

**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**

**SINGLE AUDIT REPORT**

**YEAR ENDED JULY 31, 2017**

**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**

**SINGLE AUDIT REPORT**

**YEAR ENDED JULY 31, 2017**

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# OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Board of Directors  
Southern New Hampshire Services, Inc. and Affiliate  
Manchester, New Hampshire

We have audited, in accordance with the 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, the combined financial statements of Southern New Hampshire Services, Inc. (the Organization) and affiliate, which comprise the combined statement of financial position as of July 31, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated January 19, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's combined financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southern New Hampshire Services, Inc. and affiliate's combined financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ouellette & Associates, P.A.*  
Certified Public Accountants

January 19, 2018  
Lewiston, Maine

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## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors  
Southern New Hampshire Services, Inc. and Affiliate  
Manchester, New Hampshire

### **Report on Compliance for Each Major Federal Program**

We have audited Southern New Hampshire Services, Inc. (the Organization) and affiliate's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southern New Hampshire Services, Inc. and affiliate's major federal programs for the year ended July 31, 2017. Southern New Hampshire Services, Inc. and affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Southern New Hampshire Services, Inc. and affiliate's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southern New Hampshire Services, Inc. and affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southern New Hampshire Services, Inc. and affiliate's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Southern New Hampshire Services, Inc. and affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2017.

## **Report on Internal Control over Compliance**

Management of Southern New Hampshire Services, Inc. and affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southern New Hampshire Services, Inc. and affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southern New Hampshire Services, Inc. and affiliate's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the combined financial statements of Southern New Hampshire Services, Inc. and affiliate as of and for the year ended July 31, 2017, and have issued our report thereon dated January 19, 2018, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Ouellette & Associates, P.A.*  
Certified Public Accountants

January 19, 2018  
Lewiston, Maine

**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JULY 31, 2017**

Federal Grantor Pass-Through Grantor <u>Program or Cluster Title</u>	Federal CFDA <u>Number</u>	Pass-Through Identifying <u>Number</u>	Subrecipient <u>Expenditures</u>	Federal <u>Expenditures</u>
<b><u>U.S. Department of Agriculture:</u></b>				
<i>Pass-Through State of New Hampshire Department of Health and Human Services</i>				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	174NH703W1003		\$ 1,236,057
	10.557	SF2018-02(LA)		<u>104,467</u>
				1,340,524
Commodity Supplemental Food Program	10.565	174NH703W1003		127,693
	10.565	SF2018-02(LA)		<u>11,403</u>
				139,096
<i>Pass-Through State of New Hampshire Department of Education</i>				
Child and Adult Care Food Program	10.558			973,870
Summer Food Service Program for Children	10.559			<u>84,743</u>
				<b>\$ 2,538,233</b>
<b><u>U.S. Department of Housing and Urban Development:</u></b>				
<i>Direct Program</i>				
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249			\$ 370,587
<i>Pass-Through State of New Hampshire Department of Health and Human Services</i>				
Emergency Solutions Grant Program	14.231	E16-DC-33-0001		73,361
<i>Pass-Through Belknap Merrimack Community Action Program</i>				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900			8,429
<i>Pass-Through the City of Nashua, NH</i>				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NHLB0574-14		<u>70,621</u>
				<b>\$ 522,998</b>
<b>Subtotal</b>				<b>\$ 3,061,231</b>



**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)**

**YEAR ENDED JULY 31, 2017**

Federal Grantor Pass-Through Grantor <u>Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Federal Expenditures</u>
<b>Amount Forward</b>				<b>\$ <u>3,061,231</u></b>
<b><u>U.S. Department of Labor:</u></b>				
<i>Pass-Through State of New Hampshire Department of Resources and Economic Development</i>				
<b><u>WIOA Cluster</u></b>				
WIA/WIOA Adult Program	17.258 17.258	02-6000618	\$ 314,717	\$ 1,709,991 <u>108,584</u> 1,818,575
WIA/WIOA – Dislocated Worker Formula Grants	17.278 17.278	02-6000618	<u>143,780</u>	1,269,980 <u>127,937</u> <u>1,397,917</u>
<b>Total WIOA Cluster</b>			<b><u>458,497</u></b>	<b><u>3,216,492</u></b>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277 17.277	02-6000618	438,038	1,859,302 <u>177,016</u> <u>2,036,318</u>
<b>Total U.S. Department of Labor</b>			<b>\$ <u>896,535</u></b>	<b>\$ <u>5,252,810</u></b>
<b><u>U.S. Department of Energy:</u></b>				
<i>Pass-Through State of New Hampshire Governor's Office Office of Planning</i>				
Weatherization Assistance for Low-Income Persons	81.042	EE0006169		\$ 432,025
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128			<u>11,325</u>
<b>Total U.S. Department of Energy</b>				<b>\$ <u>443,350</u></b>
<b><u>U.S. Department of Education:</u></b>				
<i>Pass-Through State of New Hampshire Department Of Education</i>				
Adult Education – Basic Grants to States	84.002	67011-ABE		\$ <u>40,349</u>
<b>Total U.S. Department of Education</b>				<b>\$ <u>40,349</u></b>
<b><u>Corporation for National and Community Services:</u></b>				
<i>Direct Program</i>				
Retired and Senior Volunteer Program	94.002 94.002	14SRANH003 17SRANH003		\$ 107,870 <u>40,805</u>
<b>Total Corporation for National and Community Services</b>				<b>\$ <u>148,675</u></b>
<b>Subtotal</b>			<b>\$ <u>896,535</u></b>	<b>\$ <u>8,946,415</u></b>

**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)**

**YEAR ENDED JULY 31, 2017**

Federal Grantor Pass-Through Grantor <u>Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Federal Expenditures</u>
<b>Amount Forward</b>			\$ <b><u>896,535</u></b>	\$ <b><u>8,946,415</u></b>
<b><u>U.S. Department of Health and Human Services:</u></b>				
<b><i>Direct Program</i></b>				
Head Start	93.600	01CH2057/04		\$ 5,775,184
	93.600	01HP0009/02		<u>275,352</u>
				<b>6,050,536</b>
<b><i>Pass-Through State of New Hampshire Office of Energy and Planning</i></b>				
Low-Income Home Energy Assistance	93.568	G-16B1NHLIEA		229,750
	93.568	G-17B1NHLIEA		<u>7,217,345</u>
				<b>7,447,095</b>
Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	15AANHT3SP		14,515
<b><i>Pass-Through State of New Hampshire Department Of Health and Human Services</i></b>				
Temporary Assistance for Needy Families	93.558	2016G996115	\$ 849,733	2,569,065
	93.558	2017G996115		<u>212,927</u>
			<u>849,733</u>	<u>2,781,992</u>
Community Services Block Grant	93.569	G-16B1NHCOSR		1,312,992
Community Services Block Grant – Discretionary Awards	93.570	G-16B1NHCOSR		68,043
<b><u>CCDF Cluster</u></b>				
Child Care and Development Block Grant	93.575	2016G996005		896,722
Child Care Mandatory and Matching Funds of The Child Care and Development Fund	93.596	2016G999004		<u>888,195</u>
<b>Total CCDF Cluster</b>				<b>1,784,917</b>
<b><i>Pass-Through Manchester Community Health</i></b>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM061289		<u>59,879</u>
<b>Total U.S. Department of Health and Human Services</b>			\$ <b><u>849,733</u></b>	\$ <b><u>19,519,969</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ <b><u>1,746,268</u></b>	\$ <b><u>28,466,384</u></b>

**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JULY 31, 2017**

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NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southern New Hampshire Services, Inc. and affiliate under programs of the federal government for the year ended July 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southern New Hampshire Services, Inc. and affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southern New Hampshire Services, Inc. and affiliate.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3: HEAD START PROGRAMS CFDA #93.600

In accordance with terms of the grant award, the Organization has met its matching requirements during the year ended July 31, 2017.

NOTE 4: INDIRECT COST RATE

Southern New Hampshire Services, Inc. and affiliate has negotiated an indirect cost rate of 9.1% with the Department of Health and Human Services.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2017

**Section I Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ Yes  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  No

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ Yes  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

Type of auditor's report issued on compliance  
for major programs: Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with CFR Section  
200.156(a) of the Uniform Guidance? \_\_\_\_\_ Yes  No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Temporary Assistance for Needy Families	93.558
Low-Income Home Energy Assistance	93.568

Dollar threshold used to distinguish between  
Type A and Type B programs: \$853,992

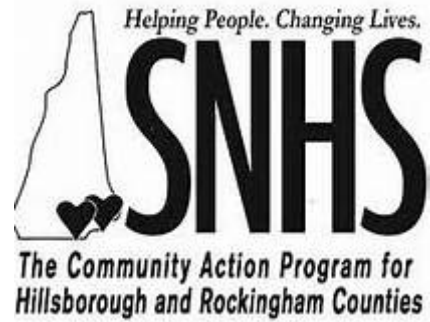
Auditee qualified as low-risk auditee?  Yes  No

**Section II Financial Statement Findings**

No matters are reportable.

**Section III Federal Award Findings and Questioned Costs**

No matters are reportable.



**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED JULY 31, 2017 AND 2016**

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southern New Hampshire Services, Inc. and Affiliate  
Manchester, New Hampshire

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of Southern New Hampshire Services, Inc. (a nonprofit organization) and affiliate, which comprise the combined statements of financial position as of July 31, 2017 and 2016, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Southern New Hampshire Services, Inc. and affiliate, as of July 31, 2017 and 2016, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2018 on our consideration of Southern New Hampshire Services, Inc. and affiliate's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern New Hampshire Services, Inc. and affiliate's internal control over financial reporting and compliance.

***Ouellette & Associates, P.A.***  
Certified Public Accountants

January 19, 2018  
Lewiston, Maine



## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## COMBINED STATEMENTS OF FINANCIAL POSITION

JULY 31, 2017 AND 2016

<i>ASSETS</i>		
	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 5,889,396	\$ 6,057,093
Investments	8,375,305	6,352,626
Contracts receivable	3,790,824	3,415,218
Accounts receivable	590,607	636,656
Prepaid expenses	75,410	108,101
Under applied overhead	113,924	67,158
Total current assets	<u>18,835,466</u>	<u>16,636,852</u>
<b>FIXED ASSETS</b>		
Land	2,313,783	2,318,782
Buildings and improvements	10,429,907	10,426,659
Vehicles and equipment	1,285,271	1,275,367
Total fixed assets	<u>14,028,961</u>	<u>14,020,808</u>
Less - accumulated depreciation	<u>4,720,487</u>	<u>4,516,633</u>
Net fixed assets	<u>9,308,474</u>	<u>9,504,175</u>
<b>OTHER ASSETS</b>		
Restricted cash	<u>211,188</u>	<u>190,201</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,355,128</u>	<u>\$ 26,331,228</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 121,437	\$ 119,080
Accounts payable	471,715	544,344
Accrued payroll and payroll taxes	1,330,368	974,989
Accrued compensated absences	326,281	498,403
Accrued other liabilities	347,332	211,737
Refundable advances	1,137,688	1,316,308
Tenant security deposits	68,705	62,654
Total current liabilities	<u>3,803,526</u>	<u>3,727,515</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current portion	<u>2,330,118</u>	<u>2,440,409</u>
<b>TOTAL LIABILITIES</b>	<u>6,133,644</u>	<u>6,167,924</u>
<b>NET ASSETS</b>		
Unrestricted	<u>22,221,484</u>	<u>20,163,304</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 28,355,128</u>	<u>\$ 26,331,228</u>

See independent auditor's report and accompanying notes to the financial statements.

## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## COMBINED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JULY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Grant and contract revenue	\$ 33,840,476	\$ 33,036,202
Program service fees	1,011,973	977,289
Local funding	352,618	337,540
Rental income	945,056	637,038
Gifts and contributions	207,972	1,084,502
Interest and dividend income	262,258	305,297
Unrealized gain (loss) on investments	761,151	(195,356)
Miscellaneous	633,151	772,852
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>38,014,655</u>	<u>36,955,364</u>
<b>EXPENSES</b>		
Program services:		
Child development	7,698,835	7,592,134
Community services	1,504,282	1,584,465
Economic and workforce development	8,549,808	7,490,754
Energy	10,052,962	10,350,805
Language and literacy	344,985	293,600
Housing and homeless	181,366	183,374
Nutrition and health	2,390,236	2,400,554
Special projects	1,455,860	1,417,406
Volunteer services	158,879	125,312
SNHS Management Corporation	1,852,665	1,360,675
Total program services	<u>34,189,878</u>	<u>32,799,079</u>
Support services:		
Management and general	1,766,597	1,923,341
<b>TOTAL EXPENSES</b>	<u>35,956,475</u>	<u>34,722,420</u>
<b>CHANGE IN NET ASSETS</b>	<b>2,058,180</b>	<b>2,232,944</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>20,163,304</u>	<u>17,930,360</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 22,221,484</u>	<u>\$ 20,163,304</u>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE  
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JULY 31, 2017

	Program Services						
	Child Development	Community Services	Economic Workforce Development	Energy	Language and Literacy	Housing and Homeless	Nutrition and Health
<b>EXPENSES</b>							
Payroll	\$ 4,532,497	\$ 988,728	\$ 2,598,061	\$ 1,479,819	\$ 205,774	\$ 57,390	\$ 929,574
Payroll taxes	427,513	85,055	230,382	137,652	21,760	5,070	87,625
Fringe benefits	1,056,679	142,258	381,689	277,583	13,620	12,219	182,882
Workers comp. insurance	133,004	12,323	8,425	18,616	673	201	37,044
Retirement benefits	239,765	84,534	148,790	84,574	6,106	3,822	49,817
Consultant and contractual	73,596	37,906	1,764,803	1,278,715	16,772	233	24,513
Travel and transportation	80,939	24,323	72,239	47,177	751	2,583	47,155
Conferences and meetings	2,400	13,084	4,260	11,996	-	120	9,234
Occupancy	460,887	52,314	719,547	126,782	19,846	1,020	74,295
Advertising	14,820	2,535	31,291	1,335	50	-	75
Supplies	280,149	15,572	39,851	66,519	26,550	316	74,548
Equip. rentals and maintenance	13,830	6,236	27,993	20,144	1,378	-	24,174
Insurance	17,289	24,992	6,224	13,296	-	-	7,479
Telephone	63,288	14,783	50,377	19,759	1,591	538	42,705
Postage	2,936	339	1,626	31,484	249	16	3,473
Printing and publications	6,182	1,454	-	340	939	-	-
Subscriptions	-	1,769	-	-	-	-	-
Program support	559	20,105	-	32,990	8,588	-	7,270
Interest	11,952	-	-	-	-	-	-
Depreciation	42,373	3,666	7,443	14,269	4,341	-	2,146
Assistance to clients	7,800	-	2,443,026	6,409,725	-	97,838	515,249
Other direct expense	218,504	1,177	57,405	4,973	-	-	276,215
Miscellaneous	57,369	303	572	1,571	13,458	-	2,623
In-kind	2,636,675	-	-	-	-	-	-
(Gain) Loss on disposal of assets	-	-	-	1,971	2,539	-	-
<b>SUBTOTAL</b>	<b>10,381,006</b>	<b>1,533,456</b>	<b>8,594,004</b>	<b>10,081,290</b>	<b>344,985</b>	<b>181,366</b>	<b>2,398,096</b>
<b>Over applied indirect costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Eliminations</b>	<b>(2,682,171)</b>	<b>(29,174)</b>	<b>(44,196)</b>	<b>(28,328)</b>	<b>-</b>	<b>-</b>	<b>(7,860)</b>
<b>TOTAL EXPENSES</b>	<b>\$ 7,698,835</b>	<b>\$ 1,504,282</b>	<b>\$ 8,549,808</b>	<b>\$ 10,052,962</b>	<b>\$ 344,985</b>	<b>\$ 181,366</b>	<b>\$ 2,390,236</b>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE  
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)  
 FOR THE YEAR ENDED JULY 31, 2017

	Program Services			Total Program Services	Support Services	Total Expenses
	Special Projects	Volunteer Services	SNHS Management Corporation		Management and General	
<b>EXPENSES</b>						
Payroll	\$ 42,757	\$ 86,401	\$ 99,305	\$ 11,020,306	\$ 1,239,055	\$ 12,259,361
Payroll taxes	3,963	7,879	27,908	1,034,807	105,184	1,139,991
Fringe benefits	1,929	15,102	64,008	2,147,969	157,709	2,305,678
Workers comp. insurance	2,237	281	5,461	218,265	5,085	223,350
Retirement benefits	1,871	4,448	21,647	645,374	118,221	763,595
Consultant and contractual	1,324,546	561	166,121	4,687,766	85,022	4,772,788
Travel and transportation	1,692	2,414	57,092	336,365	8,535	344,900
Conferences and meetings	3,829	1,454	18,790	65,167	1,080	66,247
Occupancy	13,883	-	415,064	1,883,638	22,016	1,905,654
Advertising	25	467	2,712	53,310	50	53,360
Supplies	1,018	14,709	9,292	528,524	39,789	568,313
Equip. rentals and maintenance	1,301	236	17,935	113,227	2,116	115,343
Insurance	541	1,226	29,070	100,117	10,999	111,116
Telephone	2,935	1,368	16,575	213,919	7,809	221,728
Postage	18	560	980	41,681	16,595	58,276
Printing and publications	-	-	996	9,911	38	9,949
Subscriptions	-	768	317	2,854	-	2,854
Program support	47,726	-	367,931	485,169	-	485,169
Interest	-	-	39,429	51,381	-	51,381
Depreciation	10,810	-	331,535	416,583	536	417,119
Assistance to clients	-	-	29,547	9,503,185	-	9,503,185
Other direct expense	-	987	4,506	563,767	1,086	564,853
Miscellaneous	364	20,018	66,235	162,513	1,484	163,997
In-kind	-	-	-	2,636,675	-	2,636,675
(Gain) Loss on disposal of assets	(5,585)	-	50,760	49,685	-	49,685
<b>SUBTOTAL</b>	<b>1,455,860</b>	<b>158,879</b>	<b>1,843,216</b>	<b>36,972,158</b>	<b>1,822,409</b>	<b>38,794,567</b>
<b>Over applied indirect costs</b>	<b>-</b>	<b>-</b>	<b>9,449</b>	<b>9,449</b>	<b>(55,812)</b>	<b>(46,363)</b>
<b>Eliminations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,791,729)</b>	<b>-</b>	<b>(2,791,729)</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,455,860</b>	<b>\$ 158,879</b>	<b>\$ 1,852,665</b>	<b>\$ 34,189,878</b>	<b>\$ 1,766,597</b>	<b>\$ 35,956,475</b>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE  
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JULY 31, 2016

	Program Services						
	Child Development	Community Services	Economic Workforce Development	Energy	Language and Literacy	Housing and Homeless	Nutrition and Health
<b>EXPENSES</b>							
Payroll	\$ 4,393,675	\$ 1,008,896	\$ 2,465,911	\$ 1,495,775	\$ 185,433	\$ 61,599	\$ 911,371
Payroll taxes	457,034	92,208	230,637	152,666	21,425	6,530	94,200
Fringe benefits	1,017,685	142,446	381,606	292,939	8,905	8,215	186,659
Workers comp. insurance	98,563	10,512	7,610	12,840	1,983	201	26,662
Retirement benefits	242,908	88,027	133,881	91,134	6,104	3,364	55,155
Consultant and contractual	77,978	30,527	1,821,388	1,012,459	9,362	244	18,604
Travel and transportation	94,819	27,683	67,837	36,691	712	2,815	47,311
Conferences and meetings	1,800	28,508	468	9,868	-	-	5,831
Occupancy	471,873	50,009	752,749	122,768	16,292	1,018	79,861
Advertising	9,686	85	13,877	100	75	-	925
Supplies	224,072	18,667	32,442	61,730	6,908	824	77,550
Equip. rentals and maintenance	49,560	1,883	14,661	20,747	3,147	-	11,866
Insurance	14,508	32,136	7,139	10,311	-	-	5,898
Telephone	77,510	18,872	53,133	30,636	1,628	654	44,349
Postage	5,672	826	1,956	34,457	98	49	4,103
Printing and publications	5,307	2,541	-	654	815	-	-
Subscriptions	-	1,636	-	60	-	-	-
Program support	-	16,028	-	-	7,913	-	-
Interest	12,879	-	-	-	-	-	-
Depreciation	35,687	2,708	7,442	12,740	5,621	-	2,146
Assistance to clients	11,922	-	1,402,885	6,940,422	1,996	97,713	488,308
Other direct expense	222,179	10,004	94,866	10,187	-	99	332,467
Miscellaneous	66,817	263	266	1,621	15,183	49	7,288
In-kind	2,173,671	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>9,765,805</b>	<b>1,584,465</b>	<b>7,490,754</b>	<b>10,350,805</b>	<b>293,600</b>	<b>183,374</b>	<b>2,400,554</b>
<b>Over applied indirect costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Eliminations</b>	<b>(2,173,671)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENSES</b>	<b>\$ 7,592,134</b>	<b>\$ 1,584,465</b>	<b>\$ 7,490,754</b>	<b>\$ 10,350,805</b>	<b>\$ 293,600</b>	<b>\$ 183,374</b>	<b>\$ 2,400,554</b>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE  
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)  
 FOR THE YEAR ENDED JULY 31, 2016

	Program Services			Total Program Services	Support Services	Total Expenses
	Special Projects	Volunteer Services	SNHS Management Corporation		Management and General	
<b>EXPENSES</b>						
Payroll	\$ 57,216	\$ 69,159	\$ 294,401	\$ 10,943,436	\$ 1,164,602	\$ 12,108,038
Payroll taxes	6,332	6,670	28,695	1,096,397	97,248	1,193,645
Fringe benefits	5,600	14,078	70,574	2,128,707	134,933	2,263,640
Workers comp. insurance	2,248	218	5,651	166,488	6,100	172,588
Retirement benefits	3,574	4,322	23,526	651,995	104,995	756,990
Consultant and contractual	1,291,754	325	113,953	4,376,594	78,564	4,455,158
Travel and transportation	3,621	2,590	72,154	356,233	14,023	370,256
Conferences and meetings	1,744	270	42,765	91,254	253	91,507
Occupancy	13,844	-	229,243	1,737,657	25,306	1,762,963
Advertising	690	2,463	408	28,309	-	28,309
Supplies	1,569	4,564	12,679	441,005	41,213	482,218
Equip. rentals and maintenance	271	292	12,532	114,959	1,578	116,537
Insurance	-	1,169	19,709	90,870	10,412	101,282
Telephone	2,887	2,447	10,053	242,169	10,850	253,019
Postage	62	582	977	48,782	18,062	66,844
Printing and publications	-	130	466	9,913	-	9,913
Subscriptions	-	-	40	1,736	-	1,736
Program support	4,053	-	35,563	63,557	-	63,557
Interest	-	-	34,555	47,434	-	47,434
Depreciation	699	-	271,369	338,412	536	338,948
Assistance to clients	16,920	-	34,988	8,995,154	-	8,995,154
Other direct expense	3,600	2,282	1,250	676,934	1,102	678,036
Miscellaneous	722	13,751	34,916	140,876	989	141,865
In-kind	-	-	-	2,173,671	-	2,173,671
Loss on disposal of assets	-	-	-	-	-	-
<b>SUBTOTAL</b>	1,417,406	125,312	1,350,467	34,962,542	1,710,766	36,673,308
<b>Over applied indirect costs</b>	-	-	10,208	10,208	212,575	222,783
<b>Eliminations</b>	-	-	-	(2,173,671)	-	(2,173,671)
<b>TOTAL EXPENSES</b>	\$ 1,417,406	\$ 125,312	\$ 1,360,675	\$32,799,079	\$ 1,923,341	\$34,722,420

See independent auditor's report and accompanying notes to the financial statements.

## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>\$ 2,058,180</u>	<u>\$ 2,232,944</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	417,119	338,948
Gain on disposal of assets	49,685	-
Donation of low-income housing projects	-	(833,080)
Unrealized (gain) loss on investments	(761,151)	195,356
(Increase) decrease operating assets:		
Contracts receivable (net)	(375,606)	(286,476)
Accounts receivable (net)	46,049	355,656
Prepaid expenses	32,691	(50,334)
Under applied overhead	(46,766)	222,787
Increase (decrease) in operating liabilities:		
Accounts payable	(72,629)	101,906
Accrued payroll and payroll taxes	355,379	(11,712)
Accrued comp. absences	(172,122)	(148,628)
Accrued other liabilities	135,595	(161,252)
Refundable advances	(178,620)	(48,247)
Tenant security deposits	6,051	(2,396)
Total adjustments	<u>(564,325)</u>	<u>(327,472)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>1,493,855</u>	<u>1,905,472</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(290,188)	(1,795,586)
Proceeds from sale of fixed assets	19,085	-
Purchase of investments, reinvested dividends, and capital gains	(1,261,528)	(304,954)
Deposit to restricted cash accounts	(20,987)	(152,559)
Cash received on acquisition of housing projects	-	452,033
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(1,553,618)</u>	<u>(1,801,066)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	<u>(107,934)</u>	<u>(100,091)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(167,697)	4,315
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>6,057,093</u>	<u>6,052,778</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 5,889,396</u>	<u>\$ 6,057,093</u>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)  
 FOR THE YEARS ENDED JULY 31, 2017 AND 2016

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**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

	<i>2017</i>	<i>2016</i>
Cash paid during the year for interest	<b>\$ 51,381</b>	\$ 47,434
Noncash investing and financing activities:		
Acquisition of low-income housing projects:		
Other current assets	\$ -	\$ 7,812
Property and equipment	-	1,955,100
Current liabilities	-	(56,739)
Notes payable	-	(1,387,571)
Previous equity investment	-	(137,555)
Equity acquired	-	(833,080)
	-	(452,033)
Cash received on acquisition	-	452,033
	<b>\$ -</b>	\$ -

See independent auditor's report and accompanying notes to the financial statements.



SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

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NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of the Organization**

Southern New Hampshire Services, Inc. (SNHS) is an umbrella corporation that offers an array of services to the elderly, disabled, and low-income households in New Hampshire's Hillsborough County and Rockingham County. The Organization's programs provide assistance in the areas of education, child development, employment, energy and its conservation, housing and homelessness prevention. The Organization is committed to providing respectful support services 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. Services are provided through Southern New Hampshire Services, Inc. and SNHS Management Corporation.

**Basis of Accounting and Presentation**

The Organization prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; and accordingly reflect all significant receivables, payables, and other liabilities. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* - Unrestricted net assets of the Organization are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

*Temporarily restricted net assets* - Temporarily restricted net assets are net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently restricted net assets* - Permanently restricted net assets are net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization has no temporarily restricted or permanently restricted net assets at July 31, 2017 and 2016.

**Combined Financial Statements**

All significant intercompany items and transactions have been eliminated from the basic combined financial statements. The combined financial statements include the accounts of SNHS Management Corporation because Southern New Hampshire Services, Inc. controls more than 50% of the voting power.

**Use of Estimates**

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from these amounts.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

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NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents**

For the purpose of the combined statements of cash flows, the Organization considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Current Vulnerabilities Due to Certain Concentrations**

The Organization maintains its cash balances at several financial institutions located in New Hampshire and Maine. The balances are insured by the Federal Deposit Insurance Organization (FDIC) up to \$250,000 per financial institution. In addition, on October 2, 2008, the Organization entered into an agreement with its principal banking partner to collateralize deposits in excess of the FDIC insurance limitation on some accounts. The balances, at times, may exceed amounts covered by the FDIC and collateralization agreements. It is the opinion of management that there is no significant risk with respect to these deposits at this time.

**Accounts and Contracts Receivable**

All accounts and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Receivables are recorded on the accrual basis of accounting primarily based on reimbursable contracts, grants and agreements. Balances outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the applicable accounts receivable. Management does not believe an allowance for uncollectible accounts receivable is necessary at July 31, 2017 and 2016.

**Revenue Recognition**

The Organization's revenue is recognized primarily from federal and state grants and contracts generally structured as reimbursed contracts for services and therefore revenue is recognized based on when their individual allowable budgeted expenditures occur. Federal and state grant revenue comprised approximately 89% of total revenue in the fiscal years ended July 31, 2017 and 2016.

**Contributions and In-Kind Donations**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions. In-kind revenues and expenses represent fair market value of volunteer services and non-paid goods which were donated to the Organization during the current fiscal year. All in-kind revenues in the fiscal year 2017 and 2016 were generated through the Head Start and Economic Workforce Development programs. Since the recognition criteria is not met, no in-kind revenues are recognized as contributions in the combined financial statements and the in-kind expenses have been eliminated.

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

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NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Fixed Assets**

Fixed assets acquired by the Organization are capitalized at cost if purchased or fair value if donated. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Major additions and renewals are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line basis over the estimated useful lives of the assets, which range from three to forty years. Depreciation expense for July 31, 2017 and 2016 was \$417,119 and \$338,948, respectively.

Fixed assets purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the fixed assets purchased with grant funds. The disposition of fixed assets, as well as the ownership of any proceeds is subject to funding source regulations.

**Advertising**

The Organization uses advertising to promote programs among the people it serves. The production costs of advertising are expensed as incurred.

**Functional Allocation of Expenses**

The costs associated with providing program services and management and general support services are presented by natural classification on the combined statement of functional expenses and have been summarized on a functional basis on the combined statements of activities.

**Subsequent Events**

Management has made an evaluation of subsequent events through January 19, 2018, which represents the date on which the combined financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these combined financial statements.

**Reclassifications**

Certain reclassifications have been made to the 2016 combined financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 2: RESTRICTED CASH

The Organization, as stipulated in many of the loan agreements associated with the housing projects included in SNHS Management Corporation, is required to maintain separate accounts and make monthly deposits into certain restricted reserves for the replacement of property and other expenditures. In addition, the Organization is required to maintain separate accounts for tenant security deposits and any surplus cash that may result from annual operations. These accounts are also not available for operating purposes and generally need additional approval from oversight agencies before withdrawal and use of these funds can occur.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

NOTE 3: FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements*, are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3: Inputs that are unobservable for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2017 and 2016.

*Mutual Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of July 31, 2017 and 2016:

	<u>2017</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
<b>Mutual Funds</b>	<b><u>\$8,375,305</u></b>	<b><u>\$_____</u></b> -	<b><u>\$_____</u></b> -	<b><u>\$8,375,305</u></b>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

	<u>2016</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Mutual Funds	\$ <u>6,352,626</u>	\$ <u>          </u> -	\$ <u>          </u> -	\$ <u>6,352,626</u>

NOTE 4: INVESTMENTS

The following is a summary of investments as of July 31:

	<u>2017</u>			<u>2016</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains</u>
Mutual Funds	<u>\$6,268,825</u>	<u>\$8,375,305</u>	<u>\$2,106,480</u>	<u>\$5,007,298</u>	<u>\$6,352,626</u>	<u>\$1,345,328</u>

The activities of the Organization's investment account are summarized as follows:

	<u>2017</u>	<u>2016</u>
Fair Value – Beginning of Year	\$ <u>6,352,626</u>	\$6,243,028
Dividends and Capital Gains	<u>261,528</u>	304,954
Purchases	<u>1,000,000</u>	-
Unrealized Gains (Losses)	<u>761,151</u>	<u>(195,356)</u>
Fair Value – End of Year	<u>\$8,375,305</u>	<u>\$6,352,626</u>

NOTE 5: LONG-TERM DEBT

The following is a summary of long-term debt as of July 31:

	<u>2017</u>	<u>2016</u>
<u>SNHS, Inc.</u>		
Mortgage payable to City of Manchester, secured by real estate located in Manchester, NH. A balloon payment of \$11,275 was due on June 30, 2010. Interest is at 0.000%. SNHS, Inc. is currently negotiating with the City of Manchester to write off this debt.	\$ <u>11,275</u>	\$ 11,275
Mortgage payable to bank, secured by real estate located on Temple St., Nashua, NH, payable in fixed monthly principal installments of \$1,833 plus interest through 2020. Interest is at 4.000%.	<u>282,669</u>	<u>304,669</u>
<u>Subtotal</u>	<u>\$ 293,944</u>	<u>\$ 315,944</u>

## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

NOTE 5: LONG-TERM DEBT (Continued)

	<u>2017</u>	<u>2016</u>
<u>Subtotal Carried Forward</u>	<u>\$ 293,944</u>	<u>\$ 315,944</u>
<u>SNHS Management Corporation</u>		
Mortgage payable to New Hampshire Housing Authority secured by real estate located in Epping, NH, payable in monthly installments of \$1,084 including interest through 2042. Interest is at 3.500%.	<b>212,084</b>	217,571
Mortgage payable to City of Nashua secured by real estate located on Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 30 years. Interest is at 10.000%, forgiven annually.	<b>900,000</b>	900,000
Note payable to City of Nashua secured by real estate located on Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 30 years. Interest is at 10.000%, forgiven annually.	<b>20,000</b>	20,000
Mortgage payable to New Hampshire Community Loan Fund secured by real estate located on, Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 30 years. Interest is at 10.000%, forgiven annually.	<b>250,000</b>	250,000
Mortgage payable to bank, secured by real estate located on West Pearl St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 40 years. Interest is at 0.000%.	<b>170,000</b>	170,000
Mortgage payable to bank secured by real estate located on Silver St., Manchester, NH, payable in monthly installments of \$2,619 including interest through 2019. Interest is at 3.750%.	<b>45,872</b>	74,954
Mortgage payable to bank, secured by real estate located on Allds St., Nashua, NH, payable in fixed monthly principal installments of \$2,613 plus interest through 2021. Interest is at 3.982% and 3.246% at July 31, 2017 and 2016.	<b>120,200</b>	151,556
Mortgage payable to MH Parsons and Sons Lumber, secured by real estate located in Derry, NH, payable in monthly installments of \$3,715 including interest through 2031. Interest is at 5.500%.	<u>439,455</u>	<u>459,464</u>
	<b>2,451,555</b>	2,559,489
Less: Current Portion	<u>121,437</u>	<u>119,080</u>
Long-term debt, net of current portion	<b>\$ 2,330,118</b>	<b>\$ 2,440,409</b>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

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NOTE 5: LONG-TERM DEBT (Continued)

Principal maturities of long-term debt are as follows:

2018		\$ 121,437
2019		97,017
2020		82,794
2021		273,770
2022		32,586
Thereafter		<u>1,843,951</u>
Total		<u>\$ 2,451,555</u>

NOTE 6: OPERATING LEASES

The Organization leases various facilities and equipment under several operating leases. Total lease payments for the years ended July 31, 2017 and 2016 equaled \$678,755 and \$741,027, respectively. The leases expire at various times through October 2020. Some of the leases contain renewal options that are contingent upon federal funding and some contain renewal options subject to renegotiation of lease terms.

The following is a schedule of future minimum lease payments for the operating leases as of July 31, 2017:

2018		\$ 561,286
2019		295,725
2020		35,267
2021		<u>8,881</u>
Total		<u>\$ 901,159</u>

NOTE 7: RETIREMENT BENEFITS

The Organization has an Employer-Sponsored 403(b) plan offering coverage to all of its employees. Participating employees must contribute at least 5% of their wages, while the Organization contributes 10% of their wages. The pension expense for the years ended July 31, 2017 and 2016 was \$763,595 and \$756,990, respectively.

NOTE 8: RISKS AND UNCERTAINTIES

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.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

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NOTE 9: CONTINGENCIES AND CONTINGENT LIABILITIES

The Organization receives contract funding from various sources. Under the terms of these agreements, the Organization is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Organization might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not yet been determined.

**Cotton Mill Square**

In 2015, SNHS Management Corporation entered into a contract as part of the Community Development Investment Tax Credit Program with the Community Development Finance Authority (CDFA) and was awarded \$1,000,000 to provide funding for the development and adaptive reuse of an abandoned historic cotton mill in downtown Nashua, NH. Under this program, the Project (Cotton Mill Square) created 109 units of housing and was required to reserve 55 of these units for low to moderate income households.

As stipulated by the contract and after a 20% program fee retained by the CDFAs, SNHS Management Corporation entered into a subrecipient agreement with the owners of the Project (Cotton Mill Square LLC) to provide a promissory note and mortgage of the remaining award amount of \$800,000. The 20 year note to Cotton Mill Square LLC is non-interest bearing and the principal is forgivable at a rate of 5% each year the Project maintains the required minimum of 55 low to moderate income household units.

The Cotton Mill Square Project was awarded the certificate of occupancy on August 22, 2014 and remains in full compliance with the required regulations as of July 31, 2017 and 2016. SNHS Management Corporation feels that it is extremely unlikely that the Project will fall into noncompliance in future periods. Therefore, SNHS Management Corporation has not recorded any contingent receivable or liability related to this transaction. The current unforgiven principal amount at July 31, 2017 and 2016 is \$680,000 and \$720,000, respectively. The note repayment is accelerated if the units fall out of compliance.

**J. Brown Homestead Property**

On July 1, 2011, Rockingham Community Acton (RCA) was acquired by SNHS. As part of this merger, SNHS assumed all the assets, liabilities and obligations of RCA which included the J. Brown Homestead Property.

The J. Brown Homestead Property was conveyed to RCA in 1999 by the Town of Raymond for \$1 and a mortgage lien of \$604,418. The property contains four apartments limited to low-income seniors, office space for the Outreach operations, space for the Food Pantry operation, and a common meeting room for use by Town of Raymond organizations. The Town of Raymond included a requirement that the property be used for a social service center for a period of 20 years, called the benefit period, after which this requirement terminates.



SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS  
(Continued)

JULY 31, 2017 AND 2016

NOTE 9: CONTINGENCIES AND CONTINGENT LIABILITIES (Continued)

**J. Brown Homestead Property** (Continued)

In the event that SNHS sells or otherwise conveys the property within the benefit period, the remaining lien will be either paid from the proceeds of the sale or remain with the land to any subsequent purchaser for the remaining benefit period.

This mortgage lien has no scheduled principal or interest payments and is forgivable at a rate of 5% each year of the benefit period until it is completely forgiven in year 2019. The value of this lien at July 31, 2017 and 2016 is \$90,663 and \$120,884, respectively. SNHS has no plans to sell or transfer this property. Therefore, the contingent mortgage lien liability has not been included in the financial statements.

NOTE 10: ACQUISITIONS OF LOW-INCOME HOUSING PROJECTS

During 2016, SNHS Management Corporation acquired J.B. Milette Limited Partnership (Milette Manor), located in Nashua, NH and Epping Senior Housing Associates Limited Partnership (Whispering Pines), located in Epping, NH. SNHS Management Corporation obtained the project operations and assumed all assets, liabilities, debt and equity for both projects at fair market value. The acquisition and allocation of both projects was as follows:

	<u>Milette Manor</u>	<u>Whispering Pines II</u>	<u>Total</u>
Cash	\$ 264,763	\$ 187,270	\$ 452,033
Other Current Assets	-	7,812	7,812
Property and Equipment	1,238,400	716,700	1,955,100
Current Liabilities	(16,148)	(40,591)	(56,739)
Notes Payable	(1,170,000)	(217,571)	(1,387,571)
Previous Equity Investment	-	(137,555)	(137,555)
Equity Acquired (Contribution)	<u>(317,015)</u>	<u>(516,065)</u>	<u>(833,080)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Mark R. Carrier, C.P.A.  
Michael R. Dunn, C.P.A.  
Jonathan A. Hussey, C.P.A., M.S.T.  
Steven R. Lamontagne, C.P.A.

Gary W. Soucy, C.P.A.  
Gary A. Wigant, C.P.A.  
C. Joseph Wolverton, Jr., C.P.A.

## *INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION*

To the Board of Directors of  
Southern New Hampshire Services, Inc. and Affiliate  
Manchester, New Hampshire

We have audited the combined financial statements of Southern New Hampshire Services, Inc. (a nonprofit organization) and affiliate as of and for the year ended July 31, 2017, and have issued our report thereon dated January 19, 2018, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole.

The combining information in Schedules A and B (pages 20-21), schedules of revenues and expenses – by contract (pages 23-37), required by the State of New Hampshire Governor's Office of Energy and Community Services and the financial statements and financial information for Whispering Pines II (pages 28-33), required by the New Hampshire Housing Finance Authority are presented for the purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

*Ouellette & Associates, P.A.*  
Certified Public Accountants

January 19, 2018  
Lewiston, Maine

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE  
 COMBINING SCHEDULE OF FINANCIAL POSITION  
 JULY 31, 2017

	SNHS, Inc.	SNHS Management Corporation	Sub-Total	Elimination	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 335,605	\$ 5,553,791	\$ 5,889,396	\$ -	\$ 5,889,396
Investments	-	8,375,305	8,375,305	-	8,375,305
Contracts receivable	3,739,387	51,437	3,790,824	-	3,790,824
Accounts receivable	-	590,607	590,607	-	590,607
Prepaid expenses	44,626	30,784	75,410	-	75,410
Under applied overhead	113,924	-	113,924	-	113,924
Due from other corporations	1,039,956	(778,251)	261,705	(261,705)	-
Total current assets	<u>5,273,498</u>	<u>13,823,673</u>	<u>19,097,171</u>	<u>(261,705)</u>	<u>18,835,466</u>
<b>FIXED ASSETS</b>					
Land	219,849	2,093,934	2,313,783	-	2,313,783
Buildings and improvements	1,521,873	8,908,034	10,429,907	-	10,429,907
Vehicles and equipment	949,133	336,138	1,285,271	-	1,285,271
Total fixed assets	<u>2,690,855</u>	<u>11,338,106</u>	<u>14,028,961</u>	<u>-</u>	<u>14,028,961</u>
Less - accumulated depreciation	<u>1,309,546</u>	<u>3,410,941</u>	<u>4,720,487</u>	<u>-</u>	<u>4,720,487</u>
Net fixed assets	<u>1,381,309</u>	<u>7,927,165</u>	<u>9,308,474</u>	<u>-</u>	<u>9,308,474</u>
<b>OTHER ASSETS</b>					
Restricted cash	28,547	182,641	211,188	-	211,188
Total other assets	<u>28,547</u>	<u>182,641</u>	<u>211,188</u>	<u>-</u>	<u>211,188</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,683,354</u>	<u>\$ 21,933,479</u>	<u>\$ 28,616,833</u>	<u>\$ (261,705)</u>	<u>\$ 28,355,128</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current portion of long-term debt	\$ 33,275	\$ 88,162	\$ 121,437	\$ -	\$ 121,437
Accounts payable	450,451	21,264	471,715	-	471,715
Accrued payroll and payroll taxes	533,976	796,392	1,330,368	-	1,330,368
Accrued compensated absences	-	326,281	326,281	-	326,281
Accrued other liabilities	325,291	22,041	347,332	-	347,332
Refundable advances	1,126,910	10,778	1,137,688	-	1,137,688
Tenant security deposits	26,764	41,941	68,705	-	68,705
Due to other corporations	141,531	120,174	261,705	(261,705)	-
Total current liabilities	<u>2,638,198</u>	<u>1,427,033</u>	<u>4,065,231</u>	<u>(261,705)</u>	<u>3,803,526</u>
<b>LONG-TERM LIABILITIES</b>					
Long-term debt, less current portion	260,669	2,069,449	2,330,118	-	2,330,118
Total long-term liabilities	<u>260,669</u>	<u>2,069,449</u>	<u>2,330,118</u>	<u>-</u>	<u>2,330,118</u>
<b>TOTAL LIABILITIES</b>	<u>2,898,867</u>	<u>3,496,482</u>	<u>6,395,349</u>	<u>(261,705)</u>	<u>6,133,644</u>
<b>NET ASSETS</b>					
Unrestricted	<u>3,784,487</u>	<u>18,436,997</u>	<u>22,221,484</u>	<u>-</u>	<u>22,221,484</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,683,354</u>	<u>\$ 21,933,479</u>	<u>\$ 28,616,833</u>	<u>\$ (261,705)</u>	<u>\$ 28,355,128</u>

See independent auditor's report on supplementary information

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE  
 COMBINING SCHEDULE OF ACTIVITIES  
 FOR THE YEAR ENDED JULY 31, 2017

	SNHS, Inc.	SNHS Management Corporation	Sub-Total	Elimination	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Grant/contract revenue	\$ 33,858,322	\$ -	\$ 33,858,322	\$ (17,846)	\$ 33,840,476
Program service fees	69,055	942,918	1,011,973	-	1,011,973
Local funding	70,621	281,997	352,618	-	352,618
Rental income	-	945,056	945,056	-	945,056
Gifts and contributions	200,015	7,957	207,972	-	207,972
Interest Income	123	262,135	262,258	-	262,258
Unrealized gain on investments	-	761,151	761,151	-	761,151
In-kind	2,636,675	-	2,636,675	(2,636,675)	-
Miscellaneous	461,017	309,342	770,359	(137,208)	633,151
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>37,295,828</b>	<b>3,510,556</b>	<b>40,806,384</b>	<b>(2,791,729)</b>	<b>38,014,655</b>
<b>EXPENSES</b>					
Program services:					
Child Development	10,381,006	-	10,381,006	(2,682,171)	7,698,835
Community Services	1,533,456	-	1,533,456	(29,174)	1,504,282
Economic and Workforce Dev.	8,594,004	-	8,594,004	(44,196)	8,549,808
Energy	10,081,290	-	10,081,290	(28,328)	10,052,962
Language and Literacy	344,985	-	344,985	-	344,985
Housing and Homeless	181,366	-	181,366	-	181,366
Nutrition and Health	2,398,096	-	2,398,096	(7,860)	2,390,236
Special Projects	1,455,860	-	1,455,860	-	1,455,860
Volunteer Services	158,879	-	158,879	-	158,879
SNHS Management Corporation	-	1,852,665	1,852,665	-	1,852,665
Total program services	35,128,942	1,852,665	36,981,607	(2,791,729)	34,189,878
Support services:					
Management and general	1,766,597	-	1,766,597	-	1,766,597
<b>TOTAL EXPENSES</b>	<b>36,895,539</b>	<b>1,852,665</b>	<b>38,748,204</b>	<b>(2,791,729)</b>	<b>35,956,475</b>
<b>CHANGE IN NET ASSETS</b>	<b>400,289</b>	<b>1,657,891</b>	<b>2,058,180</b>	<b>-</b>	<b>2,058,180</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>3,384,198</b>	<b>16,779,106</b>	<b>20,163,304</b>	<b>-</b>	<b>20,163,304</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,784,487</b>	<b>\$ 18,436,997</b>	<b>\$ 22,221,484</b>	<b>\$ -</b>	<b>\$ 22,221,484</b>

See independent auditor's report on supplementary information

## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2017

State of NH Governor's Office of Energy &amp; Community Services

Headstart Program

For the Period

August 1, 2016 to July 31, 2017

Fund # 305

**REVENUES**

Program funding	\$ 4,452,394
Other revenue	4,921
In-kind	1,915,753
Allocated corporate unrestricted revenue	<u>(17,027)</u>
Total revenue	<u>6,356,041</u>

**EXPENSES**

Payroll	2,393,793
Payroll taxes	230,832
Fringe benefits	607,361
Workers comp. insurance	70,562
Retirement benefits	134,653
Consultant and contractual	23,822
Travel and transportation	38,739
Conference and meetings	2,400
Occupancy	228,393
Advertising	1,254
Supplies	203,327
Equip. rentals and maintenance	5,412
Insurance	12,071
Telephone	30,217
Postage	1,795
Printing and publications	4,008
Depreciation	7,769
Assistance to clients	7,800
Other direct expense	55,456
Miscellaneous	12,369
In-kind	1,915,753
Administrative costs	<u>368,255</u>
Total expenses	<u>6,356,041</u>

Excess of expenses over revenue	<u><u>\$ -</u></u>
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See independent auditor's report on supplementary information

## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2017

State of NH Governor's Office of Energy &amp; Community Services

LIHEAP Program

For the Period

October 1, 2016 to July 31, 2017

Fund # 630-16

**REVENUES**

Program funding	\$ 6,883,585
Other revenue	41
Allocated corporate unrestricted revenue	<u>(21,431)</u>
Total revenue	<u>6,862,195</u>

**EXPENSES**

Payroll	333,790
Payroll taxes	32,569
Fringe benefits	68,191
Workers comp. insurance	1,037
Retirement benefits	17,400
Consultant and contractual	22,085
Travel and transportation	8,809
Conference and meetings	1,244
Occupancy	45,731
Advertising	988
Supplies	3,936
Equip. rentals and maintenance	2,837
Insurance	908
Telephone	7,587
Postage	18,453
Program support	26,346
Depreciation	6,684
Assistance to clients	6,211,188
Other direct expense	34
Miscellaneous	651
Administrative costs	<u>51,727</u>
Total expenses	<u>6,862,195</u>

Excess of expenses over revenue	<u>\$ -</u>
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See independent auditor's report on supplementary information

## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2017

State of NH Governor's Office of Energy &amp; Community Services

LIHEAP Program

For the Period

August 1, 2016 to September 30, 2016

Fund # 630-15

**REVENUES**

Program funding	\$ 131,336
Total revenue	<u>131,336</u>

**EXPENSES**

Payroll	61,389
Payroll taxes	5,139
Fringe benefits	13,828
Workers comp. insurance	286
Retirement benefits	3,921
Consultant and contractual	5,406
Travel and transportation	709
Occupancy	7,542
Advertising	50
Supplies	23,277
Equip. rentals and maintenance	608
Insurance	479
Telephone	2,003
Postage	729
Printing and publications	170
Assistance to clients	3,629
Other direct expense	341
Miscellaneous	203
Administrative costs	<u>10,918</u>
Total expenses	<u>140,627</u>
Excess of expenses over revenue	<u><u>\$ (9,291)</u></u>

See independent auditor's report on supplementary information

## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2017

State of NH Governor's Office of Energy &amp; Community Services

Early Headstart Program

For the Period

August 1, 2016 to July 31, 2017

Fund # 300

**REVENUES**

Program funding	\$ 1,323,396
Other revenue	5,363
In-kind	419,311
Allocated corporate unrestricted revenue	(228)
Total revenue	<u>1,747,842</u>

**EXPENSES**

Payroll	685,785
Payroll taxes	62,762
Fringe benefits	146,225
Workers comp. insurance	20,358
Retirement benefits	37,154
Consultant and contractual	3,845
Travel and transportation	5,788
Occupancy	112,342
Advertising	630
Supplies	52,143
Equip. rentals and maintenance	1,721
Insurance	2,520
Telephone	12,192
Postage	73
Printing and publications	1,766
Interest	11,952
Depreciation	25,036
Other direct expense	32,724
Miscellaneous	4,868
In-kind	419,311
Administrative costs	108,647
Total expenses	<u>1,747,842</u>

Excess of expenses over revenue	<u><u>\$ -</u></u>
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See independent auditor's report on supplementary information



## SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

## SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2017

Electric Energy Assistance

For the Period

August 1, 2016 to July 31, 2017

Fund # 665

**REVENUES**

Other revenue	\$ 786,345
Allocated corporate unrestricted revenue	-
Total revenue	<u>786,345</u>

**EXPENSES**

Payroll	433,601
Payroll taxes	40,880
Fringe benefits	90,072
Workers comp. insurance	1,427
Retirement benefits	20,840
Consultant and contractual	23,570
Travel and transportation	4,384
Occupancy	53,786
Supplies	26,540
Equip. rentals and maintenance	3,220
Insurance	1,215
Telephone	9,222
Postage	11,874
Printing and publications	170
Depreciation	422
Other direct expense	374
Miscellaneous	395
Administrative costs	<u>64,353</u>
Total expenses	<u>786,345</u>

Excess of expenses over revenue	<u><u>\$ -</u></u>
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See independent auditor's report on supplementary information

WHISPERING PINES II  
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)  
(PROJECT No. A199991-046)

STATEMENT OF FINANCIAL POSITION

JULY 31, 2017

<b><i>ASSETS</i></b>	
<b>CURRENT ASSETS</b>	
Cash - Operations	\$ 57,663
Tenant Accounts Receivable	30
Prepaid Expenses	7,199
Total Current Assets	<u>64,892</u>
<b>DEPOSITS HELD IN TRUST, FUNDED</b>	
Tenant Security Deposits	<u>13,112</u>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>	
Replacement Reserve	44,245
Operating Reserve	76,172
Tax Escrow	6,345
Insurance Escrow	4,685
Total Restricted Deposits and Funded Reserves	<u>131,447</u>
<b>RENTAL PROPERTY</b>	
Land	166,600
Building and Building Improvements	550,100
Total Rental Property	<u>716,700</u>
Less Accumulated Depreciation	13,752
Net Rental Property	<u>702,948</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 912,399</u></u></b>
<b><i>LIABILITIES AND NET ASSETS</i></b>	
<b>CURRENT LIABILITIES</b>	
Current Portion of Mortgage Loan Payable	\$ 5,684
Accounts Payable	2,929
Accrued Expenses	7,247
Total Current Liabilities	<u>15,860</u>
<b>DEPOSIT LIABILITIES</b>	
Tenant Security Deposit Liability	<u>13,112</u>
<b>LONG-TERM LIABILITIES</b>	
Due to Affiliate	42,422
Mortgage Loan Payable, Net of Current Portion	206,400
Total Long-Term Liabilities	<u>248,822</u>
Total Liabilities	<u>277,794</u>
<b>NET ASSETS</b>	<u>634,605</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 912,399</u></u></b>

See independent auditor's report on supplementary information

WHISPERING PINES II  
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)  
(PROJECT No. A199991-046)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2017

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**RENTAL OPERATIONS**

*Income*

Tenant Rental Income	\$ 170,570
Laundry Income	2,470
Other Income	4,389
Interest Income - Unrestricted	29
Interest Income - Restricted	233
Total Income	<u>177,691</u>

*Expenses (See Schedule)*

Administrative	29,763
Utilities	35,189
Maintenance	78,563
Depreciation	13,753
Interest - NHHFA Mortgage Note	7,529
General Expenses	20,121
Total Expenses	<u>184,918</u>

**CHANGE IN NET ASSETS** (7,227)

**NET ASSETS - BEGINNING OF YEAR** 641,832

**NET ASSETS - END OF YEAR** \$ 634,605

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WHISPERING PINES II  
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)  
(PROJECT No. A199991-046)

SCHEDULE OF RENTAL OPERATIONS EXPENSES

FOR THE YEAR ENDED JULY 31, 2017

**EXPENSES:**

Administrative

Advertising	\$ 17
Management Fees	14,400
Salaries and Wages	489
Fringe Benefits	76
Audit and Accounting Expense	6,100
Legal Expenses	2,752
Telephone	2,595
Other Administrative Expense	3,334
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>29,763</b>

Utilities

Electricity	20,405
Fuel	7,094
Water and Sewer	7,415
Other Utility Expense	275
<b>TOTAL UTILITY EXPENSE</b>	<b>35,189</b>

Maintenance

Custodial Supplies	378
Trash Removal	4,323
Snow Removal	18,270
Grounds/Landscaping	-
Elevator Repairs and Contract	2,308
Repairs (Materials)	29,284
Repairs (Contract)	24,000
<b>TOTAL MAINTENANCE EXPENSE</b>	<b>78,563</b>

Depreciation

13,753

Interest - NHHFA Mortgage Note

7,529

General Expenses

Real Estate Taxes	14,768
Payroll Taxes	46
Workman's Compensation	26
Insurance	5,281
<b>TOTAL GENERAL EXPENSES</b>	<b>20,121</b>

**TOTAL EXPENSES**      **\$ 184,918**

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WHISPERING PINES II  
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)  
(PROJECT No. A199991-046)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2017

**SOURCE OF FUNDS**

Rental Operations

Income

Tenant Paid Rent	\$ 150,496	
HAP Rent Subsidy	20,074	

<u>Total Rental Income</u>		\$ 170,570
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Service Income	2,470	
Interest Income	29	
Commercial Income	-	
Other Income	4,389	

<u>Total Rental Operations Receipts</u>		177,458
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Expenses

Administrative	29,180	
Utilities	35,189	
Maintenance	96,314	
Interest - NHHFA Mortgage Note	7,529	
Interest - Other Notes	-	
General	20,121	
Other	-	

<u>Total Rental Operations Disbursements</u>		(188,333)
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<u>Cash Provided by Rental Operations</u>		(10,875)
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<u>Amortization of Mortgage</u>	5,487	
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<u>Cash Provided by Rental Operations After Debt Service</u>		(16,362)
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**OTHER RECEIPTS**

<u>Due to Management Agent</u>	30,633	
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<u>Owner Advances</u>	-	
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<u>Transfer from Restricted Cash Reserves</u>	31,650	
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<u>and Escrows</u>	-	
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		62,283
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**OTHER DISBURSEMENTS OR TRANSFERS**

<u>Transfers to Restricted Cash Reserves and Escrows</u>	40,513	
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<u>Purchase of Fixed Assets</u>	-	
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<u>Repayment of Owner Advances</u>	-	
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<u>Other Partnership Expenses</u>	-	
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<u>Transfers to Tenant Security Deposit Account</u>	-	
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		40,513
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<u>Net Increase or (Decrease) in Project Account Cash</u>		5,408
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<u>Project Account Cash Balance at Beginning of Year</u>		52,255
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<u>Project Account Cash Balance at End of Year</u>		57,663
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Composition of Project Account Cash

<u>Balance at End of Year</u>	57,663
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<u>Petty Cash</u>	-	
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Unrestricted Reserve (if applicable)

Decorating Reserve	-	
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Operating Reserve	-	
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Other Reserve	-	
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<u>Total Petty Cash and Unrestricted Reserves</u>		-
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<u>Total Project Account Cash at End of Year</u>		\$ 57,663
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WHISPERING PINES II  
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)  
(PROJECT No. A199991-046)

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

FOR THE YEAR ENDED JULY 31, 2017

<u>Description of Fund</u>	<u>Balance</u> Beginning of <u>Period</u>	<u>Deposits</u> Transfers From Operations <u>Account</u>	<u>Interest</u> <u>Earned</u>	<u>Withdrawals</u> Transfers to Operations <u>Account</u>	<u>Balance</u> End of <u>Period</u>
<u>Restricted Accounts:</u>					
Insurance Escrow	\$ 7,846	\$ 11,591	\$ 16	\$ 14,768	\$ 4,685
Tax Escrow	4,493	18,722	12	16,882	6,345
Replacement Reserve	33,972	10,200	73	-	44,245
Operating Reserve	76,040		132	-	76,172
<b>Total Restricted Cash Reserves and Escrows</b>	<b>\$ 122,351</b>	<b>\$ 40,513</b>	<b>\$ 233</b>	<b>\$ 31,650</b>	<b>\$ 131,447</b>

SCHEDULE OF SURPLUS CASH CALCULATION

JULY 31, 2017

NET LOSS	\$ (7,227)
ADD: DEPRECIATION	13,753
DEDUCT REQUIRED PRINCIPAL REPAYMENTS	5,487
DEDUCT REQUIRED PAYMENTS TO REPLACEMENT RESERVES	10,200
ADD/DEDUCT NHHFA APPROVED ITEMS Repair and Maintenance Expenses Reimbursed Through Replacement Reserves	-
<b>SURPLUS CASH (DEFICIT)</b>	<b>\$ (9,161)</b>

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WHISPERING PINES II  
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)  
(PROJECT No. A199991-046)

YEAR-TO-DATE COMPILATION OF OWNERS' FEE/DISTRIBUTION  
FOR THE YEAR ENDED JULY 31, 2017

<u>YEAR</u>	<u>MAXIMUM ALLOWABLE DISTRIBUTION</u>	<u>DISTRIBUTION RECEIVED</u>	<u>BALANCE</u>
12/31/2001	\$ 243,855	\$ -	\$ 243,855
12/31/2002	\$ 243,855	\$ -	\$ 487,710
12/31/2003	\$ 243,855	\$ 5,895	\$ 725,671
12/31/2004	\$ 243,855	\$ 7,200	\$ 962,326
12/31/2005	\$ 243,855	\$ -	\$ 1,206,181
12/31/2006	\$ 243,855	\$ 6,120	\$ 1,443,916
12/31/2007	\$ 243,855	\$ -	\$ 1,687,772
12/31/2008	\$ 243,855	\$ -	\$ 1,931,627
12/31/2009	\$ 243,855	\$ -	\$ 2,175,482
12/31/2010	\$ 243,855	\$ -	\$ 2,419,337
12/31/2011	\$ 243,855	\$ -	\$ 2,663,193
12/31/2012	\$ 243,855	\$ -	\$ 2,907,048
12/31/2013	\$ 243,855	\$ 7,200	\$ 3,143,703
12/31/2014	\$ 243,855	\$ -	\$ 3,387,558
12/31/2015	\$ 243,855	\$ -	\$ 3,631,414
7/31/2016	\$ 142,249	\$ -	\$ 3,773,663
7/31/2017	\$ 243,855	\$ -	\$ 4,017,518

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