106

Frank Edelblut
Commissioner

Christine M. Brennan
Deputy Commissioner

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
25 Hall Street
Concord, NH 03301
TEL. (603) 271-3495

November 19, 2024

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

REQUESTED ACTION

Authorize the Department of Education, to amend an existing **sole source** contract with WestEd (VC #177860) San Francisco, CA to update training materials, provide Technical Assistance and oversee the administration of the Desired Results Developmental Profile (DRDP) Online data system, by increasing the price limitation by $588,000 from $778,500 to $1,366,500 and extending the completion date from June 30, 2025 to June 30, 2026 effective upon Governor and Council approval. The original contract was approved by Governor and Council on November 10, 2021, Item #46 and amended on June 28, 2023, item #225. 100% Federal Funds

Funds are available in FY25 and are anticipated to be available in FY26, in the following accounts upon the availability and continued appropriation of funds in the future operating budget, with the authority to adjust budget line items within the price limitation and encumbrances between fiscal years through the Budget Office, if needed and justified.

06-56-56-562010-25040000 IDEA – Special Ed-Elem/Sec

Fiscal Year	Class/Account	Class Title	Current Budget	Increased (Decreased) Amount	Revised Budget
2022	102-500731	Contracts for Program Serv	$236,500	-	$236,500
2023	102-500731	Contracts for Program Serv	$23,000	-	$23,000
2024	102-500731	Contracts for Program Serv	-	-	-
2025	102-500731	Contracts for Program Serv	$134,000	$136,000	$270,000
		Subtotal	$393,500	$136,000	$529,500

06-56-56-562010-25050000 IDEA – Special Ed-Preschool

Fiscal Year	Class/Account	Class Title	Current Budget	Increased (Decreased) Amount	Revised Budget
2022	102-500731	Contracts for Program Serv	$60,000	-	$60,000
2023	102-500731	Contracts for Program Serv	-	-	-
2024	102-500731	Contracts for Program Serv	$228,000	-	$228,000
2025	102-500731	Contracts for Program Serv	$27,000	$214,000	$241,000
2026	102-500731	Contracts for Program Serv	-	$238,000	$238,000
		Subtotal	$315,000	$452,000	$767,000

06-56-56-562010-30650000 Preschool Development Grant

Fiscal Year	Class/Account	Class Title	Current Budget	Increased (Decreased) Amount	Revised Budget
2022	102-500731	Contracts for Program Serv	$58,000	-	$58,000
2023	102-500731	Contracts for Program Serv	$12,000	-	$12,000
		Subtotal	$70,000	-	$70,000

Fiscal Year	2022	2023	2024	2025	2026	Total
Totals	$354,500	$35,000	$228,000	$511,000	$238,000	$1,366,500

EXPLANATION

This request is **sole source** because the DRDP System, including the DRDP assessment and DRDP Online data system, was developed by the California Department of Education, Early Learning and Care Division (CDE/ELCD) and is proprietary to that department and its designated contractor, WestEd. WestEd is the sole entity authorized by the CDE/ELCD to provide training and technical assistance for the Desired Results system. With extensive experience since the system's inception, WestEd's trainers are recognized as experts and frequently contribute information and resources to other state-sponsored projects. The DRDP is a data collection tool that allows teachers to observe and document preschool children's learning and development. This tool is used to meet Indicator 7: Preschool Outcomes Measure, US Department of Education, Office of Special Education Programs (OSEP) Annual Federal Performance reporting requirements, which track the progress of student outcomes upon entering and exiting preschool special education.

This contract secures full funding for school districts to access the DRDP Online system, fulfilling federal preschool special education reporting requirements and offering substantial financial benefits. Previously, districts incurred costs averaging $15.00 per student for Indicator 7 data collection tools, often resulting in inconsistent, invalid, and unreliable data due to varied assessment methods. By adopting a single streamlined tool at a reduced cost of $5.00 per student for up to 8,000 preschool students, this contract not only ensures compliance but also delivers significant cost savings and expands access to all preschool students that districts are serving, including those not in special education. Additionally, the contract includes hosting, maintenance, and customer service support for school districts, further enhancing the system's usability and ensuring districts have the resources needed for successful implementation.

The continued partnership with WestEd, will also allow for the completion of the DRDP Online system and reporting tools to be customized for New Hampshire. The contract also includes the one-time development of

online training modules and enhancements to a New Hampshire-customized DRDP Online system and Data Dashboard, including the Federal OSEP Report and NH State Dashboard. These investments will create a robust support system for districts, offering training on using the tool, analyzing data, and monitoring preschool student progress. Additionally, the contract includes Rater Certification Modules to strengthen implementation.

This contract ensures consistent and accurate administration of the DRDP, and timely data collection, analysis, and reporting required for federal compliance. WestEd will manage hosting and maintenance, address system issues, align updates with New Hampshire requirements, and support NH-based DRDP trainers. This partnership equips districts with tools to effectively monitor and support preschool students' outcomes.

Respectfully submitted,

Frank Edelblut
Commissioner of Education

STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY
27 Hazen Dr., Concord, NH 03301
Fax: 603-271-1516 TDD Access: 1-800-735-2964
www.nh.gov/doit

Denis Goulet
Commissioner

October 15, 2024

Frank Edelblut, Commissioner
Department of Education
State of New Hampshire
101 Pleasant Street
Concord, NH 03301

Dear Commissioner Edelblut:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to enter into a contract amendment with WestEd, as described below and referenced as DoIT No. 2022-011B.

The purpose of this request is to update training materials, provide Technical Assistance and oversee the administration of the Desired Results Developmental Profile (DRDP) Online data system to ensure the fidelity of administration of the DRDP assessment tool and the DRDP Online data system.

The Total Price Limitation shall increase by $588,000 for a New Total Price Limitation of $1,366,500, effective upon Governor and Council approval through June 30, 2026.

A copy of this letter must accompany the Department of Education's submission to the Governor and Executive Council for approval.

Sincerely,

Denis Goulet

DG/jd
DoIT #2022-011B

cc: Kathy Wood, IT Lead

STATE OF NEW HAMPSHIRE

Department of Education:

DRDP Training & Customization 2022-011

AMENDMENT B

INFORMATION TECHNOLOGY

INTRODUCTION

WHEREAS, pursuant to an Agreement approved by Governor and Council, on 11/10/21, Item #46 (herein after referred to as the "Agreement"), WestEd (hereinafter referred to as "Contractor" agreed to supply certain services upon the terms and conditions specified in the Agreement and in consideration of payment by the Department of Education (hereinafter referred to as the "Department"), certain sums as specified therein;

WHEREAS, pursuant to the Agreement Section 17: Amendment and the provisions of the Agreement, the Agreement may be modified or amended only by a written instrument executed by the parties thereto and approved by the Governor and Executive Council.

WHEREAS, the Vendor and the Department have agreed to amend the Agreement in certain respects;

WHEREAS, the Department and the Vendor wishes to increase the Contract price by $588,000 from $778,500 to $1,366,500 upon Governor and Council approval and extending the end date from June 30, 2025 to June 30, 2026.

WHEREAS, the Department and the Vendor seeks to clarify the Agreement.

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

The Agreement is hereby amended as follows:

1. Amend Section 1.7 of the State of New Hampshire P-37 General Provisions by changing the end date to June 30, 2026.
2. Amend Section 1.8 of the State of New Hampshire P-37 General Provisions by increasing the Price Limitation by $588,000 from $778,500 to $1,366,500.
3. The Agreement is further amended as described in Table 1A below:

TABLE 1A: AMENDMENT DETAILS	
Exhibit B **Statement of Work** **Business/ Technical Requirements**	**AMENDED TEXT**
Section 7	7.2.1 Replace State Contract Manager with:

	Education Consultant, 619 Coordinator Alexa Simmons (603) 271-4680 Alexa.j.simmons@doe.nh.gov 7.2.2 Replace State Project Manager with: Education Consultant, 619 Coordinator Alexa Simmons (603) 271-4680 Alexa.j.simmons@doe.nh.gov
Section 8	Add: Task 9: State Level Collaboration Remove: (July 1, 2023 – June 30, 2025) Add: (July 1, 2023 – June 30, 2026) Remove: Task 12: Coaching • 6 months of bi-monthly coaching sessions for a cohort of 30 teachers and NHED staff Add: Task 12: Coaching • Ongoing meetings, communications with New Hampshire, and oversight of work Add: Task 13: Online Training Module • An Asynchronous interactive online training module (approximately 1 hour of learning) to be hosted on the existing NH platform (60% of total) • A Synchronous module based on the Asynchronous module with a facilitator guide and individual activities replaced with group activities (30% of total) • A downloadable version of the Synchronous module (6% of total) • Facilitator training (including 2-4 live webinars) (4% of total) Task 16: DRDP Online Accounts • Accounts for participating districts, up to 8,850 records. Task 17: Host and Maintain NH Customized Version of DRDP Online & Dashboard • Annual fee to continue hosting and maintaining the customized NH instance of DRDP Online, NH specific reports, and the NH state dashboard. Analyze and align psychometric functionality for OSEP reporting for data base, API, and reports. Task 18: Recorded Webinars for Administrators • Create 1-hour recorded webinar for administrators.

Task 19: Rater Certification Modules

- Portfolio process: An actual child's portfolio is the starting point for an online portfolio. Working with the teacher/provider and a child, WestEd will shoot targeted videos with the teacher, take photos over time, then coordinate and rewrite the portfolio being more explicit, adding information and **ensuring child identifying factors are removed**. The online user needs supplemental knowledge a teacher would have working with the child. We then have users check it and a master trainer does the final ratings.

Task 20: New Hampshire State Dashboard in DRDP Online

- Create a state dashboard, a visual display of the most important information that is consolidated and arranged on a single screen so the data can be monitored at a glance.

Task 21: End User User-Subject-to-Qualification Software License Agreement

- Participating Schools shall enter into an agreement using WestEd's End User Agreement upon registering their Desired Results Developmental Profile Account. This agreement is attached in Exhibit G as Attachment 1.c. WestEd will sign the New Hampshire Standard Data Privacy Agreement for all NH districts review of the agreement.

Exhibit C

Price and Payment Schedule

AMENDED TEXT

Section 10.1

ADD

ACTIVITY / DELIVERABLES / MILESTONES

	ACTIVITY, DELIVERABLE, OR MILESTONE	DELIVERABLE TYPE	PROJECTED DELIVERY DATE	Milestone Payment upon Acceptance
9	State Level Collaboration and Administration Ongoing meetings, communications with New Hampshire, oversight of work, and training supports July 1, 2025 - June 30, 2026)	Non-Software	Quarterly Payments	$35,000

	13	**Additional Online Training Module:** Online training modules with options for Synchronous and Asynchronous learning	Software	Quarterly Payments	$80,000
	16	**DRDP Online Accounts:** Accounts for participating districts.	Software	Quarterly Payments	$88,000
	17	**Host and Maintain NH Customized Version of DRDP Online & Dashboard, including OSEP Reports**	Software	Quarterly Payments	$70,000
	18	**Recorded Webinar for Administrators:** 2 recorded webinars	Software	Quarterly Payments	$5,000
	19	**Rater Certification Modules:** 4 portfolios	Software	Quarterly Payments	$200,000
	20	**New Hampshire (NH) State Dashboard in DRDP Online**	Software	Quarterly Payments	$110,000

Add:

TABLE 2A: CONTRACT HISTORY				
CONTRACT AND AMENDMENT NUMBER	**AMENDMENT TYPE**	**G&C APPROVAL DATE**	**END DATE**	**CONTRACT AMOUNT**
Contract 2022-011	Original Contract	11/10/2, Item 46	June 30, 2023	$389,500
Contract 2021-011	1st Amendment	6/28/23, Item 225	June 30, 2025	$389,000
Contract 2021-011	2nd amendment	TBD, Item #TBD	June 30, 2026	$588,000
			CONTRACT TOTAL	$1,366,500

CONTRACTOR

Except as provided herein, all provisions of the Agreement shall remain in full force and effect. This modification shall take effect upon approval from the Governor and the Executive Council to June 30, 2026.

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

DOCSIGN 4KKW7564-1J35VZXL

Date: Oct 25, 2024

WestEd

STATE OF NEW HAMPSHIRE

Date: 12/4/2024

Frank Edelblut, Commissioner of Education
State of New Hampshire
Department of Education

The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

Approved by the Attorney General

Date: 12/4/2024

Elizabeth Brown, State of New Hampshire, Department of Justice

I hereby certify that the foregoing amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

Office of the Secretary of State

Date: _____

State of New Hampshire, Department of Administration

Certificate of Authority

I, Sandra Waters Levy, hereby certify that I am a duly appointed representative of

WestEd. I hereby certify that Lauren Wrotniak Senior Director, Contracts and Grants, is

authorized to execute contracts on behalf of WestEd and may bind the organization thereby.

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

Dated: Oct 25, 2024

Attest: boxSIGN 18L9QX26-4637KKJ8

Sandra Waters Levy
Vice President, Contracts, Grants and Procurement

LAW OFFICES
WEINSTEIN, BOLDT, RACINE, HALFHIDE & CAMEL
PROFESSIONAL CORPORATION
1801 CENTURY PARK EAST, SUITE 2200
LOS ANGELES, CALIFORNIA 90067-2336

DAVID A. WEINSTEIN

TELEPHONE
(310) 203-8466
FAX (310) 652-7938

DIRECT DIAL 310.712.2114

May 6, 1997

BY TELECOPIER AND U.S. MAIL

John Cannon, C.P.A.
10850 Wilshire Boulevard
Suite 1200
Los Angeles, CA 90024

Re: WestEd

Dear John:

I have enclosed a copy of a favorable private letter ruling which was faxed to me this morning in connection with WestEd's I.R.C. §115 exemption request. I was pleased that we were able to obtain a favorable result after all the agonizing!

Please call me with any questions you, Gary or Robert may have with respect to the ruling.

Best regards.

Very truly yours,

David A. Weinstein
of WEINSTEIN, BOLDT, RACINE, HALFHIDE & CAMEL, P.C.

DAW:bd
Enclosure
cc: Mr. Gary Barnes (w/enclosure)
Mr. Robert Christensen (w/enclosure)

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Index Number: 0115.00-00

Mr. Gary Barnes, Chief Financial Officer
WestEd
4665 Lampson Avenue
Los Alamitos, CA 90720-5199

Person to Contact:
Adrian Michur
Telephone Number:
(202) 622-3089
Refer Reply to:
CC:DOM:FI&P:2 PLR-253942-96
Date: MAY 1 1997

X	=	WestEd EIN: 94-3233542
Y	=	Far West Laboratory for Educational Research and Development EIN: 94-1625540
Z	=	Southwest Regional Laboratory for Educational Research and Development EIN: 94-2428178
Pact	=	Joint Powers Agreement
Law 1	=	Section 6500, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 2	=	Section 6502, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 3	=	Section 6507, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 4	=	Section 6508, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Letter 1	=	Determination letter dated August 16, 1966
Letter 2	=	Letter dated October 18, 1966
District 1	=	San Francisco District
District 2	=	Los Angeles District
State 1	=	California
State 2	=	Arizona
State 3	=	Nevada
State 4	=	Utah

PLR-253942-96

Dear Mr. Barnes:

This is in reply to a letter dated November 15, 1996, and subsequent correspondence, requesting a ruling that the income of X is excludable under section 115 of the Internal Revenue Code. The information submitted for consideration is summarized below.

X, Y and Z are public agencies under Law 1 of State 1. The members of X are Y and Z. The members of Y and Z are agencies of State 1, State 2, State 3 and State 4.

Under Law 2 of State 1, public agencies may agree to jointly exercise any power common to the agencies, even though one or more of the contracting agencies may be located outside State 1. Such agreements are known as "Pacts" and establish an entity that is itself a public agency for purposes of Law 1.

Under Law 3 of State 1, a Pact is a public entity separate from the parties forming it.

Under Law 4 of State 1, a Pact that has the power to hire employees, make contracts, or to hold, receive, or dispose of property can sue or be sued in its own name. X, Y, and Z each have these powers.

In Letter 1, the District Director of District 1 informed Y that it was not subject to federal income tax. The letter states that it is a determination letter, and cites section 115(1) of the Code.

In Letter 2, the District Director of District 2 informed Z that it was not subject to federal income tax, stating that Z was an instrumentality of a state.

Y and Z formed X to combine or merge the educational research and related educational activities previously conducted separately by Y and Z. X's goal, as stated in the documents relating to its formation as a Pact, is to develop fundamental improvements in education and to conduct educational research to benefit the public and private schools, colleges, and universities of States 1, 2, 3, and 4 ("Schools"). X's activities include:

1. Participating in school reform by converting educational research into practical applications, providing knowledge and assistance to Schools.

2. Distributing educational knowledge to Schools through publications, conferences, seminars, and electronic networks.

3. Helping to plan and execute long-term educational reform programs.

4. Implementing new curricula within school districts.

5. Conducting applied educational research on practical questions, such as how students learn and what is needed to implement schoolwide changes.

6. Providing strategic policy analysis, evaluating efforts to change, and developing educational products such as training modules, instructional videos, planning guides and casebooks.

The goals and activities of X are virtually identical to those of Y and Z.

X is funded by federal, state, and local government, as well as private foundations, which provide grants and research contracts. X conducts its activities throughout the United States, but concentrates them in States 1, 2, 3, and 4. X's activities are conducted exclusively by its own employees, who are hired and paid directly by X. X is controlled by a board of directors composed of all of the directors of Y and Z. The directors of Y and Z are appointed by the governing bodies or executive officer, as the case may be, of the public agencies that are the membership of Y and Z.

Section 115(1) of the Code provides that gross income does not include income derived from any public utility or the exercise of any essential governmental function and accruing to a state or any political subdivision of a state.

Rev. Rul. 71-589, 1971-2 C.B. 94, provides that the income from property held in trust by a city that was to be used by the city for certain charitable purposes is not subject to federal income tax. Although Rev. Rul. 71-589 does not explicitly so state, the holding in the revenue ruling means that a determination was made that the income in question was derived from the exercise of an essential governmental function and accrued to a political subdivision within the meaning of section 115(1) of the Code. Rev. Rul. 71-589 specifically mentions several types of functions that the trust might perform, such as support of a hospital, schools, maintenance of a park, or other purposes ordinarily recognized as municipal functions.

Rev. Rul. 90-74, 1990-2 C.B. 34, concerns an organization that is formed, operated and funded by political subdivisions to pool their casualty risks, or other risks arising from their obligations concerning public liability, workers' compensation, or employees' health. Rev. Rul. 90-74 states that the income of

the organization is excluded from gross income under section 115(1) of the Code if private interests do not participate in the organization or benefit more than incidentally from the organization. In Rev. Rul. 90-74 the benefit to the employees of the political subdivisions was excepted as incidental.

Under Rev. Rul. 77-261, 1977-2 C.B. 45, the income from a fund, established under a written declaration of trust by a state for the temporary investment of cash balances of the state and its political subdivisions, which purchase units of participation and have an unrestricted right of withdrawal, is excludible from gross income. The fund, however, is classified as a corporation and must file a federal income tax return.

Providing the Schools of States 1, 2, 3, and 4 with X's services is an essential governmental function because it is of direct benefit to the agencies comprising the memberships of Y and Z. These agencies are engaged in providing educational services, independently of the activities of X, Y, and Z. The fact that the work-product of X may be shared with private schools within States 1, 2, 3, and 4 or the rest of the United States, or to nonprivate schools within the rest of the United States, is merely an incidental private benefit. There are no facts indicating that the work-product of X is not the proprietary material of X, Y, or Z.

Accordingly, the income of X is excludable from gross income under section 115 of the Code.

This ruling is directed only to the taxpayer that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

Except as specifically provided otherwise, no opinion is expressed on the federal income tax consequences of the transaction described above.

PLR-253942-96

In accordance with the terms of a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Acting Assistant Chief Counsel
(Financial Institutions & Products)

By: William E. Coppersmith
William E. Coppersmith
Chief, Branch 2

Internal Revenue Service

Index Number: 0115.00-00

X =

Y =

Z =

Pact =

Law 1 =

Law 2 =

Law 3 =

Law 4 =

Letter 1 =

Letter 2 =

District 1 =

District 2 =

State 1 =

State 2 =

State 3 =

State 4 =

Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:
CC:DOM:FI&P:2 PLR-253942-96

Date: MAY 1 1997

"This document may not be used or cited as precedent."
Section 6110 (j) (3) of the Internal Revenue Code.

WestEd

JOINT POWERS AGREEMENT

December 1, 1995

JOINT POWERS AGREEMENT

Establishing Joint Powers Agency

WestEd

THIS AGREEMENT is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article I of the California Government Code (the Joint Powers Act) and provides for the joint exercise of powers between Far West Laboratory for Educational Research and Development ("FWL") and Southwest Regional Laboratory for Educational Research and Development ("SWRL"):

WITNESSETH:

WHEREAS, the parties hereto, FWL and SWRL, find and determine that it is to the mutual benefit of the parties and in the best public interest that said parties, both defined as public entities under the Joint Powers Act, join together to establish a Joint Powers Act Agency to accomplish the purposes hereinafter set forth; and

WHEREAS,, the parties hereto, FWL and SWRL, find and determine that more effective services can be provided while improving efficiencies in operations and eliminating duplication of effort by joining together to conduct operations under the auspices of a new Agency; and

WHEREAS, the parties hereto, FWL and SWRL, find and determine that each party holds title to certain real property that is subject to grant conditions running to the respective party and it is desirable for each party to retain title to such property but to cooperate in the management of such real property; and

WHEREAS, the parties hereto, FWL and SWRL, find and determine that there remains a need to develop fundamental, significant improvements in education and to conduct educational research in order to solve the problems and to serve the needs of the public and private schools, colleges and universities of Arizona, California, Nevada and Utah; and

WHEREAS, the parties hereto, FWL and SWRL, have found that significant, fundamental improvements in education in Arizona, California, Nevada and Utah require thorough and complete planning and concentrated effort by the total community, including parents, local school board members, and the scientific, cultural, industrial sectors, as well as by the professional educators in schools, colleges, and universities; and

WHEREAS, the coordinating and cooperative efforts required of the public and private educational and research agencies are of such a magnitude that it is necessary for the parties to join together to establish an agency to be known as WestEd in order to accomplish the purposes set forth herein;

NOW, THEREFORE, the parties mutually agree as follows:

ARTICLE l. TERMS OF AGREEMENT.

This Agreement shall be effective December 1, 1995 upon the execution hereof by FWL and SWRL, as attested by the signatures of execution on the final page hereof, and shall continue in effect until terminated as provided herein.

ARTICLE 2. NAME OF AGENCY.

FWL and SWRL hereby agree that a public agency, wholly separate and apart from FWL and SWRL, be and is hereby created under the aforesaid provisions of law, and shall hereafter be designated as "WestEd" and hereinafter referred to as "Agency,"

ARTICLE 3. CONTROL OF AGENCY.

The Agency shall be under the control of a Board of Directors, hereinafter referred to as the "Board,," who shall be the designated board members of FWL and SWRL and such additional members as may be appointed by the Board.

ARTICLE 4. NOTICES.

The Board, by resolution, shall designate a specific location at which it will receive notices, correspondence and other communications, and shall designate an officer for the purpose of receiving service on behalf of the Agency,

ARTICLE 5. MEETINGS.

The Board may hold special meetings as it may determine and shall hold regular meetings at least once every three months, The date, hour and place for each such regular meeting shall be fixed annually by resolution of said Board, which resolution shall be publicly posted for two weeks on the bulletin board regularly used for official notices by the Agency. The secretary to the Board shall cause to be kept minutes of its meetings, both regular and special,

ARTICLE 6. VOTING.

The presence of a majority of the directors then appointed shall be required in order to constitute a quorum necessary for the transaction of the business of the Board. No action of the Board shall be valid unless a majority of such quorum of directors then appointed concur therein by their votes.

ARTICLE 7. AFFIRMATIVE ACTION.

Selections of persons for appointment to the Board, and employment of persons in positions within the Agency will be conducted in a manner which ensures that there is no discrimination against any Board member or employee, or candidates for these positions, because of age, sex, race, color, religion, national origin, or handicap. Positive action will be taken to further and enhance the representation of women, members of minority groups, and handicapped persons on the Board and staff of the Agency.

ARTICLE 8. OFFICERS AND EMPLOYEES.

The Board shall annually elect a chairperson from its members,

The Board shall appoint, and fix and cause to be paid, the compensation of the Chief Executive Officer, who shall act as Chief Administrative Officer of the Agency, and who shall perform such other and further duties as may be determined by the Board.

The members of the Board, other than the Chief Executive Officer serving ex officio, shall serve without compensation but may be reimbursed for necessary expenses incurred in connection with attendance at meetings of the Board or for necessary expenses incurred in performing services on behalf of and at the prior and express request of the Board,

The appointees and employees of said Agency shall not be deemed by operation of this Agreement to be the employees of either FWL or SWRL, No member of the Board nor any officer, appointee, or employee of the Agency shall be entitled to any compensation or fringe benefits, including but not limited to sick leave, retirement, pension, or vacation, from FWL or SWRL by virtue of his or her office or employment by the Agency. Provided that nothing shall prohibit the Agency from contracting for the services of employees of FWL or SWRL, or of other institutions or organizations, and reimbursing them for the costs, including salaries and fringe benefits, involved in providing such services. Further provided that nothing herein shall prohibit the Agency and FWL or the Agency and SWRL from agreeing that employees of FWL or SWRL, respectively, may also be employees of the Agency,

ARTICLE 9. SCOPE OF POWERS.

(a) The Agency shall be an administrative, initiating, advisory, coordinating, and evaluating entity, The Agency shall have the power and authority to exercise any power common to the parties hereto, FWL and SWRL, and to exercise any power set forth in the California Government Code, Section 6508, provided that the same are for furtherance of the objectives of this Agreement as contained herein and in the recitals set forth above, and may to

the extent permissible thereunder, enter into contracts in its own name with persons and with public or private agencies, boards, and other entities all subject to the terms and conditions of this Agreement.

(b) Neither the Agency nor the Board shall have any power or authority to bind FWL, SWRL or the signatory parties to the Joint Powers Agreement creating FWL or SWRL to the debts, liabilities and obligations of the Agency and no debt, liability or obligation of the Agency shall be the debt, liability or obligation of FWL, SWRL or the signatory parties to the Joint Powers Agreement creating FWL or SWRL,

(c) Pursuant to Section 6509 of the California Government Code, the exercise of the powers of the Agency shall be in accordance with the manner of exercising such powers by FWL and SWRL, which is in accordance with the procedures followed by the Regents of the University of California.

(d) The Board shall adopt appropriate rules not inconsistent herewith for the orderly transaction of its business,

(e) The Agency shall have no power or authority to incur any obligations for itself or on behalf of FWL or SWRL in excess of the amount appropriated to its use by a funding source. Provided, however, the Agency is authorized to obtain funds for a short period of time to meet operational expenses from advances of funds from FWL or SWRL or from private lending sources.

(f) The Agency shall, without limitation, have the specific power to establish or contract with research centers and laboratories, to carry out or suggest experimental educational projects, to develop pilot educational programs, to conduct or authorize educational research and development including the development of all varieties of educational materials, teaching aids, and other educational components, to collect and disseminate educational information, to coordinate educational research programs, to develop educational prototypes, to evaluate educational programs and activities, and to engage in other similar, related activities.

ARTICLE 10. ADVISORY COUNCIL.

The Agency may from time to time establish and abolish one or more advisory councils to perform such functions as the Agency may determine.

ARTICLE II. INSURANCE.

The Agency shall insure itself, FWL, SWRL and the members of the Board from loss, liability, and claims arising out of or in any way connected with the performance of this Agreement.

ARTICLE 12. FUNDS AND EXPENDITURES.

(a) The Agency shall have the power and authority to receive, accept, and expend or disburse, funds by contract or otherwise, for purposes consistent with the provisions hereof, which funds may be provided by the United States Government, any State, or any subdivision of a State, and from any other person, agency or organization, whether public or private, for the purposes specified herein, and shall have the duty to maintain at all times a complete and accurate system of accounting for said funds.

(b) The Agency shall have the power and authority to receive, accept, and utilize the services of personnel offered by FWL or SWRL, or their representatives or agents; to receive, accept, and utilize property, real or personal, from FWL or SWRL, or their agents or representatives; and to receive, accept, and expend or disburse funds, by contract or otherwise, for purposes consistent with the provisions hereof, which funds may be provided by FWL or SWRL, or their agents or representatives, The Agency is authorized to enter into interagency agreements with state agencies pursuant to Section 6514.5 of the California Government Code.

(c) Each and every expenditure of funds shall be authorized or approved by the Board pursuant to a budget process as described in subsection (f) hereof, or by other appropriate procedures approved by the Board, and shall be audited by a firm of certified public accountants to be selected by the Board and paid by the Agency,

(d) The Agency shall have no power or authority to assess FWL or SWRL, the signatory parties to the Joint Powers Agreement creating FWL or SWRL or the members of the Board for dues or contributions of any kind whatsoever.

(e) The Board shall establish procedures for the investment or deposit of its funds.

(f) The Board shall adopt appropriate budgetary procedures, The Agency shall file annually with the designated representatives of FWL and SWRL a statement of the actual income and expenditures made during the prior fiscal year.

(g) The "fiscal year" of the Agency shall be December 1 to and including the following November 30, or such other annual period as may be prescribed from time to time by resolution of the Board,

ARTICLE 13. WITHDRAWAL OF PARTIES AND TERMINATION.

The powers and authority of the Agency shall continue until termination of this Agreement, The Agreement may be terminated at any time upon mutual written agreement of FWL and SWRL, Upon two (2) year's prior written notice, FWL or SWRL may withdraw from its status as a party to this Agreement, provided that at such time it has either discharged, or has arranged to the satisfaction of the remaining party for the discharge of, any pending obligations it expressly may have assumed hereunder, and that written notice of intention to so withdraw has been served. upon the effective date of withdrawal, the Joint Powers Agreement will terminate. Upon the termination date all contracts held by the Agency shall be assigned, to the extent permitted under the contract, to the party with primary duties under the contract or according to terms mutually agreed upon by FWL and SWRL.

ARTICLE 14. DISPOSITION OF PROPERTY AND FUNDS.

In the event of the final termination of this Agreement, any property interest remaining in the Agency following discharge of all obligations due by the Agency shall be disposed of by sale or other disposition according to law, and the proceeds, in cash or by their fair market value in kind at the time of final termination, distributed to FWL or SWRL in proportion to its respective contributions to the Agency.

ARTICLE 15. DISPUTE RESOLUTION.

Any dispute arising from disposition of assets of the Agency, assignment of contracts or any other matter related to this Agreement shall be resolved by alternative dispute resolution procedures, culminating in binding arbitration with a single neutral arbitrator in San Francisco, California, Neither party shall have the right to bring an action in court against the other party for any dispute arising from or related to this Agreement.

ARTICLE 16. AMENDMENTS.

This Agreement may be amended at any time by mutual agreement of FWL and SWRL according to the procedures of said parties, provided said amendment is to further carry out the purposes hereinabove expressed. Any such amendment shall be effective upon the date of final execution thereof by FWL and SWRL.

ARTICLE 17. SEVERABILITY.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

FAR WEST LABORATORY
FOR EDUCATIONAL RESEARCH
AND DEVELOPMENT

BY: _____
Fay B. Haisley
Chair of Board

BY: _____
Dean Nafziger
Executive Director

SOUTHWEST REGIONAL LABORATORY
FOR EDUCATIONAL RESEARCH
AND DEVELOPMENT

BY: _____
Robert S. McCord
Chair of Board

BY: _____
Edwin Myers
Executive Director

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 11/27/2024

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

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

PRODUCER
Arthur J. Gallagher Risk Management Services, LLC
595 Market St Ste 2100
San Francisco CA 94105

License#: 0D69293

CONTACT NAME: Kaylee Langron
PHONE (A/C, No, Ext): 415-546-9300 FAX (A/C, No): 415-536-8499
E-MAIL ADDRESS: Kaylee_Langron@ajg.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: ACE American Insurance Company	22667
INSURER B: Travelers Casualty and Surety Co of America	31194
INSURER C: Travelers Property Casualty Insurance Co	36161
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
WestEd
730 Harrison Street, Suite 500
San Francisco CA 94107

WESTED0-01

COVERAGES CERTIFICATE NUMBER: [redacted] 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 INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
B	X COMMERCIAL GENERAL LIABILITY	Y		[redacted]	11/30/2024	11/30/2025	EACH OCCURRENCE	$ 1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 2,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$ 2,000,000
	OTHER:							$
B	AUTOMOBILE LIABILITY			[redacted]	11/30/2024	11/30/2025	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB / X OCCUR			[redacted]	11/30/2024	11/30/2025	EACH OCCURRENCE	$ 15,000,000
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$ 15,000,000
	DED / RETENTION $							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			[redacted]	11/30/2024	11/30/2025	X PER STATUTE / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH)	N / A					E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
A	Cyber/Professional Liability			[redacted]	11/30/2024	11/30/2025	Each Claim	$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
New Hampshire Department of Education is included as additional insured with respect to General Liability per attached endorsement where required by written contract.

CERTIFICATE HOLDER

New Hampshire Department of Education
101 Pleasant Street
Concord NH 03301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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WestEd
WestEd.org

Mission Statement

WestEd, a nonpartisan research, development, and service agency, works with education and other communities to promote excellence, achieve equity, and improve learning for children, youth, and adults.

Most Recent Audited Financial Statement

See Appendix A.

Board of Directors' Names and Affiliations

WestEd's Board of Directors comprises leaders from public and private education, business, and human services communities. The Board, which meets quarterly, takes an active role in agency leadership and strategic planning. The Board also hosts an Annual Forum to explore enduring challenges confronting the fields of education and human development.
For a full list of WestEd's Board of Directors, see Appendix B.

WestEd.
WestEd.org

APPENDIX A:
Most Recent Audited Financial Statement

WESTED
(A JOINT POWERS AGENCY)

AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY
COMPLIANCE INFORMATION

November 30, 2021 and 2020

WESTED
(A JOINT POWERS AGENCY)

AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY COMPLIANCE INFORMATION
November 30, 2021 and 2020

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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WestEd
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of WestEd, as of and for the years ended November 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise WestEd's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 *State Controller's Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WestEd, as of November 30, 2021 and 2020, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise WestEd's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 March 21, 2022 on our consideration of WestEd's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WestEd's 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 WestEd's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Costa Mesa, California
March 21, 2022

The following discussion and analysis provides an overview of the financial position and activities of WestEd for the years ended November 30, 2021 and 2020, with selected comparative information for the year ended November 30, 2019. It also includes historical data and highlights various financial measures that can be used to assess WestEd's financial condition. This discussion has been prepared by management and should be read in conjunction with the financial statements contained in the following section.

BACKGROUND

WestEd was established as a California Joint Powers Agency (JPA) by Far West Laboratory for Educational Research and Development (FWL) and Southwest Regional Laboratory for Educational Research and Development (SWRL) in 1995. JPAs are public entities formed pursuant to the California Government Code (and consistent with similar statutes in Arizona, Nevada, and Utah), by two or more other public entities.

Both FWL and SWRL were among the original regional educational laboratories established by Congress in 1966. WestEd, like its founding agencies, continues to serve the states of Arizona, California, Nevada, and Utah as the U.S. Department of Education's designated Regional Educational Laboratory - West. The agency's work, administered within three divisions, now extends throughout the United States and abroad. WestEd currently employs 795 regular staff in thirteen offices nationwide.

Sources of Operating Revenue

The agency's contract and grant funding is currently derived from the funding sources listed below.

SOURCES OF OPERATING REVENUE
($ in thousands)

	FY 2021	Percent	FY 2020	Percent	FY 2019	Percent
Federal Agencies	$51,047	30%	$47,685	30%	$56,513	33%
State Agencies	40,883	24%	41,038	26%	38,203	22%
Local Educational Agencies	30,818	18%	25,975	16%	33,775	19%
Foundations	15,402	9%	14,527	9%	16,860	10%
Other	33,113	19%	30,798	19%	27,248	16%
Total	$171,263	100%	$160,023	100%	$172,599	100%

BACKGROUND (continued)

Sources of Operating Revenue (continued)

WestEd's funding is obtained primarily through competitive contracts and grants, sole source contracts and grants, and the provision of products and services to clients. WestEd receives contract and grant funding from a variety of organizations and entities, including governmental agencies (federal, state, and local), private foundations, for-profit companies and other educational organizations (primarily through subcontracts). WestEd does not have an endowment or guaranteed source of financial support. Since its grants and contracts are both short term and multiyear, a certain percentage of the agency's revenue must be replaced each year.

Grants vs. Fee Contracts

The mix between contracts and grants received at WestEd is an important factor in the agency's ability to raise working capital to support operations. Grants permit the recovery of actual costs incurred only up to the amount of the award. The best financial outcome from income received by grants is break-even (unlike contracts, which may be fee bearing or fixed price and include a target fee). Contracts that are fee bearing have fees budgeted in a range of three to five percent in most cases.

Nonoperating Revenue

WestEd also generates nonoperating revenue from leasing excess building space, sale of publications, investments, and royalties. Because the FWL and SWRL buildings were originally built using federal monies, the government requires that net income from leasing of excess building space be used to support educational research activities or be invested back into the San Francisco or Los Alamitos buildings. Revenue generated from the remaining nonoperating income sources does not have any restriction.

Principal Cost Areas

Agency expenditures include direct costs and indirect costs.

Direct costs, representing 85.9% of revenue for the year ended November 30, 2021, are those directly associated with project work. Direct costs include standard direct costs, and service center costs. Standard direct costs include salaries, benefits, travel, consultants, subcontracts, and facilities. Service center costs, related to activities directly supporting project work, include information services, human resources, general administration, and program services. These costs are considered "direct" for cost accounting purposes and are part of the base used for allocating indirect costs.

Indirect costs include those related to supporting the Board of Directors, the CEO's office, communications, resource development, contracts, legal, accounting, and finance activities. WestEd's approved provisional indirect rate for fiscal year 2021 was 14.0%. This rate is negotiated every year with the US. Department of Education and accepted by all other Federal Agencies. Actual indirect rate at year-end was 13.5%. The indirect rate is applied to modified direct costs. Modified direct costs are total direct costs less items of equipment, alterations and renovations, stipends and the portion of each competitive bid sub-award in excess of $25,000 per year.

The information presented in the following section should be read in the context of WestEd's cost structure, as described above.

FINANCIAL HIGHLIGHTS

- Total Operating Revenues through the fiscal year ended November 30, 2021, were $171.3 million compared to $160 million in FY 2020, an increase of $11.3 million (7.0%). Expenses were managed and WestEd ended the year profitably with a positive operating income margin of 3.8%.

- Change in net position for the fiscal year ended November 30, 2021 was $5.8 million compared with $7.0 million in FY 2020, a decrease of $1.2 million (17.1%). Change in net position for FY 2019 was $8.1 million.

- WestEd's financial position at November 30, 2021 included total assets of $139.5 million and liabilities of $37.0 million. Net position, which represents the residual interest in WestEd's assets after liabilities are deducted, totaled $102.4 million. The capital assets component of the net position total was $3.8 million, restricted net position was $1.1 million and the unrestricted net position component was $97.5 million as of November 30, 2021. WestEd's net position on November 30, 2020 and 2019 were $96.6 million and $89.6 million, respectively.

STATEMENTS OF NET POSITION

The statements of net position present the financial position of the organization at the end of an accounting period and include all assets and liabilities of WestEd. The difference between total assets and total liabilities - net position - is one indicator of the current financial condition of WestEd. While the change in net position is an indicator of whether the overall financial condition has improved or worsened during the reporting period, it is not the only indicator. This should be looked at within the context of other financial measures.

Assets and liabilities are generally measured using current values. This does not include capitalized items that are measured by their historical cost, less accumulated depreciation.

STATEMENTS OF NET POSITION (continued)

A comparison of WestEd's assets, liabilities, and net position at November 30, 2021, 2020 and 2019 is as follows:

STATEMENTS OF NET POSITION
($ in thousands)

	FY 2021	FY 2020	FY 2019
Current Assets	$66,250	$70,004	$59,587
Long-Term Investments	69,383	61,944	57,058
Property and Equipment, Net	3,826	3,904	4,595
Total Assets	139,459	135,852	121,240
Current Liabilities	36,020	38,207	31,619
Long-Term Accrued Vacation, Less Current Portion	987	1,031	0
Total Liabilities	37,007	39,238	31,619
Net Position	$102,452	$96,614	$89,621

Current Assets

Current assets consist primarily of cash, trade accounts receivable, short-term investments, publications inventory, prepaid expenses and other assets. These accounts totaled $66.3 million at November 30, 2021, $70.0 million at November 30, 2020 and $59.6 million at November 30, 2019. The decrease was a combination of lower contract advances and an increase in the long-term Investments which was partially offset by the impact of positive net income flowing into current assets.

Long-Term Investments

Long-term investments are securities that have a maturity date of more than one year that totaled $69.4 million at November 30, 2021, $61.9 million at November 30, 2020 and $57.1 million at November 30, 2019. The increase in fiscal year 2021 was due to a net increase in the purchases of longer-term securities.

Property and Equipment

Property and equipment consists of building and leasehold improvements, equipment and furniture. Property and equipment totaled $3.8 million at November 30, 2021, $3.9 million at November 30, 2020 and $4.6 million at November 30, 2019. The decrease in fiscal years 2021 and 2020 were primarily due to routine depreciation.

STATEMENTS OF NET POSITION (continued)

Current Liabilities

Current liabilities consist of accounts payable and accrued liabilities, accrued compensation and benefits, accrued vacation and contract advances. These accounts totaled $36.0 million at November 30, 2021, $38.2 million at November 30, 2020 and $31.6 million at November 30, 2019. The decrease of $2.2 million (5.7%) in FY 21 was primarily due to fewer upfront contract advances, as compared to the previous year.

Long-Term Accrued Vacation

Long-term accrued vacation consists of total accrued vacation less current portion. Long term accrued vacation totaled $0.9 million at November 30, 2021 and $1.0 million at November 30, 2020.

Net Position

The net position balance represents the residual interest in WestEd's assets after liabilities are deducted. WestEd's net position at November 30, 2021, 2020 and 2019 is summarized below.

NET POSITION
($ in thousands)

	FY 2021	FY 2020	FY 2019
Net Investment In Capital Assets	$ 3,826	$3,904	$4,595
Restricted	1,132	130	177
Unrestricted	97,494	92,580	84,849
Total Net Position	$102,452	$96,614	$89,621

Net investment in capital assets consists of capital assets net of accumulated depreciation.

Restricted net position represents royalties from the California Department of Education that are restricted in their use.

Unrestricted net position represents funds that have no restrictions concerning their use. They can be used to fund any WestEd activity. Increases in unrestricted was due to positive operating income and non-operating revenues (expenses).

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present WestEd's results of operations during the current year ended November 30, 2021, 2020 and 2019.

CHANGES IN NET POSITION

($ in thousands)

	FY 2021	FY 2020	FY 2019
Operating revenues			
Federal Agencies	$ 51,047	$47,685	$56,513
State Agencies	40,883	41,038	38,203
Local Educational Agencies	30,818	25,975	33,775
Foundations	15,402	14,527	16,860
Other	33,113	30,798	27,248
Total operating revenues	171,263	160,023	172,599
Operating expenses	164,807	155,296	167,412
Total operating income	6,456	4,727	5,187
Non-operating revenues (net of Non-operating expenses)	(617)	2,266	2,957
Changes in net position	$5,839	$6,993	$8,144

WestEd's operating revenues increased by 7.0% in fiscal year 2021 compared to fiscal year 2020. The increase was due to the year-over-year increase in Federal, Local Educational Agencies, Foundations and Other funding source categories.

Operating income in the fiscal year ended November 30, 2021 was $6.4 million, an increase of $1.7 million compared to 2020. Operating income in the fiscal year ended November 30, 2020 was $4.7 million, a decrease of $0.5 million compared to 2019.

Non-operating revenues (net of non-operating expenses) decreased by $2.9 million in fiscal year 2021 primarily due to an increase in net unrealized investment losses.

Request for Information

We hope that the preceding information has provided you with a general overview of WestEd's overall financial status. For questions or comments concerning information contained in this report, please contact the Office of the Controller, 4665 Lampson Avenue, Los Alamitos, California 90720.

FINANCIAL STATEMENTS

WESTED
STATEMENTS OF NET POSITION
November 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,998,719	$ 16,518,351
Short-term investments	11,235,563	12,452,830
Receivables	40,201,136	38,753,725
Inventory	242,196	192,269
Prepaid expenses and other assets	2,572,566	2,086,606
Total current assets	66,250,180	70,003,781
Long-term investments, less current portion	69,383,372	61,944,681
Property and equipment, net	3,826,336	3,903,894
Total assets	$ 139,459,888	$ 135,852,356
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued liabilities	$ 6,172,566	$ 6,975,728
Accrued compensation and benefits	12,107,291	9,425,911
Accrued vacation	5,258,632	5,008,693
Advances	12,481,290	16,797,055
Total current liabilities	36,019,779	38,207,387
Long-term accrued vacation, less current portion	987,223	1,030,740
Total liabilities	$ 37,007,002	$ 39,238,127
Net position		
Net investment in capital assets	3,826,336	3,903,894
Restricted	1,132,273	130,301
Unrestricted	97,494,277	92,580,034
Total net position	102,452,886	96,614,229
Total liabilities and net position	$ 139,459,888	$ 135,852,356

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

WESTED
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended November 30, 2021 and 2020

	2021	2020
Operating revenues:		
Federal Agencies	$ 51,047,292	$ 47,684,667
State Agencies	40,883,065	41,038,558
Local Education Agencies	30,818,045	25,975,068
Foundations	15,401,920	14,526,594
Other	33,112,365	30,798,059
Total operating revenues	171,262,687	160,022,946
Operating expenses:		
Direct expenses		
Employee compensation and benefits	90,299,471	83,388,224
Subawards, subcontracts, outside services, travel, and other direct costs	56,876,222	54,590,881
Total direct expenses	147,175,693	137,979,105
Indirect expenses	17,631,147	17,316,822
Total operating expenses	164,806,840	155,295,927
Operating income	6,455,847	4,727,019
Non-operating revenues (expenses):		
Rental and parking, net	390,914	448,539
Publication sales, net	66,334	12,796
Investment income, net	(624,589)	2,871,940
Other revenues	26,160	28,801
Other expenses	(476,009)	(1,096,327)
Total non-operating revenues (expenses)	(617,190)	2,265,749
Changes in net position	5,838,657	6,992,768
Net Position, beginning of year	96,614,229	89,621,461
Net Position, end of year	$ 102,452,886	$ 96,614,229

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

WESTED
STATEMENTS OF CASH FLOWS
For the years ended November 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Federal agencies	$ 49,921,735	$ 48,231,561
State agencies	41,822,022	39,683,780
Local education agencies	28,956,598	27,758,003
Foundations	15,084,171	14,986,729
Other	29,714,984	34,648,453
Other (payments) receipts	35,822	(599,346)
Cash payments to employees for direct expense services	(87,411,669)	(81,695,456)
Cash payments for subawards, subcontracts, outside services, travel, and other direct costs	(56,827,680)	(54,168,915)
Cash payments for indirect costs	(18,167,034)	(16,564,018)
Net cash provided by operating activities	3,128,949	12,280,791
Cash flows from capital and related financing activities		
Purchases of fixed assets	(802,569)	(152,292)
Proceeds from tenant improvement allowance	-	-
Net cash used in financing activities	(802,569)	(152,292)
Cash flows from investing activities		
Purchase of investments	(24,938,847)	(21,753,505)
Proceeds from sales and maturities of investments	16,847,001	15,032,540
Interest received	1,245,834	1,330,176
Net cash used in by investing activities	(6,846,012)	(5,390,789)
Net increase (decrease) in cash and cash equivalents	(4,519,632)	6,737,710
Cash and cash equivalents at beginning of year	16,518,351	9,780,641
Cash and cash equivalents at end of year	$ 11,998,719	$ 16,518,351
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating Income	$ 6,455,847	$ 4,727,019
Depreciation	854,857	839,742
Loss on disposal of fixed assets	10,651	-
Other revenue	22,018	(602,579)
(Increase) Decrease in receivables	(1,447,411)	(1,055,015)
(Increase) in inventory	(49,927)	13,948
(Increase) in prepaid expenses and other assets	(485,960)	738,855
Decrease in accounts payable and accrued liabilities	(803,163)	(414,543)
Increase in accrued compensation and benefits	2,681,380	1,474,392
Increase in accrued vacation	206,422	218,377
Increase (Decrease) in advances	(4,315,765)	6,340,595
Net cash provided by operating activities	$ 3,128,949	$ 12,280,791

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

NOTE 1 – ORGANIZATION

WestEd is a Joint Powers Agency and was established on December 1, 1995 pursuant to the provisions of Title 1, Division 7, Chapter 5, Article I of the California Government Code. WestEd was established as a public agency for the joint exercise of powers between Far West Regional Laboratory for Educational Research and Development ("FWL") and Southwest Regional Laboratory for Educational Research and Development ("SWRL"). WestEd operations are involved in education research, development and service dedicated to improving education and other opportunities for children, youth and adults. In addition to its work across the nation, WestEd serves as the regional education laboratory for Arizona, California, Nevada and Utah.

WestEd is governed by a Board of Directors (the "Board"), the members of which includes designated board members of FWL and SWRL, and additional members as appointed by the Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of WestEd conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The significant accounting policies are herein described to enhance the usefulness of the accompanying financial statements to the reader.

Fund Accounting: The accounts of WestEd are organized on the basis of an enterprise fund, the operations of which are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles. Under the accrual basis, revenue is recorded when earned and expenses are recorded when incurred, without regard to the timing of cash receipt or payment.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

Funding Sources: WestEd's operations are principally funded through contracts and grants awarded by the federal government, State Agencies, local governments, and other private entities.

Revenue Recognition for Grants and Contracts: Revenue is deemed to be earned and reported when all eligibility requirements imposed by the provider have been met. In addition, for income derived from royalty and tuition type contracts, WestEd will recognize revenues when earned as defined per contract agreement. Losses on contracts are recognized when identified.

Cost Allocation: Expenses identified with specific projects are charged directly to the appropriate grant or contract. Occupancy costs are allocated on the basis of labor hours. Fringe benefits are allocated at a target rate of 63% (43.5% for fringe and 19.5% for leave) of employees' direct labor costs for 2021 and 2020. Indirect expenses are allocated to all grants, contracts and other non-operating expenses based on direct costs. The actual indirect rate was 13.5% for 2021, and 14.2% for 2020 and 2019. Indirect costs on sub-award costs are only charged to the first $25,000 of costs of each sub-award per year.

In accordance with policies adopted by the U.S. Department of Education, WestEd uses cost principles set forth in OMB Uniform Grant Guidance.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: WestEd considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. Investments that have characteristics of demand deposits allowing WestEd to deposit or withdraw funds at any time without prior notice or penalty are included in cash equivalents.

Receivables: Receivables include amounts owed to WestEd from private individuals or organizations for services rendered. Included in receivables are unbilled amounts for which the services have been rendered but not yet billed.

Allowance for Uncollectible Receivables: A portion of receivables are estimated not to be collectible. The balance in this account is reported as a deduction from receivables to indicate a net receivables amount.

Investments: WestEd records investments at fair value on the Statement of Net Position. The fair value of investments, primarily debt securities, is based on quoted market values. Unrealized gains and losses on investments are included in nonoperating revenues as net investment income. Short-term investments are securities that have a maturity date of one year or less, net of cash equivalents. Long-term investments are securities that have a maturity date of more than one year.

Inventory: Inventory consists of publications and supplies and are stated at the lower of cost or market value using the first in, first out cost allocation method.

Property and Equipment: Acquisitions of property and equipment costing $5,000 or more are capitalized. Property and equipment are carried at historical cost. Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in other non-operating revenues.

Depreciation and amortization of property and equipment are provided on the straight-line method over the following useful lives:

Building Improvements	3 - 30 years
Leasehold Improvements	3 - 10 years
Office Furniture and Equipment	5 - 10 years
Computer Equipment and Software	3 - 5 years

Leasehold improvements are amortized over the lesser of the useful life of the asset or term of the lease.

Accrued Vacation: It is WestEd's policy to permit employees to accumulate earned but unused vacation leave benefits. Such benefit is accrued as earned by employees. The estimated accrued vacation due within one year is included as current liability and the balance is included as a long-term liability.

Advances: Advances consist of amounts received on contracts, grants and agreements in excess of costs incurred. The amounts received in excess of costs will be recognized in the future as services are rendered and costs are incurred.

Operating and Non-Operating Transactions: WestEd classifies its revenues and expenses as either operating or non-operating. Revenues and expenses are classified according to the following criteria:

Operating - These revenues are earned from the Federal Agencies, State Agencies, Local Education Agencies, foundations and others, through grants and contracts. Other revenue includes non-profit organizations and other for-profit entities. Operating expenses include employee compensation and benefits, subcontracts, travel, other direct expenses and related indirect expenses.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-operating - These revenues and expenses include activities that are not the primary business of WestEd, such as building and parking rental income, publication sales and investment income. Non-operating expenses include building, parking, publications, investment and other related indirect expenses.

Net Position: WestEd's net position is classified in three major components:

Net investment in capital assets - Capital assets, net of accumulated depreciation less outstanding capital lease obligations.

Restricted - This category represents net position that has external restrictions imposed by grantors. At November 30, 2021 and 2020, all restricted net position includes royalties received from the California Department of Education. It is WestEd's policy to first use restricted net position when allowable expenditures are incurred.

Unrestricted - Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of WestEd's Board.

Exempt Status: WestEd is exempt from Federal income taxes per Internal Revenue Code Section 115(1). WestEd is also exempt from State of California franchise tax. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at November 30, 2021 and 2020 consist of:

	2021	2020
Checking accounts	$ 11,312,739	$ 16,008,340
Money market funds	685,980	510,011
Total	$ 11,998,719	$ 16,518,351

The *California Government Code* requires California banks and savings and loan associations to secure WestEd's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits and collateral is considered to be held in the name of WestEd. As of November 30, 2021 and 2020, WestEd had no bank balances exposed to custodial credit risk.

NOTE 4 – INVESTMENTS

WestEd's investment policies comply with California Government Code, which permits investments in U.S. Treasury obligations; U.S. agency obligations; Money market instruments including Bankers Acceptances, Certificates of Deposit and Commercial Paper; certain Medium Term Notes; Mortgage Pass-Through and Asset-Backed Securities; Supranational Securities; and certain Money Market Funds.

(Continued)

NOTE 4 – INVESTMENTS (Continued)

Investments include both short-term and long-term investments. WestEd held the following investments at November 30, 2021 and 2020, respectively.

Description	Moody's Rating	Fair Value	Weighted Average Yield	Weighted Average Maturity	Percentage of Portfolio
November 30, 2021					
U.S. Treasury notes	Aaa	$ 25,760,762	1.41%	2.62 years	31.96%
Federal Agencies	Aaa	21,687,080	1.49%	2.54 years	26.90%
Supranational	Aaa	5,718,252	0.67%	3.70 years	7.09%
U.S. corporate	A3-Aa1	21,122,482	1.77%	2.73 years	26.20%
Asset-backed securities	Aaa	4,331,904	0.68%	3.48 years	5.37%
Negotiable CD	P-1	1,998,455	0.23%	0.72 years	2.48%
Total investments		$ 80,618,935			100.00%

Description	Moody's Rating	Fair Value	Weighted Average Yield	Weighted Average Maturity	Percentage of Portfolio
November 30, 2020					
U.S. Treasury notes	Aaa	$ 21,845,518	1.67%	2.83 years	29.36%
Federal Agencies	Aaa	30,659,994	1.48%	2.74 years	41.21%
Supranational	Aaa	1,572,906	0.61%	4.67 years	2.11%
U.S. corporate	A3-Aaa	16,950,738	2.35%	2.53 years	22.79%
Asset-backed securities	Aaa	3,368,355	1.88%	2.74 years	4.53%
Total investments		$ 74,397,511			100.00%

Interest Rate Risk: Interest rate risk refers to the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that WestEd manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing as necessary to provide cash flow and liquidity needed for operations.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, WestEd will not be able to recover the value of its investments that are in the possession of an outside party. At year-end, WestEd's total investment balance is not exposed to custodial credit risk and there was no securities lending.

Credit Risk: WestEd's investment policy is controlled by Section 53601 of the California Government Code. Per Section 53601.7, investments in long-term debt shall be rated at least "A" without regard to modifiers by Standard & Poor's Corporation, Moody's Investors Service, or Fitch Ratings. As of November 30, 2021 and 2020, WestEd is in compliance with its investment policies regarding credit risk.

(Continued)

NOTE 4 – INVESTMENTS (Continued)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The table below indicates the investments held with any one issuer representing more than 5% of total investments.

At November 30, 2021, the credit ratings of investments by investment type were as follows:

	Moody's Rating	% of Portfolio
Investments		
Fed Home Loan Bank	Aaa	10%
Fed Home Loan Mortgage Corporation	Aaa	4%
Fed National Mortgage Association	Aaa	10%
U. S. Treasury notes	Aaa	32%
		56%
Other issuers (in aggregate)	A3 - Aaa	44%
		100%

At November 30, 2020, the credit ratings of investments by investment type were as follows:

	Moody's Rating	% of Portfolio
Investments		
Fed Home Loan Bank	Aaa	14%
Fed Home Loan Mortgage Corporation	Aaa	8%
Fed National Mortgage Association	Aaa	17%
U. S. Treasury notes	Aaa	29%
		68%
Other issuers (in aggregate)	A3 - Aaa	32%
		100%

Investment and management fees aggregating $73,521 and $70,430 were paid for the years ended November 30, 2021 and 2020, respectively. WestEd had a net unrealized loss totaling $1,954,838 in 2021 and net unrealized gain totaling $1,418,807 in 2020. For the years ended November 30, 2021 and 2020, WestEd recognized a net realized gain of $84,415 and $122,957, respectively. Net realized gains and losses were recorded net of related investment and management fees. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Fair Value of Investments: WestEd measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value on a recurring basis as of November 30, 2021 and 2020:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

(Continued)

NOTE 4 – INVESTMENTS (Continued)

Level 2 - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include WestEd's own data. WestEd should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to WestEd are not available to other market participants.

WestEd's investments as of November 30, 2021 and 2020 were all calculated using Level 2 inputs.

NOTE 5 – RECEIVABLES

Receivables at November 30, 2021 and 2020 consist of the following:

	2021	2020
Due from Federal Agencies	$ 6,463,391	$ 5,337,835
Due from State Agencies	19,349,522	20,288,479
Due from Local Education Agencies	6,150,500	4,289,054
Due from Foundations	680,770	363,021
Due from Other	7,770,369	8,688,752
	40,414,552	38,967,141
Less allowance for doubtful accounts	(213,416)	(213,416)
Total	$ 40,201,136	$ 38,753,725

NOTE 6 – PROPERTY AND EQUIPMENT

Changes in property and equipment for the years ended November 30, 2021 and 2020 are shown below.

The activity for the year ended November 30, 2021 is:

	Balance December 1, 2020	Additions	Deductions	Balance November 30, 2021
Building improvements and leasehold improvements	$ 15,844,753	$ 802,569	$ 1,457	$ 16,645,865
Furniture	2,838,119			2,838,119
Equipment	2,268,721		41,158	2,227,563
Total property and equipment	20,951,593	802,569	42,615	21,711,547
Less accumulated depreciation:				
Building improvements and leasehold improvements	12,652,327	616,068		13,268,395
Furniture	2,475,243	126,241		2,601,484
Equipment	1,920,129	112,548	17,345	2,015,332
Accumulated depreciation	17,047,699	854,857	17,345	17,885,211
Property and equipment, net	$ 3,903,894	$ (52,288)	$ 25,270	$ 3,826,336

(Continued)

NOTE 6 – PROPERTY AND EQUIPMENT (Continued)

The activity for the year ended November 30, 2020 is:

	Balance December 1, 2019	Additions	Deductions	Balance November 30, 2020
Building improvements and leasehold improvements	$ 15,773,970	$ 103,385	$ 32,602	$ 15,844,753
Furniture	2,841,731	-	3,612	2,838,119
Equipment	2,219,814	48,907	-	2,268,721
Total property and equipment	20,835,515	152,292	36,214	20,951,593
Less accumulated depreciation:				
Building improvements and leasehold improvements	12,108,192	576,737	32,602	12,652,327
Furniture	2,333,039	142,204	-	2,475,243
Equipment	1,799,328	120,801	-	1,920,129
Accumulated depreciation	16,240,559	839,742	32,602	17,047,699
Property and equipment, net	$ 4,594,956	$ (687,450)	$ 3,612	$ 3,903,894

The depreciation expense for the years ended November 30, 2021 and 2020 was $854,857 and $839,742 respectively. The Los Alamitos building and San Francisco land and building in which WestEd maintains operations, are recorded in the accounting records of SWRL and FWL, respectively.

NOTE 7 – ACCRUED VACATION

Accrued vacation for the years ended November 30, 2021 and 2020, are as follows:

	2021	2020
Beginning balance, December 1	$ 6,039,433	$ 4,790,316
Additions	6,193,635	5,708,946
Reductions	(5,987,213)	(4,459,829)
Ending balance, November 30	6,245,855	6,039,433
Current portion-due within one year	5,258,632	5,008,693
Long-term portion	$ 987,223	$ 1,030,740

(Continued)

NOTE 8 – ADVANCES

Advances at November 30, 2021 and 2020 consist of the following:

	2021	2020
Contract advances	$ 12,450,384	$ 16,766,210
Tenant advances	30,906	30,845
Total	$ 12,481,290	$ 16,797,055

These advances will be realized in the future as services are rendered and costs are incurred.

NOTE 9 – RENTAL REVENUES

WestEd leases portions of FWL and SWRL facilities' excess space under operating leases to unrelated third parties. For the years ended November 30, 2021 and 2020, these rental operations generated net rental revenue of $390,914 and $448,539, respectively. Due to the decrease in building operation expenses, WestEd did not collect contingent rental revenue in the years ended November 30, 2021 and 2020.

Gross base and contingent rentals earned in the years ended November 30, 2021 and 2020 are as follows:

	2021	2020
Base rentals	$ 1,114,162	$ 1,197,311
Parking revenues	9,634	14,229
Contingent rentals	-	-
Total	$ 1,123,796	$ 1,211,540

NOTE 10 – OPERATING LEASES

WestEd also leases certain equipment and facilities under non-cancelable operating leases. Operating lease expense for the years ended November 30, 2021 and 2020 was $2,294,553 and $3,234,937 respectively. Future minimum payments under operating leases as of November 30, 2021 are as follows:

2022	$ 2,541,126
2023	1,829,025
2024	1,712,391
2025	1,353,911
2026	1,380,562
2027 and thereafter	1,701,992
	$ 10,519,007

(Continued)

NOTE 11 – RETIREMENT AND FLEXIBLE BENEFIT PLANS

WestEd provides a defined contribution annuity purchase retirement plan for all regular and fixed-term, full-time and eligible part-time employees. Contributions are equal to 15% of the participants' salary subject to Internal Revenue Service (IRS) limits, are funded as incurred, and were $12,840,326 and $11,413,665 for the years ended November 30, 2021 and 2020, respectively.

In addition, eligible employees may make additional contributions to a Supplemental Retirement/Tax Deferred Annuity (SRA). The amount the employee may contribute pre-tax is based on an Internal Revenue Service (IRS) formula.

Employees also have the option of participating in a contributory Flexible Benefit Plan. Employees make voluntary contributions of pre-tax wages. Based on the contributions, the plan reimburses employees for qualified expenses which amounted to $886,332 and $780,665 for the years ended November 30, 2021 and 2020, respectively.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Federal Contracts: Federal contracts and grants are subject to government review within three to five years of the contract's expiration. In the opinion of management, any disallowed expenditures resulting from government review would not have a material adverse effect on the overall financial statements at November 30, 2021.

NOTE 13 – RELATED PARTIES

WestEd is provided office space to conduct its operations in Los Alamitos, California and San Francisco, California. These office spaces are owned by FWL and SWRL and are provided to WestEd free of charge.

NOTE 14 – COVID-19 PANDEMIC

In 2020, a novel strain of coronavirus, known as COVID-19, spread around the world resulting in business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The extent to which the COVID-19 pandemic may impact business activity or investment income will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. WestEd has not included any contingencies in the financial statements specific to this event.

SUPPLEMENTARY INFORMATION

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
RESEARCH AND DEVELOPMENT CLUSTER:				
U.S. Department of Education – Direct:				
Comprehensive Regional Assistance Centers	N/A	84.283B	$ -	$ 6,703,871
Comprehensive Regional Assistance Centers	N/A	84.283B	395,945	2,268,927
Comprehensive Regional Assistance Centers	N/A	84.283B	142,951	1,705,305
Comprehensive Centers		**84.283B**	**538,896**	**10,678,103**
An Efficacy Study of the MathSpring Personalized Learning System That Responds to Student Affect	N/A	84.305A	548,084	885,472
Efficacy of ASSISTment Online Homework Support for Middle School Mathematics Learning: A Replication Study	N/A	84.305A	-	691,942
Efficacy Study of Adventures Aboard the S.S.GRIN: Social, Emotional, and Academic Skills	N/A	84.305A	146,527	593,216
Efficacy Study of an Integrated Science and Literacy Curriculum for Young Learners	N/A	84.305A	-	502,623
Exploring Trends and Heterogeneity in the Timing and Effects of English Learner Reclassification: A Systematic Review and Meta-Analysis	N/A	84.305A	147,281	341,544
Exploring the Spatial Alignment Hypothesis in STEM Learning Environments	N/A	84.305A	-	308,460
Improving Children's Understanding of Mathematical Equivalence: An Efficacy Study	N/A	84.305A	-	275,678
Improving Outcomes and Accelerating Completion with Corequisite Remediation in Mathematics: An Efficacy Study	N/A	84.305A	-	265,386
Does School-Level Fiscal Flexibility Reduce Inequality in Student Achievement? New Evidence from Title I	N/A	84.305A	76,364	243,337
Investigating the Use of Virtual Labs to Promote Chemical Reasoning and Practice Skills	N/A	84.305A	-	180,706
Leveraging Technology to Improve Children's Understanding of Mathematical Equivalence	N/A	84.305A	58,120	173,423
Formative Assessment Bundling Literacy and Elementary Science in the NGSS	N/A	84.305A	57,829	164,826
Evaluating the Efficacy of MathbyExample	N/A	84.305A	2,688	122,969
Sub-baccalaureate Career and Technical Education: A Study of Institutional Practices, Labor Market Demand, and Student Outcomes in Florida	N/A	84.305A	-	75,845
Word Learning Strategies: A Program for Upper-Elementary Readers	N/A	84.305A	-	28,835
National Research and Development Center to Improve Education for Secondary English Learners	N/A	84.305C	446,113	1,570,240
Continuous Improvement of a What Works Clearinghouse Rated Early Mathematics Intervention	N/A	84.305H	-	77,627

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Education – Direct: (Continued)				
Adult Numeracy in the Digital Era: Adaptive Technology for Quantitative and Digital Literacy	N/A	84.305N	$ -	$ 219,576
Education Research, Development and Dissemination		**84.305**	**1,483,006**	**6,721,705**
Collective Impact for Part C Child Find	N/A	84.326M	-	7,440
Special Education: Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	N/A	84.326R	-	5,819,356
Special Education, Technical Assistance and Dissemination		**84.326**	-	**5,826,796**
The Early Math Initiative: Scaling an Innovative Intervention to Prepare Children from Elementary School Mathematics	N/A	84.411A	-	1,828,295
Making Sense of Science and Literacy: Improving Teacher Effectiveness and Building Capacity	N/A	84.411B	-	692,924
i3 Investing in Innovation Fund		**84.411**	-	**2,521,219**
Systematic Replication of Pre-K Mathematics Tutorial: The Effect of Variation in the Intervention Delivery Model on Mathematics Achievement of At-Risk Preschool Children	N/A	84.324R	36,137	509,236
Special Education: Technical Assistance on State Data Collection – IDEA Fiscal Data Center	N/A	84.373F	-	3,488
Center for IDEA Fiscal Reporting	N/A	84.373F	-	3,726,799
Supporting Effective Teaching with Disciplinary Inquiry	N/A	84.423A	27,550	2,241,566
The Center to Improve Social and Emotional Learning and School Safety	N/A	84.424B	258,077	859,661
U.S. Department of Education – Passed-Through Others:				
Passed through Cal State L.A. University Auxiliary Services, Inc.:				
Teacher Quality Partnership (TQP) Evaluation	WESTED231154	84.336S	-	2,475
Passed through RMC Research Corporation:				
Northeast Regional Comprehensive Center	N/A	84.283B	-	854,488
Passed through University of Delaware:				
Refining and Validating a Number Sense Screening	40951	84.305A	-	28,908

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Education – Passed-Through Others: (Continued)				
Passed through Arizona Department of Education:				
State Personnel Development Grant	16-06-EDSG	84.323A	$ -	$ 64,614
Passed through Regents of the University of Minnesota:				
National Technical Assistance Center	63235	84.326G	-	389,878
Passed through Superintendent of Public Instruction, State of Washington:				
Next Generation Science Standards	20170414	84.369A	-	140,936
Passed through Worcester Polytechnic Institute:				
Scaling Teachers' Professional Development for ASSISTments	10756-GR	84.411B	-	323,769
Passed through Sonoma State University:				
Education Innovation and Research Program Early Phase	118065	84.411C	-	137,153
Passed through American Institute for Research:				
Evaluating the Effectiveness of ASSISTments for Improving Math Achievement	N/A	84.305A	-	74,173
Building and Sustaining the Capacity of Local Math Coaches to Support College-and-Career-Ready Mathematics Instructions	N/A	84.305A		23,771
Evaluation of PACT: Replication in a Train-the-Trainers Context ("Project")	N/A	84.305R	-	64,185
Passed through 3-C Institute for Social Development, Inc.:				
Development of an Innovative Digital Intervention to Enhance the Social-Emotional Skills and School-Based Adjustment of Early Elementary Students	N/A	84.305A	-	5,270
Passed through Maryland State Department of Education:				
WestEd Service Plan for MSDE: Title I Four Domains Framework	N/A	84.01	-	18,368
Passed through North Carolina State University:				
Improving Conceptual Knowledge in Upper Elementary Science with Scaffolded Sketch-Based Modeling	N/A	84.305A	-	11,346
Total U.S. Department of Education			2,343,666	35,227,907

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Health and Human Services – Passed-Through Others:				
Passed through Lighthaus, Inc.:				
Interactive Digital Media STEM Resources for Pre-College and Informal Science Education Audiences (SBIR) (R43/44 Clinical Trial Not Allowed)	C-00016772	93.859	$ -	$ 68,139
Passed through Urban Strategies LLC:				
Teen Pregnancy Prevention Tier 2, Phase II Rigorous Evaluation of Promising Intervention	TP2AH000078	93.297	-	198,583
Passed through d'Vinci Interactive Inc.:				
"Blueprint of Life" Genomic Literacy Tool: An interactive to enhance genetic and genomic understanding with middle/high school students and their teachers through personal genetics and human disease	2R44GM133222-02	93.859	-	50,729
Total U.S. Department of Health and Human Services			-	317,451
National Science Foundation – Direct:				
Scaling Up through Networked Improvement (SUNI): Testing a practical theory about improving math outcomes for developmental students at scale	N/A	47.076	59,615	493,638
An Efficacy Study of a Comprehensive, Middle School Science Curriculum that Integrates Disciplinary Core Ideas, Science and Engineering Practices, and Crosscutting Concepts	N/A	47.076	265,260	475,659
Video in the Middle: Flexible Digital Experiences for Mathematics Teacher Education	N/A	47.076	-	451,472
Boosting Data Science Teaching and Learning in STEM	N/A	47.076	10,520	207,974
Modest Supports for Sustaining Professional Development Outcomes over the Long-Term	N/A	47.076	59,888	176,598
Teacher Professional Learning to Support Student Motivational Competencies During Science Instruction	N/A	47.076	-	132,758
Collaborative Research: Building a Computational Thinking Foundation in Upper Elementary Science with Narrative Centered Maker Environments	N/A	47.076	-	130,874

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Program Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Science Foundation – Direct: (Continued)				
NSF INCLUDES: Supporting Emerging Aquatic Scientists (SEAS) Islands Alliance	N/A	47.076	$ -	$ 120,886
Understanding Teacher Enactment of New Science Standards and Needs for Implementation Support	N/A	47.076	-	83,746
Closing Gaps: Connecting Assessment and Culture to Increase Achievement	N/A	47.076	-	80,513
GP-IN: GLOBE Youth Geoscientists Program	N/A	47.076	16,234	74,064
Professional Resources & Inquiry in Mathematics Education for K-8 Teacher Education	N/A	47.076	44,564	65,019
Examining the Role of Racial Identity and Personal Experiences in Equity-focused Computer Science Learning	N/A	47.076	-	19,109
Supporting Instructional Decision Making: The Potential of Automatically Scored Three-dimensional Assessment System	N/A	47.076	-	18,703
Computer Science Connections: Using Data Science to Broaden Participation in Middle School	N/A	47.076	-	10,321
Education and Human Resources - Direct	**N/A**	**47.076**	**456,081**	**2,541,334**
National Science Foundation - Passed-Through Others:				
Passed through Filament Games:				
Pilot Study to Test the Effectiveness of the RoboCo Platform	C-00016593	47.041	-	131,282
Passed through the University of San Diego:				
Collaborative Research: Fostering Elementary School Students' Visuospatial Skills and mathematical Competencies through an Origami-based Program	N/A	47.076	-	53,420
Passed through John Hopkins University:				
A Quantitative Synthesis of Research on Elementary Science Programs	N/A	47.076	-	28,484
Passed through San Jose State University Research Foundation:				
Collaborative Research: A Technology Pathway Program in Data Technology and Applications	21-1300-5675-WESTED	47.076	-	1,240

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Science Foundation - Passed-Through Others: (Continued)				
Passed through Regents of the University of Colorado:				
An Efficacy Study of the Learning and Teaching Geometry PD Materials: Examining Impact and Context Based Adaptations	1553021	47.076	$ -	$ 53,510
Collaborative Research: What Difference Does Early-Career Faculty Development Make? A Research Study of Multiple Models	1556961	47.076	-	17,885
Passed through the Florida International University:				
Building Capacity: Catalyzing Change in Calculus (C3)	2015-03	47.076	-	26,836
Collaborative Research: Developing Engineering Instructional Faculty as Leaders of Educational Change at Hispanic-Serving Institutions	800012048/000121	47.076	-	28,171
Passed through St. Petersburg College:				
Third Party Evaluation Services, SPC# 02-16-17	N/A	47.076	-	12,033
Passed through The Board of Regents of the University of Illinois:				
Development of the Electronic Test of Early Numeracy (e-TEN)	084079-16190	47.076	-	62,445
Passed through San Francisco State University:				
RIP-TIDES: Research Intensive Pedagogical Training of Interdisciplinary Estuarine Scientists	S16-0019	47.076	-	29,771
Passed through North Carolina State University:				
Multimodal Visitor Analytics: Investigating Naturalistic Engagement with Interactive Tabletop Science Exhibits	2017-1405-01	47.076	-	16,602
Collaborative Research: Primary AI: Integrating Artificial Intelligence Into Upper Elementary Science with Immersive Problem-Based Learning	2019-2717-01	47.076	-	8,596
Collaborative Research: ExplainIt: Improving Student Learning with Explanation-based Classroom Response Systems	2111473	47.076	-	371
Passed through EarthTeam:				
EarthTeam Meets GLOBE: Building Internships through GLOBE that Support the Career Development of Underrepresented Youth in STEM	C-00015371	47.076	-	61,903

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Science Foundation - Passed-Through Others: (Continued)				
Passed through Arizona State University:				
EAGER: Developing a Culturally Responsive Computing Instrument For Underrepresented Students	18-458	47.076	$ -	$ 1,409
Passed through Jobs for the Future:				
Impact of Work-Based-Learning on Community College STEM Education and Careers	18-094	47.076	-	85,960
Passed through American Physical Society:				
A National Network for Access and Inclusion in Physics Graduate Education	INCA-002-2018	47.076	-	96,228
Passed through University of California Riverside:				
Louis Stokes STEM Pathways and Research Alliance: California Louis Stokes Alliance for Minority Participation	1826900	47.076	-	50,130
Passed through West Virginia Univesity Research Corporation:				
Mountaineer Mathematics Master Teachers (M3T): Supporting Teacher Leadership and Networked Improvement of Mathematics Education in West Virginia	1826900	47.076	-	31,641
Passed through Computer Science Teachers Association:				
Matching Experienced and Novice Teachers for Ongoing Rigorous Support in Computer Science (MENTORS in CS)	1826900	47.076	-	18,790
Passed through University of Maryland:				
Collaborative Research: Parents, Teachers, and Multilingual Children Collaborating on Mathematics Together	1826900	47.076	-	9,440
Passed through NOT SUSPICIOUS, LLC:				
SBIR Phase II: A Virtual-Reality Next-Generation Introductory STEM Platform	1826900	47.041	-	16,100

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Science Foundation - Passed-Through Others: (Continued)				
Passed through Education Development Center, Inc.:				
Community for Advancing Discovery Research in Education (CADRE): Expanding the Reach and Impact of Innovations in STEM Education	1826900	47.076	$ -	$ 6,055
Passed through Public Policy Institute of California:				
RAPID: A Researcher-Practitioner-Partnership to Assess the Impact of COVID-19 Recession on NGSS Implementation	1826900	47.076	-	11,399
Passed through Southern Methodist University:				
Seeing the World through a Mathematical Lens: A Place-Based Mobile App for Creating Math Walks	1826900	47.076	-	3,059
Total National Science Foundation			**456,081**	**3,404,094**
National Aeronautics and Space Administration – Passed-Through Others:				
Passed through University of Toledo:				
Mission Earth. Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	N-125107-01 (F-2016-23)	43.001	-	492,627
National Aeronautics and Space Administration – Passed-Through Others:				
Passed through Sonoma State University:				
NASA's Neurodiversity Network (N3): Creating Inclusive Informal Learning Opportunities across the Spectrum	80NSSC21M0004	43.001	$ -	$ 57,861
Passed through Northern Arizona University:				
PLANETS (Planetary Learning that Advances the Nexus of Engineering, Technology, and Science)	1002936-02	43.001	-	151,545
Passed through SETI Institute:				
The NASA Community College Network	C-00018113	43.001	-	64,614
Total National Aeronautics and Space Administration			-	**766,647**

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2021

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Justice – Passed-Through Others:				
Passed through National Institute of Justice:				
Comprehensive School Safety in Atlanta Public Schools	2015-CK-BX-K001	16.560	825,985	1,525,932
A Randomized Impact Evaluation of Capturing Kids Hearts	2015-CK-BX-0014	16.560	-	9,081
A Developmental Study of the Keeping Kids in School Initiative	2017-CK-BX-0018	16.560	-	63,267
A National Evaluation of Internet Crimes Against Children Task Force Training	2018-MC-FX-K007	16.543	28,662	186,509
Research and Evaluation on School Safety: An Evaluation of State School Safety Centers	2020-CK-BX-0002	16,560	-	173,181
An Evaluation of a Statewide Approach to the Prevention and Intervention of Violence using School Threat Assessment Teams	2020-MU-MU-0011	16,560	70,808	177,077
Passed through Texas State University:				
A Randomized Controlled Trial of a Comprehensive, Research-Based Framework for Implementing School-Based Law Enforcement	20010-82739-1	16.560	-	101,287
		16.560	**925,455**	**2,236,334**
Passed through American Institutes for Research				
Second Chance Act Reentry Initiative	2019-MU-BX-K015	16.812	-	125,267
Second Chance Act Reentry Initiative - Corrections and Community Engagement Technical Assistance Center (CCETAC)	0504300008	16.812	-	105,000
Total U.S. Department of Justice			**$ 925,455**	**$ 2,466,601**
Bureau of Indian Education – Direct:				
Secondary Transition Program Planning: Individuals with Disabilities Education Act (IDEA) of 2004	N/A	15.130	-	379,872
BIE Consolidated Fiscal Accountability System	N/A	15.130	-	126,848
Indian Education Assistance to Schools	N/A	15.130	-	144,402
BIE-Funded Schools Professional Development, Updating policies and Procedures-Four Domains for Rapid School Improvement	N/A	15.130	-	197,525
Total Bureau of Indian Education			-	**848,647**
Total Expenditures of Federal Awards (Research and Development Cluster)			**$ 3,725,202**	**$ 43,031,347**

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of WestEd under programs of the federal government for the year ended November 30, 2021. The information in this schedule is presented in accordance with the requirements of the 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 WestEd, it is not intended to and does not present the financial position, change in net position or cash flows of WestEd.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Under the accrual basis, revenue is recorded when earned and expenses are recorded when incurred, without regard to the time of cash receipt or payment. Revenues for Federal programs are received as reimbursement for specific projects and are recognized based on eligible expenses incurred. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. WestEd has not elected to use the 10% de minimis indirect cost rate.

Program income: There was no program income earned by the Federal Programs included in the SEFA during the current fiscal year.

Use of Rental Revenue: Far West Laboratory for Educational Research and Development (FWL) and Southwest Regional Laboratory for Educational Research and Development (SWRL) allow WestEd to occupy their facilities and manage the properties. The U.S. Government allows FWL and SWRL to lease excess space in their buildings. FWL until July 21, 2019, and SWRL until December 31,2022, require that the rental income received be used for costs of educational research or educational research and related purposes, including costs of maintenance and operation of the facilities in accordance with the objectives of the statute under which the grants were made consistent with the principles in 34 CFR §74.42(e) and the provisions of the "Cooperative Research Act" (20 USC 332 (a)).

In accordance with an agreement with the U.S. Department of Education dated January 18, 2001, rental income and related interest available for future expenditures were as follows:

	2021	2020
Balance at beginning of year	$ (27,345,881)	$ (25,188,851)
Additions:		
Net rental income	384,300	398,686
Subtotal	(26,961,581)	(24,790,165)
Less:		
Allowable expenses in accordance with the Cooperative Research Act	(2,510,994)	(2,555,716)
Reserve as of November 30	$ (29,472,575)	$ (27,345,881)

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	X No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	X None Reported	
Noncompliance material to financial statements noted?	_____ Yes	X No	

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____ Yes	X No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	X 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 2 CFR 200.516(a)?	_____ Yes	X No	

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Numbers	Expenditures
Research and Development Cluster	Various*	$ 43,031,347

* All programs reported in the Schedule of Expenditure of Federal Awards are included within the Research and Development Cluster.

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,290,940	
Auditee qualified as low-risk auditee?	X Yes	_____ No

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Crowe

Crowe LLP
Independent Member Crowe Global

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
WestEd
San Francisco, California

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 financial statements of WestEd as of and for the year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise WestEd's basic financial statements, and have issued our report thereon dated March 21, 2022.

Internal Control over Financial Reporting

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WestEd's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Costa Mesa, California
March 21, 2022

Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
WestEd
San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited WestEd'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 WestEd's major federal programs for the year ended November 30, 2021. WestEd'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 WestEd'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 WestEd'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 WestEd's compliance.

Opinion on Each Major Federal Program

In our opinion, WestEd 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 November 30, 2021.

(Continued)

Report on Internal Control Over Compliance

Management of WestEd 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 WestEd'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 WestEd'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. 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.

Crowe LLP

Crowe LLP

Costa Mesa, California
March 21, 2022

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APPENDIX B: WestEd Board of Directors

Name	Affiliation	City, State
Glen H.Harvey	Chief Executive Officer, WestEd	SAN FRANCISCO, CA
Adam Young	Superintendent, White Pine County School District	ELY, NV
Adela Madrigal Jones	Superintendent, Sanger Unified School District	SANGER, CA
Anand Marri	Dean, Teachers College, Ball State University	MUNCIE, IN
Andrea Rorrer	Associate Dean, College of Education, University of Utah	SALT LAKE CITY, UT
Ann O'Brien	Board President, Arizona School Board Association	PHOENIX, AZ
Annette Reichman	Superintendent, Arizona State Schools for the Deaf and Blind (ASDB)	TUCSON, AZ
Bernice Stafford	Member of Board of Directors and Consultant, Inflexion	LONG BEACH, CA
Beverly J. Hurley	Director of Academic Alliances (Retired), Grand Canyon University	PHOENIX, AZ
Brian Zeiszler	Department Chair, Teacher Education Program, Great Basin College	ELKO, NV
Callie Tyler	Chief of Staff, Arizona Department of Education	PHOENIX, AZ
David Verdugo	Superintendent, Santa Cruz Valley Unified School District No. 35	RIO RICO, AZ
Dennis Potthoff	Dean, School of Education, Nevada State College	HENDERSON, NV
Donald Easton-Brooks	Dean, College of Education and Human Development, University of Nevada, Reno	RENO, NV
Ed Sullivan	Assistant Vice Chancellor, Institutional Research and Analyses California State University Office of the Chancellor	LONG BEACH, CA
Enikia Ford Morthel	Superintendent of Berkeley Public Schools	SAN FRANCISCO, CA
Felicia Ortiz	Member, Nevada State Board of Education	LAS VEGAS, NV
Frances Contreras	Dean, School of Education, University of California, Irvine	IRVINE, CA
Francisco Escobedo	Executive Director, National Center for Urban School Transformation (NCUST) San Diego State University	SAN DIEGO, CA
Fred DuVal	Regent, Arizona Board of Regents	PHOENIX, AZ

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Gail Hudson	Grade 5 Teacher, Title I Coordinator, John R. Hummel Elementary	LAS VEGAS, NV
Guilbert C. Hentschke	Dean Emeritus, Rossier School of Education, University of Southern California	LOS ANGELES, CA
Harold Levine	Founding Dean and Professor Emeritus, School of Education University of California, Davis	DAVIS, CA
Jacob Moore	Associate Vice President, Tribal Relations, Arizona State University Office of Government & Community Engagement	TEMPE, AZ
Jhone Ebert	Superintendent of Public Instruction, Nevada Department of Education	CARSON CITY, NV
Jonathan P. Moore	Deputy Superintendent of Student Achievement, Nevada Department of Education	CARSON CITY, NV
Karla Phillips-Krivickas	CEO and Founder Think Inclusion	PHOENIX, AZ
Kathy Hoffman	State Superintendent of Public Instruction, Arizona Department of Education	
Kelli Bernard	Managing Partner, Lighthouse Public Affairs	LOS ANGELES, CA
Kenneth M. Coll (Board Chair)	Director, University of Nevada – Community Behavioral Health Collaborative Professor, Counselor Education Program	RENO, NV
Kimberly A. White-Smith	Dean, School of Leadership and Education Sciences, University of San Diego	SAN DIEGO, CA
Leonard D. Burton	Senior Fellow, Center for The Study of Social Policy	WASHINGTON, DISTRICT OF COLUMBIA
Lexi Cunningham	Utah School Superintendents Association, Executive Director Utah School Board Association, Associate Executive Director	SANDY, UT
Louise Moulding	MEd Program Director, Professor/Research and Assessment Department of Teacher Education, Weber State University	OGDEN, UT
María E. Fránquiz	Professor of Curriculum and Instruction, College of Education, The University of Texas at Austin	AUSTIN, TX
Marquita Grenot-Scheyer	Assistant Vice Chancellor (Retired), The California State University, Office of the Chancellor	LONG BEACH, CA
Mary C. Barlow	Kern County Superintendent of Schools	BAKERSFIELD, CA
Mary Jane Burke	Marin County Superintendent of Schools	MARIN, CA
Mary Nicely	Chief Deputy Superintendent of Public Instruction, California Department of Education	SACRAMENTO, CA
Michelle Young	Dean, School of Education, Loyola Marymount University	LOS ANGELES, CA

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Monica Barajas	Superintendent, Quartzsite Elementary School District	EHRENBERG, AZ
Paul D. Houston	President, Center for Empowered Leadership	TUCSON, AZ
Pedro Noguera	Dean, Rossier School of Education, University of Southern California	LOS ANGELES, CA
Rena Dorph	Director, The Lawrence Hall of Science, University of California, Berkeley	BERKELEY, CA
Richard P. Durán	Professor, Gevirtz Graduate School of Education, University of California, Santa Barbara	SANTA BARBARA, CA
Robbie Koerperich	Superintendent, Holbrook Unified School District #3	HOLBROOK, AZ
Robert S. McCord	Emeritus Associate Professor, Department of Educational Leadership, University of Nevada, Las Vegas	BEND, OR
Ruth Glass	Head of School (Retired), Lake Tahoe School	TUCSON, AZ
Stefanie Phillips	CEO, Chamberlin Education Foundation	RICHMOND, CA
Sydnee Dickson	State Superintendent of Public Instruction, Utah State Board of Education	SALT LAKE CITY, UT
Tacy C. Ashby	Strategic Educational Alliances, Grand Canyon University	PHOENIX, AZ
Terry Hansen	Government Programs Consultant, Strategic Partnerships, LLC	ALEXANDRIA, VA
Tonia Holmes-Sutton	Executive Director, Teach Plus Nevada	LAS VEGAS, NV
William A. Thorne, Jr.	Retired Judge, Utah Court of Appeals	SALT LAKE CITY, UT
William Speer	Director, Mathematics Learning Center, University of Nevada Las Vegas	LAS VEGAS, NV

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Melinda Brookshire

SUMMARY OF RELATED EXPERIENCE

Melinda Brookshire is a Project Director for multiple projects at WestEd's Center for Child and Family Studies. Projects include the Desired Results Training and Technical Assistance Project, California Preschool Online, and the California Preschool Instructional Network Project for the California Department of Education, Missouri, New Hampshire, and Minnesota.

Brookshire has worked in the field of early childhood education her entire career. During the last decade, Ms. Brookshire currently leads projects that develop and provide training in assessment, standards, and curriculum for teachers and administrators serving children and families 0-11. This work addresses all children's needs, including multilingual learners and children with disabilities. Her projects are responsible for developing online courses, online and face-to-face training materials, interactive websites, and assessment applications. Ms. Brookshire also developed dual language modules.

Before joining WestEd, Brookshire worked at the U.S. Department of Defense Education Activity (DoDEA), culminating her years as the early childhood coordinator for all DoD schools worldwide preschool through third-grade programs. During that time, NAEYC accredited all the preschool programs. DoDEA implemented standards for P-3, an observational authentic assessment system for P-3, all-day kindergarten, and reduced class size for grades 1-3. DoDEA provided professional development to all sites and appropriate materials to ensure that all classrooms and playgrounds P-3 were appropriate and instructional strategies were implemented to fully realize the benefits of the initiatives. Brookshire worked closely with school principals, district early childhood coordinators, and regional personnel to implement the early childhood program. Brookshire designed and delivered training to more than 3,000 early childhood educators. She led the effort to create curriculum guides for preschool through third grade, including guidance for all children and a preschool to third-grade teaching credential.

EDUCATION

1989–1999	60 units postgraduate in Early Childhood Literacy, Math, Assessment, Professional Development, and Educational Leadership
1988	Master of Science in Education, Early Childhood Special Education Emphasis, Boston University
1975	Bachelor of Science in Education, Early Childhood Emphasis, Arizona State University

PROFESSIONAL EXPERIENCE

2003–Present *Director of Projects*, Center for Child & Family Studies
WestEd, Sausalito, CA

Desired Results Training for Children and Families, Training and Technical Assistance Project, California Early Childhood Online; the California Preschool Instructional Network (CPIN), Illinois Kindergarten Individual Development Survey, Tennessee Kindergarten Entrance Inventory, CalProNet, DRDP Training, and Technical Assistance Missouri and Minnesota.

Directs and provides oversight of all aspects of the projects. Responsible for review and production of all materials, recommendations for translation, and development of supplementary materials and resources for the field; extensive online modules development and site; development of training plans and execution of all training for statewide implementation; implementation of the Desired Results System in coordination with state boards of education; and supervision of the Camarillo office operations.

2001–2002 *Educational Consultant*
Los Angeles Unified School District, Los Angeles, CA

1997–2000 *Instructional System Specialist*
Department of Defense Education Activity (DoDEA), Arlington, VA

Responsibilities included supervising and managing the preschool through third-grade programs in DoDEA. DoDEA consists of the Department of Defense Dependents Schools (DoDDS), which is the public school system for the children of American military members stationed in 12 countries, Guam and Puerto Rico, and the Department of Defense Domestic Elementary and Secondary Schools (DDESS), which administered schools located on military bases in seven states.

1994–1997 *Early Childhood (PK-3) and Social Studies (PK-12) District Coordinator*
United Kingdom District, Department of Defense Education Activity (DoDEA), Arlington, VA

1993–1994 *Scholar-in-Residence, Early Childhood Education*
United Kingdom District, Department of Defense Education Activity (DoDEA), Arlington, VA

Tamarra Osborne

[redacted]

WestEd
WestEd.org

SUMMARY OF RELATED EXPERIENCE

Tamarra Osborne is a master trainer for the Desired Results Training and Technical Assistance Project, established by California Department of Education. The aim of this project is to improve program quality in early care and education programs across the state of California This role includes the development of a variety of professional learning modalities and providing training and technical assistance in Tennessee, Illinois, Missouri, and Minnesota.

EDUCATION

2011 M.S., Teacher Education, emphasis in ECE, California State University East Bay

1999 B.A., Early Childhood Education, California State University Sacramento

PROFESSIONAL EXPERIENCE

2012–Present *Early Childhood Content Expert,* WestEd, Center for Child and Family Studies Project Oakland, CA

Develop professional learning materials (including online modules) for early childhood teachers and administrators to support statewide implementation of the Desired Results system

Conducting online training modules for statewide implementation of the Desired Results project in five states California, Illinois, Minnesota, Missouri, Tennessee)

Provide face to face teacher trainings and technical assistance in regards to developmental assessment for early education in five states (California, Illinois, Minnesota, Missouri, Tennessee)

Provide presentations at both the local and national level for early childhood education on several topics, 4-5 times per year (NAEYC, NHSA, First 5 CA, CCDAA)

Provide coaching and certification for the Certified Trainers Institute in California and Illinois

Provide direct coaching to early childhood cohorts regarding observational assessment

Support more than 100 *California Department of Education Desired Results* certified trainers on a quarterly basis to maintain statewide consistency of training information

2002–2012 *Center Director, Kidango, Fremont CA*

Ensure that center meets Title 22 and Title 5 regulations. Conduct extensive trainings for staff on developmentally appropriate curriculum, DRDP-R assessments, developmental milestones for children. Hold monthly staff meetings and quarterly parent meetings on developmental topics. Experience in all aspects of staff management. Communicate with agency and city wide partners.

2001 *Kindergarten Teacher, Kindercare Alameda CA*

Responsible for daily large and small group activities, and helping maintain an orderly classroom environment. Supervised children's daily activities. Implemented lesson plans on a daily basis. Interacted with families from diverse cultures and backgrounds

1997–2000 *Assistant Teacher, Christopher Robin Childcare Center Sacramento CA*

Assisted teachers with day-to-day operations of small child care center. Helped to create developmentally appropriate activities for young children.

SELECTED PRESENTATIONS

- National Association for the Education of Young Children (2012, 2013, 2014, 2015, 2016)
    - Creative Coaching
    - Developmental Assessment in 3 states
    - DRDP 2015 (dual language model)
    - Family Partnerships
- California Association for the Education of Young Children (2013, 2014, 2015, 2016)
    - DRDP 2015
    - DRDPTECH
    - California Early Childhood Online
    - Professional Development at your Fingertips

- Assessing Dual Language Learners

- California Child Development Administrators Association (2013, 2014, 2015, 2016)
  - DRDP 2015
  - DRDPTECH
  - California Early Childhood Online
  - Professional Development at your Fingertips
- California Head Start Association (2013, 2014, 2015, 2016)
  - DRDP 2015
  - Creative Coaching
  - Importance of Physical Development in the Early Childhood Classroom
- National Head Start Association (2013, 2014, 2015, 2016)
  - Assessing Dual Language Learners
  - Using Data to Inform Classroom Practice
  - Family Engagement
  - California Online Learning Resources
- First 5 California (2016)
  - Linking Collaborative Assessment to Collaborative Instruction Using DRDP (2015) Reports: How All Children Benefit
- Inclusion Conference (2015, 2016)
  - Linking Collaborative Assessment to Collaborative Instruction Using DRDP (2015) Reports: How All Children Benefit

SELECTED PROFESSIONAL ACTIVITIES

- Professional Growth Advisor (Child Development Training Consortium)

PROFESSIONAL AFFILIATIONS

- National Association for the Education of Young Children

- Learning Forward
- California Association for the Education of Young Children

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mlc

Frank Edelblut
Commissioner

Christine M. Brennan
Deputy Commissioner

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, NH 03301
TEL. (603) 271-3495
FAX (603) 271-1953

June 6, 2023

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

REQUESTED ACTION

Authorize the Department of Education, to exercise the first of three renewals to an existing **sole source** contract with WestEd (VC #177860) San Francisco, CA to update training materials, provide Technical Assistance and oversee the administration of the Desired Results Developmental Profile (DRDP) Online data system to ensure the fidelity of administration of the DRDP assessment tool and the DRDP Online data system, by increasing the price limitation by $389,000 from $389,500 to $778,500 and extending the completion date from June 30, 2023 to June 30, 2025 effective upon Governor and Council approval. The original contract was approved by Governor and Council on November 10, 2021, Item #46. 100% Federal Funds

Funds are anticipated to be available in FY24 and FY25, in the accounts titled IDEA-Special Education-Preschool and IDEA-Special Education upon the availability and continued appropriation of funds in the future operating budget, with the authority to adjust encumbrances between fiscal years within the price limitation through the Budget Office, without further Governor and Council approval, if needed and justified.

FY	Account 06-56-56-562010 Contracts for Program Services	Current Authorized Amount	Requested Action	Amount
22	25040000-102-500731	$236,500	-	$236,500
22	25050000-102-500731	$60,000	-	$60,000
22	30650000-102-500731	$58,000	-	$58,000
23	25040000-102-500731	$23,000	-	$23,000
23	30650000-102-500731	$12,000	-	$12,000
24	25050000-102-500731	-	$228,000	$228,000
25	25050000-102-500731	-	$27,000	$27,000
25	25040000-102-500731	-	$134,000	$134,000
Total		$389,500	$389,000	$778,500

EXPLANATION

This request is sole source because the DRDP System, including the DRDP assessment and DRDP Online data system, was developed by California Department of Education, Early Learning and Care Division (CDE/ELCD) and is proprietary to that department and its selected contractor, WestEd. WestEd is also the sole contractor for the CDE/ELCD authorized to offer training and technical assistance on the Desired Results system. WestEd's trainers have worked with the DRDP System since its inception and are recognized as experts by the state, often providing information and resources to other state-sponsored projects..

The New Hampshire Department of Education wishes to continue the contract with WestEd because the DRDP Online data system and reporting tool have been customized for New Hampshire and are working well above acceptable standards.

The services under this amendment will create online training modules, coach teachers and staff, create guidance documents and reporting. The services will also support fidelity administration of the DRDP assessment tool and related data system to ensure accurate and timely data collection, analysis and reporting as required for state and federal reporting. WestEd will oversee the data system, monitoring and rectifying any system issues; collaborate with the Department of Education on any upgrades or updates needed to align with NH laws, administrative rules, and reporting requirements; and provide ongoing support for NH-based DRDP trainers.

Respectfully submitted,

Frank Edelblut
Commissioner of Education

STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY
27 Hazen Dr., Concord, NH 03301
Fax: 603-271-1516 TDD Access: 1-800-735-2964
www.nh.gov/doit

Denis Goulet
Commissioner

June 2, 2023

Frank Edelblut, Commissioner
Department of Education
State of New Hampshire
101 Pleasant Street
Concord, NH 03301

Dear Commissioner Edelblut:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to enter into a contract amendment with WestEd, as described below and referenced as DoIT No. 2022-011A.

The purpose of this request is to continue administration and coordination of the DRDP online data system, create online training modules, coach teachers and staff, and create guidance documents and reporting.

The Total Price Limitation will increase by $389,000 for a New Total Price Limitation of $778,500, effective upon Governor and Council approval through June 30, 2025.

A copy of this letter must accompany the Department of Education's submission to the Governor and Executive Council for approval.

Sincerely,

Denis Goulet

DG/jd
DoIT #2022-011A

cc: Tim DePalo, IT Manager

STATE OF NEW HAMPSHIRE

Department of Education:

DRDP Training & Customization 2022-011

AMENDMENT A (1)

INFORMATION TECHNOLOGY

INTRODUCTION

WHEREAS, pursuant to an Agreement approved by Governor and Council, on 11/10/21, Item #46 (herein after referred to as the "Agreement"), WestEd (hereinafter referred to as "Contractor" agreed to supply certain services upon the terms and conditions specified in the Agreement and in consideration of payment by the Department of Education (hereinafter referred to as the "Department"), certain sums as specified therein;

WHEREAS, pursuant to the Agreement Section 17: Amendment and the provisions of the Agreement, the Agreement may be modified or amended only by a written instrument executed by the parties thereto and approved by the Governor and Executive Council.

WHEREAS, the Vendor and the Department have agreed to amend the Agreement in certain respects;

WHEREAS, the Department and the Vendor wish to increase the Contract price by $389,000 from $389,500 to $778,500 upon Governor and Council approval and extending the end date from June 30, 2023 to June 30, 2025.

WHEREAS, the Department and the Vendor seek to clarify the Agreement.

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

The Agreement is hereby amended as follows:

1. Amend Section 1.6 of the State of New Hampshire P-37 General Provisions by removing account 30650000-102-500731.
2. Amend Section 1.7 of the State of New Hampshire P-37 General Provisions by changing the end date to June 30, 2025.
3. Amend Section 1.8 of the State of New Hampshire P-37 General Provisions by increasing the Price Limitation by $389,000 from $389,500 to $778,500.
4. The Agreement is further amended as described in Table 1:

TABLE 1: AMENDMENT DETAILS	
Exhibit B Statement of Work & Business/Technical	AMENDED TEXT

Requirements	
Section 7	7.2.1 Replace State Contract Manager with: Bureau of Special Education Support, Office of Training and Monitoring Administrator Janelle Lavin, Administrator (603) 271- 3741 Janelle.C.Lavin@doe.nh.gov 7.2.2 Replace State Project Manager with: Bureau of Special Education Support, Office of Training and Monitoring Preschool 619 Coordinator (TBD) (603) 271-3741
Section Number 8	Add: Task 9: State Level Collaboration (July 1, 2023 – June 30, 2025) • Collaborate with Department of Education regarding any upgrades or updates or OSEP reporting needs • WestEd will maintain a regular meeting schedule and follow the established lines of communication. • Oversee the DRDP Online data system and collaborate with agencies • Support New Hampshire DRDP certified trainers with quarterly update meetings and an online conference center to maintain current training materials Task 10: Branded DRDP Online tutorials • Screen cast tutorial including accessibility elements • FY24 10 tutorials that cover NH specific aspects of DRDP Online • FY 25 6 tutorials that cover NH specific aspects of DRDP Online Task 11: Certified Trainer (July 1, 2023 – June 30, 2024) • NH staff earns certification to provide DRDP training (1 participant at $6,500) o After fulfilling prerequisites, participants must complete an eight-session virtual training program which includes presentation skills training, co-training with institute faculty, and a final certification process. Certified trainers receive access to the DRDP online conference center and may provide unlimited training as part of their job duties within their agency. Maintaining certification includes attendance at quarterly update webinars.

	Task 12: Coaching (July 1, 2023 – June 30, 2024)
	• 6 months of bi-monthly coaching sessions for a cohort of 30 teachers and NHED staff.
	  o Participants will receive:
	  ▪ DRDP Focused coaching around observation and assessment
	  ▪ A copy of the book, The Power of Observation
	  ▪ Online coaching resources
	  o Pre and post coaching session meetings with NHED staff to prepare to facilitate coaching session in future years.
	
	Task 13 Online Training Module (July 1, 2023 – June 30, 2025)
	• An Asynchronous interactive online training module (approximately 1 hour of learning) to be hosting on an existing Canvas platform
	• A Synchronous module based on the Asynchronous module with a facilitator guide and individual activities replaced with group activities
	• A downloadable version of the Synchronous module
	• Facilitator training (including 2-4 live webinars)
	• Part 1 Plan and Develop the online module content
	  o Two online training modules with options for Synchronous and Asynchronous learning
	• Part 2 Load and Publish modules to Canvas
	  o Two online training modules with options for Synchronous and Asynchronous learning
	
	Task 14 OSEP Reporting (July 1, 2023 – June 30, 2025)
	• Analyze and align psychometric functionality for OSEP reporting for data base, API, and reports.
	
	Task 15 Guidance Documents (July 1, 2023 – June 30, 2024)
	• Create NH specific DRDP guidance documents including:
	  o Alignment documents between the New Hampshire standards and the DRDP
	  o Teacher guidance documents
	  o Family guidance documents
	• Administration guidance documents

Exhibit C	**AMENDED TEXT**

Price and Payment Schedule	
Section 10.1	ADD

ACTIVITY / DELIVERABLES / MILESTONES				
	ACTIVITY, DELIVERABLE, OR MILESTONE	DELIVERABLE TYPE	PROJECTED DELIVERY DATE	Milestone Payment upon Acceptance
9	State Level Collaboration and Administration Ongoing meetings, communications with New Hampshire, oversight of work, and training supports (July 1, 2023 – June 30, 2024)	Non-Software	Quarterly Payments	$35,000
10	State Level Collaboration and Administration Ongoing meetings, communications with New Hampshire, oversight of work, and training supports (July 1, 2024 – June 30, 2025)	Non-Software	Quarterly Payments	$35,000
11	Branded DRDP Online tutorials: 10 tutorials that cover NH specific aspects of DRDP Online (July 1, 2023 – June 30, 2024		Ongoing	$50,000

	12	Branded DRDP Online tutorials: 6 tutorials that cover NH specific aspects of DRDP Online (July 1, 2024 – June 30, 2025)			$30,000
	13	Certified Trainer (July 1, 2023 – June 30, 2024	Non-Software	Ongoing	$6,500
	14	Coaching: 6 months of bi-monthly coaching sessions for a cohort of 30 teachers and NHDOE staff (July 1, 2023 – June 30, 2024	Non-Software	Ongoing	$20,000
	15	Online Training Module Part 1: Two online training modules with options for Synchronous and Asynchronous learning (July 1, 2023 – June 30, 2024)	Non-Software	ONGOING	$80,000
	16	Online Training Module Part 2: Two online training modules with options for Synchronous and Asynchronous learning (July 1, 2024 – June 30, 2025)		ONGOING	$80,000
	17	OSEP Reporting (July 1, 2023 – June 30, 2024)	Non-Software	ONGOING	$16,500

	18	OSEP Reporting (July 1, 2024 – June 30, 2025)	Non-Software	ONGOING	$16,000
	19	Guidance Documents: Create NH specific DRDP guidance documents (July 1, 2023 – June 30, 2024)	Non-Software	ONGOING	$20,000

Add:

TABLE 2: CONTRACT HISTORY				
CONTRACT AND AMENDMENT NUMBER	**AMENDMENT TYPE**	**G&C APPROVAL DATE**	**END DATE**	**CONTRACT AMOUNT**
Contract 2022-011	Original Contract	11/10/2, Item 46	June 30, 2023	$389,500
Contract 2021-011	1st Amendment	TBD, Item #TBD	June 30, 2025	$389,000
			CONTRACT TOTAL	$778,500

CONTRACTOR

Except as provided herein, all provisions of the Agreement shall remain in full force and effect. This modification shall take effect upon approval from the Governor and the Executive Council for the period of July 1, 2023 to June 30, 2025.

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

Lauren Wrotniak

Date: Jun 5, 2023

Lauren Wrotniak, Director of Contracts and Grants
WestEd

STATE OF NEW HAMPSHIRE

Date: 06/09/2023

Frank Edelblut, Commissioner of Education

State of New Hampshire

Department of Education

The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

Approved by the Attorney General

Jill Parlow

Date: 6/9/23

State of New Hampshire, Department of Justice

I hereby certify that the foregoing amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

Office of the Secretary of State

_____ Date: _____

State of New Hampshire, Department of Administration

WestEd.

WestEd.org

ATTN: Penny Duffy

New Hampshire Department of Education

25 Hall Street Concord, NH 03301-3860

June 6, 2023

To Whom It May Concern:

I hereby certify that said authority has not been amended or repealed and remains in full force and effect as of the date of the contract to which this certificate is attached. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person(s) listed above currently occupy the position(s) indicated and that they have full authority to bind the organization.

Signed: _____

Michael J. Neuenfeldt, Chief Financial Officer

WestEd

Date: Jun 6, 2023

WestEd

excellence in research, development, and service

TO: **Lauren Wrotniak, Director of Contracts & Grants**
FROM: **Michael J. Neuenfeldt, Chief Financial Officer**
DATE: **June 25, 2022**
Re: **Delegation of Signature Authority**

Whereas, policies adopted by the WestEd Board of Directors provide that its Chief Executive Officer, Dr. Glen H. Harvey, has all signature authorization required to enable the Agency to operate efficiently.

Whereas these authorizations were effective as of the date of her employment, July 1, 1997, these authorizations remain in effect at the present time, and it is the Board's intention that they will remain in effect for the duration of Dr. Harvey's services as WestEd's Chief Executive Officer. Whereas on January 24, 2012 Dr. Glen H. Harvey delegated to Michael J. Neuenfeldt, Chief Financial Officer, the authority to sign agreements which may legally bind WestEd.

Therefore based on the indications set forth herein, Michael J. Neuenfeldt delegates the following signature authority to Lauren Wrotniak in order to perform services as the Director of Contracts & Grants of WestEd:

- *Authority to sign any funding Agreement, subcontract, publishing agreement, hotel agreement or proposal document of any amount with any entity providing monetary funding or services to WestEd for program related work.*
- *Authority to sign any memorandum of understanding, teaming agreement, nondisclosure agreement, or any other type of agreement related to program services or joint program service related work.*
- *Upon approval by the* Chief Financial Officer, *or any of the Chiefs or General Counsel, authority to sign space or facilities rentals of any amount, vendor agreements, or any other binding agreements related to WestEd's ongoing business.*

This delegation shall be effective June 25, 2022 and shall remain in effect until the last date of employment of Lauren Wrotniak. This delegation is intended to override any prior delegation provided by any authorized signatory of WestEd.

Herein this delegation, there is no right to delegate authority to any other person.

ACKNOWLEDGED AND ACCEPTED

Michael Neuenfeldt (Jul 6, 2022 08:59 PDT) — Jul 6, 2022

Michael J. Neuenfeldt — Date
Chief Financial Officer
WestEd

Lauren Wrotniak — Jul 5, 2022

Lauren Wrotniak — Date
Director of Contracts & Grants
WestEd

LAW OFFICES
WEINSTEIN, BOLDT, RACINE, HALFHIDE & CAMEL
PROFESSIONAL CORPORATION
1801 CENTURY PARK EAST, SUITE 2200
LOS ANGELES, CALIFORNIA 90067-2326

DAVID A. WEINSTEIN

TELEPHONE (310) 203-8466
FAX (310) 552-7938

DIRECT DIAL 310.712.2114

May 6, 1997

BY TELECOPIER AND U.S. MAIL

John Cannon, C.P.A.
10850 Wilshire Boulevard
Suite 1200
Los Angeles, CA 90024

Re: WestEd

Dear John:

I have enclosed a copy of a favorable private letter ruling which was faxed to me this morning in connection with WestEd's I.R.C. §115 exemption request. I was pleased that we were able to obtain a favorable result after all the agonizing!

Please call me with any questions you, Gary or Robert may have with respect to the ruling.

Best regards.

Very truly yours,

David

David A. Weinstein
of WEINSTEIN, BOLDT, RACINE,
HALFHIDE & CAMEL, P.C.

DAW:bd
Enclosure
cc: Mr. Gary Barnes (w/enclosure)
Mr. Robert Christensen (w/enclosure)

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Index Number: 0115.00-00

Mr. Gary Barnes, Chief Financial Officer
WestEd
4665 Lampson Avenue
Los Alamitos, CA 90720-5199

Person to Contact:
Adrian Michur
Telephone Number:
(202) 622-3089
Refer Reply to:
CC:DOM:FI&P:2 PLR-253942-96
Date: MAY 1 1997

X	=	WestEd EIN: 94-3233542
Y	=	Far West Laboratory for Educational Research and Development EIN: 94-1625540
Z	=	Southwest Regional Laboratory for Educational Research and Development EIN: 94-2428178
Pact	=	Joint Powers Agreement
Law 1	=	Section 6500, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 2	=	Section 6502, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 3	=	Section 6507, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 4	=	Section 6508, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Letter 1	=	Determination letter dated August 16, 1966
Letter 2	=	Letter dated October 18, 1966
District 1	=	San Francisco District
District 2	=	Los Angeles District
State 1	=	California
State 2	=	Arizona
State 3	=	Nevada
State 4	=	Utah

PLR-253942-96

Dear Mr. Barnes:

This is in reply to a letter dated November 15, 1996, and subsequent correspondence, requesting a ruling that the income of X is excludable under section 115 of the Internal Revenue Code. The information submitted for consideration is summarized below.

X, Y and Z are public agencies under Law 1 of State 1. The members of X are Y and Z. The members of Y and Z are agencies of State 1, State 2, State 3 and State 4.

Under Law 2 of State 1, public agencies may agree to jointly exercise any power common to the agencies, even though one or more of the contracting agencies may be located outside State 1. Such agreements are known as "Pacts" and establish an entity that is itself a public agency for purposes of Law 1.

Under Law 3 of State 1, a Pact is a public entity separate from the parties forming it.

Under Law 4 of State 1, a Pact that has the power to hire employees, make contracts, or to hold, receive, or dispose of property can sue or be sued in its own name. X, Y, and Z each have these powers.

In Letter 1, the District Director of District 1 informed Y that it was not subject to federal income tax. The letter states that it is a determination letter, and cites section 115(1) of the Code.

In Letter 2, the District Director of District 2 informed Z that it was not subject to federal income tax, stating that Z was an instrumentality of a state.

Y and Z formed X to combine or merge the educational research and related educational activities previously conducted separately by Y and Z. X's goal, as stated in the documents relating to its formation as a Pact, is to develop fundamental improvements in education and to conduct educational research to benefit the public and private schools, colleges, and universities of States 1, 2, 3, and 4 ("Schools"). X's activities include:

1. Participating in school reform by converting educational research into practical applications, providing knowledge and assistance to Schools.

2. Distributing educational knowledge to Schools through publications, conferences, seminars, and electronic networks.

3. Helping to plan and execute long-term educational reform programs.

4. Implementing new curricula within school districts.

5. Conducting applied educational research on practical questions, such as how students learn and what is needed to implement schoolwide changes.

6. Providing strategic policy analysis, evaluating efforts to change, and developing educational products such as training modules, instructional videos, planning guides and casebooks.

The goals and activities of X are virtually identical to those of Y and Z.

X is funded by federal, state, and local government, as well as private foundations, which provide grants and research contracts. X conducts its activities throughout the United States, but concentrates them in States 1, 2, 3, and 4. X's activities are conducted exclusively by its own employees, who are hired and paid directly by X. X is controlled by a board of directors composed of all of the directors of Y and Z. The directors of Y and Z are appointed by the governing bodies or executive officer, as the case may be, of the public agencies that are the membership of Y and Z.

Section 115(1) of the Code provides that gross income does not include income derived from any public utility or the exercise of any essential governmental function and accruing to a state or any political subdivision of a state.

Rev. Rul. 71-589, 1971-2 C.B. 94, provides that the income from property held in trust by a city that was to be used by the city for certain charitable purposes is not subject to federal income tax. Although Rev. Rul. 71-589 does not explicitly so state, the holding in the revenue ruling means that a determination was made that the income in question was derived from the exercise of an essential governmental function and accrued to a political subdivision within the meaning of section 115(1) of the Code. Rev. Rul. 71-589 specifically mentions several types of functions that the trust might perform, such as support of a hospital, schools, maintenance of a park, or other purposes ordinarily recognized as municipal functions.

Rev. Rul. 90-74, 1990-2 C.B. 34, concerns an organization that is formed, operated and funded by political subdivisions to pool their casualty risks, or other risks arising from their obligations concerning public liability, workers' compensation, or employees' health. Rev. Rul. 90-74 states that the income of

the organization is excluded from gross income under section 115(1) of the Code if private interests do not participate in the organization or benefit more than incidentally from the organization. In Rev. Rul. 90-74 the benefit to the employees of the political subdivisions was excepted as incidental.

Under Rev. Rul. 77-261, 1977-2 C.B. 45, the income from a fund, established under a written declaration of trust by a state for the temporary investment of cash balances of the state and its political subdivisions, which purchase units of participation and have an unrestricted right of withdrawal, is excludible from gross income. The fund, however, is classified as a corporation and must file a federal income tax return.

Providing the Schools of States 1, 2, 3, and 4 with X's services is an essential governmental function because it is of direct benefit to the agencies comprising the memberships of Y and Z. These agencies are engaged in providing educational services, independently of the activities of X, Y, and Z. The fact that the work-product of X may be shared with private schools within States 1, 2, 3, and 4 or the rest of the United States, or to nonprivate schools within the rest of the United States, is merely an incidental private benefit. There are no facts indicating that the work-product of X is not the proprietary material of X, Y, or Z.

Accordingly, the income of X is excludable from gross income under section 115 of the Code.

This ruling is directed only to the taxpayer that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

Except as specifically provided otherwise, no opinion is expressed on the federal income tax consequences of the transaction described above.

PLR-253942-96

In accordance with the terms of a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Acting Assistant Chief Counsel
(Financial Institutions & Products)

By: William E. Coppersmith
William E. Coppersmith
Chief, Branch 2

Internal Revenue Service

Index Number: 0115.00-00

X =

Y =

Z =

Pact =

Law 1 =

Law 2 =

Law 3 =

Law 4 =

Letter 1 =

Letter 2 =

District 1 =

District 2 =

State 1 =

State 2 =

State 3 =

State 4 =

Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:
CC:DOM:FI&P:2 PLR-253942-96

Date: MAY 1 1997

This document may not be used or cited as precedent.
Section 6110 (j) (3) of the Internal Revenue Code.

WestEd

JOINT POWERS AGREEMENT

December 1, 1995

JOINT POWERS AGREEMENT

Establishing Joint Powers Agency

WestEd

THIS AGREEMENT is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article I of the California Government Code (the Joint Powers Act) and provides for the joint exercise of powers between Far West Laboratory for Educational Research and Development ("FWL") and Southwest Regional Laboratory for Educational Research and Development ("SWRL"):

WITNESSETH:

WHEREAS, the parties hereto, FWL and SWRL, find and determine that it is to the mutual benefit of the parties and in the best public interest that said parties, both defined as public entities under the Joint Powers Act, join together to establish a Joint Powers Act Agency to accomplish the purposes hereinafter set forth; and

WHEREAS,, the parties hereto, FWL and SWRL, find and determine that more effective services can be provided while improving efficiencies in operations and eliminating duplication of effort by joining together to conduct operations under the auspices of a new Agency; and

WHEREAS, the parties hereto, FWL and SWRL, find and determine that each party holds title to certain real property that is subject to grant conditions running to the respective party and it is desirable for each party to retain title to such property but to cooperate in the management of such real property; and

WHEREAS, the parties hereto, FWL and SWRL, find and determine that there remains a need to develop fundamental, significant improvements in education and to conduct educational research in order to solve the problems and to serve the needs of the public and private schools, colleges and universities of Arizona, California, Nevada and Utah; and

WHEREAS, the parties hereto, FWL and SWRL, have found that significant, fundamental improvements in education in Arizona, California, Nevada and Utah require thorough and complete planning and concentrated effort by the total community, including parents, local school board members, and the scientific, cultural, industrial sectors, as well as by the professional educators in schools, colleges, and universities; and

WHEREAS, the coordinating and cooperative efforts required of the public and private educational and research agencies are of such a magnitude that it is necessary for the parties to join together to establish an agency to be known as WestEd in order to accomplish the purposes set forth herein;

NOW, THEREFORE, the parties mutually agree as follows:

ARTICLE 1. TERMS OF AGREEMENT.

This Agreement shall be effective December 1, 1995 upon the execution hereof by FWL and SWRL, as attested by the signatures of execution on the final page hereof, and shall continue in effect until terminated as provided herein.

ARTICLE 2. NAME OF AGENCY.

FWL and SWRL hereby agree that a public agency, wholly separate and apart from FWL and SWRL, be and is hereby created under the aforesaid provisions of law, and shall hereafter be designated as "WestEd" and hereinafter referred to as "Agency,"

ARTICLE 3. CONTROL OF AGENCY.

The Agency shall be under the control of a Board of Directors, hereinafter referred to as the "Board,," who shall be the designated board members of FWL and SWRL and such additional members as may be appointed by the Board.

ARTICLE 4. NOTICES.

The Board, by resolution, shall designate a specific location at which it will receive notices, correspondence and other communications, and shall designate an officer for the purpose of receiving service on behalf of the Agency,

ARTICLE 5. MEETINGS.

The Board may hold special meetings as it may determine and shall hold regular meetings at least once every three months; The date, hour and place for each such regular meeting shall be fixed annually by resolution of said Board, which resolution shall be publicly posted for two weeks on the bulletin board regularly used for official notices by the Agency. The secretary to the Board shall cause to be kept minutes of its meetings, both regular and special,

ARTICLE 6. VOTING.

The presence of a majority of the directors then appointed shall be required in order to constitute a quorum necessary for the transaction of the business of the Board. No action of the Board shall be valid unless a majority of such quorum of directors then appointed concur therein by their votes.

ARTICLE 7. AFFIRMATIVE ACTION.

Selections of persons for appointment to the Board, and employment of persons in positions within the Agency will be conducted in a manner which ensures that there is no discrimination against any Board member or employee, or candidates for these positions, because of age, sex, race, color, religion, national origin, or handicap. Positive action will be taken to further and enhance the representation of women, members of minority groups, and handicapped persons on the Board and staff of the Agency.

ARTICLE 8. OFFICERS AND EMPLOYEES.

The Board shall annually elect a chairperson from its members,

The Board shall appoint, and fix and cause to be paid, the compensation of the Chief Executive Officer, who shall act as Chief Administrative Officer of the Agency, and who shall perform such other and further duties as may be determined by the Board.

The members of the Board, other than the Chief Executive Officer serving ex officio, shall serve without compensation but may be reimbursed for necessary expenses incurred in connection with attendance at meetings of the Board or for necessary expenses incurred in performing services on behalf of and at the prior and express request of the Board,

The appointees and employees of said Agency shall not be deemed by operation of this Agreement to be the employees of either FWL or SWRL, No member of the Board nor any officer, appointee, or employee of the Agency shall be entitled to any compensation or fringe benefits, including but not limited to sick leave, retirement, pension, or vacation, from FWL or SWRL by virtue of his or her office or employment by the Agency. Provided that nothing shall prohibit the Agency from contracting for the services of employees of FWL or SWRL, or of other institutions or organizations, and reimbursing them for the costs, including salaries and fringe benefits, involved in providing such services. Further provided that nothing herein shall prohibit the Agency and FWL or the Agency and SWRL from agreeing that employees of FWL or SWRL, respectively, may also be employees of the Agency,

ARTICLE 9. SCOPE OF POWERS.

(a) The Agency shall be an administrative, initiating, advisory, coordinating, and evaluating entity, The Agency shall have the power and authority to exercise any power common to the parties hereto, FWL and SWRL, and to exercise any power set forth in the California Government Code, Section 6508, provided that the same are for furtherance of the objectives of this Agreement as contained herein and in the recitals set forth above, and may to

the extent permissible thereunder, enter into contracts in its own name with persons and with public or private agencies, boards, and other entities all subject to the terms and conditions of this Agreement.

(b) Neither the Agency nor the Board shall have any power or authority to bind FWL, SWRL or the signatory parties to the Joint Powers Agreement creating FWL or SWRL to the debts, liabilities and obligations of the Agency and no debt, liability or obligation of the Agency shall be the debt, liability or obligation of FWL, SWRL or the signatory parties to the Joint Powers Agreement creating FWL or SWRL,

(c) Pursuant to Section 6509 of the California Government Code, the exercise of the powers of the Agency shall be in accordance with the manner of exercising such powers by FWL and SWRL, which is in accordance with the procedures followed by the Regents of the University of California.

(d) The Board shall adopt appropriate rules not inconsistent herewith for the orderly transaction of its business,

(e) The Agency shall have no power or authority to incur any obligations for itself or on behalf of FWL or SWRL in excess of the amount appropriated to its use by a funding source. Provided, however, the Agency is authorized to obtain funds for a short period of time to meet operational expenses from advances of funds from FWL or SWRL or from private lending sources.

(f) The Agency shall, without limitation, have the specific power to establish or contract with research centers and laboratories, to carry out or suggest experimental educational projects, to develop pilot educational programs, to conduct or authorize educational research and development including the development of all varieties of educational materials, teaching aids, and other educational components, to collect and disseminate educational information, to coordinate educational research programs, to develop educational prototypes, to evaluate educational programs and activities, and to engage in other similar, related activities.

ARTICLE 10. ADVISORY COUNCIL.

The Agency may from time to time establish and abolish one or more advisory councils to perform such functions as the Agency may determine.

ARTICLE II. INSURANCE.

The Agency shall insure itself, FWL, SWRL and the members of the Board from loss, liability, and claims arising out of or in any way connected with the performance of this Agreement.

ARTICLE 12. FUNDS AND EXPENDITURES.

(a) The Agency shall have the power and authority to receive, accept, and expend or disburse, funds by contract or otherwise, for purposes consistent with the provisions hereof, which funds may be provided by the United States Government, any State, or any subdivision of a State, and from any other person, agency or organization, whether public or private, for the purposes specified herein, and shall have the duty to maintain at all times a complete and accurate system of accounting for said funds.

(b) The Agency shall have the power and authority to receive, accept, and utilize the services of personnel offered by FWL or SWRL, or their representatives or agents; to receive, accept, and utilize property, real or personal, from FWL or SWRL, or their agents or representatives; and to receive, accept, and expend or disburse funds, by contract or otherwise, for purposes consistent with the provisions hereof, which funds may be provided by FWL or SWRL, or their agents or representatives, The Agency is authorized to enter into interagency agreements with state agencies pursuant to Section 6514.5 of the California Government Code.

(c) Each and every expenditure of funds shall be authorized or approved by the Board pursuant to a budget process as described in subsection (f) hereof, or by other appropriate procedures approved by the Board, and shall be audited by a firm of certified public accountants to be selected by the Board and paid by the Agency,

(d) The Agency shall have no power or authority to assess FWL or SWRL, the signatory parties to the Joint Powers Agreement creating FWL or SWRL or the members of the Board for dues or contributions of any kind whatsoever.

(e) The Board shall establish procedures for the investment or deposit of its funds.

(f) The Board shall adopt appropriate budgetary procedures, The Agency shall file annually with the designated representatives of FWL and SWRL a statement of the actual income and expenditures made during the prior fiscal year.

(g) The "fiscal year" of the Agency shall be December 1 to and including the following November 30, or such other annual period as may be prescribed from time to time by resolution of the Board,

ARTICLE 13. WITHDRAWAL OF PARTIES AND TERMINATION.

The powers and authority of the Agency shall continue until termination of this Agreement, The Agreement may be terminated at any time upon mutual written agreement of FWL and SWRL, Upon two (2) year's prior written notice, FWL or SWRL may withdraw from its status as a party to this Agreement, provided that at such time it has either discharged, or has arranged to the satisfaction of the remaining party for the discharge of, any pending obligations it expressly may have assumed hereunder, and that written notice of intention to so withdraw has been served. upon the effective date of withdrawal, the Joint Powers Agreement will terminate. Upon the termination date all contracts held by the Agency shall be assigned, to the extent permitted under the contract, to the party with primary duties under the contract or according to terms mutually agreed upon by FWL and SWRL.

ARTICLE 14. DISPOSITION OF PROPERTY AND FUNDS.

In the event of the final termination of this Agreement, any property interest remaining in the Agency following discharge of all obligations due by the Agency shall be disposed of by sale or other disposition according to law, and the proceeds, in cash or by their fair market value in kind at the time of final termination, distributed to FWL or SWRL in proportion to its respective contributions to the Agency.

ARTICLE 15. DISPUTE RESOLUTION.

Any dispute arising from disposition of assets of the Agency, assignment of contracts or any other matter related to this Agreement shall be resolved by alternative dispute resolution procedures, culminating in binding arbitration with a single neutral arbitrator in San Francisco, California, Neither party shall have the right to bring an action in court against the other party for any dispute arising from or related to this Agreement.

ARTICLE 16. AMENDMENTS.

This Agreement may be amended at any time by mutual agreement of FWL and SWRL according to the procedures of said parties, provided said amendment is to further carry out the purposes hereinabove expressed. Any such amendment shall be effective upon the date of final execution thereof by FWL and SWRL.

ARTICLE 17. SEVERABILITY.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

FAR WEST LABORATORY
FOR EDUCATIONAL RESEARCH
AND DEVELOPMENT

BY: _____
Fay B. Haisley
Chair of Board

BY: _____
Dean Nafziger
Executive Director

SOUTHWEST REGIONAL LABORATORY
FOR EDUCATIONAL RESEARCH
AND DEVELOPMENT

BY: _____
Robert S. McCord
Chair of Board

BY: _____
Edwin Myers
Executive Director

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/23/2022

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

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

PRODUCER
Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc.
595 Market Street, Suite 2100
San Francisco CA 94105

License#: 0726293

CONTACT NAME: Angie Bray
PHONE (A/C, No, Ext): 415-546-9300 FAX (A/C, No): 415-536-8499
E-MAIL ADDRESS: Angie_Bray@ajg.com

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A	ACE American Insurance Company	22667
INSURER B	Travelers Casualty and Surety Co of America	31194
INSURER C	Travelers Property Casualty Insurance Co	36161
INSURER D		
INSURER E		
INSURER F		

INSURED
WestEd
730 Harrison Street, Suite 500
San Francisco CA 94107

WESTED0-01

COVERAGES — CERTIFICATE NUMBER: 1695706016 — 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 INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
B	X COMMERCIAL GENERAL LIABILITY	Y		[redacted]	11/30/2022	11/30/2023	EACH OCCURRENCE	$ 1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 2,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$ 2,000,000
	OTHER:							$
B	AUTOMOBILE LIABILITY			[redacted]	11/30/2022	11/30/2023	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR			[redacted]	11/30/2022	11/30/2023	EACH OCCURRENCE	$ 15,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$ 15,000,000
	DED RETENTION $							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			[redacted]	11/30/2022	11/30/2023	X PER STATUTE OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
A	Cyber/Professional Liability Retrodate: 5/7/2014			[redacted]	11/30/2022	11/30/2023	Each Claim/ Aggregate Retention	$5M/$5M $50,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
New Hampshire Department of Education is included as additional insured with respect to General Liability per attached endorsement where required by written contract.

CERTIFICATE HOLDER

New Hampshire Department of Education
101 Pleasant Street
Concord NH 03301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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WestEd.org

Our Mission

WestEd, a nonpartisan research, development, and service agency, works with education and other communities to promote excellence, achieve equity, and improve learning for children, youth, and adults.

WESTED
(A JOINT POWERS AGENCY)

AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY
COMPLIANCE INFORMATION

November 30, 2022

WESTED
(A JOINT POWERS AGENCY)

AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY COMPLIANCE INFORMATION
November 30, 2022

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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WestEd
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WestEd, as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise the WestEd's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of WestEd, as of November 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WestEd, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the WestEd's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WestEd's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the WestEd's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on page 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise WestEd's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic 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 March 24, 2023 on our consideration of WestEd'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WestEd's 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 WestEd's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Costa Mesa, California
March 24, 2023

The following discussion and analysis provides an overview of the financial position and activities of WestEd for the year ended November 30, 2022. It also includes historical data and highlights various financial measures that can be used to assess WestEd's financial condition. This discussion has been prepared by management and should be read in conjunction with the financial statements contained in the following section.

BACKGROUND

WestEd was established as a California Joint Powers Agency (JPA) by Far West Laboratory for Educational Research and Development (FWL) and Southwest Regional Laboratory for Educational Research and Development (SWRL) in 1995. JPAs are public entities formed pursuant to the California Government Code (and consistent with similar statutes in Arizona, Nevada, and Utah), by two or more other public entities.

Both FWL and SWRL were among the original regional educational laboratories established by Congress in 1966. WestEd, like its founding agencies, continues to serve the states of Arizona, California, Nevada, and Utah as the U.S. Department of Education's designated Regional Educational Laboratory - West. The agency's work, administered within three divisions, now extends throughout the United States and abroad. WestEd currently employs 972 regular staff in thirteen offices nationwide.

Sources of Operating Revenue

The agency's contract and grant funding is currently derived from the funding sources listed below.

SOURCES OF OPERATING REVENUE
($ in thousands)

	FY 2022	Percent	FY 2021	Percent
Federal Agencies	$64,898	31%	$51,047	30%
State Agencies	62,485	29%	40,883	24%
Local Educational Agencies	31,000	15%	30,818	18%
Foundations	12,126	6%	15,402	9%
Other	41,169	19%	33,113	19%
Total	$211,678	100%	$171,263	100%

WestEd's funding is obtained primarily through competitive contracts and grants, sole source contracts and grants, and the provision of products and services to clients. WestEd receives contract and grant funding from a variety of organizations and entities, including governmental agencies (federal, state, and local), private foundations, for-profit companies, and other educational organizations (primarily through subcontracts). WestEd does not have an endowment or guaranteed source of financial support. Since its grants and contracts are both short term and multiyear, a certain percentage of the agency's revenue must be replaced each year.

(Continued)

BACKGROUND (continued)

Grants vs. Fee Contracts

The mix between contracts and grants received at WestEd is an important factor in the agency's ability to raise working capital to support operations. Grants permit the recovery of actual costs incurred only up to the amount of the award. The best financial outcome from income received by grants is break-even (unlike contracts, which may be fee bearing or fixed price and include a target fee). Contracts that are fee bearing have fees budgeted in a range of three to five percent in most cases.

Nonoperating Revenue

WestEd also generates nonoperating revenue from leasing excess building space, sale of publications, investments, and royalties. Revenue generated from the remaining nonoperating income sources does not have any restriction.

Principal Cost Areas

Agency expenditures include direct costs and indirect costs.

Direct costs, representing 86.6% of revenue for the year ended November 30, 2022, are those directly associated with project work. Direct costs include standard direct costs, and service center costs. Standard direct costs include salaries, benefits, travel, consultants, subcontracts, and facilities. Service center costs, related to activities directly supporting project work, include information technology, human resources, general administration, and program services. These costs are considered "direct" for cost accounting purposes and are part of the base used for allocating indirect costs.

Indirect costs include those related to supporting the Board of Directors, the CEO's office, communications, resource development, contracts, legal, accounting, and finance activities. WestEd's approved provisional indirect rate for fiscal year 2022 was 14.20%. This rate is negotiated every year with the US. Department of Education and accepted by all other Federal Agencies. Actual indirect rate at year-end was 14.31%. The indirect rate is applied to modified direct costs. Modified direct costs are total direct costs less items of equipment, alterations and renovations, stipends, and the portion of each competitive bid sub-award in excess of $25,000 per year.

The information presented in the following section should be read in the context of WestEd's cost structure, as described above.

(Continued)

FINANCIAL HIGHLIGHTS

- Total Operating Revenues through the fiscal year ended November 30, 2022, were $211.7 million compared to $171.3 million in FY 2021, an increase of $40.4 million (23.6%). Expenses were managed and WestEd ended the year profitably with a positive operating income margin of 2.5%.

- Change in net position for the fiscal year ended November 30, 2022 was $1.6 million compared with $5.8 million in FY 2021, a decrease of $4.2 million (72.4%).

- WestEd's financial position at November 30, 2022, included total assets of $158.0 million, liabilities of $53.3 million and deferred inflow of resources of $0.7 million. Net position, which represents the residual interest in WestEd's assets after liabilities are deducted, totaled $104.0 million. The capital assets component of the net position total was $11.0 million, restricted net position was $1.4 million and the unrestricted net position component was $91.6 million as of November 30, 2022. WestEd's net position on November 30, 2021, was $102.5 million.

- WestEd implemented GASB Statement No. 87, *Leases* (GASB 87), effective December 1, 2021. This statement requires leases to be recognized and measured using facts and circumstances that existed at the beginning of the period of implementation. The implementation had no impact to beginning net position, therefore fiscal year 2021 balances have not been restated. Assets and Liabilities for the current fiscal year have increased by $8.2 million and $8.6 million respectively. Prior fiscal year balances presented in the MD&A were not adjusted to reflect the impacts of GASB 87.

STATEMENTS OF NET POSITION

The statements of net position present the financial position of the organization at the end of an accounting period and include all assets, liabilities, and deferred inflow of resources of WestEd. The difference between total assets, total liabilities and deferred inflow of resources is net position This is one indicator of the current financial condition of WestEd. While the change in net position is an indicator of whether the overall financial condition has improved or worsened during the reporting period, it is not the only indicator. This should be looked at within the context of other financial measures.

Assets and liabilities are generally measured using current values. This does not include capitalized items that are measured by their historical cost, less accumulated depreciation.

(Continued)

STATEMENTS OF NET POSITION (continued)

A comparison of WestEd's assets, liabilities, deferred inflow of resources and net position at November 30, 2022, and 2021, is as follows:

STATEMENTS OF NET POSITION
($ in thousands)

	FY 2022	FY 2021
Current assets	$ 86,069	$66,250
Long-term investments	60,362	69,383
Capital assets, net	11,052	3,826
Long-term lease receivable	479	-
Total assets	157,962	139,459
Current liabilities	46,093	36,020
Long-term accrued vacation	877	987
Long-term lease liabilities	6,237	-
Total liabilities	53,207	37,007
Deferred inflow of resources related to leases	738	-
Total deferred inflow of resources	738	-
Net position	$ 104,017	$102,452

Current Assets

Current assets consist primarily of cash, trade accounts receivable, lease receivable, short-term investments, publications inventory, prepaid expenses and other assets. These accounts totaled $86.0 million at November 30, 2022 and $66.3 million at November 30, 2021. Receivables increased year over year, driven largely by California State Agencies. Additionally, $8 million of Short-Term Investments and $3 million of Long-Term Investments were converted to cash during FY 2022 to fund increased working capital needs.

Long-Term Investments

Long-term investments are securities that have a maturity date of more than one year that totaled $60.4 million at November 30, 2022 and $69.4 million at November 30, 2021. The decrease in fiscal year 2022 was due to a net decrease in the purchases of longer-term securities and a portion was converted to cash to fund working capital as noted above.

Capital Assets- Property and Equipment

Property and equipment consist of building and leasehold improvements, equipment, and furniture. Property and equipment totaled $3.6 million at November 30, 2022 and $3.8 million at November 30, 2021. The decrease in fiscal year 2022 was primarily due to routine depreciation.

(Continued)

STATEMENTS OF NET POSITION (continued)

Capital Assets – Lease Right-to-Use

Effective December 1, 2021, WestEd has implemented Governmental Accounting Standards Board Statement 87 (GASB 87) that changes how WestEd records many of its operating leases. The foundational principle behind the change is that these leases are not just regular monthly expenses but rather are a type of long-term financing and, therefore, both an asset and a liability need to be recorded. In the case where WestEd is leasing office space from others, WestEd will now record a non-current asset representing the right to use that office space for the period of the lease. This is now a line item under Capital Assets called "Lease Right-to-Use" with a balance as of November 30, 2022, of $7.4 million.

Long-Term Lease Receivable

Lease receivable represents the present value of lease payments expected to be received during the lease term over one year. Total long term lease receivable amounted to $0.5 million.

Current Liabilities

Current liabilities consist of accounts payable and accrued liabilities, accrued compensation and benefits, accrued vacation, contract advances and lease liabilities. These accounts totaled $46.1 million at November 30, 2022, and $36.0 million at November 30, 2021. The increase of $10.1 million (28.0%) in FY 2022 was due to increases in accounts payable, contract advances, lease liabilities, accrued compensation and benefits.

Long-Term Accrued Vacation

Long-term accrued vacation consists of total accrued vacation less current portion. Long term accrued vacation totaled $0.9 million at November 30, 2022, and $0.9 million at November 30, 2021.

Long-Term Lease Liabilities

Long-term lease liabilities represent the present value of future lease payments over one year. This is now a line item on WestEd's Statements of Consolidated Net Position called "Lease-Liability" with a balance as of November 30, 2022, of $6.2 million. Over the period of the lease, WestEd will book amortization of the Lease-Right to Use asset and will also reduce the Lease-Liability by actual lease payments when made and recognize derived interest expense. WestEd is both a lessee and a lessor.

Deferred Inflow of Resources

Deferred inflow of resources represents an acquisition of net position that is applicable to a future reporting period. Total deferred inflow of resources amounted to $0.7 million.

Net Position

The net position balance represents the residual interest in WestEd's assets after liabilities and deferred inflow of resources are deducted. WestEd's net position at November 30, 2022 and 2021 is summarized below.

(Continued)

STATEMENTS OF NET POSITION (continued)

NET POSITION
($ in thousands)

	FY 2022	FY 2021
Net Investment In capital assets	$11,053	$3,826
Restricted	1,387	1,132
Unrestricted	91,577	97,494
Total net position	$104,017	$102,452

Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization.

Restricted net position represents royalties from the California Department of Education that are restricted in their use.

Unrestricted net position represents funds that have no restrictions concerning their use. They can be used to fund any WestEd activity. The decrease of $5.9 million in unrestricted was due to the recording of lease right-to-use capital assets in the amount of $7.4 million, and positive operating income and non-operating revenues (expenses) of $1.5 million .

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present WestEd's results of operations during the current year ended November 30, 2022, and 2021.

CHANGES IN NET POSITION
($ in thousands)

	FY 2022	FY 2021
Operating revenues		
Federal Agencies	$64,898	$51,047
State Agencies	62,485	40,883
Local Educational Agencies	31,000	30,818
Foundations	12,126	15,402
Other	41,169	33,113
Total operating revenues	211,678	171,263
Operating expenses	206,300	164,807
Total operating income	5,378	6,456
Non-operating revenues (net of Non-operating expenses)	(3,813)	(617)
Changes in net position	$1,565	$5,839

(Continued)

WestEd's operating revenues increased by 23.6% in fiscal year 2022 compared to fiscal year 2021. The increase was due to the year-over-year increase in Federal, State, and Other funding source categories.

Operating income in the fiscal year ended November 30, 2022, was $5.4 million, a decrease of $1.1 million compared to 2021.

Non-operating revenues (net of non-operating expenses) decreased by $3.2 million in fiscal year 2022 primarily due to an increase in net unrealized investment losses.

Request for Information

We hope that the preceding information has provided you with a general overview of WestEd's overall financial status. For questions or comments concerning information contained in this report, please contact the Office of the Controller, 3020 Old Ranch Parkway, Suite 220, Seal Beach, CA 90740.

FINANCIAL STATEMENTS

WESTED
STATEMENT OF NET POSITION
November 30, 2022

	2022
ASSETS	
Current assets	
Cash and cash equivalents	$ 22,636,270
Short-term investments	5,840,929
Receivables	54,033,394
Inventory	218,572
Prepaid expenses and other assets	3,073,827
Lease receivable	265,841
Total current assets	86,068,833
Long-term investments	60,362,326
Capital assets, net	11,052,641
Long-term lease receivable	478,446
Total assets	$ 157,962,246
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	$ 9,281,985
Accrued compensation and benefits	14,013,780
Accrued vacation	5,867,182
Advances	15,049,704
Lease liabilities	1,880,208
Total current liabilities	46,092,859
Long-term accrued vacation	877,390
Long-term lease liabilities	6,236,522
Total liabilities	53,206,771
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources related to leases	738,070
Total deferred inflow of resources	738,070
NET POSITION	
Net position	
Net investment in capital assets	11,052,641
Restricted	1,387,567
Unrestricted	91,577,197
Total net position	104,017,405
Total liabilities, deferred inflow of resources, and net position	$ 157,962,246

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

WESTED
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended November 30, 2022

	2022
Operating revenues:	
Federal Agencies	$ 64,897,986
State Agencies	62,484,947
Local Education Agencies	31,000,415
Foundations	12,126,489
Other	41,168,587
Total operating revenues	211,678,424
Operating expenses:	
Direct expenses	
Employee compensation and benefits	110,883,026
Subawards, subcontracts, outside services, travel, and other direct costs	72,356,335
Total direct expenses	183,239,361
Indirect expenses	23,061,450
Total operating expenses	206,300,811
Operating income	5,377,613
Non-operating revenues (expenses):	
Rental and parking, net	403,373
Publication sales, net	84,795
Investment income (loss), net	(3,704,160)
Other revenues	31,094
Other expenses	(628,196)
Total non-operating revenues (expenses)	(3,813,094)
Changes in net position	1,564,519
Net position, beginning of year	102,452,886
Net position, end of year	$ 104,017,405

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

WESTED
STATEMENT OF CASH FLOWS
For the year ended November 30, 2022

	2022
Cash flows from operating activities	
Federal agencies	$ 62,111,393
State agencies	49,363,120
Local education agencies	32,423,261
Foundations	12,282,638
Other	44,234,169
Other (payments) receipts	(202,376)
Cash payments to employees for direct expense services	(108,477,821)
Cash payments for subawards, subcontracts, outside services, travel, and other direct costs	(65,844,038)
Cash payments for indirect costs	(23,539,087)
Net cash provided by operating activities	2,351,259
Cash flows from capital and related financing activities	
Purchases of fixed assets	(642,691)
Principal and interest received on leases	99,761
Principal and interest paid on leases	(1,882,297)
Net cash used in financing activities	(2,425,227)
Cash flows from investing activities	
Purchase of investments	(17,186,370)
Proceeds from sales and maturities of investments	26,694,320
Interest received	1,203,569
Net cash provided by investing activities	10,711,519
Net increase in cash and cash equivalents	10,637,551
Cash and cash equivalents at beginning of year	11,998,719
Cash and cash equivalents at end of year	$ 22,636,270
Reconciliation of operating income to net cash provided by (used in) operating activities	
Operating Income	$ 5,377,613
Depreciation and amortization	2,677,109
Loss on disposal of fixed assets	3,191
Other revenue	(169,866)
Increase in receivables	(13,832,258)
Decrease in inventory	23,624
Increase in lease liabilities	690,068
Increase in prepaid expenses and other assets	(501,261)
Increase in accounts payable and accrued liabilities	3,109,419
Increase in accrued compensation and benefits	1,906,489
Increase in accrued vacation	498,717
Increase in advances	2,568,414
Net cash provided by operating activities	$ 2,351,259

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

NOTE 1 – ORGANIZATION

WestEd is a Joint Powers Agency and was established on December 1, 1995, pursuant to the provisions of Title 1, Division 7, Chapter 5, Article I of the California Government Code. WestEd was established as a public agency for the joint exercise of powers between Far West Regional Laboratory for Educational Research and Development ("FWL") and Southwest Regional Laboratory for Educational Research and Development ("SWRL"). WestEd operations are involved in education research, development and service dedicated to improving education and other opportunities for children, youth and adults. In addition to its work across the nation, WestEd serves as the regional education laboratory for Arizona, California, Nevada and Utah.

WestEd is governed by a Board of Directors (the "Board"), the members of which includes designated board members of FWL and SWRL, and additional members as appointed by the Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of WestEd conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The significant accounting policies are herein described to enhance the usefulness of the accompanying financial statements to the reader.

Fund Accounting: The accounts of WestEd are organized on the basis of an enterprise fund, the operations of which are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles. Under the accrual basis, revenue is recorded when earned and expenses are recorded when incurred, without regard to the timing of cash receipt or payment.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

Funding Sources: WestEd's operations are principally funded through contracts and grants awarded by the federal government, state agencies, local governments, and other private entities.

Revenue Recognition for Grants and Contracts: Revenue is deemed to be earned and reported when all eligibility requirements imposed by the provider have been met. In addition, for income derived from royalty and tuition type contracts, WestEd will recognize revenues when earned as defined per contract agreement. Losses on contracts are recognized when identified.

Cost Allocation: Expenses identified with specific projects are charged directly to the appropriate grant or contract. Occupancy costs are allocated on the basis of labor hours. Fringe benefits are allocated at a target rate of 63.0% (43.5% for fringe and 19.5% for leave) of employees' direct labor costs for 2022. Indirect expenses are allocated to all grants, contracts and other non-operating expenses based on direct costs. The actual indirect rate was 14.31% for 2022. Indirect costs on sub-award costs are only charged to the first $25,000 of costs of each sub-award per year.

In accordance with policies adopted by the U.S. Department of Education, WestEd uses cost principles set forth in OMB Uniform Grant Guidance.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: WestEd considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. Investments that have characteristics of demand deposits allowing WestEd to deposit or withdraw funds at any time without prior notice or penalty are included in cash equivalents.

Receivables: Receivables include amounts owed to WestEd from private individuals or organizations for services rendered. Included in receivables are unbilled amounts for which the services have been rendered but not yet billed.

Allowance for Uncollectible Receivables: A portion of receivables are estimated not to be collectible. The balance in this account is reported as a deduction from receivables to indicate a net receivables amount.

Lessee: WestEd is a lessee for noncancellable leases of office space and equipment. WestEd recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. WestEd recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, WestEd initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how WestEd determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- WestEd uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, WestEd generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that WestEd is reasonably certain to exercise.

WestEd monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, lease liabilities and deferred inflow of resources on the statement of net position.

Lessor: WestEd is a lessor for a noncancellable lease of an office space. WestEd recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, WestEd initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments include how WestEd determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- WestEd uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

WestEd monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Investments: WestEd records investments at fair value on the Statement of Net Position. The fair value of investments, primarily debt securities, is based on quoted market values. Unrealized gains and losses on investments are included in nonoperating revenues as net investment income or loss. Short-term investments are securities that have a maturity date of one year or less, net of cash equivalents. Long-term investments are securities that have a maturity date of more than one year.

Inventory: Inventory consists of publications and supplies and are stated at the lower of cost or market value using the first in, first out cost allocation method.

Capital Assets- Property and Equipment: Acquisitions of property and equipment costing $5,000 or more are capitalized. Property and equipment are carried at historical cost. Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in other non-operating revenues.

Depreciation and amortization of property and equipment are provided on the straight-line method over the following useful lives:

Building Improvements	3 - 30 years
Leasehold Improvements	3 - 10 years
Office Furniture and Equipment	5 - 10 years
Computer Equipment and Software	3 - 5 years
Right-to-use leased office space	3 - 15 years
Right-to-use leased equipment	5 - 10 years

Leasehold improvements and leases are amortized over the lesser of the useful life of the asset or term of the lease.

Accrued Vacation: It is WestEd's policy to permit employees to accumulate earned but unused vacation leave benefits. Such benefit is accrued as earned by employees. The estimated accrued vacation due within one year is included as current liability and the balance is included as a long-term liability.

Advances: Advances consist of amounts received on contracts, grants and agreements in excess of costs incurred. The amounts received in excess of costs will be recognized as revenue in the future as services are rendered and costs are incurred.

(Continued)

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at November 30, 2022, consist of:

	2022
Checking accounts	$ 22,319,722
Money market funds	316,548
Total	$ 22,636,270

The *California Government Code* requires California banks and savings and loan associations to secure WestEd's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits and collateral is considered to be held in the name of WestEd. As of November 30, 2022, WestEd had no bank balances exposed to custodial credit risk.

NOTE 4 – INVESTMENTS

WestEd's investment policies comply with California Government Code, which permits investments in U.S. Treasury obligations; U.S. agency obligations; Money market instruments including Bankers Acceptances, Certificates of Deposit and Commercial Paper; certain Medium Term Notes; Mortgage Pass-Through and Asset-Backed Securities; Supranational Securities; and certain Money Market Funds.

Investments include both short-term and long-term investments. WestEd held the following investments at November 30, 2022.

Description	Moody's Rating	Fair Value	Weighted Average Yield	Weighted Average Maturity	Percentage of Portfolio
November 30, 2022					
U.S. Treasury notes	Aaa	$18,204,392	1.74%	3.04 years	27.50%
Federal Agencies	Aaa	15,795,510	1.56%	2.20 years	23.86%
Supranational	Aaa	5,282,132	0.67%	2.69 years	7.98%
U.S. corporate	A1	18,156,621	2.07%	2.65 years	27.42%
Asset-backed securities	Aaa	7,863,480	2.10%	3.38 years	11.88%
CMO	NR	901,120	4.41%	6.82 years	1.36%
Total investments		$ 66,203,255			100.00%

Interest Rate Risk: Interest rate risk refers to the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that WestEd manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing as necessary to provide cash flow and liquidity needed for operations.

(Continued)

NOTE 4 – INVESTMENTS (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, WestEd will not be able to recover the value of its investments that are in the possession of an outside party. At year-end, WestEd's total investment balance is not exposed to custodial credit risk and there was no securities lending.

Credit Risk: WestEd's investment policy is controlled by Section 53601 of the California Government Code. Per Section 53601.7, investments in long-term debt shall be rated at least "A" without regard to modifiers by Standard & Poor's Corporation, Moody's Investors Service, or Fitch Ratings. As of November 30, 2022, WestEd is in compliance with its investment policies regarding credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The table below indicates the investments held with any one issuer representing more than 5% of total investments.

At November 30, 2022, the credit ratings of investments by investment type were as follows:

	Moody's Rating	% of Portfolio
Investments		
Fed Home Loan Bank	Aaa	9%
Fed National Mortgage Association	Aaa	7%
U. S. Treasury notes	Aaa	27%
		43%
Other issuers (in aggregate)	Aaa – NR	57%
		100%

Investment and management fees aggregating $64,811 were paid for the year ended November 30, 2022. WestEd had a net unrealized loss totaling $4,742,755 in 2022. For the years ended November 30, 2022, WestEd recognized a net realized loss of $164,974. Net realized gains and losses were recorded net of related investment and management fees. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Fair Value of Investments: WestEd measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value on a recurring basis as of November 30, 2022:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include WestEd's own data. WestEd should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to WestEd are not available to other market participants.

WestEd's investments as of November 30, 2022, were all calculated using Level 2 inputs.

(Continued)

NOTE 5 – RECEIVABLES

Receivables at November 30, 2022, consist of the following:

	2022
Due from Federal Agencies	$ 9,249,984
Due from State Agencies	32,471,348
Due from Local Education Agencies	4,727,656
Due from Foundations	524,621
Due from Other	7,329,788
	54,303,397
Less allowance for doubtful accounts	(270,003)
Total	$ 54,033,394

NOTE 6 – LEASE RECEIVABLE AND DEFERRED INFLOW OF RESOURCES

During the current fiscal year, WestEd renewed leasing one if its floors of its building to a third party. The lease is for thirty-six months and WestEd will receive variable monthly payments of $22,045 - $24,810 per month. WestEd recognized $86,041 in lease revenue and $7,502 in interest revenue during the current fiscal year related to this lease. As of November 30, 2022, WestEd's receivable for lease payments was $744,287. Also, WestEd has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of November 30, 2022, the balance of the deferred inflow of resources was $738,070.

NOTE 7 – CAPITAL ASSETS

Changes in property and equipment for the year ended November 30, 2022, are shown below:

	Balance December 1, 2021	Additions	Deductions	Balance November 30, 2022
Building improvements and leasehold improvements	$ 16,645,865	$ 235,125	$ 104,729	$ 16,776,261
Furniture	2,838,119	225,247	328,000	2,735,366
Equipment	2,227,563	180,869	198,146	2,210,286
Total property and equipment	21,711,547	641,241	630,875	21,721,913
Less accumulated depreciation:				
Building improvements and leasehold improvements	13,268,395	614,821	104,729	13,778,487
Furniture	2,601,484	121,310	326,359	2,396,435
Equipment	2,015,332	97,509	198,046	1,914,795
Accumulated depreciation	17,885,211	833,640	629,134	18,089,717
Property and equipment, net	$ 3,826,336	$ (192,399)	$ 1,741	$ 3,632,196

(Continued)

NOTE 7 – CAPITAL ASSETS (Continued)

Changes in lease right-to-use for the year ended November 30, 2022, are shown below:

	Balance December 1, 2021	Additions	Deductions	Balance November 30, 2022
Right-to-use-leased office space	$ 9,149,738	$ -	$ 2,055	$ 9,147,683
Right-to-use leased equipment	116,255	-	24	116,231
Total Right-to-use leases	9,265,993	-	2,079	9,263,914
Less accumulated amortization:				
Right-to-use leased office space	-	1,812,474	-	1,812,474
Right-to-use leased equipment	-	30,995	-	30,995
Accumulated amortization	-	1,843,469	-	1,843,469
Right-to-use leases, net	$ 9,265,993	$ (1,843,469)	$ 2,079	$ 7,420,445
Property, equipment and Right-to-use, net	$ 13,092,329	$ (2,035,868)	$ 3,820	$ 11,052,641

The depreciation expense for the year ended November 30, 2022 was $833,640 and amortization expense was $1,843,469. The Los Alamitos building and San Francisco land and building in which WestEd maintains operations, are recorded in the accounting records of SWRL and FWL, respectively.

NOTE 8 – ADVANCES

Advances at November 30, 2022, consist of the following:

	2022
Contract advances	$ 15,018,798
Tenant advances	30,906
Total	$ 15,049,704

These advances will be realized in the future as services are rendered and costs are incurred.

NOTE 9 – ACCRUED VACATION

Accrued vacation for the year ended November 30, 2022, are as follows:

	2022
Beginning balance, December 1	$ 6,245,855
Additions	7,653,219
Reductions	(7,154,502)
Ending balance, November 30, 2022	6,744,572
Current portion-due within one year	5,867,182
Long-term portion	$ 877,390

(Continued)

NOTE 10 – LEASE LIABILITY

WestEd entered into six office leases and one equipment lease. The leases have interest rate of 0.25%, and a remaining estimated life of between 2 – 6 years. WestEd made $1,859,477 in principal payments and $22,820 of interest payments related to these leases for the fiscal year ended November 30, 2022.

Principal and interest payments thereafter:

Year ending November 30	Principal	Interest	Total
2023	$ 1,880,208	$ 18,173	$ 1,898,381
2024	1,796,710	13,396	1,810,106
2025	1,366,978	9,524	1,376,502
2026	1,374,442	6,119	1,380,561
2027	1,039,016	2,909	1,041,925
2028	659,376	692	660,068
Total lease liability	$ 8,116,730	$ 50,813	$ 8,167,543

NOTE 11 – RETIREMENT AND FLEXIBLE BENEFIT PLANS

WestEd provides a defined contribution annuity purchase retirement plan for all regular and fixed-term, full-time and eligible part-time employees. Contributions are equal to 15% of the participants' salary subject to Internal Revenue Service (IRS) limits, are funded as incurred, and were $14,818,580 for the year ended November 30, 2022.

In addition, eligible employees may make additional contributions to a Supplemental Retirement/Tax Deferred Annuity (SRA). The amount the employee may contribute pre-tax is based on an Internal Revenue Service (IRS) formula.

Employees also have the option of participating in a contributory Flexible Benefit Plan. Employees make voluntary contributions of pre-tax wages. Based on the contributions, the plan reimburses employees for qualified expenses which amounted to $948,035 for the year ended November 30, 2022.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Federal Contracts: Federal contracts and grants are subject to government review within three to five years of the contract's expiration. In the opinion of management, any disallowed expenditures resulting from government review would not have a material adverse effect on the overall financial statements at November 30, 2022.

NOTE 13 – RELATED PARTIES

WestEd is provided office space to conduct its operations in Los Alamitos, California and San Francisco, California. These office spaces are owned by FWL and SWRL and are provided to WestEd free of charge.

SUPPLEMENTARY INFORMATION

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
RESEARCH AND DEVELOPMENT CLUSTER:				
U.S. Department of Education – Direct:				
Comprehensive Regional Assistance Centers	N/A	84.283B	$ -	$ 6,504,168
Comprehensive Regional Assistance Centers	N/A	84.283B	443,295	2,549,122
Comprehensive Regional Assistance Centers	N/A	84.283B	20,152	1,597,220
Comprehensive Centers		**84.283B**	**463,807**	**10,650,510**
Sub-baccalaureate Career and Technical Education: A Study of Institutional Practices, Labor Market Demand, and Student Outcomes in Florida	N/A	84.305	-	287,828
Improving Children's Understanding of Mathematical Equivalence: An Efficacy Study	N/A	84.305A	-	1,234
Word Learning Strategies: A Program for Upper-Elementary Readers	N/A	84.305A	-	125
Investigating the Use of Virtual Labs to Promote Chemical Reasoning and Practice Skills	N/A	84.305A	-	112,757
Exploring the Spatial Alignment Hypothesis in STEM Learning Environments	N/A	84.305A	-	205,313
Efficacy of ASSISTment Online Homework Support for Middle School Mathematics Learning: A Replication Study	N/A	84.305A	-	284,464
Efficacy Study of Adventures Aboard the S.S.GRIN: Social, Emotional, and Academic Skills	N/A	84.305A	36,187	652,296
Efficacy Study of an Integrated Science and Literacy Curriculum for Young Learners	N/A	84.305A	-	699,863
An Efficacy Study of the Math Spring Personalized Learning System That Responds to Student Affect	N/A	84.305A	156,552	585,723
Does School-Level Fiscal Flexibility Reduce Inequality in Student Achievement? New Evidence from Title I	N/A	84.305A	-	285,636
Improving Outcomes and Accelerating Completion with Corequisite Remediation in Mathematics: An Efficacy Study	N/A	84.305A	-	669,389
Exploring Trends and Heterogeneity in the Timing and Effects of English Learner Reclassification: A Systematic Review and Meta-Analysis	N/A	84.305A	64,526	174,955
Evaluating the Efficacy of Math by Example	N/A	84.305A	238,189	693,922
Formative Assessment Bundling Literacy and Elementary Science in the NGSS	N/A	84.305A	274,813	585,209
Leveraging Technology to Improve Children's Understanding of Mathematical Equivalence	N/A	84.305A	111,828	408,265
Elevating Engineering with English Learners	N/A	84.305A	-	161,248
Improving Children's Math Skills through a Personalized Early Learning Technology Solution: An Efficacy Study	N/A	84.305A	-	74,295

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Education – Direct (Continued):				
National Research and Development Center to Improve Education for Secondary English Learners	N/A	84.305C	$ 527,802	$ 1,738,222
Continuous Improvement of a What Works Clearinghouse Rated Early Mathematics Intervention	N/A	84.305H	-	345
Adult Numeracy in the Digital Era: Adaptive Technology for Quantitative and Digital Literacy	N/A	84.305N	12,523	492,853
A Systematic Replication Study of Interleaved Mathematics Practice	N/A	84.305R	-	149,452
National Replication Study of the Effects of Self-Affirmation on Black and Latinx Students' Academic, Disciplinary and Socio-emotional Outcomes in Different School Settings	N/A	84.305R	-	186,483
Education Research, Development and Dissemination		**84.305**	**1,422,420**	**8,449,877**
Collective Impact for Part C Child Find	N/A	84.326M	-	344,398
Special Education: Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	N/A	84.326R	-	7,198,468
Special Education, Technical Assistance and Dissemination		**84.326**	**-**	**7,543,406**
The Early Math Initiative: Scaling an Innovative Intervention to Prepare Children from Elementary School Mathematics	N/A	84.411A	-	3,281,388
Accelerating Literacy through Self-Regulation, Collaboration and Persistence: Reading Apprenticeship in North Carolina	N/A	84.411B	-	676,242
Citizen Math: Using Math Class to Create Informed, Thoughtful, and Productive Citizens	N/A	84.411B	-	1,044,175
i3 Investing in Innovation Fund		**84.411**	**-**	**5,001,805**
EAC Region IV–Western Educational Equity Assistance Center	N/A	84.004D	-	80,135
Systematic Replication of Pre-K Mathematics Tutorial: The Effect of Variation in the Intervention Delivery Model on Mathematics Achievement of At-Risk Preschool Children	N/A	84.324R	21,184	792,820
Special Education: Technical Assistance on State Data Collection – IDEA Fiscal Data Center	N/A	84.373F	-	10

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Education – Direct (Continued):				
Center for IDEA Fiscal Reporting	N/A	84.373F	$ -	$ 3,942,119
Supporting Effective Teaching with Disciplinary Inquiry	N/A	84.423A	11,400	4,229,434
The Bridge Project: Statewide Supports for Future Illinois Principals of Color	N/A	84.423A	-	10,846
The Center to Improve Social and Emotional Learning and School Safety	N/A	84.424B	239,529	1,245,801
U.S. Department of Education – Passed-Through Others:				
Passed through Maryland State Department of Education:				
WestEd Service Plan for MSDE: Title I Four Domains Framework	C-00018211	84.010	-	5,972
Passed through Westat, Inc.:				
Region 14 Comprehensive Center	6730-S-002	84.283B	-	741,650
Passed through North Carolina State University:				
Improving Conceptual Knowledge in Upper-Elementary-Science with Scaffolded Sketch-Based Modeling	R305A210358	84.305A	-	90,273
Passed through American Institutes for Research:				
Evaluating the Effectiveness of ASSISTments for Improving Math Achievement	0440300002	84.305A	-	53,663
Building and Sustaining the Capacity of Local Math Coaches to Support College-and-Career-Ready Mathematics Instructions	0482000002	84.305A	-	18,643
Evaluation of PACT: Replication in a Train-the-Trainers Context ("Project")	0501100003	84.305R	-	26,764
Passed through Arizona Department of Education:				
State Personnel Development Grant	agreement 16-03-EDSG	84.323A	-	20
Passed through Regents of the University of Minnesota:				
National Technical Assistance Center	63235	84.326G	-	189,869
Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities and Technical Assistance on State Data Collection--National Assessment Center	A009735903	84.326G	-	209,102

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Education – Passed-Through Others (Continued):				
Passed through ASSISTments Foundation Inc.:				
Recovering from COVID-Learning-Loss with a Platform to Support Human Tutoring	22-001	84.411B	$ -	$ 99,197
Passed through Worcester Polytechnic Institute:				
Scaling Teachers' Professional Development for ASSISTments	10756-GR	84.411B	-	279,626
Passed through Sonoma State University:				
Education Innovation and Research Program Early Phase	118065	84.411C	-	114,166
Total U.S. Department of Education			1,715,045	43,775,708
U.S. Department of Health and Human Services - Direct				
Predictive validity of ECERS-3 rating thresholds used in Quality Rating and Improvement Systems	N/A	93.575	-	2,942
U.S. Department of Health and Human Services – Passed-Through Others:				
Passed through Urban Strategies LLC:				
Teen Pregnancy Prevention Tier 2, Phase II Rigorous Evaluation of Promising Intervention	TP2AH000078	93.297	-	225,320
Passed through Prisms of Reality, Inc.:				
NIH Phase I SBIR Grant	1R43GM142301-01	93.859	-	84,000
Passed through Killer Snails, LLC:				
Venom Squad: Building Skills and Interest in Stem with Collaborative Augmented Reality	C-00019414	93.859	-	6,771
Passed through Lighthaus, Inc.:				
Interactive Digital Media STEM Resources for Pre-College and Informal Science Education Audiences (SBIR) (R43/44 Clinical Trial Not Allowed)	C-00016772	93.859	-	168,518

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Health and Human Services – Passed-Through Others (Continued):				
Passed through d'Vinci Interactive Inc.:				
"Blueprint of Life" Genomic Literacy Tool: An interactive to enhance genetic and genomic understanding with middle/high school students and their teachers through personal genetics and human disease	2R44GM133222-02	93.859	$ -	$ 73,639
Total U.S. Department of Health and Human Services			-	561,190
National Science Foundation – Direct:				
Modest Supports for Sustaining Professional Development Outcomes over the Long-Term	N/A	47.076	-	536
Professional Resources & Inquiry in Mathematics Education for K-8 Teacher Education	N/A	47.076	25,210	49,754
Video in the Middle: Flexible Digital Experiences for Mathematics Teacher Education	N/A	47.076	-	541,736
Scaling Up through Networked Improvement (SUNI): Testing a practical theory about improving math outcomes for developmental students at scale	N/A	47.076	63,404	595,628
An Efficacy Study of a Comprehensive, Middle School Science Curriculum that Integrates Disciplinary Core Ideas, Science and Engineering Practices, and Crosscutting Concepts	N/A	47.076	34,092	442,026
Teacher Professional Learning to Support Student Motivational Competencies During Science Instruction	N/A	47.076	-	89,251
Collaborative Research: Building a Computational Thinking Foundation in Upper Elementary Science with Narrative-Centered Maker Environments	N/A	47.076	-	107,360
NSF INCLUDES: Supporting Emerging Aquatic Scientists (SEAS) Islands Alliance	N/A	47.076	-	138,789
Supporting Instructional Decision Making: The Potential of Automatically Scored Three-dimensional Assessment System	N/A	47.076	-	152,686
Boosting Data Science Teaching and Learning in STEM	N/A	47.076	96,086	818,419
Examining the Role of Racial Identity and Personal Experiences in Equity-focused Computer Science Learning	N/A	47.076	-	123,412
Computer Science Connections: Using Data Science to Broaden Participation in Middle School	N/A	47.076	50,820	140,417
Examining Transfer Between Programming Languages in Computer Science	N/A	47.076	-	41,709

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Science Foundation – Direct (Continued):				
Empowering Changemakers: Urban Biodiversity Initiative for Teachers and Youth	N/A	47.076	$ -	$ 64,400
Collaborative Research: Analogy Training to Promote Science Learning	N/A	47.076	-	601
Education and Human Resources - Direct	**N/A**	**47.076**	**269,612**	**3,306,724**
GP-IN: GLOBE Youth Geoscientists Program	N/A	47.050	86,909	148,871
Understanding Teacher Enactment of New Science Standards and Needs for Implementation Support	N/A	47.RD	-	374
National Science Foundation - Passed-Through Others:				
Passed through NOT SUSPICIOUS, LLC:				
SBIR Phase II: A Virtual-Reality Next-Generation Introductory STEM Platform	C-00018483	47.041	-	57,569
Passed through Prisms of Reality, Inc.:				
SBIR Phase II: Adaptive Experiential Learning Platform to Close Learning Gaps in Secondary Algebra	C-00018739	47.041 89,666	-	
Passed through Computer Science Teachers Association:				
Matching Experienced and Novice Teachers for Ongoing Rigorous Support in Computer Science (MENTORS in CS)	C-00018739	47.070	-	40,952
Passed through American Physical Society:				
A National Network for Access and Inclusion in Physics Graduate Education	INCA-002-2018	47.076	-	152,849
Passed through Educational Development Center, inc.:				
Community for Advancing Discovery Research in Education(CADRE): Expanding the Reach and Impact of Innovations in STEM Education	2100823	47.076	-	47,214

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Science Foundation - Passed-Through Others (Continued):				
Passed through Florida International University:				
Building Capacity: Catalyzing Change in Calculus (C3)	800009860-01UG	47.076	$ -	$ 23,620
Collaborative Research: Developing Engineering Instructional Faculty as Leaders of Educational Change at Hispanic-Serving Institutions	800012048/000121	47.076	-	23,528
Passed through Johns Hopkins University:				
A Quantitative Synthesis of Research on Elementary Science Programs	2004787136	47.076	-	29,436
Passed through North Carolina State University:				
Multimodal Visitor Analytics: Investigating Naturalistic Engagement with Interactive Tabletop Science Exhibits	2017-1405-01	47.076	-	77,589
Collaborative Research: Primary AI: Integrating Artificial Intelligence into Upper Elementary Science with Immersive Problem-Based Learning	2019-2717-01	47.076	-	15,374
Engaging Rural Students in Artificial Intelligence to Develop Pathways for Innovative Computing Careers	2022-0605-01	47.076	-	3,416
Passed through Public Policy Institute of California:				
RAPID: A Researcher-Practitioner-Partnership to Assess the Impact of COVID-19 Recession on NGSS Implementation	2128789	47.076	-	39,005
Passed through San Francisco State University:				
RIP-TIDES: Research Intensive Pedagogical Training of Interdisciplinary Estuarine Scientists	S16-0019	47.076	-	31,127
Passed through Southern Methodist University:				
Seeing the World through a Mathematical Lens: A Place-Based Mobile App for Creating Math Walks	2115393	47.076	-	22,137
Passed through Texas Tech University:				
Collaborative Research: Fostering Virtual Learning of Data Science Foundations with Mathematical Logic for Rural High School Students	21P725-03	47.076	-	330

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Science Foundation - Passed-Through Others (Continued):				
Passed through The Board of Regents of the University of Illinois:				
Development of the Electronic Test of Early Numeracy (e-TEN)	084079-16190	47.076	$ -	$ 329,443
Passed through University of California Riverside:				
Louis Stokes STEM Pathways and Research Alliance: California Louis Stokes Alliance for Minority Participation	1826900	47.076	-	28,379
Passed through University of Maryland:				
Collaborative Research: Parents, Teachers, and Multilingual Children Collaborating on Mathematics Together	DRL2010417	47.076	-	20,126
Collaborative Research: Harmonizing Scratch Encore: Empowering Educators to Create Customized Culturally-Responsive Computing Materials	115761-Z3945201	47.076	-	4,780
Passed through West Virginia University Research Corporation:				
Mountaineer Mathematics Master Teachers (M3T): Supporting Teacher Leadership and Networked Improvement of Mathematics Education in West Virginia	20-122-WE	47.076	-	21,265
Passed through University of San Diego:				
Collaborative Research: Fostering Elementary School Students' Visuospatial Skills and mathematical Competencies through an Origami-based Program	A20-0022-S01	47.076	-	22,124
Total National Science Foundation			356,521	1,079,938
National Aeronautics and Space Administration – Direct				
Broadening Data Fluency Through the Integration of NASA Assets and Place-Based Learning to Advance Connections, Education, and Stewardship (NASA PLACES)	80NSSC22M0005	43.001	-	635,924

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
National Aeronautics and Space Administration – Passed-Through Others:				
Passed through University of Toledo:				
Mission Earth. Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	N-125107-0	43.001	$ -	$ 512,742
Passed through Sonoma State University:				
NASA's Neurodiversity Network (N3): Creating Inclusive Informal Learning Opportunities across the Spectrum	80NSSC21M0004	43.001	-	100,233
Passed through Northern Arizona University:				
PLANETS (Planetary Learning that Advances the Nexus of Engineering, Technology, and Science)	1002936-02	43.001	-	143,139
Passed through SETI Institute:				
The NASA Community College Network	C-00018113	43.001	-	99,863
Total National Aeronautics and Space Administration			-	1,491,901
U.S. Department of Justice – Passed-Through Others:				
Passed through National Institute of Justice:				
A National Evaluation of Internet Crimes Against Children Task Force Training	2018-MC-FX-K007	16.543	11,557	185,132
A Randomized Impact Evaluation of Capturing Kids Hearts	2015-CK-BX-0014	16.560	-	40
Comprehensive School Safety in Atlanta Public Schools	2015-CK-BX-K001	16.560	136,587	157,673
A Developmental Study of the Keeping Kids in School Initiative	2017-CK-BX-0018	16.560	-	16,160
Research and Evaluation on School Safety: An Evaluation of State School Safety Centers	2020-CK-BX-0002	16.560	-	326,171
An Evaluation of a Statewide Approach to the Prevention and Intervention of Violence using School Threat Assessment Teams	2020-MU-MU-0011	16.560	74,690	318,126
Passed through Texas State University:				
A Randomized Controlled Trial of a Comprehensive, Research-Based Framework for Implementing School-Based Law Enforcement	20010-82739-1	16.560	-	9,344

(Continued)

WESTED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2022

Federal Granting Agency/Program Name	Pass-Thru ID Number	Assistance Listing Number	Provided to Sub-Recipients	Program Expenditures
U.S. Department of Justice – Passed-Through Others (Continued):				
Passed through American Institutes for Research				
Second Chance Act Reentry Initiative - Corrections and Community Engagement Technical Assistance Center (CCETAC)	0504300008	16.812	$ -	$ 186,640
Passed through Maine Department of Education:				
Bureau of Justice Assistance (BJA) funded STOP grant project	20220324*2197	16.RD	-	43,895
Total U.S. Department of Justice			222,384	1,243,181
Bureau of Indian Education – Direct:				
Secondary Transition Program Planning: Individuals with Disabilities Education Act (IDEA) of 2004	N/A	15.130	-	408,035
WestED	N/A	15.130	-	418,693
Indian Education Assistance to Schools	N/A	15.130	-	1,128,923
Total Bureau of Indian Education			-	1,955,651
Total Expenditures of Federal Awards (Research and Development Cluster)			$ 2,737,695	$ 53,563,538

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of WestEd under programs of the federal government for the year ended November 30, 2022. The information in this schedule is presented in accordance with the requirements of the 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 WestEd, it is not intended to and does not present the financial position, change in net position or cash flows of WestEd.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Under the accrual basis, revenue is recorded when earned and expenses are recorded when incurred, without regard to the time of cash receipt or payment. Revenues for Federal programs are received as reimbursement for specific projects and are recognized based on eligible expenses incurred. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. WestEd has not elected to use the 10% de minimis indirect cost rate.

Program income: There was no program income earned by the Federal Programs included in the SEFA during the current fiscal year.

WESTED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
November 30, 2022

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	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X 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 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Numbers	Expenditures
Research and Development Cluster	Various*	$ 53,563,538

* All programs reported in the Schedule of Expenditure of Federal Awards are included within the Research and Development Cluster.

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,606,906	
Auditee qualified as low-risk auditee?	X Yes	____ No

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Crowe

Crowe LLP
Independent Member Crowe Global

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
WestEd
San Francisco, California

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 financial statements of the of WestEd as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise WestEd's basic financial statements, and have issued our report thereon dated March 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WestEd's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WestEd's internal control. Accordingly, we do not express an opinion on the effectiveness of WestEd'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 entity's 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether WestEd's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

(Continued)

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Costa Mesa, California
March 24, 2023

Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
WestEd
San Francisco, California

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited WestEd's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on WestEd's major federal program for the year ended November 30, 2022. WestEd's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, WestEd complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended November 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of WestEd and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of WestEd's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to WestEd's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on WestEd's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about WestEd's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding WestEd's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of WestEd's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 WestEd's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Crowe LLP

Crowe LLP

Costa Mesa, California
March 24, 2023

WestEd

Board of Directors

WestEd's Board of Directors comprises leaders from public and private education, business, and human services communities. Our Board takes an active role in agency leadership and strategic planning.

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Phoenix, AZ

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San Diego, CA

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Austin, TX

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Los Angeles, CA

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Phoenix, AZ

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Grade 5 Teacher, Title I Coordinator, John R. Hummel Elementary

Las Vegas, NV

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Superintendent, Holbrook Unified School District #3

Holbrook, AZ

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Founding Dean and Professor Emeritus, School of Education University of California, Davis

Davis, CA

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Deputy Superintendent of Student Achievement, Nevada Department of Education

Carson City, NV

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Chief Deputy Superintendent of Public Instruction, California Department of Education

Sacramento, CA

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Councilwoman, City of Phoenix

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Teachers College, Ball State University

Muncie, IN

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Associate Vice President, Tribal Relations, Arizona State University, Office of Government & Community Engagement

Tempe, AZ

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Dean, Rossier School of Education, University of Southern California

Los Angeles, CA

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President, Nevada State Board of Education

Las Vegas, NV

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CEO, Chamberlin Education Foundation

Richmond, CA

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Director, Mathematics Learning Center, University of Nevada Las Vegas

Las Vegas, NV

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Assistant Vice Chancellor, Institutional Research and Analyses California State University Office of the Chancellor

Long Beach, CA

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Associate Dean, College of Education, University of Utah

Salt Lake City, UT

Bernice Stafford

Member of Board of Directors and Consultant, Inflexion

Long Beach, CA

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Retired Judge, Utah Court of Appeals

Salt Lake City, UT

Kimberly A. White-Smith

Dean, School of Leadership and Education Sciences, University of San Diego

San Diego, CA

Michelle Young

Dean, School of Education,
Loyola Marymount University

Los Angeles, CA

Brian Zeiszler

Department Chair,
Teacher Education Program,
Great Basin College

Elko, NV

ALSO OF INTEREST:

- PROFESSIONAL DEVELOPMENT
- TECHNICAL ASSISTANCE
- RESEARCH & EVALUATION STUDIES ON TEACHING, LEARNING

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WestEd.
WestEd.org

Melinda Brookshire

[redacted]

SUMMARY OF RELATED EXPERIENCE

Melinda Brookshire is a Project Director for multiple projects at WestEd's Center for Child and Family Studies. Projects include the Desired Results Training and Technical Assistance Project, California Preschool Online, and the California Preschool Instructional Network Project for the California Department of Education, Missouri, New Hampshire, and Minnesota.

Brookshire has worked in the field of early childhood education her entire career. During the last decade, Ms. Brookshire currently leads projects that develop and provide training in assessment, standards, and curriculum for teachers and administrators serving children and families 0-11. This work addresses all children's needs, including multilingual learners and children with disabilities. Her projects are responsible for developing online courses, online and face-to-face training materials, interactive websites, and assessment applications. Ms. Brookshire also developed dual language modules.

Before joining WestEd, Brookshire worked at the U.S. Department of Defense Education Activity (DoDEA), culminating her years as the early childhood coordinator for all DoD schools worldwide preschool through third-grade programs. During that time, NAEYC accredited all the preschool programs. DoDEA implemented standards for P-3, an observational authentic assessment system for P-3, all-day kindergarten, and reduced class size for grades 1-3. DoDEA provided professional development to all sites and appropriate materials to ensure that all classrooms and playgrounds P-3 were appropriate and instructional strategies were implemented to fully realize the benefits of the initiatives. Brookshire worked closely with school principals, district early childhood coordinators, and regional personnel to implement the early childhood program. Brookshire designed and delivered training to more than 3,000 early childhood educators. She led the effort to create curriculum guides for preschool through third grade, including guidance for all children and a preschool to third-grade teaching credential.

EDUCATION

1989–1999	60 units postgraduate in Early Childhood Literacy, Math, Assessment, Professional Development, and Educational Leadership
1988	Master of Science in Education, Early Childhood Special Education Emphasis, Boston University
1975	Bachelor of Science in Education, Early Childhood Emphasis, Arizona State University

PROFESSIONAL EXPERIENCE

2003–Present *Director of Projects*, Center for Child & Family Studies
WestEd, Sausalito, CA

Desired Results Training for Children and Families, Training and Technical Assistance Project, California Early Childhood Online; the California Preschool Instructional Network (CPIN), Illinois Kindergarten Individual Development Survey, Tennessee Kindergarten Entrance Inventory, CalProNet, DRDP Training, and Technical Assistance Missouri and Minnesota.

Directs and provides oversight of all aspects of the projects. Responsible for review and production of all materials, recommendations for translation, and development of supplementary materials and resources for the field; extensive online modules development and site; development of training plans and execution of all training for statewide implementation; implementation of the Desired Results System in coordination with state boards of education; and supervision of the Camarillo office operations.

2001–2002 *Educational Consultant*
Los Angeles Unified School District, Los Angeles, CA

1997–2000 *Instructional System Specialist*
Department of Defense Education Activity (DoDEA), Arlington, VA

Responsibilities included supervising and managing the preschool through third-grade programs in DoDEA. DoDEA consists of the Department of Defense Dependents Schools (DoDDS), which is the public school system for the children of American military members stationed in 12 countries, Guam and Puerto Rico, and the Department of Defense Domestic Elementary and Secondary Schools (DDESS), which administered schools located on military bases in seven states.

1994–1997 *Early Childhood (PK-3) and Social Studies (PK-12) District Coordinator*
United Kingdom District, Department of Defense Education Activity (DoDEA), Arlington, VA

1993–1994 *Scholar-in-Residence. Early Childhood Education*
United Kingdom District, Department of Defense Education Activity (DoDEA), Arlington, VA

Tamarra Osborne

[redacted]

WestEd
WestEd.org

SUMMARY OF RELATED EXPERIENCE

Tamarra Osborne is a master trainer for the Desired Results Training and Technical Assistance Project, established by California Department of Education. The aim of this project is to improve program quality in early care and education programs across the state of California This role includes the development of a variety of professional learning modalities and providing training and technical assistance in Tennessee, Illinois, Missouri, and Minnesota.

EDUCATION

2011 M.S., Teacher Education, emphasis in ECE, California State University East Bay

1999 B.A., Early Childhood Education, California State University Sacramento

PROFESSIONAL EXPERIENCE

2012–Present *Early Childhood Content Expert*, WestEd, Center for Child and Family Studies Project Oakland, CA

Develop professional learning materials (including online modules) for early childhood teachers and administrators to support statewide implementation of the Desired Results system

Conducting online training modules for statewide implementation of the Desired Results project in five states California, Illinois, Minnesota, Missouri, Tennessee)

Provide face to face teacher trainings and technical assistance in regards to developmental assessment for early education in five states (California, Illinois, Minnesota, Missouri, Tennessee)

Provide presentations at both the local and national level for early childhood education on several topics, 4-5 times per year (NAEYC, NHSA, First 5 CA, CCDAA)

Provide coaching and certification for the Certified Trainers Institute in California and Illinois

Provide direct coaching to early childhood cohorts regarding observational assessment

Support more than 100 *California Department of Education Desired Results* certified trainers on a quarterly basis to maintain statewide consistency of training information

2002–2012 *Center Director, Kidango, Fremont CA*

Ensure that center meets Title 22 and Title 5 regulations. Conduct extensive trainings for staff on developmentally appropriate curriculum, DRDP-R assessments, developmental milestones for children. Hold monthly staff meetings and quarterly parent meetings on developmental topics. Experience in all aspects of staff management. Communicate with agency and city wide partners.

2001 *Kindergarten Teacher, Kindercare Alameda CA*

Responsible for daily large and small group activities, and helping maintain an orderly classroom environment. Supervised children's daily activities. Implemented lesson plans on a daily basis. Interacted with families from diverse cultures and backgrounds .

1997–2000 *Assistant Teacher, Christopher Robin Childcare Center Sacramento CA*

Assisted teachers with day-to-day operations of small child care center. Helped to create developmentally appropriate activities for young children.

SELECTED PRESENTATIONS

- National Association for the Education of Young Children (2012, 2013, 2014, 2015, 2016)
  - Creative Coaching
  - Developmental Assessment in 3 states
  - DRDP 2015 (dual language model)
  - Family Partnerships
- California Association for the Education of Young Children (2013, 2014, 2015, 2016)
  - DRDP 2015
  - DRDPTECH
  - California Early Childhood Online
  - Professional Development at your Fingertips

- Assessing Dual Language Learners

- California Child Development Administrators Association (2013, 2014, 2015, 2016)
  - DRDP 2015
  - DRDPTECH
  - California Early Childhood Online
  - Professional Development at your Fingertips
- California Head Start Association (2013, 2014, 2015, 2016)
  - DRDP 2015
  - Creative Coaching
  - Importance of Physical Development in the Early Childhood Classroom
- National Head Start Association (2013, 2014, 2015, 2016)
  - Assessing Dual Language Learners
  - Using Data to Inform Classroom Practice
  - Family Engagement
  - California Online Learning Resources
- First 5 California (2016)
  - Linking Collaborative Assessment to Collaborative Instruction Using DRDP (2015) Reports: How All Children Benefit
- Inclusion Conference (2015, 2016)
  - Linking Collaborative Assessment to Collaborative Instruction Using DRDP (2015) Reports: How All Children Benefit

SELECTED PROFESSIONAL ACTIVITIES

- Professional Growth Advisor (Child Development Training Consortium)

PROFESSIONAL AFFILIATIONS

- National Association for the Education of Young Children

- Learning Forward
- California Association for the Education of Young Children

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Frank Edelblut
Commissioner

Christine M. Brennan
Deputy Commissioner

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, NH 03301
TEL. (603) 271-3495
FAX (603) 271-1953

October 13, 2021

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

REQUESTED ACTION

Authorize the Department of Education, to enter into a sole source contract with WestEd (vendor code 177860), San Francisco, California, in the amount not to exceed $389,500, to update training materials, provide Technical Assistance, and oversee the administration of the Desired Results Developmental Profile (DRDP) Online data system, effective upon Governor & Council approval through June 30, 2023, with an option to renew for an additional three (3), two (2) year terms based on identified ongoing need. 100% Federal Funds.

Funds to support this request are available in FY22 and FY23 in the accounts titled IDEA Special Education Ed-Elm/Sec., Preschool Development Grant, and IDEA Special Ed Preschool, and with the ability to adjust encumbrances between Fiscal Years through the Budget Office without further Governor and Council approval, if needed and justified.

		FY'22	FY'23
06-56-56-562010-25040000-102-500731	Contracts for Program Services	$236,500	$23,000
06-56-56-562010-25050000-102-500731	Contracts for Program Services	$60,000	$0
06-56-56-562010-30650000-102-500731	Contracts for Program Services	$58,000	$12,000

EXPLANATION

The New Hampshire Department of Education wishes to enter into a sole source contract with WestEd because the DRDP Online data system was created to support collection, management, and reporting of assessment data gathered through the implementation of the Desired Results Developmental Profile (DRDP) assessment tool. This is a proprietary software and WestEd is the only vendor with access to the intellectual software.

The DRDP System, including the DRDP assessment and DRDP Online data system, was developed by California Department of Education, Early Learning and Care Division (CDE/ELCD) and is proprietary to that department and its selected contractor, WestEd. WestEd is also the sole contractor for the CDE/ELCD authorized to offer training and technical assistance on the Desired Results system. WestEd's trainers have worked with the DRDP System since its inception and are recognized as experts by the state, often providing information and resources to other state-sponsored projects.

The services under this contract will modify the existing system to accommodate NH specific data elements and program structures, link data with other systems, as well as build system capacity to manage the complex statistical calculations and analysis required for federal reporting to the Office of Special Education Programs at the US Department of Education. The services will also support fidelity administration of the DRDP assessment tool and related data system to ensure accurate and timely data collection, analysis and reporting as required for state and federal reporting. WestEd will oversee the data system, monitoring and rectifying any system issues; collaborate with the Department of Education on any upgrades or updates needed to align with NH laws, administrative rules, and reporting requirements; and provide ongoing support for NH-based DRDP trainers.

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

Respectfully submitted,

Frank Edelblut
Commissioner of Education

STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY
27 Hazen Dr., Concord, NH 03301
Fax: 603-271-1516 TDD Access: 1-800-735-2964
www.nh.gov/doit

Denis Goulet
Commissioner

October 10, 2021

Frank Edelblut, Commissioner
Department of Education
State of New Hampshire
101 Pleasant Street
Concord, NH 03301

Dear Commissioner Edelblut:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to enter into a sole source contract with WestEd, of San Francisco, CA, as described below and referenced as DoIT No. 2022-011.

> The purpose of this contract with WestEd is to modify the DRDP Online data system, update training materials, provide Technical Assistance, and oversee the administration of the DRDP Online data system in collaboration with representatives of the NH DOE to ensure fidelity administration of the Desired Results Developmental Profile (DRDP) assessment tool and the DRDP Online data system. The DRDP Online data system was created to support collection, management, and reporting of assessment data gathered through the implementation of the Desired Results Developmental Profile (DRDP) assessment tool. This is a proprietary software and no other vendor has access to the intellectual software

> The price limitation is not to exceed $389,500 and shall be effective upon Governor and Council approval through June 30, 2023.

A copy of this letter should accompany your Agency's submission to Governor and Executive Council for approval.

Sincerely,

Denis Goulet

DG/ik
DoIT #2022-011

cc: Doug Schelb, IT Lead

The DRDP System, including the DRDP assessment and DRDP Online data system, was developed by California Department of Education, Early Learning and Care Division (CDE/ELCD) and is proprietary to that department and its selected contractor, WestEd. WestEd is also the sole contractor for the CDE/ELCD authorized to offer training and technical assistance on the Desired Results system. WestEd's trainers have worked with the DRDP System since its inception and are recognized as experts by the state, often providing information and resources to other state-sponsored projects.

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

Respectfully submitted,

Frank Edelblut
Commissioner of Education

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Denis Goulet
Commissioner

October 10, 2021

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Department of Education
State of New Hampshire
101 Pleasant Street
Concord, NH 03301

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> The price limitation is not to exceed $389,500 and shall be effective upon Governor and Council approval through June 30, 2023.

A copy of this letter should accompany your Agency's submission to Governor and Executive Council for approval.

Sincerely,

Denis Goulet

DG/ik
DoIT #2022-011

cc: Doug Schelb, IT Lead

STATE OF NEW HAMPSHIRE

Department of Education

DRDP Training & Customization:

DOE 2022-011

Template Revision V4.0

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STATE OF NEW HAMPSHIRE

Department of Education

DOE 2022-11 DRDP Training and Customization STATE OF NEW HAMPSHIRE GENERAL PROVISIONS

P37

FORM NUMBER P-37 (version 12/11/2019)

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 New Hampshire Department of Education Bureau of Student Support		1.2 State Agency Address 101 Pleasant Street Concord, New Hampshire 03301	
1.3 Contractor Name WestEd		1.4 Contractor Address 730 Harrison Street San Francisco, California 94107	
1.5 Contractor Phone Number 415-565-3000	1.6 Account Number 25040000-102-500731 25050000-102-500731 30650000-102-500731	1.7 Completion Date June 30, 2023	1.8 Price Limitation $389,500.00
1.9 Contracting Officer for State Agency Rebecca Fredette, Administrator Bureau of Student Support		1.10 State Agency Telephone Number 603-271-6693	
1.11 Contractor Signature Lauren Wrotnik Date: Oct 7, 2021		1.12 Name and Title of Contractor Signatory Lauren Wrotnik, Interim Director, Contracts & Grants	
1.13 State Agency Signature Date:		1.14 Name and Title of State Agency Signatory Frank Edelblut, Commissioner of Education	
1.15 Approval by the N.H. Department of Administration, Division of Personnel *(if applicable)* By: Lorrie A Rudis Director, On: 10/25/2021			
1.16 Approval by the Attorney General (Form, Substance and Execution) *(if applicable)* By: Christopher Bond On: 10/14/21			
1.17 Approval by the Governor and Executive Council *(if applicable)* G&C Item number: G&C Meeting Date:			

Contractor Initials: LW

Date: Oct 7, 2021

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

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.17, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.13 ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.
Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds affected by any state or federal legislative or executive action that reduces, eliminates or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope for Services provided in EXHIBIT B, in whole or in part. In no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to reduce or terminate the Services under this Agreement immediately upon giving the Contractor notice of such reduction or termination. The State shall not be required to transfer funds from any other account or source to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT C which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.
5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.
6.1 In connection with the performance of the Services, the Contractor shall comply with all applicable statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal employment opportunity laws. In addition, if this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all federal executive orders, rules, regulations and statutes, and with any rules, regulations and guidelines as the State or the United States issue to implement these regulations. The Contractor shall also comply with all applicable intellectual property laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3. The Contractor agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

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

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.
8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):
8.1.1 failure to perform the Services satisfactorily or on schedule;
8.1.2 failure to submit any report required hereunder; and/or
8.1.3 failure to perform any other covenant, term or condition of this Agreement.
8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:
8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely cured, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
8.2.3 give the Contractor a written notice specifying the Event of Default and set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
8.2.4 give the Contractor a written notice specifying the Event of Default, treat the Agreement as breached, terminate the Agreement and pursue any of its remedies at law or in equity, or both.
8.3. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

9. TERMINATION.
9.1 Notwithstanding paragraph 8, the State may, at its sole discretion, terminate the Agreement for any reason, in whole or in part, by thirty (30) days written notice to the Contractor that the State is exercising its option to terminate the Agreement.
9.2 In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall, at the State's discretion, deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT B. In addition, at the State's discretion, the Contractor shall, within 15 days of notice of early termination, develop and submit to the State a Transition Plan for services under the Agreement.

10. DATA/ACCESS/CONFIDENTIALITY/ PRESERVATION.
10.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.
10.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.
10.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

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

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.
12.1 The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice, which shall be provided to the State at least fifteen (15) days prior to the

assignment, and a written consent of the State. For purposes of this paragraph, a Change of Control shall constitute assignment. "Change of Control" means (a) merger, consolidation, or a transaction or series of related transactions in which a third party, together with its affiliates, becomes the direct or indirect owner of fifty percent (50%) or more of the voting shares or similar equity interests, or combined voting power of the Contractor, or (b) the sale of all or substantially all of the assets of the Contractor.
12.2 None of the Services shall be subcontracted by the Contractor without prior written notice and consent of the State. The State is entitled to copies of all subcontracts and assignment agreements and shall not be bound by any provisions contained in a subcontract or an assignment agreement to which it is not a party.

13. INDEMNIFICATION. Unless otherwise exempted by law, the Contractor shall indemnify and hold harmless the State, its officers and employees, from and against any and all claims, liabilities and costs for any personal injury or property damages, patent or copyright infringement, or other claims asserted against the State, its officers or employees, which arise out of (or which may be claimed to arise out of) the acts or omission of the Contractor, or subcontractors, including but not limited to the negligence, reckless or intentional conduct. The State shall not be liable for any costs incurred by the Contractor arising under this paragraph 13. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.
14.1 The Contractor shall, at its sole expense, obtain and continuously maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:
14.1.1 commercial general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than $1,000,000 per occurrence and $2,000,000 aggregate or excess; and
14.1.2 special cause of loss coverage form covering all property subject to subparagraph 10.2 herein, in an amount not less than 80% of the whole replacement value of the property.
14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.
14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than ten (10) days prior to the expiration date of each insurance policy. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference.

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

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

17. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire unless no such approval is required under the circumstances pursuant to State law, rule or policy.

18. CHOICE OF LAW AND FORUM. This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party. Any actions arising out of this Agreement shall be brought and maintained in New Hampshire Superior Court which shall have exclusive jurisdiction thereof.

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

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

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

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

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

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings with respect to the subject matter hereof.

EXHIBIT A - SPECIAL PROVISIONS

The terms outlined in the P-37 General Provisions are modified as set forth below:

A.1 Provision 3, Effective Date/Completion of Services, is updated with the following addition:

3.3 The Term may be extended up to 3 times for 2 years each, ("Extended Term") at the sole option of the State, subject to the parties prior written Agreement on applicable fees for each extended Term, up to but not beyond June 30, 2029 under the same terms and conditions, subject to approval of the Governor and Executive Council.

A.2 Provision 5, Contract Price/Price Limitation/ Payment, is updated with the following addition:

5.5 The State's liability under this Agreement shall be limited to monetary damages not to exceed the contract price pursuant to Paragraph 5.2. The Contractor agrees that it has an adequate remedy at law for any breach of this Agreement by the State and hereby waives any right to specific performance or other equitable remedies against the State. Subject to applicable laws and regulations, in no event shall the State be liable for any consequential, special, indirect, incidental, punitive, or exemplary damages. 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.

A.3 Provision 9, Termination, is deleted and replaced with the following:

9. TERMINATION

9.1 Notwithstanding paragraph 8, the State may, at its sole discretion, and with written notice, terminate the Agreement for any reason, in whole or in part by five (5) days' prior written notice to the Contractor that the State is exercising its option to terminate this Agreement. In the event of such termination, the Contractor shall immediately stop all work hereunder as of the termination date, and shall immediately cause any and all of its suppliers and subcontractors to cease work. The State shall be liable for cost of all Services and Deliverables for which Acceptance has been given by the State, provided through the date of termination but will not be liable for any costs for incomplete Services or winding down the Contract activities. The Contractor shall not be paid for any work performed or costs incurred which reasonably could have been avoided.

9.2 Termination Procedure

9.2.1 Upon termination of the Contract, the State, in addition to any other rights provided in the Contract, may require Contractor to deliver to the State any property, including without limitation, Software and Written Deliverables, for such part of the Contract as has been terminated, provided that full compensation shall be paid to the Contractor in accordance with 9.1

9.2.2 After receipt of a notice of termination, and except as otherwise directed by the State, Contractor shall:

a. Stop work under the Contract on the date, and to the extent specified, in the notice;

b. Promptly, but in no event longer than ten (10) days after termination, terminate its orders and subcontracts related to the work which has been terminated, and settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the State to the extent required, which approval or ratification shall be final for the purpose of this Section;

c. Take such action as the State directs, or as necessary to preserve and protect the property related to the Contract which is in the possession of Contractor and in which the State has an interest;

d. Take no action to intentionally erase any State data until directed by the State;

e. Transfer title to the State and deliver in the manner, at the times, and to the extent directed by the State, any property which is required to be furnished to the State and which has been accepted or requested by the State;

f. Implement an orderly return of State data in a CSV or another mutually agreeable format at a time agreed to by the parties;

g. Securely dispose of all requested data in all of its forms, such as disk, CD / DVD, backup tape and paper, when requested by the State. Data shall be permanently deleted and shall not be recoverable, according to National Institute of Standards and Technology (NIST)-Special Publication (SP) 800-88 approved methods. Certificates of destruction shall be provided to the State; and

h. Provide written Certification to the State that Contractor has surrendered to the State all said property and after 180 days has erased all State data.

9.2.3 If the Contract has expired, or terminated prior to the Completion Date, for any reason, the Contractor shall provide, for a period up to ninety (90) days after the expiration or termination, all transition services requested by the State, and reasonably required to allow for the expired or terminated portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Services to the State or its designees ("Transition Services"). If the Contract is terminated prior to the Completion Date for any reason other than Contractor's Default, the State shall fully compensate Contractor for such transition services at the rate specified in Exhibit C..

9.2.4 This covenant in paragraph 9 shall survive the termination of this Contract.

A.4 Provision 10, Data/Access/Confidentiality/Preservation, is updated with the following addition:

10.4 In performing its obligations under this Agreement, Contractor may gain access to Confidential Information of the State. Confidential Information includes any and all information owned or managed by the State of NH - created, received from or on behalf of any Agency of the State or accessed in the course of performing contracted Services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Protected Health Information (PHI), Personally Identifiable Information (PII), Personal Financial Information (PFI), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and Confidential Information. The Contractor shall not use the Confidential Information developed or obtained during the performance of, or acquired, or developed by reason of the Agreement, except as directly connected to and necessary for the performance of the Agreement. Contractor shall maintain the confidentiality of and protect from unauthorized use, disclosure, publication, and reproduction (collectively "release"), all Confidential Information.

10.4.1 In the event of the unauthorized release of Confidential Information, Contractor shall immediately notify the State's Information Security Officer, and the State may immediately be entitled to pursue any remedy at law and in equity, including, but not limited to, injunctive relief.

10.5 Subject to applicable federal or State laws and regulations, Confidential Information shall not include information which:

a. shall have otherwise become publicly available other than as a result of disclosure by the receiving Party in breach hereof;

b. was disclosed to the receiving Party on a non-confidential basis from a source other than the disclosing Party, which the receiving Party believes is not prohibited from disclosing such information as a result of an obligation in favor of the disclosing Party;

c. is developed by the receiving Party independently of, or was known by the receiving Party prior to, any disclosure of such information made by the disclosing Party; or

d. is disclosed with the written consent of the disclosing Party.

10.6 A receiving Party also may disclose the disclosing Party's Confidential Information to the extent required by an order of a regulatory or administrative agency or court of competent jurisdiction. Any other disclosure of the Confidential Information shall require the prior written approval of the disclosing Party. The receiving Party shall immediately notify the disclosing Party if any request, subpoena or other legal process is served upon the receiving Party regarding the Confidential Information, and the receiving Party shall cooperate with the disclosing Party in any effort the State undertakes to contest the request, subpoena or other legal process, at no additional cost to the State.

10.7 Contractor Confidential Information. Contractor shall clearly identify in writing all information it claims to be confidential or proprietary ("Contractor's CI") upon providing such information to the State. For the purposes of complying with its legal

obligations, the State is under no obligation to accept the Contractor's designation of material as confidential. Subject to the terms of this provision 10.7, the State shall not use the Contractor's CI, except as directly connected to and necessary for the performance of the Agreement. Subject to applicable law, the State shall maintain the confidentiality of and protect from unauthorized use, disclosure, publication, and reproduction, all Contractor CI. Contractor acknowledges that the State is subject to State and federal laws governing disclosure of information including, but not limited to, RSA Chapter 91-A. In the event the State receives a request for the information identified by Contractor as confidential, the State shall notify Contractor and specify the date the State will be releasing the requested information. At the request of the State, Contractor shall cooperate and assist the State with the collection and review of Contractor's information, at no additional expense to the State. Any effort to prohibit or enjoin the release of the information shall be Contractor's sole responsibility and at Contractor's sole expense. If Contractor fails to obtain a court order enjoining the disclosure, the State shall release the information on the date specified in the State's notice to Contractor, without any liability to the State.

10.8 This covenants in provision 10 shall survive the termination of this Contract.

A.5 Provision 12, Assignment/Delegation/Subcontracts, is updated with the following addition:

12.3 In the event that Contractor should change ownership for any reason whatsoever that results in a change of control of the Contractor, the State shall have the option of:

a. continuing under the Agreement with Contractor, its successors or assigns for the full remaining Term of the Agreement or for such period of time as determined necessary by the State;

b. immediately terminate the Agreement without liability to or further compensation owed to Contractor, its successors or assigns.

A.6 The following Provisions are added and made part of the P37:

25. FORCE MAJEURE

25.1 Neither Contractor nor the State shall be responsible for delays or failures in performance resulting from events beyond the control of such Party and without fault or negligence of such Party. Such events shall include, but not be limited to, acts of God, strikes, lock outs, riots, and acts of War, epidemics, acts of Government, fire, power failures, nuclear accidents, earthquakes, and unusually severe weather.

25.2 Except in the event of the foregoing, Force Majeure events shall not include the Contractor's inability to hire or provide personnel needed for the Contractor's performance under the Contract.

26. EXHIBITS/ATTACHMENTS

The Exhibits and Attachments referred to in and attached to the Contract are incorporated by reference as if fully included in the text of the Contract.

27. NON-EXCLUSIVE CONTRACT

The State reserves the right, at its discretion, to retain other vendors to provide any of the Services or Deliverables identified under this Agreement. Contractor shall make best efforts to coordinate work with all other State vendors performing Services which relate to the work or Deliverables set forth in the Agreement. The State intends to use, whenever possible, existing Software and hardware contracts to acquire supporting Software and hardware.

28. GOVERNMENT APPROVALS

Contractor shall obtain all necessary and applicable regulatory or other governmental approvals necessary to perform its obligations under the Contract.

29. ORDER OF PRECEDENCE

In the event of conflict or ambiguity among any of the text within this agreement, the following Order of Precedence shall govern:

i. State of New Hampshire, Department of Education Contract Agreement DOE 2022-011.

30. FEDERAL CERTIFICATION 2 CFR 200.415

Required certifications include: (a) To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows:

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729–3730 and 3801–3812).

A.7 The following Provision is updated as follows:

Provision 7, PERSONNEL is updated as follows: Delete Section 7.2.

EXHIBIT B – STATEMENT OF WORK (SOW) BUSINESS AND TECHNICAL REQUIREMENTS AND DELIVERABLES

The Statement of Work, Business and Technical Requirements, and Deliverables are set forth below:

1. STATEMENT OF WORK

The Department of Education Bureau of Student Support requires school districts to provide data regarding early childhood outcomes for preschoolers with disabilities in compliance with federal reporting requirements in the State Performance Plan and Annual Performance Report. The Desired Results Developmental Profile (DRDP) assessment tool is a psychometrically valid and reliable tool for measuring these outcomes and will be implemented by districts to capture this data.

The Desired Results data system was created to support collection, management, and reporting of assessment data gathered through the implementation of the DRDP assessment tool. This is a proprietary software and no other vendor has access to the intellectual software.

The DRDP system, including the DRDP assessment and DRDP Online data system, was developed by the California Department of Education, Early Learning and Care Division (CDE/ELCD) and is proprietary to that department and its selected contractor, WestEd. WestEd is also the sole contractor for the CDE/ELCD authorized to offer training and technical assistance on the Desired Results system.

The services under this contract will modify the existing system to accommodate NH specific data elements and program structures, link data with other systems, as well as build system capacity to manage the complex statistical calculations and analysis required for federal reporting to the Office of Special Education Programs at the US Department of Education.

2. BUSINESS / TECHNICAL REQUIREMENTS

Business and Technical Requirements are identified in Exhibit G: Attachment 1

2.1 Compliance Requirements

Agency Compliance Documents are identified in Exhibit G: Attachment 2

3. ACTIVITY, DELIVERABLE, AND MILESTONE

ACTIVITY / DELIVERABLES / MILESTONES			
	ACTIVITY, DELIVERABLE, OR MILESTONE	DELIVERABLE TYPE	PROJECTED DELIVERY DATE
PLANNING AND PROJECT MANAGEMENT			
1	Scheduled Meetings	Non-Software	Ongoing
2	Work Plan	Written	Ongoing
3	Project Status Reports	Written	Ongoing
OPERATIONS			
4	Training Modifications and Technical Assistance Customization of training videos and professional development resources for Desired Results data system and DRDP assessment	Non-Software	Ongoing
5	Desired Results Data Profile (DRDP) Online Customization DRDP Online Customization of User Interface and data fields, API, the Pyramid Model, rolling enrollment, and Upload/Download files	Software	6 months following G&C Approval
6	Reports Customization Customize general reports and adding OSEP reporting and the Pyramid Model to NH reports	Software	9 months following G&C Approval
7	State Level Collaboration and Administration, ongoing meetings, communications with New Hampshire, oversight of work, and training supports	Non-Software	upon G&C Approval – June 30, 2022
8	State Level Collaboration and Administration Ongoing meetings, communications with New Hampshire, oversight of work, and training supports \	Non-Software	July 1, 2022 – June 30, 2023

4. DELIVERABLE REVIEW AND ACCEPTANCE

4.1 Non-Software and Written Deliverables Review and Acceptance

The Contractor shall provide a written Certification that a non-software, written deliverable (such as the Test Plan) is final, complete, and ready for Review. After receiving such Certification from the Contractor, the State will Review the Deliverable to determine whether it meets the requirements outlined in this Exhibit. The State will notify the Contractor in writing of its Acceptance or rejection of the Deliverable, or its partial or conditional Acceptance of the Deliverable, within five (5) business days of the State's receipt of the Contractor's written Certification; provided that if the State determines that the State needs more than five (5) days, then the State shall be entitled to an extension of up to an additional ten (10) business days. If the State rejects the Deliverable or any portion of the Deliverable, or if any Acceptance by the State is conditioned upon completion of any related matter, then the State shall notify the Contractor of the nature and class of the Deficiency, or the terms of the conditional Acceptance, and the Contractor shall correct the Deficiency or resolve the condition to Acceptance within the period identified in the Work Plan. If no period for the Contractor's correction of the Deliverable or resolution of condition is identified, the Contractor shall correct the Deficiency in the Deliverable or resolve the condition within five (5) business days or such longer period as the State (in its sole discretion) may agree. Upon receipt of the corrected Deliverable, the State shall have five (5) business days to review the Deliverable and notify the Contractor of its Acceptance, Acceptance in part, conditional Acceptance, or rejection thereof, with the option to extend the Review Period up to five (5) additional business days, or mutually agreed upon timeframe. If the Contractor fails to correct the Deficiency within the allotted period, the State may, at its option, continue reviewing the Deliverable and require the Contractor to continue until the Deficiency is corrected, or immediately terminate the Contract, declare the Contractor in default, and or pursue its remedies at law and in equity.

4.2 Software Deliverables Review and Acceptance

System/Software Testing and Acceptance shall be performed as set forth in the Test Plan and more particularly described in Acceptance and Testing Services described herein.

4.3 Number of Deliverables

Unless the State otherwise specifically agrees in writing, in no event shall the Contractor certify for testing and deliver to the State more than three (3) Deliverables for review or testing at one time. As the State accepts a Deliverable, an additional Deliverable may be presented for review but at no time can the Deliverables exceed three (3) at a time without the authorization of the State.

4.4 Conditional and Unconditional Acceptance

By accepting a Deliverable, the State reserves the right to reject any and all Deliverables in the event the State detects any Deficiency in the System, in whole or in part, through completion of all Acceptance Testing, including but not limited to, Software/System Acceptance Testing, and any extensions thereof.

5. CHANGE ORDER

The State may make changes, revisions or request enhancements to the Scope of Work at any time by written Change Order. The State originated changes, revisions or enhancements shall be approved by the Department of Information Technology. Within five (5) business days of Contractor's receipt of a Change Order, Contractor shall advise the State, in detail, of any impact on cost (e.g., increase or decrease), the Schedule, and the Work Plan.

Contractor may propose a change within the scope of the Contract by written Change Order, identifying any impact on cost, the Schedule, and the Work Plan. The State shall acknowledge receipt of Contractor's requested Change Order within five (5) business days. The State Agency, as well as the Department of Information Technology, must review and approve all Change Orders in writing. The State shall be deemed to have rejected the Change Order if the Parties are unable to reach an agreement in writing within 30 days of receipt of the Change Order.

Change orders resulting in an increase of Price Limitation, an extension of time for Contract completion or a significant change to the scope of the Contract may require approval by the Governor and Council.

A Change Order which is accepted and executed by both Parties, and if applicable approved by Governor and Council, shall amend the terms of this Agreement.

6. IMPLEMENTATION SERVICES

The Contractor shall employ an industry-standard Implementation strategy with a timeline set forth in accordance with the Work Plan:

The Contractor shall manage Project execution and provide the tools needed to create and manage the Project's Work Plan and tasks, manage and schedule Project staff, track and manage issues, manage changing requirements, maintain communication within the Project Team, and Report status.

The Contractor and the State shall adopt a Change Management approach to identify and plan key strategies, communication initiatives, and training plans.

7. PROJECT MANAGEMENT

The Contractor shall provide project tracking tools and templates to record and manage Issues, Risks, Change Requests, Requirements, and other documents used in the management and tracking of the project. The State believes that effective communication and Reporting are essential to Project success. The Contractor shall employ effective communication and Reporting strategies to ensure Project success. The Contractor Key Project Staff shall participate in meetings as requested by the State, in accordance with the requirements and terms of this Contract.

The Project requires the coordinated efforts of a Project Team consisting of both Contractor and State personnel. Contractor shall provide all necessary resources to perform its obligations under the Contract. Contractor is responsible for providing all appropriate resources and personnel to manage this Project to a successful completion.

7.1 The Contractor Key Project Staff

7.1.1. The Contractor's Contract Manager

Contractor shall assign a Contract Manager who will be responsible for all Contract authorization and administration, including but not limited to processing Contract documentation, obtaining executive approvals, tracking costs and payments, and representing the parties in all Contract administrative activities. Contractor's Contract Manager is:

Lauren Wrotniak
(415) 615-3168
lWrotni@wested.org

7.1.2. The Contractor's Project Manager

Contractor shall assign a Project Manager who is qualified to perform or supervise the Contractor's obligations under this Agreement. Contractor's Project Manager is:

Melinda Brookshire
(805) 465-4412
MBrooks@WestEd.org

Contractor's selection of the Project Manager shall be subject to the prior written approval of the State. The State's approval process may include, without limitation, at the State's discretion, review of the proposed Project Manager's resume, qualifications, references, and background checks, and an interview. The State may require removal or reassignment of Project Manager who, in the sole judgment of the State, is found unacceptable or is not performing to the State's satisfaction.

Project Manager must be qualified to perform the obligations required of the position under the Contract, shall have full authority to make binding decisions under the Contract, and shall function as Contractor's representative for all administrative and management matters. Project Manager must be available to promptly respond during normal Business Hours within twenty-four (24) hours of inquiries from the State, and be at the site as needed. Project Manager must work diligently and use his/ her best efforts on the Project.

7.1.3. Change of Project Manager

Contractor may not replace the Project Manager or change its assignment of Project Manager without providing the State written notice and obtaining the prior approval of the State of the replacement Project Manager. State approvals for replacement of Project Manager shall not be unreasonably withheld. The replacement Project Manager is subject to the same requirements and Review as set forth above. Contractor shall assign a replacement Project Manager within ten (10) business days of the departure of the prior Project Manager, and Contractor shall continue during

the ten (10) business day period to provide competent project management Services through a qualified interim Project Manager.

7.1.4. The Contractors Additional Key Project Staff

The State considers the following individuals to be Key Project Staff for this Project:

Tamarra Osborne, DRDP Program Manager
(510) 302-4252
tosborn@wested.org

Jenae Leahy, Program Coordinator
(805) 465-4438
jleahy@wested.org

The State reserves the right to require removal or reassignment of Key Project Staff who are found unacceptable to the State. Contractor shall not change Key Project Staff commitments without providing the State written notice and obtaining the prior written approval of the State. State approvals for replacement of Key Project Staff will not be unreasonably withheld. The replacement Key Project Staff shall have comparable or greater skills than Key Project Staff being replaced.

7.1.5. Background Checks

The State may require, and, at its sole expense, conduct reference and background screening of the Contractor's staff assigned to this Contract.

7.1.6. Termination for Lack of Project Management and Key Project Staff

Notwithstanding any other provision of the Contract to the contrary, the State shall have the option to terminate the Contract, declare Contractor in default and to pursue its remedies at law and in equity, if Contractor fails to assign a Project Manager and/or Key Project Staff meeting the requirements and terms of the Contract or if the State is dissatisfied with Contractor's replacement of the Project Manager and/or Key Project Staff.

7.2 The State Key Project Staff

7.2.1. The State Contract Manager

The State shall assign a Contract Manager who shall function as the State's representative with regard to Contract administration. The State Contract Manager is:

Christina MacDonald
(603) 271-4680
Christina.A.MacDonald@doe.nh.gov

7.2.2. The State Project Manager

The State shall assign a Project Manager. The State's Project Manager is:

Krisha Dubreuil
(603) 271-3301
Krisha.A.Dubreuil@doe.nh.gov

The State Project Manager's duties shall include the following:

a. Leading the Project;
b. Engaging and managing all Contractors working on the Project;
c. Managing significant issues and risks;
d. Reviewing and accepting Contract Deliverables;
e. Invoice sign-offs;
f. Review and approval of Change Orders;
g. Managing stakeholders' concerns.

8. WORK PLAN

The Contractor's Project Manager and the State Project manager shall finalize the Work Plan within Fourteen (14) days of the Effective Date and further refine the tasks required to implement the Project. Continued development and management of the Work Plan is a joint effort on the part of the Contractor and State Project Managers.

The preliminary Work Plan created by the Contractor and the State is set forth in this Section.

Task 1: Scheduled Meetings:

- WestEd will establish a regular meeting schedule within 2 weeks of G&C approval.

Task 2: Work Plan

- WestEd will develop a draft work plan for the project within 2 weeks of G&C approval, and a final approved workplan within 4 weeks of G&C approval.

Task 3: Project Status Reports

- WestEd will provide monthly project status updates at the established meetings.

Task 4: Training Modifications and Technical Assistance

- WestEd will provide a plan to review existing materials, provide recommendations to address any gaps, and make customizations to establish training materials.
- WestEd will review materials and make recommendations within 3 months, of G&C approval.
- NH will review recommendations and provide feedback to WestEd.
- Make customizations within 3 months of receiving NH approval of the recommendations.

Task 5: Desired Results Data Profile (DRDP) Online Customization

- Update user interface and data fields to align with NH requirements, laws and administrative rules. Timelines will be determined by the work plan developed in task 2. Milestones include:
  - Approved plan in place for user interface and data fields
  - Staging site available for testing and review
  - Update pushed to production and available for use
- Build out the scoring API to connect DRDP Online to the calculation engine to support statistical calculations for federal reporting Timelines will be determined by the work plan developed in task 2. Milestones include:
  - Approved plan in place for building out the scoring API
  - Functionality tested between scoring engine API and single score API
  - Staging site available for testing and review
  - Update pushed to production and available for use
- Adjust system functionality to accommodate rolling enrollment. Timelines will be determined by the work plan developed in task 2. Milestones include:
  - Approved plan in place for rolling enrollment
  - Staging site available for testing and review
  - Update pushed to production and available for use
- Create the capacity to Upload/Download NH Specific files within the system. Timelines will be determined by the work plan developed in task 2. Milestones include:
  - Approved plan in place for Upload/Download NH specific files
  - Staging site available for testing and review
  - Update pushed to production and available for use

- Develop additional system permissions and roles and generate as appropriate. Timelines will be determined by the work plan developed in task 2. Milestones include:
    - Approved plan in place for system permissions and roles
    - Staging site available for testing and review
    - Update pushed to production and available for use

Task 6: Reports Customization

- Customize existing reports to incorporate new data and meet NH reporting requirements and needs. Timelines will be determined by the work plan developed in task 2. Milestones include:
    - Approved plan in place for customization of existing reports
    - Obtain design approval of customized reports
    - Report Development
    - Staging site available for testing and review
    - Update pushed to production and available for use

- Create new reports incorporating to the federal Office of Special Education (OSEP) reporting calculations. Timelines will be determined by the work plan developed in task 2. Milestones include:
    - Approved plan in place for creating new reports for OSEP reporting
    - Obtain design approval of new reports
    - Report Development
    - Staging site available for testing and review
    - Update pushed to production and available for use
- Create new reports to support data analysis related to intervention outcomes. Timelines will be determined by the work plan developed in task 2. Milestones include:
    - Approved plan in place for creating new reports for data analysis
    - Obtain design approval of new reports
    - Report Development
    - Staging site available for testing and review
    - Update pushed to production and available for use

Task 7: State Level Collaboration (upon G&C Approval – June 30, 2022)

- Collaborate with Department of Education regarding any upgrades or updates or OSEP reporting needs
- WestEd will establish a regular meeting schedule and establish lines of communication within 2 weeks of G&C approval.
- Oversee the DRDP Online data system and collaborate with agencies
- Support New Hampshire DRDP certified trainers with quarterly update meetings and an online conference center to maintain current training materials

Task 8: State Level Collaboration (July 1, 2022 – June 30, 2023)

- Collaborate with Department of Education regarding any upgrades or updates or OSEP reporting needs
- WestEd will maintain a regular meeting schedule and follow the established lines of communication.
- Oversee the DRDP Online data system and collaborate with agencies
- Support New Hampshire DRDP certified trainers with quarterly update meetings and an online conference center to maintain current training materials

In conjunction with the Contractor's Project Management methodology, which shall be used to manage the Project's life cycle, the Contractor's team and the State shall finalize the Work Plan at the onset of the Project. This plan shall identify the tasks, Deliverables, major milestones, task dependencies, and a payment Schedule required to implement the Project. It shall also address intra-task dependencies, resource allocations (both State and The Contractor's team members), refine the Project's scope, and establish the Project's Schedule.

9. ACCEPTANCE & TESTING SERVICES

The Contractor shall provide end-to-end planning and preparation for testing and Acceptance of enhancements throughout the Project using an industry standard methodology. This shall include a detailed testing methodology which covers all areas of testing, security, required staffing with clear roles and responsibilities, training, test cases and scripting with associated Data, status and results Reporting. The Test Plan defined shall ensure designed and implemented Solutions are fully supported, tested, and documented.

In addition, IT Security involves all functions pertaining to the securing of State Data and Systems through the creation and definition of security policies, procedures and controls covering such areas as Identification, Authentication and non-repudiation. All components of the Software shall be Reviewed and tested to ensure they protect the State's hardware and Software and its related Data assets.

Service Component	Defines the set of capabilities that:
Identification and Authentication	Supports obtaining information about those parties attempting to log onto a system or application for security purposes and the validation of users.
Access Control	Supports the management of permissions for logging onto a computer or network.
Encryption	Supports the encoding of Data for security purposes
Intrusion Detection	Supports the detection of illegal entrance into a computer system.
Verification	Supports the confirmation of authority to enter a computer system, application or network.
Digital Signature	Guarantees the unaltered state of a file.
User Management	Supports the administration of computer, application and network accounts within an organization.
Role/Privilege Management	Supports the granting of abilities to users or groups of users of a computer, application or network.
Audit Trail Capture and Analysis	Supports the identification and monitoring of activities within an application or system.
Input Validation	Ensures the application is protected from buffer overflow, cross-site scripting, SQL injection, and unauthorized access of files and/or directories on the server.

10. MAINTENANCE, OPERATIONS AND SUPPORT

10.1 System Maintenance

The Contractor shall maintain and support the System in all material respects as described in the Contract, through the Contract Completion Date. The Contractor shall make available to the State the latest program updates, general maintenance releases, selected functionality releases, patches, and Documentation that are generally offered to its customers, at no additional cost.

10.2 System Support

The Contractor must perform on-site or remote technical support in accordance with the Contract, including without limitation the requirements, terms, and conditions contained herein.

As part of the Software maintenance agreement, ongoing Software maintenance and support levels, including all new Software releases, shall be responded to according to the following:

Class A Deficiencies – The Contractor shall have available to the State on-call telephone assistance, with issue tracking available to the State, eight (8) hours per day and five (5) days a week with an email / telephone response within two (2) hours of request; or the Contractor shall provide support on-site or with remote diagnostic Services, within twenty four (24) business hours of a request;

Class B & C Deficiencies – The State shall notify the Contractor of such Deficiencies during regular Business Hours and the Contractor shall respond back within twenty four (24) hours of notification of planned corrective action.

10.3 Support Obligations

The Contractor shall repair or replace Software, and provide maintenance of the Software in accordance with the Specifications and terms and requirements of the Contract.

The Contractor shall maintain a record of the activities related to Warranty repair or maintenance activities performed for the State;

a. For all maintenance Services calls, the Contractor shall ensure the following information will be collected and maintained:

   i. nature of the Deficiency;
   ii. current status of the Deficiency;
   iii. action plans, dates, and times;
   iv. expected and actual completion time;
   v. Deficiency resolution information;
   vi. resolved by;
   vii. identifying number i.e. work order number; and
   viii. issue identified by; and

b. The Contractor must work with the State to identify and troubleshoot potentially large-scale System failures or Deficiencies by collecting the following information:

   i. mean time between Reported Deficiencies with the Software;
   ii. diagnosis of the root cause of the problem; and
   iii. identification of repeat calls or repeat Software problems.

If the Contractor fails to correct a Deficiency within the allotted period of time stated above, the Contractor shall be deemed to have committed an Event of Default, and the State shall have the right, at its option, to pursue the remedies as defined in the P-37 General Provisions, Provision 8, as well as to return the Contractor's product and receive a refund for all amounts paid to the Contractor, including but not limited to, applicable License fees, within ninety (90) days of notification to the Contractor of the State's refund request.

10.4 Contract Warranties and Representations

10.4.1. System

The Contractor warrants that any Systems provided under this Agreement will operate and conform to the Specifications, terms, and requirements of this Agreement.

10.4.2. Software

The Contractor warrants that any Software provided as part of this Agreement, including but not limited to the individual modules or functions furnished under the Contract, is properly functioning within the System, compliant with the requirements of the Contract, and will operate in accordance with the Specifications and terms of the Contract.

For any breach of the above Software warranty, in addition to all its other remedies at law and in equity, at the State's option the Contractor shall:

a. provide the correction of program errors that cause breach of the warranty, or if Contractor cannot substantially correct such breach in a commercially reasonable manner, the State may end its program license if any and recover the fees paid to Contractor for the program license and any unused, prepaid technical support fees the State has paid for the program license; or
b. the re-performance of the deficient Services, or
c. if Contractor cannot substantially correct a breach in a commercially reasonable manner, the State may end the relevant Services and recover the fees paid to Contractor for the deficient Services.

10.4.3. Compatibility

Contractor warrants that all System components, including but not limited to the components provided, any replacement or upgraded System Software components provided by Contractor to correct Deficiencies or as an Enhancement, shall operate with the rest of the System without loss of any functionality.

10.4.4. Services

Contractor warrants that all Services to be provided under this Agreement will be provided expediently, in a professional manner, in accordance with industry standards and that Services will comply with performance standards, Specifications, and terms of the Contract.

11. DATA PROTECTION

Protection of personal privacy and data shall be an integral part of the business activities of the Contractor to ensure there is no inappropriate or unauthorized use of State information at

any time. To this end, the Contractor shall safeguard the confidentiality, integrity and availability of State information and comply with the following conditions:

a. The Contractor shall implement and maintain appropriate administrative, technical and organizational security measures to safeguard against unauthorized access, disclosure or theft of Personal Data and non-public information. Such security measures shall be in accordance with recognized industry practice and not less stringent than the measures the Contractor applies to its own Personal Data and non-public data of similar kind.
b. All data obtained by the Contractor in the performance of this contract and all Personal Data shall be encrypted at rest and in transit with controlled access. Unless otherwise stipulated, the Contractor is responsible for encryption of the Personal Data.
c. Unless otherwise stipulated, the Contractor shall encrypt all non-public data at rest and in transit. The State shall identify data it deems as non-public data to the Contractor. The level of protection and encryption for all non-public data shall be identified and made a part of this contract.
d. At no time shall any data or processes – that either belong to or are intended for the use of the State or its officers, agents or employees – be copied, disclosed or retained by the Contractor or any party related to the Contractor for subsequent use in any transaction that does not include the State.
e. The Contractor shall not use any information collected in connection with the service issued from this Contract for any purpose other than fulfilling the service.

11.1 Data Location

The Contractor shall provide its Services to the State and its end users solely from data centers within the Continental United States. All storage, processing and transmission of State data shall be restricted to information technology systems within the Continental United States. The Contractor shall not allow its personnel or sub-contractors to store State data on portable devices, including personal computers, except as specified and allowed by the contract, and then only on devices that are used and kept at its data centers within the Continental United States. The Contractor shall permit its personnel and Contractors to access State data remotely only to provide technical support and as specified or required by the contract.

11.2 Security Incident Or Data Breach

The Contractor shall inform the State of any security incident or Data Breach in accordance with NH RSA Chapter 359-C:20: Notice of Security Breach.

a. Incident Response: the Contractor may need to communicate with outside parties regarding a security incident, which may include contacting law enforcement, fielding media inquiries and seeking external expertise as mutually agreed upon, defined by law or contained in the Contract. Discussing security incidents with the State should be handled on an urgent as-needed basis, as part of the Contractor communication and mitigation processes as mutually agreed upon, defined by law or contained in the contract.

b. Security Incident Reporting Requirements: the Contractor shall report a security incident to the State identified contact immediately if it reasonably believes there has been a security incident.
c. Breach Reporting Requirements: If the Contractor has actual knowledge of a confirmed data breach that affects the security of any State content that is subject to applicable data breach notification law, the Contractor shall (1) promptly notify the appropriate State identified contact within 24 hours or sooner, unless shorter time is required by applicable law, and (2) take commercially reasonable measures to address the data breach in a timely manner.

11.3 Breach Responsibilities

11.3.1. This section only applies when a Data Breach occurs with respect to State data within the possession or control of the Contractor and/or the third party designee hosting the data as agreed upon by the Contractor and the State.

11.3.2. The Contractor, unless stipulated otherwise, shall immediately notify the appropriate State identified contact by telephone in accordance with the agreed upon security plan or security procedures if it reasonably believes there has been a security incident.

11.3.3. The Contractor, unless stipulated otherwise, shall promptly notify the appropriate State identified contact within 24 hours or sooner by telephone, unless shorter time is required by applicable law, if it confirms that there is, or reasonably believes that there has been a Data Breach the Contractor shall:

a. cooperate with the State as reasonably requested by the State to investigate and resolve the Data Breach;
b. promptly implement necessary remedial measures, if necessary; and
c. document responsive actions taken related to the Data Breach, including any post-incident review of events and actions taken to make changes in business practices in providing the services, if necessary.

11.3.4. Unless otherwise stipulated, if a Data Breach is a direct result of the Contractor's breach of its contract obligation or the third party hosting company to encrypt Personal Data or otherwise prevent its release, the Contractor and/or the third party hosting company shall bear the costs associated with:

a. the investigation and resolution of the Data Breach;
b. notifications to individuals, regulators or others required by State law;
c. a credit monitoring service required by State (or federal) law;
d. a website or a toll-free number and call center for affected individuals required by State law — all not to exceed the average per record per person cost calculated for Data Breaches in the United States (currently $201 per record/person) in the most recent Cost of Data Breach Study: Global Analysis published by the Ponemon Institute at the time of the Data Breach; and
e. complete all corrective actions as reasonably determined by the Contractor based on root cause; all [(a) through (e)] subject to this Contract's limitation of liability.

12. SOFTWARE AGREEMENT

The Contractor shall provide the State with access to the Software Licenses and Documentation set forth in the Contract, and particularly described Exhibit D: Software Agreement

13. ADMINISTRATIVE SERVICES

The Contract shall provide the State with the Administrative Services set forth in the Contract, and particularly described in Exhibit E: Administrative Services

14. TRAINING

The Contractor shall provide the following Training Services:
Training and Technical Assistance requirements have been defined in the Business and Technical Requirements – Attachment 1

15. MERCHANT CARD SERVICES

Not Applicable to this contract.

16. TERMS AND DEFINTIONS

Terms and Definitions applicable to this Contract are identified in Exhibit F: Terms and Definitions.

17. CONTRACTOR'S CERTIFICATES

Required Contractor Certificates are attached in Exhibit G.

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EXHIBIT C – PRICE AND PAYMENT SCHEDULE

The terms outlined in the Payment Schedule is set forth below:

1. CONTRACT PRICE

Notwithstanding any provision in the Contract to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments made by the State exceed the amount indicated in P-37 General Provisions - Block 1.8: Price Limitation. The payment by the State of the total Contract price shall be the only, and the complete reimbursement to the Contractor for all fees and expenses, of whatever nature, incurred by the Contractor in the performance hereof.

2. TRAVEL EXPENSES

The State will not be responsible for any travel or out of pocket expenses incurred in the performance of the Services performed under this Contract. The Contractor must assume all travel and related expenses incurred by Contractor in performance of its obligations. All labor rates in this Agreement will be considered "Fully Loaded", including, but not limited to: meals, hotel/housing, airfare, car rentals, car mileage, and any additional out of pocket expenses.

3. SHIPPING FEES

The State will not pay for any shipping or delivery fees unless specifically itemized in this Agreement.

4. INVOICING

The Contractor shall submit correct invoices to the State for all amounts to be paid by the State. All invoices submitted shall be subject to the State's prior written approval, which shall not be unreasonably withheld. The Contractor shall only submit invoices for Services or Deliverables as permitted by the Contract. Invoices must be in a format as determined by the State and contain detailed information, including without limitation: itemization of each Deliverable and identification of the Deliverable for which payment is sought, and the Acceptance date triggering such payment; date of delivery and/or installation; monthly maintenance charges; any other Project costs or retention amounts if applicable.

Upon Acceptance of a Deliverable, and a properly documented and undisputed invoice, the State will pay the correct and undisputed invoice within thirty (30) days of invoice receipt. Invoices will not be backdated and shall be promptly dispatched.

5. INVOICE ADDRESS

Invoices may be sent to:

Krisha Dubreuil
New Hampshire Department of Education
101 Pleasant Street, Concord, New Hampshire 03301

6. PAYMENT ADDRESS

Payments shall be made via ACH. Use the following link to enroll with the State Treasury for ACH payments: https://www.nh.gov/treasury/state-vendors/index.htm

7. OVERPAYMENTS TO THE CONTRACTOR

The Contractor shall promptly, but no later than fifteen (15) business days, return to the State the full amount of any overpayment or erroneous payment upon discovery or notice from the State.

8. CREDITS

The State may apply credits due to the State arising out of this Contract, against the Contractor's invoices with appropriate information attached.

9. PROJECT HOLDBACK

The State shall withhold ten percent (10%) of the price for each Deliverable, except Software License fees, as set forth in the Payment Table, until successful conclusion of the Warranty Period.

10. PAYMENT SCHEDULE

10.1 Contract Type

10.1.1. Activities / Deliverables / Milestones Pricing

This is a Not to Exceed Contract. The total Contract value is indicated in P-37 General Provisions - Block 1.8: Price Limitation for the period between the Effective Date through date indicated in P-37 General Provisions - Block 1.7: Completion Date. The Contractor shall be responsible for performing its obligations in accordance with the Contract. This Contract will allow the Contractor to invoice the State for the following activities, Deliverables, or milestones appearing in the price and payment tables below:

ACTIVITY / DELIVERABLES / MILESTONES				
	ACTIVITY, DELIVERABLE, OR MILESTONE	DELIVERABLE TYPE	PROJECTED DELIVERY DATE	Milestone Payment upon Acceptance
PLANNING AND PROJECT MANAGEMENT				
1	Scheduled Meetings	Non-Software	Ongoing	
2	Work Plan	Written	Ongoing	
3	Project Status Reports	Written	Ongoing	
OPERATIONS				
4	Training Modifications and Technical Assistance Customization of training videos and professional development resources for Desired Results data system and DRDP assessment	Non-Software	Ongoing	$49,500.00
5	Desired Results Data Profile (DRDP) Online Customization DRDP Online Customization of User Interface and data fields, API, the Pyramid Model, rolling enrollment, and Upload/Download files	Software	6 months following G&C Approval	$100,000.00
6	Reports Customization Customize general reports and adding OSEP reporting and the Pyramid Model to NH reports	Software	9 months following G&C Approval	$170,000.00
7	State Level Collaboration and Administration Ongoing meetings, communications with New Hampshire, oversight of work, and training supports (upon	Non-Software	Quarterly Payments	$35,000

	G&C Approval – June 30, 2022)			
8	State Level Collaboration and Administration Ongoing meetings, communications with New Hampshire, oversight of work, and training supports (July 1, 2022 – June 30, 2023)	Non-Software	Quarterly Payments	$35,000

10.2 Future Contractor Rates Worksheet

The State may request additional Services from the Contractor The State and Contractor agree to the following rates in the event the contract is extended as described in P-37 General Provisions, Section 3 Effective Date/Completion of Services.

Position Title	SFY 2022	SFY 2023	SFY 2024	SFY 2025
Project Manager	$125.00/hr	$128.75	$132.61	$136.59
Web Developer	$96.60/hr	$99.50/hr	$102.49/hr	$105.56/hr
Database Developer	$91.35/hr	$94.10/hr	$96.92/hr	$99.83/hr
Data Project Manager	$143.85/hr	$148.17/hr	$152.62/hr	$157.20/hr
Quality Assurance	$67.20/hr	$69.22/hr	$71.30/hr	$73.44/hr

Remainder of this page intentionally left blank

EXHIBIT D – SOFTWARE AGREEMENT

The terms outlined in the Software Agreement are set forth below:

1. LICENSE GRANT

1.1 **SUBSCRIPTION – Subject to the payment of all applicable license fees:**
The contractor hereby grants to the State a non-transferable, non -sub licensable, non-exclusive license to use Software and its associated documentation during the applicable subscription term, subject to the terms of the Contract. The State may allow its agents and Contractors to access and use the Software, and in such event, the State shall first obtain written agreement from such agents and Contractors that each shall abide by the terms and conditions set forth herein.

2. SOFTWARE TITLE

Title, right, and interest (including all ownership and intellectual property rights) in the Software provided under this Agreement, and its associated documentation, shall remain with the Contractor.

3. SOFTWARE AND DOCUMENTATION COPIES

The State shall be entitled to copies of any work product upon request to Contractor. At the conclusion of this Agreement, Contractor agrees to provide all copies of the Software for all versions, including related documentation, to the State. Contractor shall not retain any work product associated with this Agreement unless authorized by the State in writing.

Contractor shall provide the State with a sufficient number of hard copy versions of the Software's associated Documentation and one (1) electronic version in Microsoft Word and PDF format. The State shall have the right to copy the Software and its associated Documentation within its possession for its internal business needs. To the extent that the State does not have possession of the Software, Contractor shall provide a reasonable number of copies of the Software and associated Documentation upon request. The State agrees to include copyright and proprietary notices provided to the State by the Contractor on such copies.

4. RESTRICTIONS

Except as otherwise permitted under the Contract, the State agrees not to:

a. Remove or modify any program markings or any notice of the Contractor's proprietary rights;
b. Make the programs or materials available in any manner to any third party for use in the third party's business operations, except as permitted herein; or
c. Cause or permit reverse engineering, disassembly or recompilation of the programs.

5. VIRUSES

The Contractor shall provide Software that is free of viruses, destructive programming, and mechanisms designed to disrupt the performance of the Software in accordance with the Specifications. As a part of its internal development process, Contractor will use reasonable efforts to test the Software for Viruses.

6. AUDIT

Upon forty-five (45) days written notice, the Contractor may audit the State's use of the programs at the Contractor's sole expense. The State agrees to cooperate with the Contractor's audit and provide reasonable assistance and access to information. The State agrees that the Contractor shall not be responsible for any of the State's reasonable costs incurred in cooperating with the audit. Notwithstanding the foregoing, the Contractor's audit rights are subject to applicable State and federal laws and regulations.

7. SOFTWARE NON-INFRINGEMENT

Contractor warrants that it has good title to, or the right to allow the State to use all Services, equipment, and Software, including any all component parts thereof such as third party Software or programs that may be embedded in the Software ("Contracted Resources") provided under this Contract, and that such Services, equipment, and Software do not violate or infringe any patent, trademark, copyright, trade name or other intellectual property rights or misappropriate a trade secret of any third-party.

The Warranty of non-infringement shall be an on-going and perpetual obligation that shall survive termination of the Contract. In the event that someone makes a claim against the State that any Contracted Resources infringe their intellectual property rights, the Contractor shall defend and indemnify the State against the claim provided that the State:

a. Promptly notifies the Contractor in writing, not later than 30 days after the State receives actual written notice of such claim;
b. Gives the Contractor control of the defense and any settlement negotiations; and
c. Gives the Contractor the information, authority, and assistance reasonably needed to defend against or settle the claim.

Notwithstanding the foregoing, the State's counsel may participate in any claim to the extent the State seeks to assert any immunities or defenses applicable to the State.

If the Contractor believes or it is determined that any of the Contracted Resources may have violated someone else's intellectual property rights, the Contractor may choose to either modify the Contracted Resources to be non-infringing or obtain a License to allow for continued use, or if these alternatives are not commercially reasonable, the Contractor may end the License, and require return of the applicable Contracted Resources and refund all fees the State has paid the Contractor under the Contract. The Contractor will not indemnify the State if the State alters the Contracted Resources without the Contractor's consent or uses it outside the scope of use identified in the Contractor's User Documentation or if the State uses a version of the Contracted Resources which has been superseded, if the infringement claim

could have been avoided by using an unaltered current version of the Contracted Resources which was provided to the State at no additional cost. The Contractor will not indemnify the State to the extent that an infringement claim is based upon any information design, Specification, instruction, Software, Data, or material not furnished by the Contractor. The Contractor will not indemnify the State to the extent that an infringement claim is based upon the combination of any Contracted Resources with any products or Services not provided by the Contractor without the Contractor's consent.

8. CONTROL OF ALL COMPONENT ELEMENTS

Contractor acknowledges and agrees that it is responsible for maintaining all Licenses or permissions to use any third-party Software, equipment, or Services that are component parts of any Deliverable provided under this Agreement for the entire Term of the Contract. Nothing within this provision shall be construed to require Contractor to maintain Licenses and permissions for Software acquired by the State directly or through third-parties which may be integrated with the Contractor's Deliverables.

9. CUSTOM SOURCE CODE

Should any custom source code be developed, Contractor shall provide the State with a copy of the source code, which shall be subject to the License rights. The State shall receive a worldwide, perpetual, irrevocable, non-exclusive paid –up right and license to use, copy, modify and prepare derivative works of any custom developed software.

10. SOFTWARE ESCROW

Contractor agrees to provide to the State the currently existing source code and any other tools and requirements necessary to create executable or interpretive programs. This information may be provided to the State either directly, with any such protections as required by the Contractor or through a mutually agreed upon Escrow Agreement. Contractor shall be responsible for all costs associated with the Escrow Agreement and the State shall not assume any liability to the Company or Escrow Agent as a result of the Agreement.

Contractor agrees that the State shall be entitled to utilize the source code in its possession and/or demand a release of the source code from the Escrow Agent upon the occurrence of any of the following events ("Release Events"):

a. The Contractor has made an assignment for the benefit of creditors;
b. The Contractor institutes or becomes subject to a liquidation or bankruptcy proceeding of any kind;
c. A receiver or similar officer has been appointed to take charge of all or part of the Contractor's assets;
d. The Contractor terminates its maintenance, operations, and support services for the State for the Software or has ceased supporting and maintaining the Software for the State whether due to its ceasing to conduct business generally or otherwise, except in cases where the termination or cessation is a result of the non-payment or other fault of the State;
e. The Contractor defaults under the Contract; or

f. The Contractor ceases its on-going business operations or that portion of its business operations relating to the licensing and maintenance of the Software.

Upon the occurrence of a Release Event, the Contractor hereby grants the State the right to use, copy, modify, display, distribute, and prepare derivative works of the source code, and to authorize others to do the same on behalf of the State (Contractors, agents, etc.), solely for the purpose of completing the performance of the Contractor's obligations under the Contract, including, but not limited to, providing maintenance and support for the Software and subject to the rights granted in this Contract.

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EXHIBIT E – ADMINISTRATIVE SERVICES

1. DISPUTE RESOLUTION

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights or Confidential Information), the Party believing itself aggrieved (the "Invoking Party") shall call for progressive management involvement in the dispute negotiation by written notice to the other Party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted under the Contract.

The Parties shall use reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the Parties at the following successive management levels, each of which shall have a period of allotted time as specified below in which to attempt to resolve the dispute:

Table E-1.

DISPUTE RESOLUTION RESPONSIBILITY AND SCHEDULE TABLE

LEVEL	CONTRACTOR POINT OF CONTACT	STATE POINT OF CONTACT	CUMULATIVE ALLOTED TIME
Primary	Melinda Brookshire, Project Director	Krisha Dubreuil, Education Consultant	Five (5) Business Days.
First	Catherine Goins, Division Director	Rebecca Fredette, Special Education Director	Five (5) Business Days
Second	Mike Neuenfeldt, Deputy Chief Financial Officer	McKenzie Snow, Director, Division of Learner Support	Ten (10) Business Days
Third	Deb Cooksey, General Counsel, Legal	Frank Edelblut, Commissioner of Education	Ten (10) Business Days

The allotted time for the first level negotiations shall begin on the date the Invoking Party's notice is received by the other Party. Subsequent allotted time is days from the date that the original Invoking Party's notice is received by the other Party.

2. ACCESS AND COOPERATION

Subject to the terms of this Agreement and applicable laws, regulations, and policies, the State will provide the Contractor with access to all program files, libraries, personal computer-based Systems, Software packages, Network Systems, security Systems, and hardware as required to complete the contracted Services.

3. RECORD RETENTION

Contractor and its Subcontractors shall maintain all Project records including but not limited to books, records, documents, and other evidence of accounting procedures and practices,

which properly and sufficiently reflect all direct and indirect costs invoiced in the performance of their respective obligations under the Contract. Contractor and its Subcontractors shall retain all such records for three (3) years following termination of the Contract, including any extensions. Records relating to any litigation matters regarding the Contract shall be kept for one (1) year following the termination of all litigation, including the termination of all appeals or the expiration of the appeal period.

Upon prior notice and subject to reasonable time frames, all such records shall be subject to inspection, examination, audit and copying by personnel so authorized by the State and federal officials so authorized by law, rule, regulation or Contract, as applicable. Access to these items shall be provided within Merrimack County of the State of New Hampshire, unless otherwise agreed by the State. Delivery of and access to such records shall be at no cost to the State during the three (3) year period following termination of the Contract and one (1) year Term following litigation relating to the Contract, including all appeals or the expiration of the appeal period. Contractor shall include the record retention and Review requirements of this section in any of its subcontracts.

4. ACCOUNTING

Contractor shall maintain an accounting System in accordance with Generally Accepted Accounting Principles (GAAP). The costs applicable to the Contract shall be ascertainable from the accounting System.

5. AUDIT

The Contractor shall allow the State to audit conformance to the contract terms. The State may perform this audit or contract with a third party at its discretion and at the State's expense.

6. MISCELLANEOUS WORK REQUIREMENTS

6.1 Access to State Systems

In consideration for receiving access to and use of the computer facilities, network, licensed or developed software, software maintained or operated by any of the State entities, systems, equipment, Documentation, information, reports, or data of any kind (hereinafter "Information"), Contractor understands and agrees to the following rules:

6.1.1. Computer Use

a. Every Authorized User has the responsibility to assure the protection of information from unauthorized access, misuse, theft, damage, destruction, modification, or disclosure.

b. That information shall be used solely for conducting official State business, and all other use or access is strictly forbidden including, but not limited to, personal, or other private and non-State use and that at no time shall Contractor access or attempt to access any information without having the express authority to do so.

c. That at no time shall Contractor access or attempt to access any information in a manner inconsistent with the approved policies, procedures, and /or agreements relating to system entry/access.

d. That all software licensed, developed, or being evaluated by the State cannot be copied, shared, distributed, sub-licensed, modified, reverse engineered, rented, or sold, and that at all times Contractor must use utmost care to protect and keep such software strictly confidential in accordance with the license or any other agreement executed by the State. Only equipment or software owned, licensed, or being evaluated by the State, can be used by Contractor Personal software (including but not limited to palmtop sync software) shall not be installed on any equipment.

e. That if Contractor is found to be in violation of any of the above-stated rules, the Contractor may face default and termination under the Agreement and the individual may face removal from the State Contract, and/or criminal or civil prosecution, if the act constitutes a violation of law.

f. That computer use shall follow the State standard policy (Statewide Computer Use Policy is available upon request)

6.1.2. Email Use

Email and other electronic communication messaging systems are State of New Hampshire property and are to be used for business purposes only. Email is defined as "internal email systems" or "State-funded email systems." Contractor understands and agrees that use of email shall follow State standard policy (Statewide Computer Use Policy is available upon request).

6.1.3. Internet/Intranet Use

The Internet/Intranet is to be used for access to and distribution of information in direct support of the business of the State of New Hampshire according to State standard policy (Statewide Computer Use Policy is available upon request).

6.2 State Website Copyright

All right, title and interest in the State WWW site, including copyright to all Data and information, shall remain with the State. The State shall also retain all right, title and interest in any user interfaces and computer instructions embedded within the WWW pages. All WWW pages and any other Data or information shall, where applicable, display the State's copyright.

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EXHIBIT F – TERMS AND DEFINITIONS

The following general contracting terms and definitions apply except as specifically noted elsewhere in this Contract.

TERM	DEFINITION
Acceptance	Notice from the State that a Deliverable has satisfied Acceptance Test or Review.
Agreement	A Contract duly executed and legally binding.
Data Breach	Data Breach means the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, or any similar term referring to situations where persons other than authorized users and for an other than authorized purpose have access or potential access to personally identifiable information, whether physical or electronic. With regard to Protected Health Information, "Data Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
Security Incident	"Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.

Confidential Information	Information required to be kept Confidential and restricted from unauthorized disclosure under the Contract. "Confidential Information" or "Confidential Data" means all private/restricted confidential information disclosed by one party to the other such as all medical, health, financial, public assistance benefits and personal information including without limitation, Protected Health Information and Personally Identifiable Information. Confidential Information also includes any and all information owned or managed by the State of NH - created, received from or on behalf of any state agency or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.
Contract	An Agreement between the State of New Hampshire and a Vendor, which creates binding obligations for each party to perform as specified in the Contract Documents.
Deficiency (-ies)/Defects	A failure, shortcoming or error in a Deliverable resulting in a Deliverable, the Software, or the System, not conforming to its Specifications.
Deliverable	A Deliverable is any Written, Software, or Non-Software Deliverable (letter, report, manual, book, code, or other), provided by the Contractor to the State or under the terms of a Contract requirement.
Documentation	All information that describes the installation, operation, and use of the Software, either in printed or electronic format.
Enhancements	Updates, additions, modifications to, and new releases for the Software or System, and all changes to the Documentation as a result of improvement in quality, value, or extent.
Hosted Services	Applications, IT infrastructure components or functions that organizations access from external service providers, typically through an internet connection.

Hosted System	The combination of hardware, software and networking components used by the Application Service Provider to deliver the Hosted Services.
Identification and Authentication	Supports obtaining information about those parties attempting to log on to a system or application for security purposes and the validation of those users.
Implementation	The process for making the System fully Operational for processing the Data.
Non-Public Information	Information, other than Personal Information, that is not subject to distribution to the public as public information. It is deemed to be sensitive and confidential by the State because it contains information that is exempt by statute, ordinance or administrative rule from access by the general public as public information.
Operational	Operational means that the System is ready for use and fully functional, all Data has been loaded; the System is available for use by the State in its daily operations, and the State has issued Acceptance.
Personal Information	"Personal Information" (or "PI") or "Personally Identifiable Information" (PII) means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, personal information as defined in New Hampshire RSA 359-C:19, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.
Proposal	The submission from a Vendor in response to the Request for a Proposal.
Software	All Custom, SAAS and COTS computer programs and applications provided by the Contractor under the Contract.
Software Deliverables	All Custom, SAAS and COTS Software and Enhancements.
Software License	Licenses provided to the State under this Contract.

Software-as-a-Service (SaaS)	The capability provided to the State to use the Contractor's applications running on a cloud infrastructure. The applications are accessible from various client devices through a thin-client interface such as a Web browser (e.g., Web-based email) or a program interface. The State does not manage or control the underlying cloud infrastructure including network, servers, Operating Systems, storage or even individual application capabilities, with the possible exception of limited user-specific application configuration settings.
Specifications	Written details that set forth the requirements which include, without limitation, the RFP, the Proposal, the Contract, any performance standards, Documentation, applicable State and federal policies, laws and regulations, State technical standards, subsequent State-approved Deliverables, and other specifications and requirements described in the Contract Documents. The Specifications are, by this reference, made a part of the Contract as though completely set forth herein.
State Data	All Data created or in any way originating with the State, and all Data that is the output of computer processing of or other electronic manipulation of any Data that was created by or in any way originated with the State, whether such Data or output is stored on the State's hardware, the Contractor's hardware or exists in any system owned, maintained or otherwise controlled by the State or by the Contractor.
State Fiscal Year (SFY)	The New Hampshire State Fiscal Year (SFY) runs from July 1 of the preceding calendar year through June 30 of the applicable calendar year.
Subcontractor	A person, partnership, or company not in the employment of, or owned by, the Contractor which is performing Services under this Contract under a separate Contract with or on behalf of the Contractor.
System	All Software, specified hardware, interfaces and extensions, integrated and functioning together in accordance with the Specifications.
Term	Period of the Contract from the Effective Date through the Completion Date identified in the P-37 General Provisions or termination.

Verification	Supports the confirmation of authority to enter a computer system application or network.
Warranty	The conditions under, and period during, which the Contractor will repair, replace, or other compensate for, the defective item without cost to the buyer or user. It also delineates the rights and obligations of both parties in case of a claim or dispute.
Warranty Period	A period of coverage during which the Contractor is responsible for providing a guarantee for products and Services delivered as defined in the Contract.

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EXHIBIT G – ATTACHMENTS AND CONTRACTOR CERTIFICATES

1. **ATTACHMENTS**
   a. Business and Technical Requirements – Attachment 1
   b. Agency Compliance Documents – Attachment 2 Exhibits 1 - 4
      1. Contractor Obligations
      2. Federal Debarment and Suspension
      3. Anti Lobbying
      4. Rights to Inventions Made Under a Contract, Copyrights and Confidentiality
2. **CONTRACTOR CERTIFICATES**
   a. Contractor's Certificate of Good Standing
   b. Contractor's Certificate of Vote/Authority
   c. Contractor's Certificate of Insurance

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BUSINESS REQUIREMENTS					
Requirements			Vendor		
Req #	Requirement Description	Criticality	Vendor Response	Delivery Method	Comments
Training and Technical Assistance					
B1.1	Review existing training materials related to the DRDP	M	Yes	Standard	
B1.2	Provide recommendations and technical assistance in the development of training system supporting initial use of the tool and data system as well as sustained fidelity of implementation over time	M	Yes	Standard	
B1.3	Identify potential gaps in available training resources and make recommendations and/or develop training materials (including written, video, and curriculum) to address these gaps;	M	Yes	Standard	
B1.4	Rrecommend and make customizations to established training materials at the discretion of the Department to meet New Hampshire needs.	M	No	Future	This is part of the scope of work. Delivery is no later than 12 months after G&C approval
Desired Results Data Profile (DRDP) Online Customization					
B2.1	Update user interface and data fields to align with NH requirements, laws and administrative rules.	M	No	Future	This is part of the scope of work. Delivery is no later than 6 months after G&C approval
B2.2	Build out the scoring API to connect DRDP online to the calculation engine to support statistical calculations for federal reporting.	M	No	Future	This is part of the scope of work. Delivery is no later than 6 months after G&C approval
B2.3	Adjust system functionality to accommodate rolling enrollment.	M	No	Future	This is part of the scope of work. Delivery is no later than 6 months after G&C approval
B2.4	Create the capacity to Upload/Download New Hampshire Specific files within the system.	M	No	Future	This is part of the scope of work. Delivery is no later than 6 months after G&C approval
B2.5	Develop additional system permissions and roles and generate as appropriate.	M	No	Future	This is part of the scope of work. Delivery is no later than 6 months after G&C approval
Desired Results Data Profile (DRDP) Online Reports Customization					
B3.1	Customize existing reports to incorporate new data and meet New Hampshire reporting requirements and needs.	M	No	Future	This is part of the scope of work. Delivery is no later than 9 months after G&C approval
B3.2	Create new reports incorporating to the federal Office of Special Education (OSEP) reporting calculations.	M	No	Future	This is part of the scope of work. Delivery is no later than 9 months after G&C approval
B3.3	Create new reports to support data analysis related to intervention outcomes.	M	No	Future	This is part of the scope of work. Delivery is no later than 9 months after G&C approval
State-level Collaboration and Administration					
B4.1	Oversee the DRDP Online data system	M	Yes	Standard	

B4.2	Monitor, identify and rectify data system issues	M	Yes	Standard	
B4.3	Establish regular meeting schedule to coordinate with Department of Education	M	Yes	Standard	
B4.4	Collaborate with the Department of Education regarding any upgrades or updates needed to align with NH laws, administrative rules, and reporting requirements	M	Yes	Standard	
B4.5	Collaborate with agencies on DRDP Upload/Download requests	M	Yes	Standard	
B4.6	Collaborate with the Department of Education regarding DRDP OSEP reporting needs regarding any adjustments needed	M	Yes	Standard	
B4.7	Support New Hampshire DRDP certified trainers with quarterly update meetings and an online conference center to maintain current training materials	M	Yes	Standard	

APPLICATION REQUIREMENTS					
Requirements			Vendor		
Req.#	Requirement Description	Criticality	Vendor Response	Delivery Method	Comments
GENERAL SPECIFICATIONS					
A1.1	Ability to access data using open standards access protocol (please specify supported versions in the comments field).	M	Yes	Standard	The DRDP Systems offers downloads of customer data that may be stored and used by the customer with any data analysis tool. Reports are provided as a viewable HTML document and PDF
A1.2	Data is available in commonly used format over which no entity has exclusive control, with the exception of National or International standards. Data is not subject to any copyright, patent, trademark or other trade secret regulation.	M	Yes	Standard	Supported in current release of software
A1.3	Web-based compatible and in conformance with the following W3C standards: HTMLS, CSS 2.1, XML 1.1	M	Yes	Standard	Supported in current release of software
APPLICATION SECURITY					
A2.1	Verify the identity or authenticate all of the system client applications before allowing use of the system to prevent access to inappropriate or confidential data or services.	M	Yes	Standard	Supported in current release of software
A2.2	Verify the identity and authenticate all of the system's human users before allowing them to use its capabilities to prevent access to inappropriate or confidential data or services.	M	Yes	Standard	Supported in current release of software
A2.3	Enforce unique user names.	M	Yes	Standard	Supported in current release of software
A2.4	Enforce complex passwords for Administrator Accounts in accordance with DoIT's statewide User Account and Password Policy.	M	Yes	Custom	System Currently Supports The Following Password Requirements: Number, Special character (!@#$%^&*~), 8 characters required. System can be modified to accept 10 character password.

A2.5	Enforce the use of complex passwords for general users using capital letters, numbers and special characters in accordance with DoIT's statewide User Account and Password Policy.	M	Yes	Custom	System Currently Supports The Following Password Requirements: Number, Special character (!@#$%^&*`~), 8 characters required. System can be modified to accept 10 character password.
A2.6	Encrypt passwords in transmission and at rest within the database.	M	Yes	Standard	Supported in current release of software
A2.7	Establish ability to expire passwords after a definite period of time in accordance with DoIT's statewide User Account and Password Policy.	M	Yes	Custom	Software expires passwords every (90 days).
A2.8	Provide the ability to limit the number of people that can grant or change authorizations.	M	Yes	Standard	Supported in current release of software
A2.9	Establish ability to enforce session timeouts during periods of inactivity.	M	Yes	Standard	Supported in current release of software
A2.10	The application shall not store authentication credentials or sensitive data in its code.	M	Yes	Standard	Supported in current release of software
A2.11	Log all attempted accesses that fail identification, authentication and authorization requirements.	M			The rails app, IIRC, only runs as a single user and does not have any user logging available to it. There is nothing to log, as every request must take place with the single authorization code
A2.12	The application shall log all activities to a central server to prevent parties to application transactions from denying that they have taken place.	M	No	Standard	System access abides by standard Ubuntu logging. The system is behind a firewall and not publicly accessible.
A2.13	All logs must be kept for (XX- days, weeks, or months).	M	Yes	Standard	Logs are kept for 6 months
A2.14	The application must allow a human user to explicitly terminate a session. No remnants of the prior session should then remain.	M	Yes	Standard	Supported in current release of software
A2.15	Do not use Software and System Services for anything other than they are designed for.	M	Yes	Standard	Supported in current release of software
A2.16	The application Data shall be protected from unauthorized use when at rest.	M	Yes	Standard	Supported in current release of software
A2.17	The application shall keep any sensitive Data or communications private from unauthorized individuals and programs.	M	Yes	Standard	Supported in current release of software

A2.18	Subsequent application enhancements or upgrades shall not remove or degrade security requirements.	M	Yes	Standard	Supported in current release of software
A2.19	Utilize change management documentation and procedures.	M	Yes	Standard	Supported in current release of software
A2.20	Web Services : The service provider shall use Web services exclusively to interface with the State's data in near real time when possible.	M	Yes	Standard	Supported in current release of software

TESTING REQUIREMENTS					
Requirements			Vendor		
Req #	Requirement Description	Criticality	Vendor Response	Delivery Method	Comments
APPLICATION SECURITY TESTING					
T1.1	All components of the Software shall be reviewed and tested to ensure they protect the State's web site and its related Data assets.	M	Yes	Standard	Supported in current release of software
T1.2	The Vendor shall be responsible for providing documentation of security testing, as appropriate. Tests shall focus on the technical, administrative and physical security controls that have been designed into the System architecture in order to provide the necessary confidentiality, integrity and availability.	M	Yes	Standard	An external pen-test was performed recently to validate application. From an infrastructure perspective Microsoft Azure has strict controls in place as well with details available https://www.microsoft.com/en-us/trust-center/product-overview
T1.3	Provide evidence that supports the fact that Identification and Authentication testing has been recently accomplished; supports obtaining information about those parties attempting to log onto a system or application for security purposes and the validation of users.	M	Yes	Standard	An external pen-test was performed recently to validate application.
T1.4	Test for Access Control; supports the management of permissions for logging onto a computer or network.	M	Yes	Standard	Microsoft Azure has strict controls in place as well with details available https://www.microsoft.com/en-us/trust-center/product-overview
T1.5	Test for encryption; supports the encoding of data for security purposes, and for the ability to access the data in a decrypted format from required tools.	M	Yes	Standard	DRDP uses SSL/TLS security to protect data in transit. Data as rest is protected with Bitlocker or Azure SQL TDE.
T1.6	Test the Intrusion Detection; supports the detection of illegal entrance into a computer system.	M	Yes	Standard	An external pen-test was performed recently to validate application.
T1.7	Test the Verification feature; supports the confirmation of authority to enter a computer system, application or network.	M	Yes	Standard	Microsoft Azure has strict controls in place as well with details available https://www.microsoft.com/en-us/trust-center/product-overview
T1.8	Test the User Management feature; supports the administration of computer, application and network accounts within an organization.	M	Yes	Standard	Supported in current release of software

T1.9	Test Role/Privilege Management; supports the granting of abilities to users or groups of users of a computer, application or network.	M	Yes	Standard	Supported in current release of software
T1.10	Test Audit Trail Capture and Analysis; supports the identification and monitoring of activities within an application or system.	M	No	Future	We do not currently support this. It is a planned update.
T1.11	Test Input Validation; ensures the application is protected from buffer overflow, cross-site scripting, SQL injection, and unauthorized access of files and/or directories on the server.	M	Yes	Standard	Supported in current release of software
T.1.12	For web applications, ensure the application has been tested and hardened to prevent critical application security flaws. (At a minimum, the application shall be tested against all flaws outlined in the Open Web Application Security Project (OWASP) Top Ten (http://www.owasp.org/index.php/OWASP_Top_Ten_Project).	M	Yes	Standard	An external pen-test was performed recently to validate application. In addition the application runs behind a Azure Web Application Filter that uses OWASP 3.1 rules to block potentially malicious traffic
T1.13	Provide the State with validation of 3rd party security reviews -performed on the application and system environment. The review may include a combination of vulnerability scanning, penetration testing, static analysis of the source code, and expert code review (please specify proposed methodology in the comments field).	M	Yes	Standard	A penetration test was recently performed against the DRDP Online project and both of the findings were remediated. In addition the DRDP team will engage a vendor for future security screenings.
T1.14	Prior to the System being moved into production, the Vendor shall provide results of all security testing to the Department of Information Technology for review and acceptance.	M	Yes	Standard	System is multi tennant. Results of security testing will be provided for deliverables
T1.15	Vendor shall provide documented procedure for migrating application modifications from the User Acceptance Test Environment to the Production Environment.	M	Yes	Standard	Multi pass testing completed in development environment prior to release. Upon release to production, multi pass testing performed again. All tests completed by multiple testers in multiple envirnments/web browsers.
STANDARD TESTING					
T2.1	The Vendor must test the software and the system using an industry standard and State approved testing methodology.	M	Yes	Standard	Supported in current release of software
T2.2	The Vendor must perform application stress testing and tuning.	M	Yes	Standard	Supported in current release of software

T2.3	The Vendor must provide documented procedure for how to sync Production with a specific testing environment.	M	Yes	Standard	Synchronization of Production to Test Environment is done through the database restoration mechanism. Should report files be needed they can also be moved between environments using Azure Tools.
T2.4	The vendor must define and test disaster recovery procedures.	M	Yes	Standard	Database recoveries are periodically tested during the production->testing environment data updates. Virtual machines can be recovered from long-term backups.

HOSTING-CLOUD REQUIREMENTS					
Requirements			Vendor		
Req #	Requirement Description	Criticality	Vendor Response	Delivery Method	Comments
OPERATIONS					
H1.1	Vendor shall provide an ANSI/TIA-942 Tier 3 Data Center or equivalent. A tier 3 data center requires 1) Multiple independent distribution paths serving the IT equipment, 2) All IT equipment must be dual-powered and fully compatible with the topology of a site's architecture and 3) Concurrently maintainable site infrastructure with expected availability of 99.982%.	M	Yes	Standard	All of the information is hosted in the Microsoft Azure Cloud (West US2 Region - Washington)
H1.2	Vendor shall maintain a secure hosting environment providing all necessary hardware, software, and Internet bandwidth to manage the application and support users with permission based logins.	M	Yes	Standard	Supported in current release of software
H1.3	The Data Center must be physically secured – restricted access to the site to personnel with controls such as biometric, badge, and others security solutions. Policies for granting access must be in place and followed. Access shall only be granted to those with a need to perform tasks in the Data Center.	M	Yes	Standard	Supported in current release of software
H1.4	Vendor shall install and update all server patches, updates, and other utilities within 60 days of release from the manufacturer.	M	Yes	Standard	Supported in current release of software
H1.5	Vendor shall monitor System, security, and application logs.	M	Yes	Standard	Supported in current release of software
H1.6	Vendor shall manage the sharing of data resources.	M	Yes	Standard	Supported in current release of software
H1.7	Vendor shall manage daily backups, off-site data storage, and restore operations.	M	Yes	Standard	Supported in current release of software
H1.8	The Vendor shall monitor physical hardware.	M	Yes	Standard	Supported in current release of software
H1.9	Remote access shall be customized to the State's business application. In instances where the State requires access to the application or server resources not in the DMZ, the Vendor shall provide remote desktop connection to the server through secure protocols such as a Virtual Private Network (VPN).	M	Yes	Standard	Supported in current release of software

H1.10	The Vendor shall report any breach in security in conformance with State of NH RSA 359-C:20. Any person engaged in trade or commerce that is subject to RSA 358-A:3, I shall also notify the regulator which has primary regulatory authority over such trade or commerce. All other persons shall notify the New Hampshire attorney general's office.	M	Yes	Standard	Supported in current release of software
DISASTER RECOVERY					
H2.1	Vendor shall have documented disaster recovery plans that address the recovery of lost State data as well as their own. Systems shall be architected to meet the defined recovery needs.	M	Yed	Standard	By using the Microsoft Azure platform the DRDP project has multiple layers of durability built into the environment. Redundancies are built into the various IaaS & PaaS components used to operate the project to provide durability. In addition, backups are stored in 2 geographically separate regions for up to 1 year. Database recoveries are periodically tested during the production->testing environment data updates.
H2.2	The disaster recovery plan shall identify appropriate methods for procuring additional hardware in the event of a component failure. In most instances, systems shall offer a level of redundancy so the loss of a drive or power supply will not be sufficient to terminate services however, these failed components will have to be replaced.	M	Yes	Standard	Additional hardware procurement is not required as DRDP operates within the Microsoft Azure platform where the minimum SLA is 99.9% at the infrastructure level for components used. However, should a major failure happen recovery is available through backups and synchronized storage.
H2.3	Vendor shall adhere to a defined and documented back-up schedule and procedure.	M	Yes	Standard	Supported in current release of software
H2.4	Back-up copies of data are made for the purpose of facilitating a restore of the data in the event of data loss or System failure.	M	Yes	Standard	Supported in current release of software
H2.5	Scheduled backups of all servers must be completed regularly. The minimum acceptable frequency is differential backup daily, and complete backup weekly.	M	Yes	Standard	Supported in current release of software
H2.6	Tapes or other back-up media tapes must be securely transferred from the site to another secure location to avoid complete data loss with the loss of a facility.	M	Yes	Standard	Supported in current release of software

H2.7	Data recovery – In the event that recovery back to the last backup is not sufficient to recover State Data, the Vendor shall employ the use of database logs in addition to backup media in the restoration of the database(s) to afford a much closer to real-time recovery. To do this, logs must be moved off the volume containing the database with a frequency to match the business needs.	M	Yes	Standard	Supported in current release of software
HOSTING SECURITY					
H3.1	The Vendor shall employ security measures ensure that the State's application and data is protected.	M	Yes	Standard	Supported in current release of software
H3.2	If State data is hosted on multiple servers, data exchanges between and among servers must be encrypted.	M	Yes	Standard	Supported in current release of software
H3.3	All servers and devices must have currently-supported and hardened operating systems, the latest anti-viral, anti-hacker, anti-spam, anti-spyware, and anti-malware utilities. The environment, as a whole, shall have aggressive intrusion-detection and firewall protection.	M	Yes	Standard	Supported in current release of software
H3.4	All components of the infrastructure shall be reviewed and tested to ensure they protect the State's hardware, software, and its related data assets. Tests shall focus on the technical, administrative and physical security controls that have been designed into the System architecture in order to provide confidentiality, integrity and availability.	M	Yes	Standard	Supported in current release of software
H3.5	The Vendor shall ensure its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the hosting infrastructure.	M	Yes	Standard	Supported in current release of software
H3.6	The Vendor shall authorize the State to perform scheduled and random security audits, including vulnerability assessments, of the Vendor' hosting infrastructure and/or the application upon request.	M	Yes	Standard	Supported in current release of software
H3.7	All servers and devices must have event logging enabled. Logs must be protected with access limited to only authorized administrators. Logs shall include System, Application, Web and Database logs.	M	Yes	Standard	Servers all use standard event logging. Rails and apache logs are stored on the server with a log rotation schedule. They are NOT currently sent to a centralized log storage. Rails logs appear to be weekly for a year retention. Apache logs appear to be 14 days of daily rotation.

H3.8	Operating Systems (OS) and Databases (DB) shall be built and hardened in accordance with guidelines set forth by CIS, NIST or NSA.	M	Yes	Standard	Supported in current release of software
H3.9	The Vendor shall notify the State's Project Manager of any security breaches within two (2) hours of the time that the Vendor learns of their occurrence.	M	Yes	Standard	Supported in current release of software
H3.10	The Vendor shall be solely liable for costs associated with any breach of State data housed at their location(s) including but not limited to notification and any damages assessed by the courts.	M	Yes	Standard	Supported in current release of software
SERVICE LEVEL AGREEMENT					
H4.1	The Vendor's System support and maintenance shall commence upon the Effective Date and extend through the end of the Contract term, and any extensions thereof.	M	Yes	Standard	Supported in current release of software
H4.2	The vendor shall maintain the hardware and Software in accordance with the specifications, terms, and requirements of the Contract, including providing, upgrades and fixes as required.	M	Yes	Standard	Supported in current release of software
H4.3	The vendor shall repair or replace the hardware or software, or any portion thereof, so that the System operates in accordance with the Specifications, terms, and requirements of the Contract.	M	Yes	Standard	Supported in current release of software
H4.4	All hardware and software components of the Vendor hosting infrastructure shall be fully supported by their respective manufacturers at all times. All critical patches for operating systems, databases, web services, etc., shall be applied within sixty (60) days of release by their respective manufacturers.	M	Yes	Standard	Supported in current release of software
H4.5	The State shall have unlimited access, via phone or Email, to the Vendor technical support staff between the hours of 8:30am to 5:00pm- Monday through Friday EST.	M	Yes	Standard	Supported in current release of software

H4.6	The Vendor shall conform to the specific deficiency class as described: o Class A Deficiency - Software - Critical, does not allow System to operate, no work around, demands immediate action; Written Documentation - missing significant portions of information or unintelligible to State; Non Software - Services were inadequate and require re-performance of the Service. o Class B Deficiency - Software - important, does not stop operation and/or there is a work around and user can perform tasks; Written Documentation - portions of information are missing but not enough to make the document unintelligible; Non Software - Services were deficient, require reworking, but do not require re-performance of the Service. o Class C Deficiency - Software - minimal, cosmetic in nature, minimal effect on System, low priority and/or user can use System; Written Documentation - minimal changes required and of minor editing nature; Non Software - Services require only minor reworking and do not require re-performance of the Service.	M	Yes	Standard	Supported in current release of software
H4.7	As part of the maintenance agreement, ongoing support issues shall be responded to according to the following: a. Class A Deficiencies - The Vendor shall have available to the State on-call telephone assistance, with issue tracking available to the State, eight (8) hours per day and five (5) days a week with an email / telephone response within two (2) hours of request; or the Vendor shall provide support on-site or with remote diagnostic Services, within four (4) business hours of a request; b. Class B & C Deficiencies --The State shall notify the Vendor of such Deficiencies during regular business hours and the Vendor shall respond back within four (4) hours of notification of planned corrective action; The Vendor shall repair or replace Software, and provide maintenance of the Software in accordance with the Specifications, Terms and Requirements of the Contract.	M	Yes	Standard	Supported in current release of software
H4.8	The hosting server for the State shall be available twenty-four (24) hours a day, 7 days a week except for during scheduled maintenance.	M	Yes	Standard	Supported in current release of software
H4.9	A regularly scheduled maintenance window shall be identified (such as weekly, monthly, or quarterly) at which time all relevant server patches and application upgrades shall be applied.	M	Yes	Standard	Supported in current release of software
H4.10	If The Vendor is unable to meet the uptime requirement, The Vendor shall credit State's account in an amount based upon the following formula: (Total Contract Item Price/365) x Number of Days Contract Item Not Provided. The State must request this credit in writing.	M			Not Applicable

H4.11	The Vendor shall use a change management policy for notification and tracking of change requests as well as critical outages.	M	Yes	Standard	Supported in current release of software
H4.12	A critical outage will be designated when a business function cannot be met by a nonperforming application and there is no work around to the problem.	M	Yes	Standard	Supported in current release of software
H4.13	The Vendor shall maintain a record of the activities related to repair or maintenance activities performed for the State and shall report quarterly on the following: Server up-time; All change requests implemented, including operating system patches; All critical outages reported including actual issue and resolution; Number of deficiencies reported by class with initial response time as well as time to close.	M	Yes	Standard	Supported in current release of software
H4.14	The Vendor will give two-business days prior notification to the State Project Manager of all changes/updates and provide the State with training due to the upgrades and changes.	M	Yes	Standard	Supported in current release of software

SUPPORT & MAINTENANCE REQUIREMENTS					
Requirements			Vendor		
Req #	Requirement Description	Criticality	Vendor Response	Delivery Method	Comments
SUPPORT & MAINTENANCE REQUIREMENTS					
S1.1	The Vendor's System support and maintenance shall commence upon the Effective Date and extend through the end of the Contract term, and any extensions thereof.	M	Yes	Standard	Supported in current release of software
S1.2	Maintain the hardware and Software in accordance with the Specifications, terms, and requirements of the Contract, including providing, upgrades and fixes as required.	M	Yes	Standard	Supported in current release of software
S1.3	Repair Software, or any portion thereof, so that the System operates in accordance with the Specifications, terms, and requirements of the Contract.	M	Yes	Standard	Supported in current release of software
S1.4	The State shall have unlimited access, via phone or Email, to the Vendor technical support staff between the hours of 8:30am to 5:00pm- Monday through Friday EST.	M	Yes	Standard	Supported in current release of software
S1.5	The Vendor response time for support shall conform to the specific deficiency class as described below or as agreed to by the parties: o Class A Deficiency - Software - Critical, does not allow System to operate, no work around, demands immediate action; Written Documentation - missing significant portions of information or unintelligible to State; Non Software - Services were inadequate and require re-performance of the Service. o Class B Deficiency - Software - important, does not stop operation and/or there is a work around and user can perform tasks; Written Documentation - portions of information are missing but not enough to make the document unintelligible; Non Software - Services were deficient, require reworking, but do not require re-performance of the Service. o Class C Deficiency - Software - minimal, cosmetic in nature, minimal effect on System, low priority and/or user can use System; Written Documentation - minimal changes required and of minor editing nature; Non Software - Services require only minor reworking and do not require re-performance of the Service.	M	Yes	Standard	Supported in current release of software
S1.6	The Vendor shall make available to the State the latest program updates, general maintenance releases, selected functionality releases, patches, and Documentation that are generally offered to its customers, at no additional cost.	M	Yes	Standard	Supported in current release of software

S1.7	For all maintenance Services calls, The Vendor shall ensure the following information will be collected and maintained: 1) nature of the Deficiency; 2) current status of the Deficiency; 3) action plans, dates, and times; 4) expected and actual completion time; 5) Deficiency resolution information, 6) Resolved by, 7) Identifying number i.e. work order number, 8) Issue identified by;	P	Yes	Standard	Supported in current release of software
S1.8	The Vendor must work with the State to identify and troubleshoot potentially large-scale System failures or Deficiencies by collecting the following information: 1) mean time between reported Deficiencies with the Software; 2) diagnosis of the root cause of the problem; and 3) identification of repeat calls or repeat Software problems.	P	Yes	Standard	Supported in current release of software
S1.9	As part of the Software maintenance agreement, ongoing software maintenance and support issues, shall be responded to according to the following or as agreed to by the parties: a. Class A Deficiencies - The Vendor shall have available to the State on-call telephone assistance, with issue tracking available to the State, eight (8) hours per day and five (5) days a week with an email / telephone response within two (2) hours of request; or the Vendor shall provide support on-site or with remote diagnostic Services, within four (4) business hours of a request;	M	Yes		Supported in current release of software
	b. Class B & C Deficiencies –The State shall notify the Vendor of such Deficiencies during regular business hours and the Vendor shall respond back within four (4) hours of notification of planned corrective action; The Vendor shall repair or replace Software, and provide maintenance of the Software in accordance with the Specifications, Terms and Requirements of the Contract; or as agreed between the parties.			Standard	
S1.10	The Vendor shall use a change management policy for notification and tracking of change requests as well as critical outages.	M	Yes	Standard	Supported in current release of software
S1.11	A critical outage will be designated when a business function cannot be met by a nonperforming application and there is no work around to the problem.	M	Yes	Standard	Supported in current release of software
S1.12	The Vendor shall maintain a record of the activities related to repair or maintenance activities performed for the State and shall report quarterly on the following: All change requests implemented; All critical outages reported including actual issue and resolution; Number of deficiencies reported by class with initial response time as well as time to close.	M	Yes	Standard	Supported in current release of software

S1.13	A regularly scheduled maintenance window shall be identified (such as weekly, monthly, or quarterly) at which time all relevant server patches and application upgrades shall be applied.	M	Yes	Standard	Supported in current release of software
S1.14	The Vendor shall give two-business days prior notification to the State Project Manager of all changes/updates and provide the State with training due to the upgrades and changes.	M	Yes	Standard	Supported in current release of software
S1.15	The State shall provide the Vendor with a personal secure FTP site to be used by the State for uploading and downloading files if applicable.	M	Yes	Standard	Supported in current release of software

PROJECT MANAGEMENT					
Requirements			Vendor		
Req #	Requirement Description	Criticality	Vendor Response	Delivery Method	Comments
PROJECT MANAGEMENT					
P1.1	Vendor shall participate in an initial kick-off meeting to initiate the Project.	M	Yes	Standard	
P1.2	Vendor shall provide Project Staff as specified in the RFP.	M	Yes	Standard	
P1.3	Vendor shall submit a finalized Work Plan within ten (10) days after Contract award and approval by Governor and Council. The Work Plan shall include, without limitation, a detailed description of the Schedule, tasks, Deliverables, milestones/critical events, task dependencies, and payment Schedule. The plan shall be updated no less than every two weeks.	M	Yes	Standard	Supported in current release of software
P1.4	Vendor shall provide detailed bi-weekly status reports on the progress of the Project, which will include expenses incurred year to date.	M	Yes	Standard	Supported in current release of software
P1.5	All user, technical, and System Documentation as well as Project Schedules, plans, status reports, and correspondence must be maintained as project documentation. (Define how- WORD format- on-Line, in a common library or on paper).	M	Yes	Standard	Supported in current release of software

DOE
EXHIBIT 1
Contractor Obligations

Contracts in excess of the simplified acquisition threshold (currently set at $250,000) must address **administrative, contractual, or legal remedies** in instances where the contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate. Reference:
2 C.F.R. § 200.326 and 2 C.F.R. 200, Appendix II, required contract clauses.

The contractor acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to the contractor's actions pertaining to this contract.

The Contractor, certifies and affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. § 3801 et seq., apply to this certification and disclosure, if any.

Breach
A breach of the contract clauses above may be grounds for termination of the contract, and for debarment as a contractor and subcontractor as provided in 29 C.F.R. § 5.12.

Fraud and False Statements
The Contractor understands that, if the project which is the subject of this Contract is financed in whole or in part by federal funds, that if the undersigned, the company that the Contractor represents, or any employee or agent thereof, knowingly makes any false statement, representation, report or claim as to the character, quality, quantity, or cost of material used or to be used, or quantity or quality work performed or to be performed, or makes any false statement or representation of a material fact in any statement, certificate, or report, the Contractor and any company that the Contractor represents may be subject to prosecution under the provision of 18 USC § 1001 and § 1020.

Environmental Protection
(This clause is applicable if this Contract exceeds $150,000. It applies to Federal-aid contracts only.)
The Contractor is required to comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 1857 (h), Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency (EPA) regulations (40 CFR Part 15) which prohibit the use under non-exempt Federal contracts, grants or loans of facilities included on the EPA List of Violating Facilities. Violations shall be reported to the FHWA and to the U.S. EPA Assistant Administrator for Enforcement.

Procurement of Recovered Materials
In accordance with Section 6002 of the Solid Waste Disposal Act (42 U.S.C. § 6962), State agencies and agencies of a political subdivision of a state that are using appropriated Federal funds for procurement must procure items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired in the preceding fiscal year exceeded $10,000; must procure solid waste management services in a manner that maximizes energy and resource recovery; and must have established an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

DOE
Exhibit 2
Federal Debarment and Suspension

a. By signature on this Contract, the Contractor certifies its compliance, and the compliance of its Sub-Contractors, present or future, by stating that any person associated therewith in the capacity of owner, partner, director, officer, principal investor, project director, manager, auditor, or any position of authority involving federal funds:

   1. Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any Federal Agency;

   2. Does not have a proposed debarment pending;

   3. Has not been suspended, debarred, voluntarily excluded or determined ineligible by any Federal Agency within the past three (3) years; and

   4. Has not been indicted, convicted, or had a civil judgment rendered against the firm by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three (3) years.

b. Where the Contractor or its Sub-Contractor is unable to certify to the statement in Section a.1. above, the Contractor or its Sub-Contractor shall be declared ineligible to enter into Contract or participate in the project.

c. Where the Contractor or Sub-Contractor is unable to certify to any of the statements as listed in Sections a.2., a.3., or a.4., above, the Contractor or its Sub-Contractor shall submit a written explanation to the DOE. The certification or explanation shall be considered in connection with the DOE's determination whether to enter into Contract.

d. The Contractor shall provide immediate written notice to the DOE if, at any time, the Contractor or its Sub-Contractor, learn that its Debarment and Suspension certification has become erroneous by reason of changed circumstances.

DOE
Exhibit 3
Anti-Lobbying

The Contractor 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, execute the following Certification:

The Contractor certifies, by signing and submitting this contract, to the best of his/her knowledge and belief, that:

a. No federal appropriated funds have been paid or shall be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence any officer or employee of any State or Federal 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, the making of any federal grant, the making of any federal loan, the entering into any cooperative agreement, and the extension, continuation, renewal amendment, or modification of any Federal contract grant, loan, or cooperative agreement.

b. If any funds other than federally appropriated funds have been paid or shall be paid to any person for influencing or attempting to influence an officer or employee of any Federal Agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit the "Disclosure of Lobbying Activities" form in accordance with its instructions (http://www.whitehouse.gov/omb/grants/sfllin.pdf).

c. 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 and entering into this transaction imposed by Section 1352, Title 31 and 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.

d. The Contractor also agrees, by signing this contract that it shall require that the language of this certification be included in subcontracts with all Sub-Contractor(s) and lower-tier Sub-Contractors which exceed $100,000 and that all such Sub-Contractors and lower-tier Sub-Contractors shall certify and disclose accordingly.

e. The DOE shall keep the firm's certification on file as part of its original contract. The Contractor shall keep individual certifications from all Sub-Contractors and lower-tier Sub-Contractors on file. Certification shall be retained for three (3) years following completion and acceptance of any given project.

DOE
Exhibit 4
Rights to Inventions Made Under a Contract, Copy Rights and Confidentiality

Rights to Inventions Made Under a Contract or Agreement
Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the DOE.

Any discovery or invention that arises during the course of the contract shall be reported to the DOE. The Contractor is required to disclose inventions promptly to the contracting officer (within 2 months) after the inventor discloses it in writing to contractor personnel responsible for patent matters. The awarding agency shall determine how rights in the invention/discovery shall be allocated consistent with "Government Patent Policy" and Title 37 C.F.R. § 401.

Confidentiality
All Written and oral information and materials disclosed or provided by the DOE under this agreement constitutes Confidential Information, regardless of whether such information was provided before or after the date on this agreement or how it was provided.

The Contractor and representatives thereof, acknowledge that by making use of, acquiring or adding to information about matters and data related to this agreement, which are confidential to the DOE and its partners, must remain the exclusive property of the DOE.

Confidential information means all data and information related to the business and operation of the DOE, including but not limited to all school and student data contained in NH Title XV, Education, Chapters 186-200.

Confidential information includes but is not limited to, student and school district data, revenue and cost information, the source code for computer software and hardware products owned in part or in whole by the DOE, financial information, partner information(including the identity of DOE partners), Contractor and supplier information, (including the identity of DOE Contractors and suppliers), and any information that has been marked "confidential" or "proprietary", or with the like designation. During the term of this contract the Contractor agrees to abide by such rules as may be adopted from time to time by the DOE to maintain the security of all confidential information. The Contractor further agrees that it will always regard and preserve as confidential information/data received during the performance of this contract. The Contractor will not use, copy, make notes, or use excerpts of any confidential information, nor will it give, disclose, provide access to, or otherwise make available any confidential information to any person not employed or contracted by the DOE or subcontracted with the Contractor.

Ownership of Intellectual Property
The DOE shall retain ownership of all source data and other intellectual property of the DOE provided to the Contractor in order to complete the services of this agreement. As well the DOE will retain copyright ownership for any and all materials, patents and intellectual property produced, including, but not limited to, brochures, resource directories, protocols, guidelines, posters, or reports. The Contractor shall not reproduce any materials for purposes other than use for the terms under the contract without prior written approval from the DOE.

LAW OFFICES
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May 6, 1997

BY TELECOPIER AND U.S. MAIL

John Cannon, C.P.A.
10850 Wilshire Boulevard
Suite 1200
Los Angeles, CA 90024

Re: WestEd

Dear John:

I have enclosed a copy of a favorable private letter ruling which was faxed to me this morning in connection with WestEd's I.R.C. §115 exemption request. I was pleased that we were able to obtain a favorable result after all the agonizing!

Please call me with any questions you, Gary or Robert may have with respect to the ruling.

Best regards.

Very truly yours,

David A. Weinstein
of WEINSTEIN, BOLDT, RACINE,
HALFHIDE & CAMEL, P.C.

DAW:bd
Enclosure
cc: Mr. Gary Barnes (w/enclosure)
Mr. Robert Christensen (w/enclosure)

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Index Number: 0115.00-00

Mr. Gary Barnes, Chief Financial Officer
WestEd
4665 Lampson Avenue
Los Alamitos, CA 90720-5199

Person to Contact:
Adrian Michur
Telephone Number:
(202) 622-3089
Refer Reply to:
CC:DOM:FI&P:2 PLR-253942-96
Date: MAY 1 1997

X	=	WestEd EIN: 94-3233542
Y	=	Far West Laboratory for Educational Research and Development EIN: 94-1625540
Z	=	Southwest Regional Laboratory for Educational Research and Development EIN: 94-2428178
Pact	=	Joint Powers Agreement
Law 1	=	Section 6500, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 2	=	Section 6502, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 3	=	Section 6507, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Law 4	=	Section 6508, Title 1, Division 7, Chapter 5, Article 1, California Government Code
Letter 1	=	Determination letter dated August 16, 1966
Letter 2	=	Letter dated October 18, 1966
District 1	=	San Francisco District
District 2	=	Los Angeles District
State 1	=	California
State 2	=	Arizona
State 3	=	Nevada
State 4	=	Utah

PLR-253942-96

Dear Mr. Barnes:

This is in reply to a letter dated November 15, 1996, and subsequent correspondence, requesting a ruling that the income of X is excludable under section 115 of the Internal Revenue Code. The information submitted for consideration is summarized below.

X, Y and Z are public agencies under Law 1 of State 1. The members of X are Y and Z. The members of Y and Z are agencies of State 1, State 2, State 3 and State 4.

Under Law 2 of State 1, public agencies may agree to jointly exercise any power common to the agencies, even though one or more of the contracting agencies may be located outside State 1. Such agreements are known as "Pacts" and establish an entity that is itself a public agency for purposes of Law 1.

Under Law 3 of State 1, a Pact is a public entity separate from the parties forming it.

Under Law 4 of State 1, a Pact that has the power to hire employees, make contracts, or to hold, receive, or dispose of property can sue or be sued in its own name. X, Y, and Z each have these powers.

In Letter 1, the District Director of District 1 informed Y that it was not subject to federal income tax. The letter states that it is a determination letter, and cites section 115(1) of the Code.

In Letter 2, the District Director of District 2 informed Z that it was not subject to federal income tax, stating that Z was an instrumentality of a state.

Y and Z formed X to combine or merge the educational research and related educational activities previously conducted separately by Y and Z. X's goal, as stated in the documents relating to its formation as a Pact, is to develop fundamental improvements in education and to conduct educational research to benefit the public and private schools, colleges, and universities of States 1, 2, 3, and 4 ("Schools"). X's activities include:

1. Participating in school reform by converting educational research into practical applications, providing knowledge and assistance to Schools.

2. Distributing educational knowledge to Schools through publications, conferences, seminars, and electronic networks.

3. Helping to plan and execute long-term educational reform programs.

4. Implementing new curricula within school districts.

5. Conducting applied educational research on practical questions, such as how students learn and what is needed to implement schoolwide changes.

6. Providing strategic policy analysis, evaluating efforts to change, and developing educational products such as training modules, instructional videos, planning guides and casebooks.

The goals and activities of X are virtually identical to those of Y and Z.

X is funded by federal, state, and local government, as well as private foundations, which provide grants and research contracts. X conducts its activities throughout the United States, but concentrates them in States 1, 2, 3, and 4. X's activities are conducted exclusively by its own employees, who are hired and paid directly by X. X is controlled by a board of directors composed of all of the directors of Y and Z. The directors of Y and Z are appointed by the governing bodies or executive officer, as the case may be, of the public agencies that are the membership of Y and Z.

Section 115(1) of the Code provides that gross income does not include income derived from any public utility or the exercise of any essential governmental function and accruing to a state or any political subdivision of a state.

Rev. Rul. 71-589, 1971-2 C.B. 94, provides that the income from property held in trust by a city that was to be used by the city for certain charitable purposes is not subject to federal income tax. Although Rev. Rul. 71-589 does not explicitly so state, the holding in the revenue ruling means that a determination was made that the income in question was derived from the exercise of an essential governmental function and accrued to a political subdivision within the meaning of section 115(1) of the Code. Rev. Rul. 71-589 specifically mentions several types of functions that the trust might perform, such as support of a hospital, schools, maintenance of a park, or other purposes ordinarily recognized as municipal functions.

Rev. Rul. 90-74, 1990-2 C.B. 34, concerns an organization that is formed, operated and funded by political subdivisions to pool their casualty risks, or other risks arising from their obligations concerning public liability, workers' compensation, or employees' health. Rev. Rul. 90-74 states that the income of

the organization is excluded from gross income under section 115(1) of the Code if private interests do not participate in the organization or benefit more than incidentally from the organization. In Rev. Rul. 90-74 the benefit to the employees of the political subdivisions was excepted as incidental.

Under Rev. Rul. 77-261, 1977-2 C.B. 45, the income from a fund, established under a written declaration of trust by a state for the temporary investment of cash balances of the state and its political subdivisions, which purchase units of participation and have an unrestricted right of withdrawal, is excludible from gross income. The fund, however, is classified as a corporation and must file a federal income tax return.

Providing the Schools of States 1, 2, 3, and 4 with X's services is an essential governmental function because it is of direct benefit to the agencies comprising the memberships of Y and Z. These agencies are engaged in providing educational services, independently of the activities of X, Y, and Z. The fact that the work-product of X may be shared with private schools within States 1, 2, 3, and 4 or the rest of the United States, or to nonprivate schools within the rest of the United States, is merely an incidental private benefit. There are no facts indicating that the work-product of X is not the proprietary material of X, Y, or Z.

Accordingly, the income of X is excludable from gross income under section 115 of the Code.

This ruling is directed only to the taxpayer that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

Except as specifically provided otherwise, no opinion is expressed on the federal income tax consequences of the transaction described above.

PLR-253942-96

In accordance with the terms of a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Acting Assistant Chief Counsel
(Financial Institutions & Products)

By: William E. Coppersmith
William E. Coppersmith
Chief, Branch 2

Internal Revenue Service

Index Number: 0115.00-00

X =

X =

Z =

Pact =

Law 1 =

Law 2 =

Law 3 =

Law 4 =

Letter 1 =

Letter 2 =

District 1 =

District 2 =

State 1 =

State 2 =

State 3 =

State 4 =

Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:
CC:DOM:FI&P:2 PLR-253942-96

Date: MAY 1 1997

This document may not be used or cited as precedent. Section 6110 (j) (3) of the Internal Revenue Code.

WestEd

JOINT POWERS AGREEMENT

December 1, 1995

JOINT POWERS AGREEMENT

Establishing Joint Powers Agency

WestEd

THIS AGREEMENT is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 of the California Government Code (the Joint Powers Act) and provides for the joint exercise of powers between Far West Laboratory for Educational Research and Development ("FWL") and Southwest Regional Laboratory for Educational Research and Development ("SWRL"):

WITNESSETH:

WHEREAS, the parties hereto, FWL and SWRL, find and determine that it is to the mutual benefit of the parties and in the best public interest that said parties, both defined as public entities under the Joint Powers Act, join together to establish a Joint Powers Act Agency to accomplish the purposes hereinafter set forth; and

WHEREAS,, the parties hereto, FWL and SWRL, find and determine that more effective services can be provided while improving efficiencies in operations and eliminating duplication of effort by joining together to conduct operations under the auspices of a new Agency; and

WHEREAS, the parties hereto, FWL and SWRL, find and determine that each party holds title to certain real property that is subject to grant conditions running to the respective party and it is desirable for each party to retain title to such property but to cooperate in the management of such real property; and

WHEREAS, the parties hereto, FWL and SWRL, find and determine that there remains a need to develop fundamental, significant improvements in education and to conduct educational research in order to solve the problems and to serve the needs of the public and private schools, colleges and universities of Arizona, California, Nevada and Utah; and

WHEREAS, the parties hereto, FWL and SWRL, have found that significant, fundamental improvements in education in Arizona, California, Nevada and Utah require thorough and complete planning and concentrated effort by the total community, including parents; local school board members, and the scientific, cultural, industrial sectors, as well as by the professional educators in schools, colleges, and universities; and

WHEREAS, the coordinating and cooperative efforts required of the public and private educational and research agencies are of such a magnitude that it is necessary for the parties to join together to establish an agency to be known as WestEd in order to accomplish the purposes set forth herein;

NOW, THEREFORE, the parties mutually agree as follows:

ARTICLE 1. TERMS OF AGREEMENT.

This Agreement shall be effective December 1, 1995 upon the execution hereof by FWL and SWRL, as attested by the signatures of execution on the final page hereof, and shall continue in effect until terminated as provided herein.

ARTICLE 2. NAME OF AGENCY.

FWL and SWRL hereby agree that a public agency, wholly separate and apart from FWL and SWRL, be and is hereby created under the aforesaid provisions of law, and shall hereafter be designated as "WestEd" and hereinafter referred to as "Agency,"

ARTICLE 3. CONTROL OF AGENCY.

The Agency shall be under the control of a Board of Directors, hereinafter referred to as the "Board,," who shall be the designated board members of FWL and SWRL and such additional members as may be appointed by the Board.

ARTICLE 4. NOTICES.

The Board, by resolution, shall designate a specific location at which it will receive notices, correspondence and other communications, and shall designate an officer for the purpose of receiving service on behalf of the Agency,

ARTICLE 5. MEETINGS.

The Board may hold special meetings as it may determine and shall hold regular meetings at least once every three months, The date, hour and place for each such regular meeting shall be fixed annually by resolution of said Board, which resolution shall be publicly posted for two weeks on the bulletin board regularly used for official notices by the Agency. The secretary to the Board shall cause to be kept minutes of its meetings, both regular and special,

ARTICLE 6. VOTING.

The presence of a majority of the directors then appointed shall be required in order to constitute a quorum necessary for the transaction of the business of the Board. No action of the Board shall be valid unless a majority of such quorum of directors then appointed concur therein by their votes.

ARTICLE 7. AFFIRMATIVE ACTION.

Selections of persons for appointment to the Board, and employment of persons in positions within the Agency will be conducted in a manner which ensures that there is no discrimination against any Board member or employee, or candidates for these positions, because of age, sex, race, color, religion, national origin, or handicap. Positive action will be taken to further and enhance the representation of women, members of minority groups, and handicapped persons on the Board and staff of the Agency.

ARTICLE 8. OFFICERS AND EMPLOYEES.

The Board shall annually elect a chairperson from its members,

The Board shall appoint, and fix and cause to be paid, the compensation of the Chief Executive Officer, who shall act as Chief Administrative Officer of the Agency, and who shall perform such other and further duties as may be determined by the Board.

The members of the Board, other than the Chief Executive Officer serving ex officio, shall serve without compensation but may be reimbursed for necessary expenses incurred in connection with attendance at meetings of the Board or for necessary expenses incurred in performing services on behalf of and at the prior and express request of the Board,

The appointees and employees of said Agency shall not be deemed by operation of this Agreement to be the employees of either FWL or SWRL, No member of the Board nor any officer, appointee, or employee of the Agency shall be entitled to any compensation or fringe benefits, including but not limited to sick leave, retirement, pension, or vacation, from FWL or SWRL by virtue of his or her office or employment by the Agency. Provided that nothing shall prohibit the Agency from contracting for the services of employees of FWL or SWRL, or of other institutions or organizations, and reimbursing them for the costs, including salaries and fringe benefits, involved in providing such services. Further provided that nothing herein shall prohibit the Agency and FWL or the Agency and SWRL from agreeing that employees of FWL or SWRL, respectively, may also be employees of the Agency,

ARTICLE 9. SCOPE OF POWERS.

(a) The Agency shall be an administrative, initiating, advisory, coordinating, and evaluating entity, The Agency shall have the power and authority to exercise any power common to the parties hereto, FWL and SWRL, and to exercise any power set forth in the California Government Code, Section 6508, provided that the same are for furtherance of the objectives of this Agreement as contained herein and in the recitals set forth above, and may to

the extent permissible thereunder, enter into contracts in its own name with persons and with public or private agencies, boards, and other entities all subject to the terms and conditions of this Agreement.

(b) Neither the Agency nor the Board shall have any power or authority to bind FWL, SWRL or the signatory parties to the Joint Powers Agreement creating FWL or SWRL to the debts, liabilities and obligations of the Agency and no debt, liability or obligation of the Agency shall be the debt, liability or obligation of FWL, SWRL or the signatory parties to the Joint Powers Agreement creating FWL or SWRL,

(c) Pursuant to Section 6509 of the California Government Code, the exercise of the powers of the Agency shall be in accordance with the manner of exercising such powers by FWL and SWRL, which is in accordance with the procedures followed by the Regents of the University of California.

(d) The Board shall adopt appropriate rules not inconsistent herewith for the orderly transaction of its business,

(e) The Agency shall have no power or authority to incur any obligations for itself or on behalf of FWL or SWRL in excess of the amount appropriated to its use by a funding source. Provided, however, the Agency is authorized to obtain funds for a short period of time to meet operational expenses from advances of funds from FWL or SWRL or from private lending sources.

(f) The Agency shall, without limitation, have the specific power to establish or contract with research centers and laboratories, to carry out or suggest experimental educational projects, to develop pilot educational programs, to conduct or authorize educational research and development including the development of all varieties of educational materials, teaching aids, and other educational components, to collect and disseminate educational information, to coordinate educational research programs, to develop educational prototypes, to evaluate educational programs and activities, and to engage in other similar, related activities.

ARTICLE 10. ADVISORY COUNCIL.

The Agency may from time to time establish and abolish one or more advisory councils to perform such functions as the Agency may determine.

ARTICLE 11. INSURANCE.

The Agency shall insure itself, FWL, SWRL and the members of the Board from loss, liability, and claims arising out of or in any way connected with the performance of this Agreement.

ARTICLE 12. FUNDS AND EXPENDITURES.

(a) The Agency shall have the power and authority to receive, accept, and expend or disburse, funds by contract or otherwise, for purposes consistent with the provisions hereof, which funds may be provided by the United States Government, any State, or any subdivision of a State, and from any other person, agency or organization, whether public or private, for the purposes specified herein, and shall have the duty to maintain at all times a complete and accurate system of accounting for said funds.

(b) The Agency shall have the power and authority to receive, accept, and utilize the services of personnel offered by FWL or SWRL, or their representatives or agents; to receive, accept, and utilize property, real or personal, from FWL or SWRL, or their agents or representatives; and to receive, accept, and expend or disburse funds, by contract or otherwise, for purposes consistent with the provisions hereof, which funds may be provided by FWL or SWRL, or their agents or representatives, The Agency is authorized to enter into interagency agreements with state agencies pursuant to Section 6514.5 of the California Government Code.

(c) Each and every expenditure of funds shall be authorized or approved by the Board pursuant to a budget process as described in subsection (f) hereof, or by other appropriate procedures approved by the Board, and shall be audited by a firm of certified public accountants to be selected by the Board and paid by the Agency,

(d) The Agency shall have no power or authority to assess FWL or SWRL, the signatory parties to the Joint Powers Agreement creating FWL or SWRL or the members of the Board for dues or contributions of any kind whatsoever.

(e) The Board shall establish procedures for the investment or deposit of its funds.

(f) The Board shall adopt appropriate budgetary procedures, The Agency shall file annually with the designated representatives of FWL and SWRL a statement of the actual income and expenditures made during the prior fiscal year.

(g) The "fiscal year" of the Agency shall be December 1 to and including the following November 30, or such other annual period as may be prescribed from time to time by resolution of the Board,

ARTICLE 13. WITHDRAWAL OF PARTIES AND TERMINATION.

The powers and authority of the Agency shall continue until termination of this Agreement, The Agreement may be terminated at any time upon mutual written agreement of FWL and SWRL, Upon two (2) year's prior written notice, FWL or SWRL may withdraw from its status as a party to this Agreement, provided that at such time it has either discharged, or has arranged to the satisfaction of the remaining party for the discharge of, any pending obligations it expressly may have assumed hereunder, and that written notice of intention to so withdraw has been served. upon the effective date of withdrawal, the Joint Powers Agreement will terminate. Upon the termination date all contracts held by the Agency shall be assigned, to the extent permitted under the contract, to the party with primary duties under the contract or according to terms mutually agreed upon by FWL and SWRL.

ARTICLE 14. DISPOSITION OF PROPERTY AND FUNDS.

In the event of the final termination of this Agreement, any property interest remaining in the Agency following discharge of all obligations due by the Agency shall be disposed of by sale or other disposition according to law, and the proceeds, in cash or by their fair market value in kind at the time of final termination, distributed to FWL or SWRL in proportion to its respective contributions to the Agency.

ARTICLE 15. DISPUTE RESOLUTION.

Any dispute arising from disposition of assets of the Agency, assignment of contracts or any other matter related to this Agreement shall be resolved by alternative dispute resolution procedures, culminating in binding arbitration with a single neutral arbitrator in San Francisco, California, Neither party shall have the right to bring an action in court against the other party for any dispute arising from or related to this Agreement.

ARTICLE 16. AMENDMENTS.

This Agreement may be amended at any time by mutual agreement of FWL and SWRL according to the procedures of said parties, provided said amendment is to further carry out the purposes hereinabove expressed. Any such amendment shall be effective upon the date of final execution thereof by FWL and SWRL.

ARTICLE 17. SEVERABILITY.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

FAR WEST LABORATORY
FOR EDUCATIONAL RESEARCH
AND DEVELOPMENT

BY: _____
Fay B. Haisley
Chair of Board

BY: _____
Dean Nafziger
Executive Director

SOUTHWEST REGIONAL LABORATORY
FOR EDUCATIONAL RESEARCH
AND DEVELOPMENT

BY: _____
Robert S. McCord
Chair of Board

BY: _____
Edwin Myers
Executive Director

WestEd.org

ATTN: Krisha Dubreuil
New Hampshire Department of Education
101 Pleasant St.
Concord, NH 03301

OCTOBER 8, 2021

To Whom It May Concern:

I hereby certify that said authority has not been amended or repealed and remains in full force and effect as of the date of the contract to which this certificate is attached. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person(s) listed above currently occupy the position(s) indicated and that they have full authority to bind the organization.

Signed: Michael Neuenfeldt (Oct 8, 2021 11:05 PDT)

Michael J. Neuenfeldt, Deputy Chief Financial Officer

WestEd

Date: Oct 8, 2021

WestEd

excellence in research, development, and service

TO: Lauren Wrotniak, Interim Director of Contracts & Grants
FROM: Michael J. Neuenfeldt, Deputy Chief Financial Officer
DATE: April 5, 2021
Re: Delegation of Signature Authority

Whereas, policies adopted by the WestEd Board of Directors provide that its Chief Executive Officer, Dr. Glen H. Harvey, has all signature authorization required to enable the Agency to operate efficiently.

Whereas these authorizations were effective as of the date of her employment, July 1, 1997, these authorizations remain in effect at the present time, and it is the Board's intention that they will remain in effect for the duration of Dr. Harvey's services as WestEd's Chief Executive Officer. Whereas on January 24, 2012 Dr. Glen H. Harvey delegated to Michael J. Neuenfeldt, Deputy Chief Financial Officer, the authority to sign agreements which may legally bind WestEd.

Therefore based on the indications set forth herein, Michael J. Neuenfeldt delegates the following signature authority to Lauren Wrotniak in order to perform services as the Interim Director of Contracts & Grants of WestEd:

- *Authority to sign any funding Agreement, subcontract, hotel agreement or proposal document of any amount with any entity providing monetary funding or services to WestEd for program related work.*
- *Authority to sign any memorandum of understanding, teaming agreement, nondisclosure agreement, or any other type of agreement related to program services or joint program service related work.*
- *Upon approval by the* Deputy Chief Financial Officer, *or any of the Chiefs or General Counsel, authority to sign space or facilities rentals of any amount, vendor agreements, or any other binding agreements related to WestEd's ongoing business.*

This delegation shall be effective April 5, 2021 and shall remain in effect until the last date of employment of Lauren Wrotniak. This delegation is intended to override any prior delegation provided by any authorized signatory of WestEd.

Herein this delegation, there is no right to delegate authority to any other person.

ACKNOWLEDGED AND ACCEPTED

Michael Neuenfeldt (Apr 9, 2021 11:21 PDT) Apr 9, 2021

Michael J. Neuenfeldt — Date
Deputy Chief Financial Officer
WestEd

Lauren Wrotniak Apr 9, 2021

Lauren Wrotniak — Date
Interim Director of Contracts & Grants
WestEd

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 9/9/2021

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

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

PRODUCER
Arthur J. Gallagher & Co.
Insurance Brokers of CA., Inc.
595 Market Street, Suite 2100
San Francisco CA 94105

License#: 0726293
WESTEDO-01

CONTACT NAME: Judy Glover
PHONE (A/C, No, Ext): 415-536-8443 FAX (A/C, No):
E-MAIL ADDRESS: Judy_Glover@ajg.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Travelers Property Casualty Co of America	25674
INSURER B: ACE American Insurance Company	22667
INSURER C: The Travelers Indemnity Company of CT	25682
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
WestEd
730 Harrison Street, Suite 500
San Francisco CA 94107

COVERAGES **CERTIFICATE NUMBER:** 1999340760 **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 INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY	Y		[redacted]	11/30/2020	11/30/2021	EACH OCCURRENCE	$ 1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 2,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$ 2,000,000
	OTHER:							$
C	AUTOMOBILE LIABILITY			[redacted]	11/30/2020	11/30/2021	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
A	X UMBRELLA LIAB X OCCUR			[redacted]	11/30/2020	11/30/2021	EACH OCCURRENCE	$ 5,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$ 5,000,000
	DED RETENTION $							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			[redacted]	11/30/2020	11/30/2021	X PER STATUTE OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
B	Professional Liability Retrodate: 5/7/2014			[redacted]	11/30/2020	11/30/2021	Each Claim Retention	$5,000,000 $50,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
New Hampshire Department of Education is included as additional insured as respects to General Liability per attached endorsement where required by written contract.

CERTIFICATE HOLDER

New Hampshire Department of Education
101 Pleasant Street
Concord NH 03301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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