initial terms of which vary in length from between one and three years. The leases provided for annual rental increases based upon the Consumer Price Index with certain operating expense escalation charges. At June 30, 2014 all leases had expired and tenants were considered at will. As a result, there are not future minimum rents to be received.

12. **CONTINGENCIES**

Grant Compliance

The Organization receives funds under a state grant and from Federal sources. Under the terms of these agreements, the Organization is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Organization might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not been determined by government audits or assessed as of June 30, 2014.

13. **CLIENT FUNDS**

The Organization administers funds for certain consumers. As of June 30, 2014 and 2013, client funds held by the Organization were as follows:

	<u>2014</u>	<u>2013</u>
Client funds administered by the Organization	\$ <u>74,035</u>	\$ <u>72,957</u>

There is an offsetting liability titled "Client funds" for the same amount in each respective year.

14. **FLEXIBLE BENEFITS PLAN**

The Organization maintains a flexible benefits plan for its employees. Substantially all full time employees are eligible to participate. There is no contribution required from the Organization to this plan other than administrative costs.

15. **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Non-cash investing and financing transactions:

	<u>2014</u>	<u>2013</u>
Purchase of property and equipment	\$ 134,032	\$ 189,297
Amount financed and allowances	<u>(48,500)</u>	<u>(81,159)</u>
Cash paid for property	<u>\$ 85,532</u>	<u>\$ 108,138</u>
Cash paid for interest	<u>\$ 159,275</u>	<u>\$ 168,587</u>

16. **RESTRICTIONS ON NET ASSETS**

The temporarily restricted net assets consist of contributions received by the Organization that have not been used in satisfaction for the specified purpose of the donors as of June 30, 2014 and 2013.

17. **DISCONTINUED OPERATIONS AND IMPAIRMENT LOSS**

During the year ended June 30, 2011, it was determined that the First Course culinary program operated by the Organization was not economically feasible to continue, and the program ceased operation and is reported as a discontinued operation in these financial statements. Operating losses from the operation of the program amounted to \$43,935 for the year ended June 30, 2012 and \$263,040 for the year ended June 30, 2011. While revenues from the program amounted to \$3,785 for the year ended June 30, 2012 and \$514,432 for the year ended June 30, 2011. It is management's plan to sell the remaining assets of the program.

In connection with the closing of the program, it was determined that the book value of the assets remaining in the program exceeded their fair value. Management has adjusted the fair value of the assets to the sum of the undiscounted cash flows expected to result from the eventual disposition. This adjustment resulted in an impairment loss of \$236,508 for the year ended June 30, 2011. In addition, since the assets are being held for sale they were reclassified from property, plant and equipment to assets held for sale.

18. **RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These classifications had no effect on the previously reported change in net assets, or net assets amounts.

MONADNOCK DEVELOPMENTAL SERVICES, INC.
AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FUNCTIONAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2014
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	General Management	Service Coordination	Family Support	Subcontracted Area Agency Program Services	In House Area Agency ISO Program	In House Area Agency CMISO Program	In House Area Agency Other Program	Total DDS Funded	MCJJI	Other Non DDS Funded	Railroad Street Mill, Inc.	Total Non DDS Funded	2014 Total	Eliminations	Consolidated Totals 2014	Consolidated Totals 2013
Medicaid State of New Hampshire - DDS								\$ 24,854,797	\$ 75,491	\$ 24,299	\$ -	\$ 99,790	\$ 24,954,587	\$ -	\$ 24,954,587	\$ 24,757,468
Residential fees	139,880	52,449	(19,936)	75,227	248,420	248,420	248,420						248,420		248,420	245,228
Other program fees	41,097	(31,490)	80,041	30,682	470,413	470,413	470,413						470,413		470,413	461,815
Grants	1,108	64,958	-	147,746	604,604	604,604	604,604	109,380	163,891	273,271		273,271	877,875		877,875	953,994
Rental income	-	-	-	4,400	65,766	65,766	65,766	31,851	48,847	80,798		80,798	148,564		148,564	215,685
Local education	-	-	-	-	11,200	11,200	11,200	34,922	182,275	374,737		557,912	588,212	(210,893)	357,319	372,041
Vocational rehabilitation fees	-	-	-	-	-	-	-	-	-	-		34,922	34,922		34,922	2,050
Client resources	38,804	4,896	711	118,626	23,292	374	374	305,776	50,701	26,630		26,630	50,701		50,701	35,475
Production/service income	-	-	-	-	4,568	4,568	4,568	49,048	212	212		212	332,406		332,406	368,371
Contributions and other public support	18,295	-	-	-	1,000	1,000	1,000	19,295	640	640		640	19,935		19,935	28,388
United Way	1,291	-	-	-	36,750	36,750	36,750	1,291	-	-		36,750	36,750		36,750	33,867
Investment income	28,969	-	-	-	1,291	1,291	1,291	34,173	1,100	1,100		1,100	1,342		1,342	1,026
Other income	7,941	-	-	-	4,243	961	961	7,941	-	-		17,058	51,231		51,231	37,678
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-		-	7,941		7,941	5,474
Total functional revenues	\$ 95,330	\$ 1,673,655	\$ 611,666	\$ 14,956,580	\$ 5,530,263	\$ 2,379,063	\$ 1,402,852	\$ 26,709,474	\$ 318,403	\$ 447,894	\$ 374,738	\$ 1,141,085	\$ 27,850,559	\$ (210,893)	\$ 27,639,666	\$ 27,634,245

**MONADNOCK DEVELOPMENTAL SERVICES INC.
Board Members
FY'2016**

Updated September 25, 2015

ADAMS, Nancy	11/2016	PROVOST, Beth	11/2015
COHEN, Jennifer	11/2017	*REMILLARD, Adele	11/2015
CRAIGLOW, Jim, Immediate Past President	11/2016	SCHOFIELD, James,	11/2015
FORREST, Michael (Mike), President	11/2017	**SELIGMAN, Sand,	11/2016
HAYES, Don, Vice President	11/2016	*TORELLI, Manfredo	11/2015
KENNEY, Elizabeth	11/2015	*VILES, Shelley L., Treasurer	11/2017
MANAHAN, Terry, Secretary	11/2015		

**Consumer

*Consumer Parent/Sibling Guardian

Principal Staff

Personnel	Title	Full Time Equivalent
Sheila Mahon	Regional PD Intermediary Coach	67%

SHEILA MAHON

SUMMARY OF EXPERIENCE

- Develops community collaborations
- Sound facilitation and training background
- Solid budgetary capabilities
- Proven grant writer
- Supervisory experience
- Strong problem solving abilities
- Program development
- Exceptional communication abilities

EXPERIENCE

Monadnock Developmental Services, 121 Railroad St, Keene, NH 03431

MCST Project Director, 2005- present

- Coordinates employment training and placement program for individuals with intellectual disabilities in collaboration with community service agencies, schools, youth, families, and employers. Hires, trains and supervises staff.
- Provides professional development to school and agency staff, specializing in employment and special education transition related trainings.
- Manages grants, works with funders to develop materials and support funded sites.

Director of Service Coordination, 2003- 2005

- Oversaw 3 departments. Duties included hiring, training and the supervision of staff.
- Developed and monitored program budgets. Conducted quality assurance reviews.
- Created community support service programs. Identified and accessed local resources and creative funding. Collaborated with community groups by creating partnerships.

Director of Case Management, 1998- 2003

- Supervised Service Coordinators, responsible for services for 250 adults with developmental disabilities.
- Performed quality assurance duties to ensure services were provided, ensured compliance with state regulations.

Case Manager, 1993- 1998

- Carried a caseload of 25-30 adults with developmental disabilities.

A.C.C.E.S.S., PO Box 3072, Peterborough, NH 03458

Associate Director, 1991- 1993

- Responsible for supervision of staff, monthly billing and documentation of services.
- Provided consultation to employers and employees to ensure successful placement.

Job Placement Coordinator 1988- 1991

- Assisted individuals with disabilities in obtaining and maintaining employment.
- Provided on the job support and assistance in learning job skills.

ADDITIONAL EXPERIENCE

- Adjunct Faculty, Keene State College, Transition Planning and Programming, Spring 2007-present

EDUCATION

Masters of Science, Management and Organization, Antioch University New England, Keene, NH

Bachelor of Arts, Sociology, Keene State College, Keene, NH