



CHRISTOPHER T. SUNUNU  
GOVERNOR

**STATE OF NEW HAMPSHIRE**  
**OFFICE OF ENERGY AND PLANNING**  
107 Pleasant Street, Johnson Hall  
Concord, NH 03301-3834  
Telephone: (603) 271-2155  
Fax: (603) 271-2615



www.nh.gov/oep

January 23, 2017

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

**REQUESTED ACTION**

Authorize the Office of Energy and Planning (OEP) to amend the **SOLE SOURCE** Contract Agreement (Contract #1051905) with Southwestern Community Services, Inc. (VC #177511), Keene, NH, by increasing the contract amount by \$75,197.00 from \$75,197.00 to \$150,394.00 for the repair or replacement of malfunctioning heating systems in low income households receiving weatherization services, effective upon approval of Governor and Executive Council, through June 30, 2017. This contract was originally approved by Governor and Executive Council on August 3, 2016, Item #27. 100% Federal Funds (US DHHS/LIHEAP).

Office of Energy and Planning, Fuel Assistance  
01-02-02-024010-77050000  
074-500587 Grant for Pub. Assist & Relief

FY 2017  
\$75,197.00

**EXPLANATION**

The Heating Repair and Replacement Program (HRRP), funded through the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP), provides resources to repair or replace malfunctioning and unsafe heating systems in eligible low income homes. Each year dozens of heating systems are repaired or replaced, providing heat to low income families and often enabling weatherization improvements to their homes. The HRRP program is implemented in coordination with the U.S. Department of Energy's (US DOE) Weatherization Assistance Program.

This contract amendment is **SOLE SOURCE** based on the historical performance of the Community Action Agencies (CAAs) in implementing both the Fuel Assistance Program and the Weatherization Assistance Program, their outreach and client service capabilities, the synergies that result from the five statewide CAAs' implementation of several other federal assistance programs, and the infrastructure that is already in place to deliver these services.

In the event Federal Funds are no longer available, General Funds will not be requested to support this contract.

Respectfully submitted,

  
Amanda Merrill  
Director

OFFICE OF ENERGY AND PLANNING

SUBJECT: HRRP16 CONTRACT WITH  
SOUTHWESTERN COMMUNITY SERVICES, INC.  
AMENDMENT

This Amendment dated January 11, 2017, is between the State of New Hampshire, Office of Energy and Planning, 107 Pleasant Street, Concord, Merrimack County, NH 03301 (hereinafter referred to as "OEP") and Southwestern Community Services, Inc., 63 Community Way, PO Box 603, Keene, Cheshire County, NH 03431-0603 (hereinafter referred to as the "Contractor").

Pursuant to an Agreement (hereinafter referred to as the "Agreement"), Contract Number 1051905, as approved by Governor and Council on August 3, 2016 (Item #27), the Contractor has agreed to provide certain Services, per the terms and conditions specified in the Agreement in consideration of payment by OEP of certain sums as specified therein.

WHEREAS, pursuant to the provisions of Section 18 of the Agreement, the Agreement may be modified or amended only by a written instrument executed by the parties thereto and only after approval of such modification or amendment by the Governor and Council; and

WHEREAS, The State and the Contractor have agreed to amend the Agreement in certain respects;

NOW THEREFORE, in consideration of the foregoing and of the covenants and conditions in the Agreement as set forth herein, the parties agree to the following:

**Amendment and Modification of Agreement.** The Agreement is amended and modified as follows:

**Price Limitation:** Amend Subparagraph 1.8 of the Agreement by striking the current sum of \$75,197.00 and inserting in place thereof the total sum of \$150,394.00 wherever it occurs.

**EXHIBIT B - Methods and Conditions of Payment:**

Amend Exhibit B by striking the current "Contracted Amount" of \$75,197.00 and inserting in place thereof the total Contracted Amount of \$150,394.00 wherever it occurs; and striking the current amount of HRRP related administrative costs of \$3,760.00 and inserting in place thereof total administrative costs of \$7,520.00 wherever it occurs. No further cash advance will be issued.

**Continuance of Agreement.** Except as specifically amended and modified by the Terms and Conditions of this Amendment, obligations of the parties hereunder shall remain in full force and effect in accordance with the terms and conditions set forth in the Agreement as it existed immediately prior to this Amendment.

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

STATE OF NEW HAMPSHIRE

Office of Energy and Planning

By: *Amanda Merrill*  
Amanda Merrill, Director

Southwestern Community Services, Inc.

By: *Margaret D. Freeman*  
Margaret D. Freeman, Chief Financial Officer

State of New Hampshire  
County of Cheshire

On this 20<sup>th</sup> day of January, 2017, before me, Leisa Perrotta, the undersigned officer, personally appeared Margaret D. Freeman, who acknowledged him/herself to be the Chief Financial Officer of Southwestern Community Services, Inc., a corporation, and that he/she, being authorized so to do, executed the foregoing instrument for the purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Leisa Perrotta*  
Notary Public/Justice of the Peace



My Commission expires: 2/6/2018

Approved as to form, execution and substance:

OFFICE OF THE ATTORNEY GENERAL

By: *Chetan Ali*  
Assistant Attorney General

Date: January 25, 2017

I hereby certify that the foregoing contract was approved by the Governor and Council of the State of New Hampshire at their meeting on \_\_\_\_\_, \_\_\_\_.

OFFICE OF THE SECRETARY OF STATE

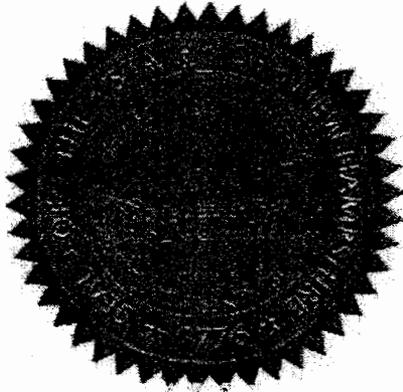
By: \_\_\_\_\_

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

State of New Hampshire  
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that SOUTHWESTERN COMMUNITY SERVICES, INC. is a New Hampshire nonprofit corporation formed May 19, 1965. 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 3<sup>rd</sup> day of April, A.D. 2015

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

William M. Gardner  
Secretary of State

**CERTIFICATE OF VOTES**

**(Corporate Authority)**

I, Elaine M. Amer, Clerk/Secretary of Southwestern Community Services, Inc.  
(name) (Corporation name)

(hereinafter the "Corporation"), a New Hampshire corporation, hereby certify that: (1) I am the duly  
(state)  
elected and acting Clerk/Secretary of the Corporation; (2) I maintain and have custody and am familiar with the  
minute books of the Corporation; (3) I am duly authorized to issue certificates with respect to the contents of such  
books; (4) that the Board of Directors of the Corporation have authorized, on 02/18/2016, such authority  
(date)  
to be in force and effect until June 30, 2017.  
(contract termination date)

The person(s) holding the below listed position(s) are authorized to execute and deliver on behalf of the  
Corporation any contract or other instrument for the sale of products and services:

Margaret D Freeman  
(name)

Chief Financial Officer  
(position)

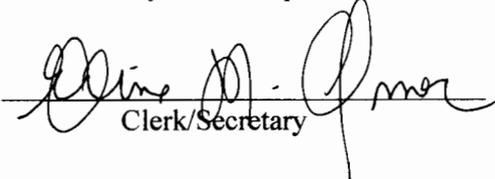
\_\_\_\_\_  
(name)

\_\_\_\_\_  
(position)

(5) the meeting of the Board of Directors was held in accordance with New Hampshire  
(state of incorporation)

law and the by-laws of the Corporation; and (6) said authorization has not been modified, amended or rescinded  
and continues in full force and effect as of the date hereof.

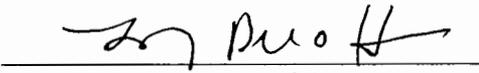
IN WITNESS WHEREOF, I have hereunto set my hand as the Clerk/Secretary of the corporation this  
20<sup>th</sup> day of January, 2017.

  
Clerk/Secretary

STATE OF NEW HAMPSHIRE  
COUNTY OF CHESHIRE

On this 20<sup>th</sup> day of January, 2017, before me, Leisa Perrotta the undersigned Officer, personally  
appeared Elaine M. Amer who acknowledged her/himself to be the Clerk/Secretary of  
Southwestern Community Services, Inc., a corporation and that she/he as such Clerk/Secretary being  
authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

  
Notary Public/Justice of the Peace



Commission Expiration Date: 2-6-2018



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
6/28/2016

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).

<b>PRODUCER</b> Clark - Mortenson Insurance P.O. Box 606 Keene NH 03431	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 603-352-2121 E-MAIL ADDRESS: csr24@clark-mortenson.com	FAX (A/C, No): 603-357-8491
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b> Southwestern Comm Services Inc PO Box 603 Keene NH 03431	<b>INSURER A:</b> Philadelphia Insurance Company	NAIC # 0
	<b>INSURER B:</b> Maine Employer Mutual Insurance Co.	
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

**COVERAGES**                      **CERTIFICATE NUMBER:** 1027327616                      **REVISION NUMBER:**

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

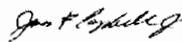
INSR LTR	TYPE OF INSURANCE	ADDL/SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER. <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		PHPK1513235	6/30/2016	6/30/2017	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 \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		PHPK1513235	6/30/2016	6/30/2017	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10,000		PHUB545630	6/30/2016	6/30/2017	EACH OCCURRENCE \$2,000,000 AGGREGATE \$2,000,000 \$
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N N/A	3102800768	4/1/2016	4/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER 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)

Workers Compensation Statutory coverage provided for the State of NH  
 All Executive Officers are included in the Workers Compensation coverage

### CERTIFICATE HOLDER

### CANCELLATION

State of New Hampshire Office of Energy & Planning Johnson Hall 107 Pleasant Street Concord NH 03301-8501	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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MARGARET WOOD HASSAN  
GOVERNOR

**STATE OF NEW HAMPSHIRE**  
**OFFICE OF ENERGY AND PLANNING**  
107 Pleasant Street, Johnson Hall  
Concord, NH 03301-3834  
Telephone: (603) 271-2155  
Fax: (603) 271-2615



**Approval by the Governor  
and Council on 8-3-16  
Agenda Item 27  
PO 1051905**

July 5, 2016

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

**REQUESTED ACTION**

1) Authorize the Office of Energy and Planning (OEP) to enter into a **SOLE SOURCE** contract with the Southwestern Community Services, Inc. (VC #177511), Keene, NH in the amount of \$75,197.00 for the repair or replacement of malfunctioning heating systems in low-income households receiving weatherization services, effective August 3, 2016, upon approval of Governor and Executive Council through June 30, 2017. 100% Federal Funds (US DHHS/LIHEAP).

Funding is available in the following account:

<u>Office of Energy &amp; Planning, Fuel Assistance</u>	<u>FY 2017</u>
01-02-02-024010-77050000	\$75,197.00
074 500587 Grants for Pub Assist & Relief	

2) Further request authorization to advance the vendor \$13,535.00 of the above-referenced contract amount.

**EXPLANATION**

This contract is **SOLE SOURCE** because although the Heating Repair and Replacement Program (HRRP) is funded by the US Department of Health and Human Services, it is implemented in coordination with the U.S. Department of Energy's (US DOE) Weatherization Assistance Program. The Weatherization Program is delivered by the New Hampshire Community Action Agencies (CAAs), as they have preferred status under US DOE grant guidance due to their nonprofit status, their role providing a range of services to clients eligible for weatherization, and their historical performance in delivering the Weatherization Assistance Program.

OEP is responsible for administering both the Weatherization Assistance Program and the HRRP. The objective of Weatherization is to reduce energy consumption and the impact of energy costs in low-income households. Priority is given to the elderly, disabled, households with infant children, and households with high energy usage. The HRRP funds provide important repairs or heating system replacements to eligible families whose heating systems have failed or which require repair in order to operate safely. Each year dozens of heating systems are repaired or replaced, providing much needed heat to low income families, and often enabling weatherization improvements to their homes.

The advance of funds will allow the CAA to respond quickly when the need arises for a heating system repair or replacement, so that they can pay contractors and vendors in advance of receiving monthly reimbursements from the State. Smaller contractors often do not have the capital to carry expenses for extended periods of time, and the CAAs often do not have other funds sufficient to pay the contractors before monthly reimbursement is received.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'RAM', followed by a large, stylized flourish or mark.

Richard A. Minard, Jr.  
Deputy Director

RAM/ks

Enclosures

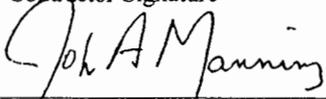
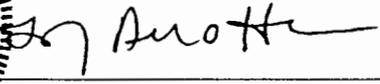
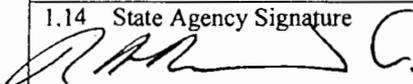
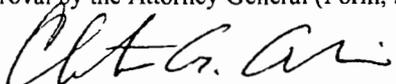
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

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

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name Office of Energy and Planning		1.2 State Agency Address 107 Pleasant Street, Johnson Hall Concord, New Hampshire 03301	
1.3 Contractor Name Southwestern Community Services, Inc.		1.4 Contractor Address 63 Community Way, P.O. Box 603, Keene, NH 03431	
1.5 Contractor Phone Number (603) 352-7512	1.6 Account Number 01-02-02-02410-77050000-500587 02HRRP16A	1.7 Completion Date June 30, 2017	1.8 Price Limitation \$75,197.00
1.9 Contracting Officer for State Agency Kirk Stone, Weatherization Program Manager		1.10 State Agency Telephone Number (603) 271-2155	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory John Manning, Chief Executive Officer	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Cheshire</u> On <u>6/29/16</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proved to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.12.1. Signature of Notary Public or Justice of the Peace 			
1.12.2. Name and Title of Notary or Justice of the Peace Leisa J Perrotta, Notary			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Richard A. Minard, Jr. Deputy Director	
Date: <u>7-5-16</u>			
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) (if applicable) By:  On: <u>7/13/16</u>			
1.18 Approval by the Governor and Executive Council (if applicable) By:  <b>DEPUTY SECRETARY OF STATE</b>			

AUG 03 2016

*gm*  
6/29/16

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

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

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

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

**4. CONDITIONAL NATURE OF AGREEMENT.**

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

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

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

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

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

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

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

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

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

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

**7. PERSONNEL.**

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

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

Agreement. This provision shall survive termination of this Agreement.

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

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

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**15. WORKERS' COMPENSATION.**

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

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

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

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

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

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

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

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

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

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

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

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

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

## New Hampshire Office of Energy and Planning

### EXHIBIT A

#### Scope of Services

1. The Heating Repair and Replacement Program (HRRP) provides funds for the repair or replacement of malfunctioning heating systems in low-income households receiving weatherization services from the Community Action Agencies. The HRRP is funded through the Federal Low Income Home Energy Assistance Program (LIHEAP) administered by the Office of Energy and Planning.
2. This Heating Repair and Replacement Program (HRRP) contract term is from August 3, 2016 through June 30, 2017, pending approval of the Governor and Executive Council.
3. Southwestern Community Services, Inc., hereinafter "the Contractor," agrees to perform HRRP and/or Building Weatherization Program (BWP) Weatherization Services, and all such Services and other work necessary to operate said Services for low income individuals in accordance with the regulations set forth by the U.S. Department of Energy in 10 CFR 440 dated February 1, 2002, and 2 CFR 200 as amended, when applicable in accordance with the Low Income Home Energy Assistance Program Federal regulations 45 CFR 96; and in accordance with the provisions and procedures contained in the most recent New Hampshire Weatherization Assistance Program (NHWAP) State Plan, NHWAP Policies and Procedures Manual (P&PM) and Field Guide; and as otherwise administered by the NH Office of Energy and Planning (OEP).

Periodically OEP may issue Subgrantee Guidance (SG) and Subgrantee Notices (SN) or other clarifications as necessary. All such changes shall be considered as incorporated into the NHWAP Policies and Procedures Manual. The Contractor agrees to alter the Program procedures in accordance with a SG, SN, or other instructions.

4. The Contractor agrees to perform HRRP and weatherization services, as identified in Exhibit "B," using HRRP and/or BWP funds, on the number of units proposed in the Contractor's Management Plan submitted to and approved by OEP. All such services shall be implemented according to the standards outlined in the most recent NHWAP Policies and Procedures Manual and NH Weatherization Field Guide.
  - a) No HRRP funds shall be reimbursed to the Contractor until a management plan and a budget for the Contractor's HRRP project period has been approved by OEP.
  - b) Unit production – the number of heating systems repaired or replaced and the amount of funds expended – shall conform to the Management Plan approved by OEP. Best efforts should be made to expend all funds within the allotted contract period. Shortfalls of more than 20% from expected production goals in any given quarter may result in a reduction of the contract amounts and a reallocation of funds to other contractors. Reallocations will occur at OEP's discretion.
  - c) HRRP funds shall only be used for the repair and/or replacement of heating and heating distribution systems, domestic hot water systems, and associated repairs necessary to perform said heating system or distribution system repairs and such systems shall be repaired or

replaced as described in the most recent NHWAP Policies and Procedures Manual and NH Weatherization Field Guide. Any completed units determined by OEP not to meet minimum program standards shall be improved by the Contractor to meet said standards within thirty days of notification or the costs associated with such unit will be disallowed by OEP and the unit will not count as a production completion.

- d) BWP funds, when available, are to be used for weatherization activities in accordance with all NHWAP standards as identified in Part 2, above.
5. This agreement consists of the following documents: Exhibits A, B, C, D, E, F, G, H, I, and J, which are all incorporated herein by reference as if fully set forth herein.

**New Hampshire Office of Energy and Planning**

**EXHIBIT B**

**Methods and Conditions of Payment**

In consideration of the satisfactory performance of the Services set forth in Exhibit A, the State agrees to pay the Contractor, Southwestern Community Services, Inc., up to the total sum of:

\$ 75,197.00 (which hereinafter is referred to as the "Contracted Amount"), of which  
\$ 3,760.00 is the maximum to be spent on HRRP related administrative costs,  
\$ 13,535.00 will be issued as a cash advance for HRRP production.

Cash advances will be distributed after approval of this contract by the Governor and Executive Council but not before the funds are available federally, by and for the State.

Drawdowns from the total contracted amount will be paid to the Contractor only after written documentation of cash need with supporting documentation as identified in the NHWAP Policies and Procedures Manual is submitted to OEP. Disbursement of the Grant shall be made in accordance with the procedures established by the State and as detailed in the most recent NHWAP Policies and Procedures Manual.

Administrative costs are provided in exchange for a specified number of unit completions at minimal standards. Administrative funds may be pro-rated by OEP if production unit completions do not meet expected production goals.

OEP will also be allowed, as a function of its administrative oversight, to modify contracted budget amounts as necessary and identified in Exhibit "A" part 4(a) to ensure the efficient and effective operation of the Grant as long as these modified expenditures do not exceed the total "Contracted Amount" as specified above.

## New Hampshire Office of Energy and Planning

### EXHIBIT C

#### Special Provisions

1. 2 CFR 200 as amended (Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards), 10 CFR 440 dated February 1, 2002 (Weatherization Assistance Program), the New Hampshire Weatherization Assistance Program (NHWAP) State Plan, NHWAP Policies and Procedures Manual (P&PM), and NHWAP Field Guide are all considered part of this contract by inclusion and shall be legally binding and enforceable documents under this contract. The Office of Energy and Planning (OEP) reserves the right to use any legal remedy at its disposal including, but not limited to, disallowance of costs, withholding of funds, suspension of agency personnel, disbarment of agency personnel, disbarment of agencies and/or subcontractors from present or future contracts, and such other legal remedies as determined to be appropriate by the New Hampshire Department of Justice in the enforcement of rules and regulations pertaining to the Weatherization Program.
2. An audit shall be made at the end of the Contractor's fiscal year in accordance with 2 CFR 200, Subpart F - Audit Requirements. This audit report shall include a schedule of revenues and expenditures by contract or grant number of all expenditures during the Contractor's fiscal year. The Contractor shall utilize a competitive bidding process to choose a qualified financial auditor at least every four years.

The audit report shall include a schedule of prior year's questioned costs along with a response regarding the current status of the prior year's questioned costs. Copies of all management letters written as a result of the audit along with the audit report shall be forwarded to OEP within one month of the time of receipt by the Contractor accompanied by an action, if applicable, for each finding or questioned cost.

3. The following paragraph shall be added to paragraph 9 of the general provisions:

"9.4 All negotiated contracts (except those of \$5,000 or less) awarded by OEP to the Contractor shall allow OEP, DOE, Health and Human Services, the Comptroller General of the United States, or any duly authorized representatives, access to any books, documents, papers, and records of the Subgrantee or their subcontractors, which are directly pertinent to this contract for the purpose of making audits, examinations, excerpts, and transcription."

4. The costs charged under this contract shall be determined as allowable under the cost principles detailed in 2 CFR 200 Subpart E - Cost Principals.
5. Program and financial records pertaining to this contract shall be retained by OEP and the Contractor for 3 (three) years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as stated in 2 CFR 200.333 – Retention Requirements for Records.
6. The following paragraphs shall be added to the general provisions:

“25. RESTRICTION ON ADDITIONAL FUNDING. It is understood and agreed between the parties that no portion of the “Grant” funds may be used for the purpose of obtaining additional Federal funds under any other law of the United States, except if authorized under that law.”

“26. ASSURANCES/CERTIFICATIONS. The following are attached and signed: Certification Regarding Drug-Free Workplace Requirements; Certification Regarding Lobbying; Certification Regarding Debarment, Suspension and Other Responsibility Matters; Certification Regarding the Americans With Disabilities Act Compliance; Certification Regarding Environmental Tobacco Smoke; Assurance of Compliance Nondiscrimination in Federally Assisted Programs; and Certification Regarding the Federal Funding Accountability and Transparency Compliance.

“27. COPELAND ANTI-KICKBACK ACT. All contracts and subgrants in excess of \$2,000.00 for construction or repair shall include a provision for compliance with Copeland “Anti-Kickback” Act (18 USC 874) as supplemented in Department of Labor Regulations (29 CFR, Part 3). This Act provides that each contractor, subcontract or subgrantee shall be prohibited from inducing, by any means, any person employed in the construction, completion or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The subgrantee should report all suspected violations to OEP.”

“28. PROCUREMENT. Subgrantee shall comply with all provisions of 2 CFR 200 Subpart D – Post Federal Award Requirements – Procurement Standards with special emphasis on financial procurement (2 CFR 200 Subpart F – Audit Requirements) and property management (2 CFR 200 Subpart D – Post Federal Award Requirements – Property Standards.)”

**New Hampshire Office of Energy and Planning**

**STANDARD EXHIBIT D**

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

**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS  
ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS**

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

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

Director, New Hampshire Office of Energy and Planning,  
107 Pleasant Street, Johnson Hall, Concord, NH 03301

- (A) The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  - (b) Establishing an ongoing drug-free awareness program to inform employees about—
    - (1) The dangers of drug abuse in the workplace;
    - (2) The grantee's policy of maintaining a drug-free workplace;
    - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
  - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

Exhibits D thru H

Page 1 of 7  
Initials *JM* Date *6/29/16*

Award # G-16B1NHLIEA, CFDA #93.568

**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS  
ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS, cont'd**

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

- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
  
  - (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted—
    - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
    - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
  
  - (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).
- (B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

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

63 Community Way  
Keene, NH 03431

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

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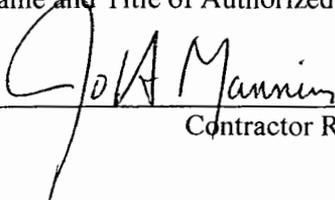
Southwestern Community Services, Inc.  
Contractor Name

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August 3, 2016 – June 30, 2017  
Period Covered by this Certification

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John Manning, Chief Executive Officer  
Name and Title of Authorized Contractor Representative



Contractor Representative Signature

6/29/16  
Date

New Hampshire Office of Energy and Planning

STANDARD EXHIBIT E

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

CERTIFICATION REGARDING LOBBYING

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS
US DEPARTMENT OF LABOR
US DEPARTMENT OF ENERGY

Programs (indicate applicable program covered):
Community Services Block Grant
Low-Income Home Energy Assistance Program
Senior Community Services Employment Program
HRRP Program

Contract Period: August 3, 2016 through June 30, 2017

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

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-1.
(3) The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Handwritten signature of John Manning
Contractor Representative Signature
John Manning, Chief Executive Officer
Contractor's Representative Title
Southwestern Community Services, Inc.
Contractor Name
6/29/16
Date

# New Hampshire Office of Energy and Planning

## STANDARD EXHIBIT F

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12529 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

### **CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS**

#### *Instructions for Certification*

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

Exhibits D thru H

Page 4 of 7

Initials *JM* Date *6/29/16*

Award # G-16B1NHLIEA, CFDA #93.568

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER  
RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS, cont'd**

*Certification Regarding Debarment, Suspension, and Other  
Responsibility Matters - Primary Covered Transactions*

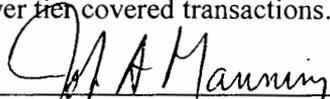
- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
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

*Certification Regarding Debarment, Suspension, Ineligibility and  
Voluntary Exclusion - Lower Tier Covered Transactions  
(To Be Supplied to Lower Tier Participants)*

By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- (b) where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

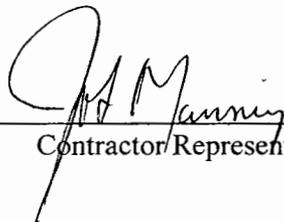
 _____ Contractor Representative Signature	John Manning, Chief Executive Officer _____ Contractor's Representative Title
Southwestern Community Services, Inc. _____ Contractor Name	6/29/16 _____ Date

STANDARD EXHIBIT G

CERTIFICATION REGARDING THE  
AMERICANS WITH DISABILITIES ACT COMPLIANCE

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

By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.



Contractor Representative Signature

John Manning, Chief Executive Officer

Contractor's Representative Title

Southwestern Community Services, Inc.

Contractor Name

6/29/16

Date

New Hampshire Office of Energy and Planning

STANDARD EXHIBIT H

CERTIFICATION  
Public Law 103-227, Part C  
ENVIRONMENTAL TOBACCO SMOKE

Public Law 103227, Part C Environmental Tobacco Smoke, also known as the Pro Children Act of 1994, requires that smoking not be permitted in any portion of any indoor facility routinely owned or leased or contracted for by an entity and used routinely or regularly for provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee.

The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

By signing and submitting this application the applicant/grantee certifies that it will comply with the requirements of the Act.

The applicant/grantee further agrees that it will require the language of this certification be included in any subawards which contain provisions for the children's services and that all subgrantees shall certify accordingly.



Contractor Representative Signature

John Manning, Chief Executive Officer  
Contractor's Representative Title

Southwestern Community Services, Inc.  
Contractor Name

6/29/16  
Date

## New Hampshire Office of Energy and Planning

### STANDARD EXHIBIT I

#### U.S. DEPARTMENT OF ENERGY ASSURANCE OF COMPLIANCE NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

##### OMB Burden Disclosure Statement

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Office of Information Resources Management Policy, Plans, and Oversight, Records Management Division, HR-422 - GTN, Paperwork Reduction Project (1910-0400), U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington, DC 20585; and to the Office of Management and Budget (OMB), Paperwork Reduction Project (1910-0400), Washington, DC 20503.

**Southwestern Community Services, Inc.** (Hereinafter called the "Applicant") HEREBY AGREES to comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), Section 16 of the Federal Energy Administration Act of 1974 (Pub. L. 93-275), Section 401 of the Energy Reorganization Act of 1974 (Pub. L. 93-438), Title IX of the Education Amendments of 1972, as amended, (Pub. L. 92-318, Pub. L. 93-568, and Pub. L. 94-482), Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), the Age Discrimination Act of 1975 (Pub. L. 94-135), Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), the Department of Energy Organization Act of 1977 (Pub. L. 95-91), the Energy Conservation and Production Act of 1976, as amended, (Pub. L. 94-385) and Title 10, Code of Federal Regulations, Part 1040. In accordance with the above laws and regulations issued pursuant thereto, the Applicant agrees to assure that no person in the United States shall, on the ground of race, color, national origin, sex, age, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity in which the Applicant receives Federal assistance from the Department of Energy.

##### Applicability and Period of Obligation

In the case of any service, financial aid, covered employment, equipment, property, or structure provided, leased, or improved with Federal assistance extended to the Applicant by the Department of Energy, this assurance obligates the Applicant for the period during which Federal assistance is extended. In the case of any transfer of such service, financial aid, equipment, property, or structure, this assurance obligates the transferee for the period during which Federal assistance is extended. If any personal property is so provided, this assurance obligates the Applicant for the period during which it retains ownership or possession of the property. In all other cases, this assurance obligates the Applicant for the period during which the Federal assistance is extended to the Applicant by the Department of Energy.

##### Employment Practices

Where a primary objective of the Federal assistance is to provide employment or where the Applicant's employment practices affect the delivery of services in programs or activities resulting from Federal assistance extended by the Department, the Applicant agrees not to discriminate on the ground of race, color, national origin, sex, age, or disability, in its employment practices. Such employment practices may include, but are not limited to, recruitment, advertising, hiring, layoff or termination, promotion, demotion, transfer, rates of pay, training and participation in upward mobility programs; or other forms of compensation and use of facilities.

##### Subrecipient Assurance

The Applicant shall require any individual, organization, or other entity with whom it subcontracts, subgrants, or

subleases for the purpose of providing any service, financial aid, equipment, property, or structure to comply with laws and regulations cited above. To this end, the subrecipient shall be required to sign a written assurance form; however, the obligation of both recipient and subrecipient to ensure compliance is not relieved by the collection or submission of written assurance forms.

**Data Collection and Access to Records**

The Applicant agrees to compile and maintain information pertaining to programs or activities developed as a result of the Applicant's receipt of Federal assistance from the Department of Energy. Such information shall include, but is not limited to the following: (1) the manner in which services are or will be provided and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination; (2) the population eligible to be served by race, color, national origin, sex, age and disability; (3) data regarding covered employment including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English; (4) the location of existing or proposed facilities connected with the program and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any person on the basis of prohibited discrimination; (5) the present or proposed membership by race, color, national origin, sex, age and disability in any planning or advisory body which is an integral part of the program; and (6) any additional written data determined by the Department of Energy to be relevant to the obligation to assure compliance by recipients with laws cited in the first paragraph of this assurance.

The Applicant agrees to submit requested data to the Department of Energy regarding programs and activities developed by the Applicant from the use of Federal assistance funds extended by the Department of Energy. Facilities of the Applicant (including the physical plants, buildings, or other structures) and all records, books, accounts, and other sources of information pertinent to the Applicant's compliance with the civil rights laws shall be made available for inspection during normal business hours on request of an officer or employee of the Department of Energy specifically authorized to make such inspections. Instructions in this regard will be provided by the Director, Office of Civil Rights, U.S. Department of Energy.

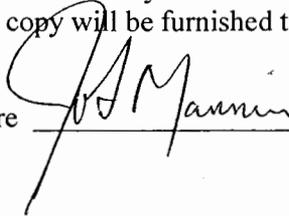
This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts (excluding procurement contracts), property, discounts or other Federal assistance extended after the date hereof, to the Applicants by the Department of Energy, including installment payments on account after such data of application for Federal assistance which are approved before such date. The Applicant recognizes and agrees that such Federal assistance will be extended in reliance upon the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Applicant, the successors, transferees, and assignees, as well as the person(s) whose signatures appear below and who are authorized to sign this assurance on behalf of the Applicant.

**Applicant Certification**

The Applicant certifies that it has complied, or that, within 90 days of the date of the grant, it will comply with all applicable requirements of 10 C.F.R. § 1040.5 (a copy will be furnished to the Applicant upon written request to DOE).

John Manning, Chief Executive Officer  
Southwestern Community Services, Inc.  
63 Community Way, Keene, NH 03431  
603-352-7512

Signature



Date

6/29/16

New Hampshire Office of Energy and Planning

STANDARD EXHIBIT J

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND  
TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

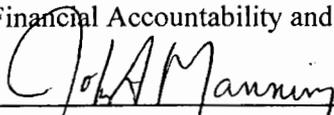
In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the New Hampshire Office of Energy and Planning must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

- 1) Name of entity
- 2) Amount of award
- 3) Funding agency
- 4) NAICS code for contracts / CFDA program number for grants
- 5) Program source
- 6) Award title descriptive of the purpose of the funding action
- 7) Location of the entity
- 8) Principle place of performance
- 9) Unique identifier of the entity (DUNS #)
- 10) Total compensation and names of the top five executives if:
  - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
  - b. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the New Hampshire Office of Energy and Planning and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

	John Manning, Chief Executive Officer
(Contractor Representative Signature)	(Authorized Contractor Representative Name & Title)
Southwestern Community Services, Inc.	6/29/16
(Contractor Name)	(Date)

Contractor initials: JM  
Date: 6/29/16  
Page 1 of 2  
Award #G-16B1NHLIEA, CFDA  
93.568

New Hampshire Office of Energy and Planning

STANDARD EXHIBIT J

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 081251381

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

NO

YES

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

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

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

NO

YES

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

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

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

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

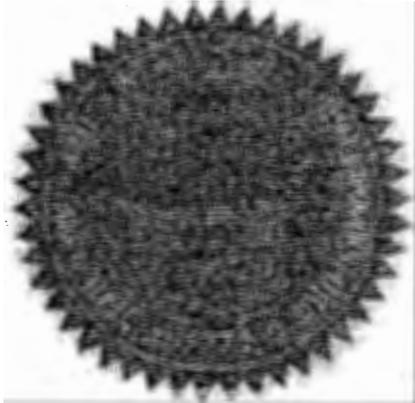
Amount: \_\_\_\_\_

Contractor initials: gm  
Date: 6/29/16  
Page 2 of 2  
Award #G-16B1NHLIEA,  
CFDA 93.568

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 SOUTHWESTERN COMMUNITY SERVICES, INC. is a New Hampshire nonprofit corporation formed May 19, 1965. 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 3<sup>rd</sup> day of April, A.D. 2015

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

William M. Gardner  
Secretary of State

**CERTIFICATE OF VOTES**

**(Corporate Authority)**

I, Elaine M. Amer, Clerk/Secretary of Southwestern Community Services, Inc.  
(name) (Corporation name)

(hereinafter the "Corporation"), a New Hampshire corporation, hereby certify that: (1) I am the duly  
(state)  
elected and acting Clerk/Secretary of the Corporation; (2) I maintain and have custody and am familiar with the  
minute books of the Corporation; (3) I am duly authorized to issue certificates with respect to the contents of such  
books; (4) that the Board of Directors of the Corporation have authorized, on 2/18/16, such authority  
(date)  
to be in force and effect until June 30, 2017.  
(contract termination date)

The person(s) holding the below listed position(s) are authorized to execute and deliver on behalf of the  
Corporation any contract or other instrument for the sale of products and services:

<u>John A. Manning</u> (name)	<u>Chief Executive Officer</u> (position)
_____	_____
(name)	(position)

(5) the meeting of the Board of Directors was held in accordance with New Hampshire  
(state of incorporation)  
law and the by-laws of the Corporation; and (6) said authorization has not been modified, amended or rescinded  
and continues in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand as the Clerk/Secretary of the corporation this  
29th day of June, 2016.

*Elaine M. Amer*  
Clerk/Secretary

STATE OF NEW HAMPSHIRE  
COUNTY OF CHESHIRE

On this 29th day of June, 2016, before me, Leisa Perrotta the undersigned Officer, personally  
appeared Elaine M. Amer who acknowledged herself to be the Clerk/Secretary of  
Southwestern Community Services, Inc., a corporation and that she as such Clerk/Secretary being  
authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Leisa Perrotta*  
Leisa Perrotta, Notary



Commission Expiration Date: 2/6/2018



*Financial Statements*

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**SOUTHWESTERN COMMUNITY SERVICES, INC.**  
**AND RELATED COMPANIES**

FOR THE YEARS ENDED  
MAY 31, 2015 AND 2014  
AND  
INDEPENDENT AUDITORS' REPORTS

*Leone,  
McDonnell  
& Roberts*  
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2015

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To the Board of Directors of  
Southwestern Community Services, Inc.  
Keene, New Hampshire

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Southwestern Community Services, Inc. and related companies (a New Hampshire nonprofit corporation), which comprise the consolidated statements of financial position as of May 31, 2015 and 2014, and the related consolidated statements of cash flows, and notes to the financial statements for the years then ended, and the related statements of activities and functional expenses for the year ended May 31, 2015.

### 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Community Services, Inc. as of May 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of Functional Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of Southwestern Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwestern Community Services, Inc.'s internal control over financial reporting and compliance.

*Leone McDonnell & Roberts,  
Professional Association*

December 23, 2015  
Wolfeboro, New Hampshire

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MAY 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u> (restated)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 197,247	\$ 96,654
Accounts receivable	911,829	976,196
Inventory	209,342	312,064
Prepaid expenses	45,899	8,836
Advances to unrelated third parties	100,700	100,700
Notes receivable	112,000	112,000
Interest receivable	<u>32,107</u>	<u>27,627</u>
Total current assets	<u>1,609,124</u>	<u>1,634,077</u>
<b>PROPERTY</b>		
Land and buildings	19,155,380	12,526,948
Vehicles and equipment	802,622	761,283
Furniture and fixtures	<u>144,840</u>	<u>29,791</u>
Total property	20,102,842	13,318,022
Less accumulated depreciation	<u>8,819,308</u>	<u>4,495,141</u>
Property, net	<u>11,283,534</u>	<u>8,822,881</u>
<b>OTHER ASSETS</b>		
Due from related parties	77,140	1,475,944
Cash escrow and reserve funds	278,772	182,837
Security deposits	62,930	11,628
Other assets	<u>15,968</u>	<u>591</u>
Total other assets	<u>434,810</u>	<u>1,671,000</u>
Total assets	<u>\$ 13,327,468</u>	<u>\$ 12,127,958</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 720,997	\$ 550,886
Accrued expenses	117,347	97,294
Accrued payroll and payroll taxes	309,572	113,546
Other current liabilities	132,696	130,133
Refundable advances	239,234	132,114
Demand notes payable	249,953	338,953
Current portion of long term debt	<u>331,865</u>	<u>245,959</u>
Total current liabilities	2,101,664	1,608,885
<b>NONCURRENT LIABILITIES</b>		
Long term debt, less current portion shown above	<u>9,069,941</u>	<u>6,324,881</u>
Total liabilities	<u>11,171,605</u>	<u>7,933,766</u>
<b>NET ASSETS</b>		
Unrestricted	2,146,018	4,160,395
Temporarily restricted	<u>9,845</u>	<u>33,797</u>
Total net assets	<u>2,155,863</u>	<u>4,194,192</u>
Total liabilities and net assets	<u>\$ 13,327,468</u>	<u>\$ 12,127,958</u>

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2015  
WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total (restated)</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Government contracts	\$ 9,154,522	\$ -	\$ 9,154,522	8,893,510
Program service fees	1,991,293	-	1,991,293	2,103,765
Rental income	533,766	-	533,766	361,492
Developer income	347,615	-	347,615	694,246
Support	376,410	4,887	381,297	317,056
Fundraising	92,884	-	92,884	146,366
Interest income	4,549	-	4,549	4,722
Forgiveness of debt	585,457	-	585,457	772,915
Miscellaneous	122,439	-	122,439	56,565
In-kind contributions	161,575	-	161,575	110,864
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues and other support	13,370,510	4,887	13,375,397	13,461,501
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	28,839	(28,839)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues, other support, and net assets released from restrictions	13,399,349	(23,952)	13,375,397	13,461,501
<b>EXPENSES</b>				
<b>Program services</b>				
Home energy programs	4,014,931	-	4,014,931	4,171,970
Education and nutrition	2,213,462	-	2,213,462	2,037,363
Homeless programs	2,211,640	-	2,211,640	1,888,171
Housing services	1,906,567	-	1,906,567	1,824,635
Economic development services	437,548	-	437,548	503,259
Other programs	818,906	-	818,906	783,808
	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	11,603,054	-	11,603,054	11,209,206
<b>Supporting activities</b>				
Management and general	1,826,284	-	1,826,284	1,680,806
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	13,429,338	-	13,429,338	12,890,012
<b>CHANGES IN NET ASSETS</b>				
	(29,989)	(23,952)	(53,941)	571,489
<b>NET ASSETS, BEGINNING OF YEAR</b>				
	4,160,395	33,797	4,194,192	3,023,784
<b>PRIOR PERIOD ADJUSTMENT</b>				
	-	-	-	598,919
<b>NET ASSETS TRANSFERRED FROM LIMITED PARTNERSHIPS</b>				
	(1,984,388)	-	(1,984,388)	-
<b>NET ASSETS, BEGINNING OF YEAR</b>				
	2,176,007	33,797	2,209,804	3,622,703
<b>NET ASSETS, END OF YEAR</b>				
	\$ 2,146,018	\$ 9,845	\$ 2,155,863	\$ 4,194,192

See Notes to Consolidated Financial Statements

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MAY 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u> (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (53,941)	\$ 571,489
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	505,694	470,112
Forgiveness of debt	(585,457)	(772,915)
(Increase) decrease in assets:		
Accounts receivable	71,516	(111,461)
Inventory	102,722	(210,123)
Prepaid expenses	(53,739)	9,011
Notes receivable	-	(112,000)
Interest receivable	(4,480)	(4,480)
Due from related parties	944,184	413,874
Security deposits	(5,398)	3,678
Increase (decrease) in liabilities:		
Accounts payable	(334,243)	(198,896)
Accrued expenses	(639,853)	68,788
Accrued payroll and payroll taxes	196,026	(19,991)
Other current liabilities	2,563	(13,660)
Refundable advances	<u>107,120</u>	<u>(51,981)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>252,714</u>	<u>41,445</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in escrow funds	29,115	(32,702)
Purchase of property	<u>(64,082)</u>	<u>(83,801)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(34,967)</u>	<u>(116,503)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayments) proceeds from demand notes payable	(89,000)	39,000
Proceeds from long term debt	67,917	80,782
Repayment of long term debt	<u>(102,869)</u>	<u>(171,638)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(123,952)</u>	<u>(51,856)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	93,795	(126,914)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	96,654	223,568
<b>CASH TRANSFERRED FROM LIMITED PARTNERSHIPS</b>	<u>6,798</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 197,247</u>	<u>\$ 96,654</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	<u>\$ 186,420</u>	<u>\$ 189,112</u>

See Notes to Consolidated Financial Statements

**SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MAY 31, 2015**  
**WITH PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

	Home Energy Programs	Education and Nutrition	Homeless Programs	Housing Services	Economic Development Services	Other Programs	Total Program	Management and General	2015 Total	2014 Total (restated)
Payroll	\$ 349,643	\$ 1,079,606	\$ 517,808	\$ 673,435	\$ 263,138	\$ 376,159	\$ 3,259,789	\$ 624,964	\$ 3,884,753	\$ 3,925,920
Payroll taxes	36,353	125,798	54,238	71,429	24,158	43,524	355,500	64,412	419,912	408,894
Employee benefits	108,363	320,633	165,018	208,634	73,279	129,311	1,005,138	236,665	1,241,803	993,748
Retirement	21,943	85,660	32,333	56,588	15,300	14,879	208,793	57,908	284,701	257,612
Advertising	409	18,632	-	3,421	1,112	-	23,574	761	24,335	21,329
Bank charges	464	-	283	2,733	-	12	3,472	6,671	10,143	7,976
Bad debt expense	-	-	878	-	-	-	878	-	878	2,023
Commercial subsidy	-	-	-	-	-	-	-	-	-	10,671
Computer cost	-	-	-	-	-	-	-	-	-	89,581
Computer cost	-	3,815	6,921	6,725	1,472	13,373	13,373	140,253	159,186	781,447
Contractual	253,377	18,391	216,034	106,115	2,640	147,587	744,144	41,249	785,393	470,112
Depreciation	-	25,335	108,367	167,890	-	7,141	308,733	196,991	505,694	10,397
Dues/registration	-	5,875	350	281	-	17,474	23,980	2,145	26,125	14,328
Duplicating	1,363	7,580	446	152	-	-	9,541	4,813	14,354	143,932
Insurance	7,046	14,381	24,828	57,621	1,174	6,065	111,093	30,574	141,667	186,420
Interest	-	9,206	11,580	29,188	-	2,588	52,560	133,660	186,420	189,112
Meeting and conference	-	2,081	4,442	12,012	-	21,230	45,685	12,608	58,293	52,244
Miscellaneous expense	563	1,537	5,772	77,761	40	846	86,339	2,453	88,792	156,703
Miscellaneous taxes	-	-	-	49,770	-	-	49,770	150	49,920	38,932
Equipment purchases	61	1,017	8,080	6,961	-	-	16,119	1,843	17,962	12,817
Office expense	13,583	15,296	9,899	6,357	5,235	187	50,557	12,064	62,621	64,824
Postage	199	341	27	850	106	-	1,523	21,621	23,144	22,098
Professional fees	1,000	-	3,000	15,443	-	-	19,443	48,854	66,297	14,941
Staff development and training	5,570	1,622	27,284	6,380	-	18,015	58,851	34,574	93,425	36,188
Subscriptions	-	-	-	78	-	-	78	901	979	2,981
Telephone	2,678	15,829	27,929	8,482	5,245	533	60,697	24,853	85,550	87,229
Fax	46	-	-	-	-	-	46	-	48	133
Travel	4,371	16,322	18,247	6,145	5,268	180	50,533	2,464	52,997	40,712
Vehicle	5,312	5,005	3,966	33,635	-	9,580	57,498	21,476	78,974	124,931
Rent	-	25,550	-	-	-	-	25,550	-	25,550	18,916
Space costs	49	114,690	236,755	242,349	-	377	594,220	103,187	697,407	687,428
Direct client assistance	3,200,456	153,846	727,197	56,132	39,291	10,147	4,187,059	-	4,187,059	3,987,979
In-kind expenses	-	161,575	-	-	-	-	161,575	-	161,575	110,664
<b>TOTAL FUNCTIONAL EXPENSES BEFORE GENERAL AND MANAGEMENT ALLOCATION</b>	<b>4,014,931</b>	<b>2,213,462</b>	<b>2,211,640</b>	<b>1,906,567</b>	<b>437,548</b>	<b>818,906</b>	<b>11,603,054</b>	<b>1,826,284</b>	<b>13,429,338</b>	<b>12,890,012</b>
Allocation of management and general expenses	631,937	348,392	348,105	300,088	68,869	129,893	1,826,284	(1,826,284)	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 4,646,868</b>	<b>\$ 2,561,854</b>	<b>\$ 2,559,745</b>	<b>\$ 2,206,655</b>	<b>\$ 506,417</b>	<b>\$ 947,799</b>	<b>\$ 13,429,338</b>	<b>\$ -</b>	<b>\$ 13,429,338</b>	<b>\$ 12,890,012</b>

See Notes to Consolidated Financial Statements

## SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2015 AND 2014

#### **NOTE 1      ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **General**

Southwestern Community Services, Inc. (the Organization) is a New Hampshire nonprofit corporation formed as an umbrella corporation that offers an array of services to the elderly, disabled, and low-income households in the Cheshire and Sullivan counties of New Hampshire. Various programs provide assistance in the areas of education, child development, employment, energy and its conservation, housing, and homelessness prevention. Services are provided through Southwestern Community Services, Inc., and its related corporations, SCS Management Corp., SCS Housing, Inc., Drewsville Carriage House Associates, LP (Drewsville), North Walpole Village Housing Associates, LP (North Walpole), Troy Common Associates, LP (Troy), Peterborough/Finlay, LLC (Peterborough), Hinsdale Main Street Associates LP (Hinsdale) and Jaffrey Housing Associates LP (Jaffrey). The Organization is committed to providing respectful support service and assisting individuals and families in achieving self-sufficiency by helping them overcome the causes of poverty. The primary source of revenues is derived from governmental contracts.

##### **Basis of Accounting**

The financial statements of Southwestern Community Services, Inc. have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles. The financial statements include the accounts of Southwestern Community Services, Inc., SCS Management Corp., and SCS Housing, Inc. The three corporations are combined because Southwestern Community Services, Inc. controls more than 50% of the voting power. All significant intercompany items and transactions have been eliminated from the basic financial statements.

For the years ended May 31, 2015 and 2014, Drewsville Carriage House Associates, LP, North Walpole Village Housing Associates, LP, and Troy Common Associates, LP have been consolidated with the Organization because the Organization owns 100% of the voting power. During the year ended May 31 2015, the Organization acquired 100% of Peterborough/Finlay, LLC, Hinsdale Main Street Associates LP and Jaffrey Housing Associates LP (see Note 13) and these entities have also been consolidated with the Organization. All significant intercompany items and transactions have been eliminated from the basic financial statements.

##### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Accounting Standard Codification No. 958-210, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-210, 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 based upon the existence or absence of donor-imposed 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: Net assets reflecting 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 May 31, 2015 and 2014, the Organization had unrestricted and temporarily restricted net assets.

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 May 31, 2014, from which the summarized information was derived.

#### **Refundable Advances**

The Organization records grant and contract revenue as refundable advances until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue.

#### **In-Kind Support**

The Organization records various types of in-kind support including professional services and materials. Contributed professional services are recognized if the service received creates or enhances long-lived assets or requires specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

#### **Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all liquid investments purchased with original maturities of three months or less to be cash equivalents.

### **Accounts Receivable**

The Organization has adopted the allowance method for accounting for uncollectible receivables. The Organization estimated the allowance for uncollectible receivables at zero for the year ended May 31, 2015 and 2014.

### **Notes Receivable**

The Organization has two notes receivable from an unrelated third party. The notes receivable are stated at the amount that is expected to be collected at year end. Interest is accrued at a rate of 4% annually. The balance of the notes receivable and related interest receivable is \$112,000 and \$32,107, respectively at May 31, 2015 and \$112,000 and \$27,627, respectively at May 31, 2014.

### **Inventory**

Inventory is recorded at cost or at fair value if contributed. Inventory consists of property developments, which when complete, will be held for sale.

### **Current Vulnerability Due to Certain Concentrations**

The Organization is operated in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or Legislature. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. For the years ended May 31, 2015 and 2014, approximately 68% and 66%, respectively, of the Organization's total revenue was received from government agencies. The future nature of the organization is dependent upon continued support from the government.

### **Concentration of Credit Risk**

The Organization maintains its cash accounts in several financial institutions, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts. At May 31, 2015 and 2014, no balance exceeded the federally insured limits.

### **Property and Depreciation**

Purchased property and equipment are stated at cost at the date of acquisition or at fair value at the date of receipt in the case of donated property.

The Organization generally capitalizes and depreciates all assets with a cost greater than \$5,000 and an expected life greater than one year. 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 - 40 Years
Vehicles and equipment	5 - 10 Years
Furniture and fixtures	7 Years

The use of certain assets is specified under the terms of grants received from agencies of the federal government. These grants also place liens on certain assets and impose restrictions on the use of funds received from the disposition of the property.

**Advertising**

The Organization expenses advertising costs as incurred.

**Revenue Recognition**

Amounts received from conditional grants and contracts received for specific purposes are generally recognized as income to the extent that related expenses and conditions are incurred or met. Conditional grants received prior to the conditions being met are reported as refundable advances. Contributions of cash and other assets are reported as restricted if they are received with donor imposed stipulations that limit the use of the donated assets. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

**Income Taxes**

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. As such, the Organization is exempt from income tax on its exempt function income.

SCS Housing, Inc. is a C Corporation and is subject to income tax. Management does not believe this entity will have taxable income as there is net operating loss carryforwards of \$800,793 and \$673,130 at May 31, 2015 and 2014, respectively, and therefore, there is no tax provision.

Drewsville Carriage House Associates, LP, North Walpole Village Housing Associates, LP, Troy Common Associates, LP, Peterborough/Finlay, LLC, Hinsdale Main Street Associates LP, and Jaffrey Housing Associates LP are partnerships and do not pay taxes on their income. Rather, the partners will pay the taxes on the partnership net income.

Accounting Standard Codification No. 740, "Accounting for Income Taxes," established the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in financial statements. Management has analyzed the Organization's tax position taken on its income tax returns for all open years (tax years ending May 31, 2012 – 2015), and has concluded that no additional provision for income taxes is necessary in the Organization's financial statements.

**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.

The carrying amount of cash, accounts receivables, prepaid expenses, inventory, accounts payable, accrued expenses, and refundable advances approximates fair value because of the short maturity of those instruments.

#### **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 program services and supporting activities benefited.

#### **Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position 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 financial position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date, but arose after that date. Management has evaluated subsequent events through December 23, 2015, the date the financial statements were available to be issued.

#### **NOTE 2**

##### **DEMAND NOTES PAYABLE**

The Organization has a \$250,000 revolving line of credit agreement (the line) with a bank that is due on demand. The line calls for monthly interest payments based on an interest rate of 4% per annum. The line is secured by all the

Organization's assets. The outstanding balance at May 31, 2015 and 2014 totaled \$249,953.

At May 31, 2014, the Organization had a \$500,000 master line of credit agreement (the line) with a bank that was due on demand. The line called for monthly interest payments based on the Wall Street Journal Prime Rate (3.25% at May 31, 2014) plus 1% per annum. The line was secured by all the Organization's assets. The outstanding balance at May 31, 2014 totaled \$89,000. The balance has been repaid in full as of May 31, 2015.

**NOTE 3**

**LONG TERM DEBT**

The long term debt at May 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
1% mortgage payable to New Hampshire Housing Finance Authority in monthly installments for principal and interest of \$891 through August 2032. The note is secured by real estate of the Organization.	\$ 181,843	\$ 190,668
Non-interest bearing mortgage payable to Community Development Finance Authority, in quarterly principal payments based on operating income formula applied to affordable housing portion of the specified real estate. The note is secured by real estate of the Organization.	32,147	32,147
3.5% note payable to a bank in monthly installments for principal and interest of \$959 through March 2021. The note is secured by real estate of the Organization.	61,388	70,549
Non-interest bearing mortgage payable to New Hampshire Housing Finance Authority. Payment is deferred for 30 years, through September 2031, or until project is sold or refinanced. The note is secured by real estate of the Organization.	250,000	250,000
Non-interest bearing mortgage payable to New Hampshire Housing Finance Authority. Payment is deferred for 30 years, through July 2032, or until project is sold or refinanced. The note is secured by real estate of the Organization.	408,300	408,300
4.25% mortgage payable to a bank in monthly installments for principal and interest of \$1,875 through December 2016, with a balloon payment due January 2017. The note is secured by real estate of the Organization.	206,615	219,903

4.375% note payable to Rural Housing Service in monthly installments for principal and interest of \$11,050 through May 2049. The note is secured by real estate of the Organization.	2,343,485	2,372,857
Non-interest bearing note payable to a county in New Hampshire. Payment is not necessary unless Organization defaults on contract and the note is secured by real estate of the Organization.	460,000	460,000
4% note payable to a development company, in annual interest installments only through March 2015 at which time a final balloon payment of the entire principal balance was due. The remaining balance is still outstanding at May 31, 2015 and is classified as current. The note is secured by real estate of the Organization.	63,000	63,000
4% note payable to a development company, in annual interest installments only through March 2015 at which time a final balloon payment of the entire principal balance was due. The remaining balance is still outstanding at May 31, 2015 and is classified as current. The note is secured by real estate of the Organization.	45,000	45,000
Note payable to a bank in monthly installments for principal and interest of \$2,769 including interest through May 2039. Interest is adjusted every five years based on remaining principal balance and "Classic Advantage Rate" provided by Federal Home Loan Bank of Boston which resulted in an interest rate of 4.07% at May 31, 2015. The note is secured by real estate of the Organization.	449,567	461,087
6.99% note payable to a bank in monthly installments for principal and interest of \$560 through October 2014. The note was secured by a vehicle of the Organization.	-	3,303
5.95% note payable to a bank in monthly installments for principal and interest of \$934 through May 2021. The note is secured by real estate of the Organization.	115,214	119,335
North Walpole - 6% note payable to a bank in monthly installments for principal and interest of \$1,351 April 2016 at which time a balloon payment of \$123,000 is due. The note is secured by real estate of the Organization.	128,971	137,167

Troy - 7% note payable to a bank in monthly installments for principal and interest of \$807 through December 2025. The note is secured by real estate of the Organization.	76,750	80,821
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note will be forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	225,000	250,000
Non-interest bearing note payable to the United States Department of Housing and Urban Development. No payment is due and beginning in January 2015 10% of the note will be forgiven each year providing the property is used for low income housing through January 2025. The note is secured by real estate of the Organization.	135,000	150,000
Non-interest bearing note payable to New Hampshire Finance Authority in annual payments in the amount of 50% of annual surplus cash through July 2023 at which time the remaining balance is due. The note is secured by real estate of the Organization.	794,189	794,189
Non-interest bearing note payable to a county in New Hampshire. No payment is due and 5% of the balance is forgiven each year through 2032 when the remaining balance becomes due. The note is secured by real estate of the Organization.	424,175	446,500
3.99% note payable to a bank in monthly installments for principal and interest of \$385 through April 2015. The note is secured by a vehicle of the Organization.	12,249	16,014
Peterborough - 7% note payable to New Hampshire Housing Finance Authority in monthly installments for principal and interest of \$15,013 through June 2040. The note is secured by a mortgage and risk sharing security agreement with the U.S. Department of Housing and Urban Development on the Organization's assets.	2,124,114	-
Peterborough - Non-recourse 0% note payable to New Hampshire Housing Finance Authority. Principal is payable at the sole discretion of the		

lender from excess cash of the borrower determined by formula. The note is due December 2041 and is secured by the Partnership's land and buildings.	388,657	-
Jaffrey - 30- year deferred note payable to the Town of Jaffrey, New Hampshire. Payment of principal and accrued interest at 1% are deferred until the note matures in June 2027. The note is secured by land and buildings. The balance included cumulative accrued interest of \$43,872.	294,721	-
Jaffrey - 6% note payable to a bank in monthly installments for principal and interest of \$484 through June 2027. The note is secured by land and buildings.	49,463	-
Hinsdale - 6% payable to a bank in monthly installments for principal and interest of \$635 with a balloon payment due October 2017. The note is secured by land and buildings.	66,030	-
4.25% note payable to a bank in monthly installments for principal and interest through December 2016. The note is secured by land and buildings.	37,718	-
6.99% note payable to a finance company in monthly installments for principal and interest of \$652 through June 2019. The note is secured by a vehicle.	<u>28,210</u>	<u>-</u>
	9,401,806	6,570,840
Less current portion due within one year	<u>331,865</u>	<u>245,959</u>
	<u>\$ 9,069,941</u>	<u>\$ 6,324,881</u>

The schedule of maturities of long term debt at May 31, 2015 is as follows:

<b>Year Ending</b>	<b>Amount</b>
<b><u>May 31</u></b>	
2016	\$ 331,865
2017	377,070
2018	245,942
2019	192,670
2020	195,247
Thereafter	<u>8,059,012</u>
Total	<u>\$ 9,401,806</u>

**NOTE 4**      **OPERATING LEASES**

The Organization leases vehicles, under non-cancelable lease agreements at various financial institutions. Lease periods range from month to month to 2016. Monthly lease payments range from \$341 to \$580. Lease expense for the years ended May 31, 2015 and 2014 totaled \$9,472 and \$25,051, respectively.

Future minimum payments as of May 31, 2015 on the above leases are \$43,109 during the year ending May 31, 2016.

**NOTE 5**      **ACCRUED COMPENSATED BALANCES**

At May 31, 2015 and 2014, the Organization accrued a liability for future annual leave time that its employees had earned and vested in the amount of \$125,564.

**NOTE 6**      **CONTINGENCIES**

SCS Housing, Inc. is the general partner of eleven limited partnerships (which include Drewsville Carriage House Associates, LP, North Walpole Village Housing, LP, Troy Common Associates, LP, Peterborough/Finlay, LLC, Hinsdale Main Street Associates LP and Jaffrey Housing Associates LP, consolidated within the financial statements) formed to develop low-income housing projects through the use of Low Income Housing Tax Credits. Southwestern Community Services, Inc. and SCS Housing, Inc. have guaranteed repayment of liabilities of various partnerships totaling \$5,209,000 at May 31, 2015 and 2014. Partnership real estate with a cost basis of approximately \$25,300,000 provides collateral on these loans.

The Organization receives funds under various state grants 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 costs were found not to have been incurred 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 or assessed by government audits as of May 31, 2015 and 2014.

**NOTE 7**      **RELATED PARTY TRANSACTIONS**

During the years ended May 31, 2015 and 2014, SCS Housing, Inc. managed seven limited partnerships. Management fees charged by SCS Housing, Inc. totaled \$337,996 and \$383,457, at May 31, 2015 and 2014, respectively. In addition, SCS Housing, Inc. has advanced the limited partnerships funds for cash flow purposes over several years. The total amount due and expected to be collected from the limited partnerships was \$77,140 and \$877,025 at May 31, 2015 and 2014, respectively.

**NOTE 8**      **ADVANCES TO UNRELATED THIRD PARTIES**

The Organization has advanced funds to three unrelated entities for property development purposes. The total amount due and expected to be collected from these entities was \$100,700 at May 31, 2015 and 2014.

**NOTE 9**      **RETIREMENT PLAN**

The Organization maintains a tax sheltered annuity plan under the provisions of Section 403(b) of the internal Revenue Code. All employees who have had at least 30 days of service to the Organization are eligible to contribute to the plan. The Organization begins matching contributions after the employee has reached one year of service. Employer contributions are at the Organization's discretion and totaled \$266,042 and \$261,757 for the years ended May 31, 2015 and 2014, respectively.

**NOTE 10**     **RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of contributions received by the Organization that have not been used for the specified purpose of the donor. Temporarily restricted net assets at May 31, 2015 and 2014 totaled \$9,845 and \$33,797, respectively.

**NOTE 11**     **FORGIVENESS OF DEBT**

During the year ended May 31, 2015 the Organization realized forgiveness of debt income in connection with notes payable to the Town of Hinsdale, the County of Cheshire and the Department of Housing and Urban Development (HUD). Forgiveness of debt income totaled \$585,457 for the year ended May 31, 2015.

During the year ended May 31, 2014 the Organization realized forgiveness of debt income in connection with notes payable with the Town of Troy and the Town of Walpole, and the County of Cheshire. Forgiveness of debt income totaled \$772,915 for the year ended May 31, 2014.

**NOTE 12**     **PRIOR PERIOD ADJUSTMENT**

The beginning net assets for the year ended May 31, 2015 has been restated to correct an error.

In previously issued financial statements the Organization did not record amounts due from Peterborough/Finlay, LLC (Peterborough). The amounts are recorded as a payable on Peterborough's books and are eliminated in consolidation. Correcting this error increased unrestricted net assets by \$598,919 at May 31, 2014.

**NOTE 13**    **TRANSFER OF PARTNERSHIP INTEREST**

During 2015, SCS acquired partnership interests in three low income housing limited partnerships; Hinsdale Main Street Associates, LP (Hinsdale), Jaffrey Housing Associates (Jaffrey) and Peterborough/Finlay, LLC (Peterborough). The amount paid for each partnership interest was \$1 and at the time of acquisition SCS became the general partner in each partnership.

The following is a summary of the assets and liabilities of each partnership at the date of acquisition.

Date of transfer	<u>12/31/2014</u>	<u>12/31/2014</u>	<u>04/30/2015</u>	
	<u>Jaffrey</u>	<u>Hinsdale</u>	<u>Peterborough</u>	<u>Total</u>
Cash	\$ 2,393	\$ 34,363	\$ 95,092	\$ 131,848
Property – net	328,095	645,620	1,928,533	2,902,248
Other assets	<u>12,097</u>	<u>10,746</u>	<u>54,121</u>	<u>76,964</u>
Total assets	<u>342,585</u>	<u>690,729</u>	<u>2,077,746</u>	<u>3,111,060</u>
Notes payable	345,342	590,654	2,757,234	3,693,230
Other liabilities	<u>178,907</u>	<u>402,037</u>	<u>821,274</u>	<u>1,402,218</u>
Total liabilities	<u>524,249</u>	<u>992,691</u>	<u>3,578,508</u>	<u>5,095,448</u>
Partners' (deficit)	<u>\$ (181,664)</u>	<u>\$ (301,962)</u>	<u>\$(1,500,762)</u>	<u>\$(1,984,388)</u>



# Southwestern Community Services

Since 1965, people helping people in Cheshire and Sullivan counties

## SCS Board of Directors – 2016

### CHESHIRE COUNTY

### SULLIVAN COUNTY

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Vice Chair, NH CDBG  
Advisory Council

**Penny Despres**  
New Hope New Horizons  
Parent Representative to Board  
Program Representative

**Mary Lou Huffling**  
Fall Mountain Emergency Food Shelf  
Alstead Friendly Meals

**Vacant:**  
Head Start Policy Council

**Vacant**

**Vacant**

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Construction Trades  
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**Scott Croteau, Vice Chairperson**  
Banking Finance Community

**Anne Beattie**  
ServiceLink of Sullivan County  
Advisory Committee

**Vacant**

**Kevin Watterson, Chairperson**  
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g. housen and co. inc.

**Vacant**

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**Senator Molly Kelly**  
Senate District 10

**Raymond Gagnon**  
NH House of Representatives

**Vacant**

**Jessie Levine**  
County Manager  
Public Sector, Sullivan County



# KEY ADMINISTRATIVE PERSONNEL

NH Office of Energy & Planning

Agency Name: Southwestern Community Services, Inc.

Program Name: PY16 Heating Repair and Replacement Program (HRRP)

Name & Title Key Administrative Personnel	Annual Salary Of Key Administrative Personnel	Percentage of Salary Paid By Contract	Total Salary Amount Paid By Contract
John Manning, CEO	\$107,016	0.00%	\$0.00
Terra Rogers, Energy Director	\$47,000	0.00%	\$0.00

# John A. Manning

<b>Summary</b>	Over 30 years of experience with non-profit organizations, as both an outside auditor and presently Chief Financial Officer of a large community action agency.	
<b>Experience</b>	2014	Southwestern Community Services Inc. Keene, NH
	<b>Chief Executive Officer</b> Responsible for overall supervision, management, monitoring and fiscal review of Community Action Agency social service programs providing services to low-income, elderly, and handicapped residents of Sullivan and Cheshire Counties, New Hampshire.	
	1990–2014	Southwestern Community Services Inc. Keene, NH
	<b>Chief Financial Officer</b> Oversees all fiscal functions for a community action agency providing services to low and moderate income individuals. Programs include Head Start, Fuel Assistance, and multiple affordable housing projects. Supervises a staff of 7, with an agency budget of over \$ 13,000,000. Also oversees agency property management department, which manages over 300 units of affordable housing.	
	1985-1995	Keene State College      Keene, NH
	<b>Adjunct Professor</b> Taught evening accounting classes for their continuing education program.	
	1978-1990	John A. Manning,      Keene, NH
	<b>Certified Public Accountant</b> Provided public accounting services to small and medium sized clients, including multiple non-profit organizations. Performed certified audits on several clients, including Head Start and other non-profit clients.	
	1975-1978	Kostin and Co. CPA's      West Hartford, Ct.
	<b>Staff Accountant</b> Performed all aspects of public accounting for medium sized accounting firm. Audited large number of privately held and non-profit clients.	
	1971–1975	University of Mass.      Amherst, Ma. B.S. Business Administration in Accounting
<b>Education</b>	American Institute of Certified Public Accountants	
<b>Organizations</b>	NH Society of Certified Public Accountants	

## Terra Rogers

PROFESSIONAL PROFILE: Current Director of Energy and Employment Programs with 10 years of experience in a non-profit setting.

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### MANAGEMENT AND SOCIAL SERVICE SKILLS

- Personnel Relations
  - Strong PC skills
  - Conduct employee reviews
  - Problem Solving
  - Lead and Motivate
  - Excellent Communication
  - Community Outreach
  - Decision Making
  - Interviewing
  - Database Management
  - Training and Development
  - Maintain Confidentiality
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### EXPERIENCE

**Southwestern Community Services (Keene/Claremont, NH)** **11/2006- Current**

*Director of Energy and Employment Programs 11/2015- Current*

Oversee all daily operations for Fuel Assistance, Electric Assistance, Neighbor Helping Neighbor, Senior Energy Assistance, Weatherization, HRRP, CORE, and Assurance 16 as well as the employment programs Workplace Success, Work Experience Program, and WIA.

*WIOA Employment Counselor 11/2006- 11/2015*

Provide career management services to eligible customers with a focus on helping them obtain employment. Follows stringent guidelines and extensive documentation to help ensure program is running with federal and state government regulations. Serves as a liaison between customers, instructors, school administrators and businesses. Strong understanding of community resources to help provide appropriate referrals throughout the community.

**Staples (various locations throughout VT, ME, NY and NH)** **9/1996- 11/2006**

*Operations Manager*

Consistently promoted over a 10 year period. Established and maintained all store operations. Provided proper training, honest feedback and energized staff to help promote world class customer service that exceeded maximum sales goals. Fulfilled a broad range of HR functions, including recruiting and training employees, store payroll, administering benefits, overseeing disciplinary action and managing store personnel records.

### EDUCATION

*Granite State College- Concord, NH*

Bachelor of Science (BS) in Behavioral Science (Magnum Cum Laude) **Graduated June 2012**