



STATE OF NEW HAMPSHIRE
DEPARTMENT OF MILITARY AFFAIRS AND VETERANS SERVICES

BUSINESS ADMINISTRATION
STATE MILITARY RESERVATION
4 PEMBROKE ROAD
CONCORD, NEW HAMPSHIRE 03301-5652

David J. Mikolaities, Major General
The Adjutant General

Phone: 603-225-1360
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Nicole Desilets-Bixler
Deputy Adjutant General

February 20, 2026

Her Excellency Governor Kelly A. Ayotte
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Military Affairs and Veterans Services Division of Community Based Military Programs to **Retroactively** exercise its first contract renewal option with Easterseals NH (ESNH) Inc. (VC #177204), Manchester, NH, to facilitate raising awareness, navigation, access, and receipt of Veterans benefits and resources they have earned to enhance Service Member, Veterans, and Families (SMVF) well-being by increasing the price limitation by \$148,695.00 from \$148,695.00 to \$297,390.00 and by extending the completion date from March 12, 2026, to March 12, 2027, effective upon the date of Governor and Executive Council approval. The original contract was approved by Governor and Council on March 12, 2025, item #36. **100% General Funds.**

Funds are available in the following accounts for Fiscal Year 2026, with the authority to adjust encumbrances between fiscal years within the price limitation through the Budget Office, if needed and justified.

02-12-12-121010-16480000, Veterans Services Mental Health and Social Isolation	FY 2026
102-500731 – Contracts for Program Services	\$118,695.00
02-12-12-120010-22200000, Administration and Armories	FY 2026
103-500736 – Contracts for Operational Services	\$30,000.00

EXPLANATION

This request is **Retroactive** allowing time for collaborative, creative and effective negotiations with ESNH balanced with numerous competing priorities across the State addressing some of the most challenging issues facing Veterans, Service Members and their Families (SMVF).

Contract performance by ESNH is consistently in compliance with the scope of services articulated in the contract. Since award of this contract, ESNH Veterans Count has trained over 122 service providers on New Hampshire’s “Ask the Question” (ATQ) initiative, “Have you or a family member served in the military?” The

Her Excellency, Governor Kelly A. Ayotte
And the Honorable Executive Council
February 20, 2026
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initiative, which started in NH just over 10 years ago, is now a nationwide best practice by the U.S. Department of Veteran Affairs and the Substance Abuse and Mental Health Services Administration adopted by numerous States. ESNH's actions directly and positively supported providers in their efforts with the over 100,000 SMVF in NH, as they work to facilitate mental health / suicide prevention screening and increase provider awareness of earned benefits and services, enabling more informed and targeted referrals.

If funding for this contract is not approved by the Governor and Executive Council, SMVF may not be identified, screened for mental health/suicide prevention concerns and/or referred to earned benefits and services when the answer to the question is "Yes."

This contract has been approved for form, substance, and execution by the Attorney General's Office.

Respectfully submitted,



DAVID J. MIKOLAITIES
Major General, NH National Guard
The Adjutant General

State of New Hampshire
Department of Military Affairs and Veterans Services
Amendment #1

This Amendment to the Awareness of and Navigation to SMVF Resources contract is by and between the State of New Hampshire, Department of Military Affairs and Veterans Services (“State” or “Department”) and Easterseals NH Inc. (“the Contractor”).

WHEREAS, pursuant to an agreement (the “Contract”) approved by the Governor and Executive Council on March 12, 2025 (Item #36), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract and in consideration of certain sums specified; and

WHEREAS, pursuant to Form P-37 (version 02/23/2023), General Provisions, Paragraph 18, the Contract may be amended upon written agreement of the parties and approval from the Governor and Executive Council; and

WHEREAS, the parties agree to extend the term of the agreement, increase the price limitation, or modify the scope of services to support continued delivery of these services; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree to amend as follows:

1. Modify Form P-37 General Provisions, Block 1.7, Completion Date, to read:
“03/12/2027”
2. Modify Form P-37, General Provisions, Block 1.8, Price Limitation, ADD not to exceed amount of \$148,695.00 for contract year ending March 12, 2027, to read:
“NTE \$297,390.00”
3. Modify Exhibit C, Price and Terms of Payment by removing and replacing it in its entirety with the amended Exhibit C, Price and Terms of Payment attached hereto and incorporated by reference herein.

All terms and conditions of the contract not modified by this Amendment #1 remain in full force and effect. This Amendment shall be effective March 12, 2026, or upon the date of Governor and Executive Council approval, whichever is later.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

STATE OF NEW HAMPSHIRE
DEPARTMENT OF MILITARY AFFAIRS AND
VETERANS SERVICES

2/24/2026
Date

Nicole L. Desilets-Buxier
Name: Nicole L. Desilets-Buxier
Title: Deputy Adjutant General

EASTERSEALS NH INC.

2/19/2026
Date:

DocuSigned by:
Catherine Kuhn
B3B35BF0976D42A...
Name: cathy kuhn
Title: COO

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

OFFICE OF THE ATTORNEY GENERAL

3/5/2026
Date:

J.D. Lavallee
Name: J.D. LAVALLEE
Title: Senior Assistant Attorney General

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:

Name:
Title:

Initials: *CK*
Date: 2/19/2026

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF MILITARY AFFAIRS AND VETERANS SERVICES**

**EXHIBIT C
PRICE AND TERMS OF PAYMENT**

SUBJECT: Awareness of and Navigation to SMVF Resources

CONTRACT PRICE

The total contract amount for the period of March 12, 2026, through March 12, 2027, shall not exceed \$148,695.00 without issuance of an amendment to this Agreement and approval of the New Hampshire Governor and Executive Council.

METHOD OF PAYMENT

Payment shall be made by mailing a bank draft or electronic funds transfer as established by submitting or updating an Alternate W-9 Form to the State of New Hampshire.

TERMS OF PAYMENT

Invoices shall be billed monthly for services rendered and shall include a breakdown itemized by labor, materials, and other detailed expenses needed to successfully perform the deliverables and project tasks identified in Exhibit B herein.

Payments shall be made within 30 days after receipt of proper invoices and only upon the satisfactory completion of identified deliverables and tasks as determined by the Department's Primary Contact. The Contractor shall not invoice the Department for any services not yet rendered or performed outside the scope and terms of this Agreement.

Invoices shall be submitted by the Contractor to:

**Department of Military Affairs and Veterans Services
ATTN: State Business Office
4 Pembroke Road, Bldg. C
Concord, NH 03301**

State of New Hampshire

Department of State

CERTIFICATE

I, David M. Scanlan, Secretary of State of the State of New Hampshire, do hereby certify that EASTER SEALS NEW HAMPSHIRE, INC. is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on November 06, 1967. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: **61290**

Certificate Number: **0007785643**



IN TESTIMONY WHEREOF,
I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 11th day of February A.D. 2026.

A handwritten signature in black ink, appearing to read "D. Scanlan", is written over a faint circular stamp.

David M. Scanlan
Secretary of State

CERTIFICATE OF AUTHORITY

I, Cynthia Ross, hereby certify that:
(Name of the elected Officer of the Corporation/LLC; cannot be contract signatory)

1. I am a duly elected Clerk/Secretary/Officer of Easter Seals New Hampshire, Inc., which includes Manchester Alcoholism Rehabilitation Center, a program of Easterseals NH.
(Corporation/LLC Name)

2. The following is a true copy of a vote taken at a meeting of the Board of Directors/shareholders, duly called and held on October 11, 2023, at which a quorum of the Directors/shareholders were present and voting.
(Date)

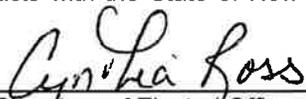
VOTED: That Maureen Beauregard, President & CEO; Catherine Kuhn, Chief Operating Officer; Pamela Hawkes, Chief Development Officer; Michele Talwani, SVP Marketing & Communications or Bradford E. Cook, General Counsel of the corporation.
(may list more than one person)
(Name and Title of Contract Signatory)

are duly authorized on behalf of Easter Seals New Hampshire, Inc. and Manchester Alcoholism Rehabilitation Center to enter into contracts or agreements with the State
(Name of Corporation/ LLC)

of New Hampshire and any of its agencies or departments and further is authorized to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, which may in his/her judgment be desirable or necessary to effect the purpose of this vote.

3. I hereby certify that said vote has not been amended or repealed and remains in full force and effect as of the date of the contract/contract amendment to which this certificate is attached. This authority **remains valid for thirty (30) days** from the date of this Certificate of Authority. 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: February 10, 2026



Signature of Elected Officer
Name: Cynthia Ross
Title: Assistant Secretary

DESCRIPTIONS (Continued from Page 1)

General Liability policy contains a special endorsement with "Primary and Non-Contributory" wording.

DISCLOSURE OF LEGAL ACTIVITIES INVOLVING THE STATE OF NEW HAMPSHIRE OR ANOTHER GOVERNMENT ENTITY

E. Check one of the following:

- The entity is **not currently or has not been** party to any legal proceeding involving the State of New Hampshire (or any agency or subdivision thereof) or any other state/federal government entity before any adjudicative body in any jurisdiction **OR**
- The entity is or has been party to one or more legal proceedings as set forth above. Identify the jurisdiction, court or other adjudicative body, case number, and briefly describe the nature of the proceeding (Attached extra sheet if necessary).
-
-
-

CHARITABLE TRUSTS UNIT COMPLIANCE CERTIFICATION

F. Check one of the following (and attach applicable document):

- is registered and in good standing with the New Hampshire Department of Justice Charitable Trusts Unit (** see note below) **or** has submitted a complete application for registration to the Charitable Trusts Unit and is awaiting a registration determination **OR**
- is not required to register with the Charitable Trusts Unit because it is neither tax-exempt under section 501(c)(3) of the Internal Revenue Code nor engages in charitable solicitations in the State of New Hampshire **OR**
- is exempt from registration with the Charitable Trusts Unit because it is a federal or state government, agency, or subdivision or is a religious organization, an integrated auxiliary of a religious organization, or is a convention or association of churches.

** Note: If registered with DOJ, attach screen shot from the Registered Charities List found at:

<https://mm.nh.gov/files/uploads/doj/remote-docs/registered-charities.pdf>

1856	Easter Seals New Hampshire, Inc.	555 Auburn Street	Manchester	NH	03103	G	7/15/2026
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FINANCIAL DISCLOSURES

G. Check one the following (and attach applicable financial documentation):

- The organization hired an outside firm to audit its financial statements or to prepare GAAP-compliant financial statements for its most recently completed fiscal year. If so, please ensure that the financial statements and audit results are attached. **OR**
- The above does not apply, but the organization filed an IRS Form 990 or Form 990-EZ for its most recently completed fiscal year. Please attach that IRS Form 990 or Form 990-EZ to the submission. (Form 990 Schedule B is not required) **OR**
- If neither of the above apply*, complete the Income Statement and Balance Sheet below with the following basic financial information from the organization’s most recently completed fiscal year:

1. INCOME STATEMENT

	<u>Revenue</u>		<u>Expenses</u>
<i>Grants</i>		<i>Compensation of officers, directors, and key personnel</i>	
<i>Donations</i>		<i>Other salaries & wages</i>	
<i>Program Services Revenue</i>		<i>Payroll taxes & employee benefits</i>	
<i>Interest & Dividends</i>		<i>Occupancy, rent, utilities, and insurance</i>	
<i>All other Revenue</i>		<i>Printing, publications, postage, office supplies, and IT</i>	
<u>Total Revenue</u>		<i>All other expenses</i>	
		<u>Total Expenses</u>	

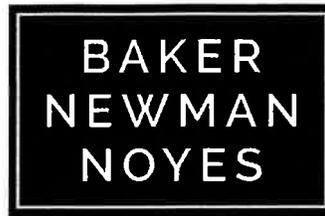
FINANCIAL DISCLOSURES (cont.)

2. BALANCE SHEET

<u>Assets</u>		<u>Liabilities</u>	
<i>Cash & Equivalents</i>		<i>Accounts Payable</i>	
<i>Investments</i>		<i>Loans Payable</i>	
<i>Real Estate (less any depreciation)</i>		<i>All other liabilities</i>	
<i>Other Property & Equipment (less any depreciation)</i>		<u>Total Liabilities</u>	
<i>Pledges, grants, accounts receivable</i>			
<i>All other assets</i>			
<u>Total Assets</u>			

<u>Name (Identify any additional role(s) in Parentheses)</u> E.g., John Doe (President)	<u>Affiliations</u>
Bryan Bouchard, Chairman	CMA & Assistant Professor Southern NH University
Andrew MacWilliam, Past Chairman	PWC (Retired)
Timothy Wade, Treasurer	Regional President M&T Bank
Gregory Baxter, Vice Chairman	President, Elliot Health System
Bradford Cook, Esq., General Counsel & Secretary	Sheehan Phinney
Ajay Arigala, Director	Head of Technology Crosby Company of New Hampshire
Bob Bartley, Director	Owner Bartley Financial Advisors
Matthew Boucher, Director	Deputy GM, COO <u>Airmar</u> Technology Corp.
Jo Brown, Director	Former Mayor, City of Franklin
Dan Cronin, Director	President & CEO CGI Business Solutions
Tom Davis, Director	Director, Electric Transmission Field Operations Eversource
Eddie Edwards, Director	Assistant Commissioner of the Department of Safety

Ryan Fox, Director	VP, Specialty Lending <u>BankProV.</u>
Linda James, Director	VT DCF-Family Svcs (Retired)
Ryan King, Director	VP of Human Resources Northeast Delta Dental
Madison Lightfoot-Kunitake, Director	Associate, McLane Middleton
Susan Martore-Baker, Director	President Cambridge Trust Co. of NH
Genella McDonald, Director	President <u>Stibler Associates</u>
Tracey Pelton, Director	VP, Business Dev & Mktg PROCON LLC
Richard Rawlings, Director	Northwestern Mutual (Retired)
Nathan Saller, Director	President & CEO Bellwether Community Credit Union
Sgt. Amanda Smith, Director	Manchester NH Police Dept
Rob Wiczorek, Director	President, Wiczorek Insurance



Easter Seals New Hampshire, Inc. and Subsidiaries

Consolidated Financial Statements and
Other Financial Information

*For the Years Ended August 31, 2024 and 2023
With Independent Auditors' Report*

Baker Newman & Noyes LLC
MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnn CPA.com



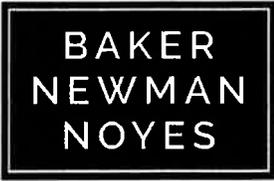
EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

For the Years Ended August 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH), which comprise the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of operations, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Easter Seals NH as of August 31, 2024 and 2023, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Easter Seals NH and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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.

Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

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 Easter Seals NH's ability to continue as a going concern for a period of within one year after the date that the financial statements are issued or available to be issued.

Auditors' 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 auditors' 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 Easter Seals NH'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 Easter Seals NH'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.

Other Financial Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2025 on our consideration of Easter Seals NH'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 Easter Seals NH'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 Easter Seals NH's internal control over financial reporting and compliance.

Baker Newman & Noyes LLC

Manchester, New Hampshire
January 10, 2025

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,375,548	\$ 8,218,081
Restricted cash	1,889,392	99,784
Short-term investments, at fair value	10,842,829	10,230,068
Accounts receivable from related entity	1,249,666	1,818,919
Program and other accounts receivable, net	19,164,673	14,392,502
Contributions receivable, net	1,044,911	128,919
Prepaid expenses and other current assets	<u>1,248,915</u>	<u>1,404,684</u>
Total current assets	36,815,934	36,292,957
Assets limited as to use	2,239,818	1,972,288
Investments, at fair value	15,567,221	13,661,880
Investment in related entity	152,320	1,742
Other assets	828,060	327,763
Intangible assets	836,920	736,658
Operating lease right-of-use assets	3,794,674	2,651,831
Fixed assets, net	<u>41,119,435</u>	<u>28,576,337</u>
	<u>\$ 101,354,382</u>	<u>\$84,221,456</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Lines of credit	\$ 2,348,665	\$ —
Accounts payable	7,293,937	5,126,679
Accrued expenses	7,651,219	6,434,951
Deferred revenue	4,287,640	2,537,974
Current portion of operating lease liabilities	992,798	905,606
Current portion of interest rate swap agreement	69,469	15,663
Current portion of long-term debt	<u>1,060,640</u>	<u>1,021,877</u>
Total current liabilities	23,704,368	16,042,750
Other liabilities	2,461,407	2,212,980
Interest rate swap agreement, less current portion	524,707	516,017
Operating lease liabilities, less current portion	2,844,492	1,772,949
Long-term debt, less current portion, net	<u>16,949,666</u>	<u>16,843,611</u>
Total liabilities	46,484,640	37,388,307
Net assets:		
Without donor restrictions	42,435,000	40,782,371
With donor restrictions	<u>12,434,742</u>	<u>6,050,778</u>
Total net assets	<u>54,869,742</u>	<u>46,833,149</u>
	<u>\$ 101,354,382</u>	<u>\$84,221,456</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Public support and revenue:		
Public support:		
Contributions, net	\$ 577,068	\$ 573,410
Special events, net	1,234,610	893,434
Annual campaigns, net	369,785	371,067
Bequests	56,693	141,913
Net assets released from restrictions	<u>230,376</u>	<u>367,288</u>
Total public support	2,468,532	2,347,112
Revenue:		
Fees and tuition	104,663,955	72,514,361
Grants	17,070,226	33,639,114
Management and developer fees	122,069	-
Gain on extinguishment of debt	-	750,000
Dividend and interest income	1,432,114	1,481,819
Other	<u>131,619</u>	<u>163,697</u>
Total revenue	<u>123,419,983</u>	<u>108,548,991</u>
Total public support and revenue	125,888,515	110,896,103
Operating expenses:		
Program services:		
Public health education	26,687	18,834
Professional education	254,121	147,597
Direct services	<u>108,701,353</u>	<u>94,561,105</u>
Total program services	108,982,161	94,727,536
Supporting services:		
Management and general	13,397,910	10,706,017
Fundraising	<u>3,044,480</u>	<u>2,367,000</u>
Total supporting services	<u>16,442,390</u>	<u>13,073,017</u>
Total functional expenses	125,424,551	107,800,553
Support of National programs	<u>181,245</u>	<u>166,882</u>
Total operating expenses	<u>125,605,796</u>	<u>107,967,435</u>
Income from operations	282,719	2,928,668
Nonoperating (losses) gains:		
Change in fair value of interest rate swap	(62,496)	463,504
Net unrealized and realized gains (losses) on investments	1,567,423	(71,744)
(Loss) gain on sales and disposals of fixed assets	<u>(42,877)</u>	<u>11,077</u>
Total nonoperating gains	<u>1,462,050</u>	<u>402,837</u>
Excess public support and revenues, and nonoperating gains over expenses	<u>\$ 1,744,769</u>	<u>\$ 3,331,505</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended August 31, 2024 and 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Balances at September 1, 2022	\$37,450,866	\$ 5,978,715	\$43,429,581
Excess public support and revenues, and nonoperating gains over expenses	3,331,505	—	3,331,505
Restricted net unrealized and realized gains on investments	—	48,920	48,920
Restricted dividend and interest income	—	17,420	17,420
Restricted gifts, bequests and contributions, net	—	377,364	377,364
Decrease in fair value of beneficial interest in trust	—	(4,353)	(4,353)
Net assets released from restrictions used for operations	<u>—</u>	<u>(367,288)</u>	<u>(367,288)</u>
Increase in net assets	<u>3,331,505</u>	<u>72,063</u>	<u>3,403,568</u>
Balances at August 31, 2023	40,782,371	6,050,778	46,833,149
Excess public support and revenues, and nonoperating gains over expenses	1,744,769	—	1,744,769
Restricted net unrealized and realized gains on investments	—	137,313	137,313
Restricted dividend and interest income	—	19,077	19,077
Restricted gifts, bequests and contributions, net	—	2,637,337	2,637,337
Restricted grants	—	3,728,359	3,728,359
Increase in fair value of beneficial interest in trust	—	114	114
Net assets released from restrictions used for operations	—	(230,376)	(230,376)
Other	<u>(92,140)</u>	<u>92,140</u>	<u>—</u>
Increase in net assets	<u>1,652,629</u>	<u>6,383,964</u>	<u>8,036,593</u>
Balances at August 31, 2024	<u>\$42,435,000</u>	<u>\$12,434,742</u>	<u>\$54,869,742</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2024

	Program Services			Supporting Services			Total Program and Supporting Services Expenses		
	Public Health Education	Professional Education	Direct Services	Total	Management and General	Fund-Raising	Total	2024	2023
Salaries and related expenses	\$ 7,646	\$ —	\$ 84,199,689	\$ 84,207,335	\$ 7,830,856	\$ 1,573,820	\$ 9,404,676	\$ 93,612,011	\$ 79,757,221
Professional fees	750	173,192	9,889,716	10,063,658	4,272,253	358,565	4,630,818	14,694,476	12,648,245
Supplies	1,454	26,715	2,291,888	2,320,057	69,622	56,437	126,059	2,446,116	2,229,456
Telephone	—	—	614,365	614,365	182,694	5,597	188,291	802,656	763,674
Postage and shipping	—	—	35,564	35,564	18,915	4,246	23,161	58,725	64,423
Occupancy	—	—	3,003,153	3,003,153	469,567	87,455	557,022	3,560,175	3,498,265
Outside printing, artwork and media	1,336	—	13,392	14,728	8,893	55,931	64,824	79,552	50,966
Travel	7	49	1,812,026	1,812,082	12,790	4,519	17,309	1,829,391	1,758,700
Conventions and meetings	7,435	52,350	154,640	214,425	30,090	25,305	55,395	269,820	296,933
Specific assistance to individuals	—	—	1,280,408	1,280,408	—	198	198	1,280,606	1,554,295
Dues and subscriptions	—	1,615	30,004	31,619	9,728	7,711	17,439	49,058	49,519
Minor equipment purchases and equipment rentals	8,002	—	246,193	254,195	85,815	39,353	125,168	379,363	280,850
Ads, fees and miscellaneous	57	—	557,999	558,056	24,212	749,536	773,748	1,331,804	1,207,234
Interest	—	—	719,759	719,759	238,790	—	238,790	958,549	790,838
Depreciation and amortization	—	200	1,729,121	1,729,321	143,685	75,807	219,492	1,948,813	1,874,934
Other program expenses	—	—	2,123,436	2,123,436	—	—	—	2,123,436	975,000
	<u>\$ 26,687</u>	<u>\$ 254,121</u>	<u>\$ 108,701,353</u>	<u>\$ 108,982,161</u>	<u>\$ 13,397,910</u>	<u>\$ 3,044,480</u>	<u>\$ 16,442,390</u>	<u>\$ 125,424,551</u>	<u>\$ 107,800,553</u>
	0.02%	0.20%	86.67%	86.89%	10.68%	2.43%	13.11%	100.00%	100.00%

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2023

	Program Services			Supporting Services			Total Program and Supporting Services Expenses
	Public Health Education	Professional Education	Direct Services	Management and General	Fund-Raising	Total	
Salaries and related expenses	\$ 3,942	\$ -	\$71,521,335	\$ 6,918,354	\$1,313,590	\$ 8,231,944	\$ 79,757,221
Professional fees	9,855	114,704	9,673,062	2,558,882	291,742	2,850,624	12,648,245
Supplies	456	2,130	2,055,872	138,373	32,625	170,998	2,229,456
Telephone	2	-	547,120	212,927	3,625	216,552	763,674
Postage and shipping	156	-	39,423	17,880	6,964	24,844	64,423
Occupancy	-	-	3,058,697	392,693	46,875	439,568	3,498,265
Outside printing, artwork and media	405	1,124	7,668	3,688	38,081	41,769	50,966
Travel	3	-	1,742,011	12,662	4,024	16,686	1,758,700
Conventions and meetings	3,992	28,977	225,364	26,566	12,034	38,600	296,933
Specific assistance to individuals	-	-	1,553,980	315	-	315	1,554,295
Dues and subscriptions	-	-	33,088	13,850	2,581	16,431	49,519
Minor equipment purchases and equipment rentals	-	645	153,728	84,726	41,751	126,477	280,850
Ads, fees and miscellaneous	23	-	611,695	33,525	561,991	595,516	1,207,234
Interest	-	-	652,777	138,061	-	138,061	790,838
Depreciation and amortization	-	17	1,710,285	153,515	11,117	164,632	1,874,934
Other program expenses	-	-	975,000	-	-	-	975,000
	<u>\$18,834</u>	<u>\$147,597</u>	<u>\$94,561,105</u>	<u>\$10,706,017</u>	<u>\$2,367,000</u>	<u>\$13,073,017</u>	<u>\$ 107,800,553</u>
	0.02%	0.14%	87.72%	9.93%	2.19%	12.12%	100.00%

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in net assets	\$ 8,036,593	\$ 3,403,568
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,948,813	1,874,934
Noncash lease expense	15,892	26,724
Bond issuance costs amortization	6,110	6,110
(Increase) decrease in fair value of beneficial interest in trust held by others	(114)	4,353
Net loss (gain) on sales and disposals of fixed assets	42,877	(11,077)
Change in fair value of interest rate swap	62,496	(463,504)
Gain on extinguishment of debt	—	(750,000)
Net unrealized and realized (gains) losses on investments	(1,704,736)	22,824
Donor restricted contributions	(2,075,112)	(353,464)
Changes in operating assets and liabilities:		
Program and other accounts receivable, net	(4,772,171)	(4,643,861)
Accounts receivable from related entity	569,253	(1,424,603)
Contributions receivable	(915,992)	43,334
Prepaid expenses and other current assets	155,769	(496,775)
Other assets	(500,183)	17,038
Accounts payable and accrued expenses	1,647,818	1,499,196
Deferred revenue	1,749,666	(1,310,671)
Other liabilities	<u>248,427</u>	<u>82,658</u>
Net cash provided (used) by operating activities	4,515,406	(2,473,216)
Cash flows from investing activities:		
Purchases of fixed assets	(12,356,879)	(2,902,728)
Proceeds from sale of fixed assets	62,659	15,976
Purchases of intangible assets	(605,122)	—
Change in investments, net	(813,366)	(439,778)
Change in assets limited as to use	(267,530)	(134,843)
Investment in related entity	<u>(150,578)</u>	<u>—</u>
Net cash used by investing activities	(14,130,816)	(3,461,373)
Cash flows from financing activities:		
Repayment of long-term debt	(1,030,092)	(1,018,590)
Proceeds from long-term debt	1,168,800	—
Borrowings on lines of credit, net	2,348,665	—
Donor restricted contributions	<u>2,075,112</u>	<u>353,464</u>
Net cash provided (used) by financing activities	<u>4,562,485</u>	<u>(665,126)</u>
Decrease in cash, cash equivalents and restricted cash	(5,052,925)	(6,599,715)
Cash, cash equivalents and restricted cash, beginning of year	<u>8,317,865</u>	<u>14,917,580</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 3,264,940</u>	<u>\$ 8,317,865</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>959,000</u>	\$ <u>791,000</u>
Operating cash flows for operating leases	\$ <u>1,377,142</u>	\$ <u>1,265,742</u>
Supplemental disclosure of noncash activities:		
Fixed asset purchases included in accounts payable at end of year	\$ <u>2,751,585</u>	\$ <u>511,017</u>
Intangible asset purchases included in accounts payable at end of year	\$ <u>231,798</u>	\$ <u>736,658</u>
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ <u>2,745,002</u>	\$ <u>3,853,603</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

1. Corporate Organization and Purpose

Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH) consists of various separate nonprofit entities: Easter Seals New Hampshire, Inc. (parent and service corporation); Manchester Alcoholism Rehabilitation Center (Farnum Center); and Easter Seals Vermont, Inc. (Easter Seals VT). Additionally, Champlin Place, Inc., was formed on June 30, 2022 and was 100% owned by Easter Seals New Hampshire, Inc. In April 2023, Easter Seals NH transferred a 21% interest in Champlin Place, Inc. to Housing Affordability Partnership, LLC. Champlin Place, Inc. is the sole General Partner of Champlin Place Limited Partnership (the Champlin Place Partnership). Champlin Place, Inc. has a 0.01% ownership interest in the Champlin Place Partnership, but oversees certain management and operational aspects of the Champlin Place Partnership subject to the terms set forth in the limited partnership agreement. See note 15. ESNH Veterans, Inc., was formed on September 15, 2023 and is 100% owned by Easter Seals New Hampshire, Inc. ESNH Veterans, Inc. is the sole General Partner of Elms Farm Housing Limited Partnership (the Elms Farm Partnership). ESNH Veterans, Inc. has a 0.01% ownership interest in the Elms Farm Partnership, but oversees certain management and operational aspects of the Elms Farm Partnership subject to the terms set forth in the limited partnership agreement. See note 16. Easter Seals New Hampshire, Inc. is the sole member of each subsidiary, aside from Champlin Place, Inc. for which they have a 79% interest, as described above. Easter Seals NH is affiliated with Easter Seals, Inc. (the national headquarters for the organization).

Easter Seals NH's purpose is to provide plans of care comprising of thoughtfully integrated services that help those with varied abilities live, learn, work, and play throughout their lifetimes. Easter Seals NH operates programs throughout New Hampshire and Vermont.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Noncontrolling Interests

The consolidated financial statements include the accounts of Easter Seals New Hampshire, Inc. and the subsidiaries of which it is the sole member and the less-than-wholly-owned subsidiary of which they maintain a controlling interest as described in notes 1 and 15. Champlin Place, Inc. has a 0.01% owned interest in the project described in note 15, which has only recently commenced planned principal operations and thus has not provided any distributions from the Champlin Place Partnership. Accordingly, there is no investment in the less-than-wholly-owned subsidiary to present separately in the accompanying consolidated statements of financial position, and no increase (decrease) in net assets attributed to the controlling and noncontrolling interests to present separately in the accompanying consolidated statements of operations and changes in net assets. Significant intercompany accounts and transactions have been eliminated in consolidation.

Cash, Cash Equivalents and Restricted Cash

Easter Seals NH considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents. Cash equivalents consist of cash, and money market funds, excluding assets limited as to use.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Easter Seals NH maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed amounts guaranteed by the Federal Deposit Insurance Corporation. Financial instruments which subject Easter Seals NH to credit risk consist primarily of cash equivalents and investments. Easter Seals NH's investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the Lord Abbett Short Duration Income A Fund with a balance of \$9,859,703 and \$9,246,915 as of August 31, 2024 and 2023, respectively.

Restricted cash represents reserve accounts held by New Hampshire Housing Finance Authority (NHHFA) for insurance, taxes, replacement costs and operations, security deposit accounts held for tenants, a business certificate with Service Credit Union and a compensating balance arrangement with M&T Bank.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows at August 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$1,375,548	\$8,218,081
Restricted cash	<u>1,889,392</u>	<u>99,784</u>
	<u>\$3,264,940</u>	<u>\$8,317,865</u>

Assets Limited as to Use and Investments

Assets limited as to use consists of cash and cash equivalents, short-term certificates of deposit with original maturities greater than 90 days, but less than one year, and investments. Investments are stated at fair value. Easter Seals NH classifies its investments as trading with investment income (including realized and unrealized gains and losses on investments, interest and dividends) included in the excess (deficit) of public support and revenues, and nonoperating gains over expenses unless the income is restricted by donor or law. Realized gains and losses on investments are computed on a specific identification basis. The changes in net unrealized and realized gains and losses on investments are recorded in net unrealized and realized gains (losses) on investments in the accompanying consolidated statements of operations and restricted investment return, net in the accompanying consolidated statements of changes in net assets. Donated securities are stated at fair value determined at the date of donation.

Beneficial Interest in Trust

Easter Seals NH is the beneficiary of a trust held by others recorded in other assets in the accompanying consolidated statements of financial position. Easter Seals NH has recorded as an asset the fair value of its interest in the trust and such amount is included in net assets with donor restrictions, based on the underlying donor stipulations. The change in the interest due to fair value change is recorded within increase/decrease in fair value of beneficial interest in trust in the accompanying consolidated statements of changes in net assets.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense as incurred, and expenditures for major renovations are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the underlying assets. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Fixed assets obtained by Easter Seals NH as a result of acquisitions are recorded at estimated fair value as of the date of the acquisition in accordance with generally accepted accounting principles guidance for acquisitions by a not-for-profit entity.

Donated property and equipment not subject to donor stipulated conditions are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support or, if significant uncertainties exist, as deferred revenue pending resolution of the uncertainties. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Internal-Use Software Costs

The Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies as well as costs incurred post-implementation operational stage, such as maintenance and training. Capitalization of internal-use software costs occurs only after the preliminary-project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. There were \$100,262 and \$736,658 of internal-use software costs capitalized during the years ended August 31, 2024 and 2023. These amounts are recorded in intangible assets in the accompanying consolidated statements of financial position. The capitalized costs will be amortized on a straight-line basis over the estimated useful life of the software, generally up to 5 years, once placed in service. There was no amortization expense recognized in 2024 or 2023. Easter Seals NH expects the project to be placed in service in January 2025.

Long-Lived Assets

When there is an indication of impairment, management considers whether long-lived assets are impaired by comparing gross future undiscounted cash flows expected to be generated from utilizing the assets to their carrying amounts. If cash flows are not sufficient to recover the carrying amount of the assets, impairment has occurred, and the assets are written down to their fair value. Significant estimates and assumptions are required to be made by management in order to evaluate possible impairment.

No long-lived assets were deemed impaired in 2024 or 2023.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Bond Issuance Costs

Bond issuance costs are being amortized to interest expense using the straight-line method over the repayment period of the related bonds, or the expected time until the next refinancing, whichever is shorter. Interest expense recognized on the amortization of bond issuance costs during 2024 and 2023 was \$6,110. The bond issuance costs are presented as a component of long-term debt on the accompanying consolidated statements of financial position.

Public Support

Public support consists of contributions, special events, annual campaigns, bequests and net assets released from restrictions. Special events and annual campaigns are recorded net of related direct costs. Direct costs attributed to special events totaled \$892,979 and \$748,203 for the years ending August 31, 2024 and 2023, respectively. Direct costs attributed to annual campaigns totaled \$49,416 and \$34,023 for the years ending August 31, 2024 and 2023, respectively.

Revenue Recognition and Program and Other Accounts Receivable

Easter Seals NH accounts for revenues (mainly relating to fees and tuition and management and developer fees in the accompanying consolidated statements of operations) under Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, and determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as Easter Seals NH satisfies the performance obligations.

Easter Seals NH determines the transaction price based on standard charges for goods and services provided, reduced by any applicable discounts, contractual adjustments provided to third-party payors, or explicit and implicit price concessions provided to groups or individuals. A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgement.

A significant portion of Easter Seals NH's revenues are derived through arrangements with third-party payors that provide for payment at amounts different from its established rates. Payment arrangements include discounted charges and prospectively determined payments. As such, Easter Seals NH is dependent on these payors in order to carry out its operating activities. There is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in fees and tuition in the year that such amounts become known.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Revenues are recognized when performance obligations are satisfied, or attributable to the period in which specific terms of the funding agreement are satisfied, and to the extent that expenses have been incurred for the purposes specified by the funding source. Revenue balances in excess of the foregoing amounts are deferred until any restrictions are met or allowable expenditures are incurred.

The collection of outstanding receivables from third-party payors, patients and other clients is Easter Seals NH's primary source of cash and is critical to its operating performance. The primary collection risks relate to uninsured accounts, including accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but individual responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients and other clients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections at facilities and programs that represent a majority of revenues and accounts receivable (the "hindsight analysis") as a primary source of information in estimating the collectibility of accounts receivable. Management performs the hindsight analysis regularly, utilizing rolling accounts receivable collection and write-off data. Management believes its regular updates to the estimated implicit price concession amounts provide reasonable estimates of revenues and valuations of accounts receivable. These routine, regular changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of operations. At August 31, 2024, 2023, and 2022, estimated implicit price concessions of \$689,100, \$871,700 and \$855,900, respectively, had been recorded as reductions to program and other accounts receivable balances to enable Easter Seals NH to record revenues and accounts receivable at the estimated amounts expected to be collected. Accounts receivable amounted to \$19,164,673, \$14,392,502, and \$9,748,641 at August 31, 2024, 2023, and 2022, respectively.

Unconditional contributions are recognized when the promise to give is made and are recorded at the net present value of estimated future cash flows.

Advertising

Easter Seals NH's policy is to expense advertising costs as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of operations and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based mainly on time records and estimates made by Easter Seals NH's management.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Charity Care (Unaudited)

Easter Seals NH has a formal charity care policy under which program fees are subsidized as determined by the Board of Directors. Free and subsidized services are rendered in accordance with decisions made by the Board of Directors and, at established charges, amounted to approximately \$9,590,000 and \$9,020,000 for the years ended August 31, 2024, and 2023, respectively.

Leases

At inception of a contract, Easter Seals NH determines whether that contract is or contains a lease. Easter Seals NH determines whether a contract contains a lease by assessing whether there is an identified asset and whether the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. Easter Seals NH has control of the asset if it has the right to direct the use of the asset and obtains substantially all of the economic benefits from the use of the asset throughout the period of use. This determination is reassessed if the terms of the contract are changed.

Easter Seals NH leases residential and office space (real estate) under non-cancellable operating leases. The carrying value of the organization's right-of-use lease assets is substantially concentrated in its real estate leases. As a practical expedient, Easter Seals NH does not recognize a lease asset or lease liability for leases with a lease term of 12 months or less. In the determination of the lease term, the organization considers the existence of extension or termination options and the probability of those options being exercised.

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Right-of-use assets represent Easter Seals NH's right to use an underlying asset during the lease term and lease liabilities represent the organization's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. Lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised. Assumptions made at the lease commencement date are re-evaluated upon the occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right-of-use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right-of-use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

At the lease commencement date, the discount rate implicit in the lease is used to discount the lease liability if readily determinable. If not readily determinable or leases do not contain an implicit rate, Easter Seals NH has made a policy election to use a risk-free rate as the discount rate for all classes of underlying assets.

In addition to rent, the leases may require Easter Seals NH to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as nonlease components. For all asset classes, the organization has elected the lessee practical expedient to combine lease and nonlease components and account for the combined unit as a single lease component. Variable nonlease components are treated as variable lease payments and recognized in the period in which the obligation for these payments was incurred.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

Easter Seals New Hampshire, Inc., Easter Seals VT and Farnum Center are exempt from both federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, with the exception of certain federal taxes applicable to not-for-profit entities.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position historically taken on various tax exposure items including unrelated business income or tax status. In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the “more-likely-than-not” threshold, based upon the technical merits of the position.

Champlin Place, Inc. and ESNH Veterans, Inc. are for-profit organizations subject to federal and state taxes. Deferred income taxes of these for-profit organizations are computed using the asset and liability method under which deferred income tax assets and liabilities are computed based on temporary differences between the financial statement and tax bases of assets and/or liabilities which will result in taxable or deductible amounts on future tax returns. Champlin Place, Inc. and ESNH Veterans, Inc. record a valuation allowance against any deferred tax assets when it determines it is unlikely that the tax asset will be realized. No significant deferred income taxes have been realized for Champlin Place, Inc. and ESNH Veterans, Inc. since the entities' inception.

Management has evaluated tax positions taken by Easter Seals New Hampshire, Inc., Easter Seals VT and Farnum Center on their respective filed tax returns and concluded that the organizations have maintained their tax-exempt status, do not have any significant unrelated business income, and have taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. Champlin Place, Inc. and ESNH Veterans Inc.'s management has determined that the entities have not taken, nor expect to take, any uncertain tax positions in any income tax return.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in accounting for explicit and implicit price concessions in revenue, workers' compensation liabilities and contingencies.

Derivatives and Hedging Activities

Accounting guidance requires that Easter Seals NH record as an asset or liability the fair value of the interest rate swap agreement described in note 11. Easter Seals NH is exposed to repayment loss equal to the net amounts receivable under the swap agreement (not the notional amount) in the event of nonperformance of the other party to the swap agreement. However, Easter Seals NH does not anticipate nonperformance and does not obtain collateral from the other party. The swap, while serving as an economic hedge, does not qualify as an accounting hedge.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

As of August 31, 2024, and 2023, Easter Seals NH had recognized a liability of \$594,176 and \$531,680, respectively, as a result of the interest rate swap agreements discussed in note 11. As a result of changes in the fair value of these derivative financial instruments, Easter Seals NH recognized a nonoperating loss of \$62,496 for the year ended August 31, 2024 and a nonoperating gain of \$463,504 for the year ended August 31, 2023 in the accompanying consolidated statements of operations.

Increase in Net Assets from Operations

The consolidated statements of operations include excess of public support and revenues, and nonoperating gains over expenses. Changes in net assets without donor restrictions, which are excluded from excess of public support and revenues, and nonoperating gains over expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, and certain contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets).

Reclassifications

Certain 2023 amounts have been reclassified to permit comparison with the 2024 consolidated financial statements presentation format.

Newly Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including accounts receivable) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the consolidated statement of operations as the amounts expected to be collected change. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Easter Seals NH adopted ASU 2016-13 effective September 1, 2023. The adoption of ASU 2016-13 did not have a significant impact on the consolidated financial statements.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated events occurring between the end of Easter Seals NH's fiscal year end and January 10, 2025, the date these consolidated financial statements were available to be issued.

On November 13, 2024, the State of New Hampshire Department of Health and Human Services, Division for Behavioral Health awarded Farnum Center a Sustainable Solutions for SUD Services grant in the amount of \$2,259,878, of which \$797,469 supports operating losses from fiscal year 2024.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

3. Classification of Net Assets

The following provides a description of the net asset classifications represented in the Easter Seals NH consolidated statements of financial position:

In accordance with *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), net assets are classified and reported based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions include contributions and endowment investment earnings subject to donor-imposed restrictions, as well as irrevocable trusts and contributions receivable. Some donor-imposed restrictions are temporary in nature with restrictions that are expected to be met either by actions of Easter Seals NH and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are to be maintained in perpetuity, the income from which is expendable to support all activities of the organization, or as stipulated by the donor.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as support without donor restrictions in the accompanying consolidated financial statements.

In accordance with UPMIFA, Easter Seals NH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Endowment Net Asset Composition by Type of Fund

The major categories of endowment funds included in net assets with donor restrictions at August 31, 2024 and 2023 are as follows:

	Original Donor Restricted Gift Maintained in Perpetuity	Accumulated Investment Gains	Total
<u>2024</u>			
Other initiatives	\$1,504,040	\$168,537	\$1,672,577
Operations	<u>3,863,501</u>	<u>—</u>	<u>3,863,501</u>
Total endowment net assets	<u>\$5,367,541</u>	<u>\$168,537</u>	<u>\$5,536,078</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

3. Classification of Net Assets (Continued)

	<u>Original Donor Restricted Gift Maintained in Perpetuity</u>	<u>Accumulated Investment Gains</u>	<u>Total</u>
<u>2023</u>			
Other initiatives	\$1,483,715	\$75,412	\$1,559,127
Operations	<u>3,835,088</u>	<u>—</u>	<u>3,835,088</u>
Total endowment net assets	<u>\$5,318,803</u>	<u>\$75,412</u>	<u>\$5,394,215</u>

Changes in Endowment Net Assets

During the years ended August 31, 2024 and 2023, Easter Seals NH had the following endowment-related activities:

Net endowment assets, August 31, 2022	\$5,327,475
Investment return:	
Investment income, net of fees	13,098
Net appreciation (realized and unrealized)	14,857
Contributions	59,485
Appropriated for expenditure	<u>(20,700)</u>
Net endowment assets, August 31, 2023	5,394,215
Investment return:	
Investment income, net of fees	47,532
Net appreciation (realized and unrealized)	30,721
Contributions	77,145
Appropriated for expenditure	<u>(13,535)</u>
Net endowment assets, August 31, 2024	<u>\$5,536,078</u>

Net assets were released from donor restrictions as follows for the years ended August 31:

	<u>2024</u>	<u>2023</u>
Satisfaction of donor restrictions	\$216,841	\$346,588
Release of appropriated endowment funds	<u>13,535</u>	<u>20,700</u>
	<u>\$230,376</u>	<u>\$367,288</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

3. Classification of Net Assets (Continued)

In addition to endowment net assets, Easter Seals NH also maintains non-endowed funds. The major categories of non-endowment funds, at August 31, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Non- Endowment Net Assets</u>
<u>2024</u>			
Other initiatives	\$ —	\$ 2,021,436	\$ 2,021,436
Community development	—	3,810,798	3,810,798
Operations	<u>42,435,000</u>	<u>1,066,430</u>	<u>43,501,430</u>
Total non-endowment net assets	<u>\$42,435,000</u>	<u>\$ 6,898,664</u>	<u>\$49,333,664</u>
<u>2023</u>			
Other initiatives	\$ —	\$ 492,554	\$ 492,554
Operations	<u>40,782,371</u>	<u>164,009</u>	<u>40,946,380</u>
Total non-endowment net assets	<u>\$40,782,371</u>	<u>\$ 656,563</u>	<u>\$41,438,934</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Easter Seals NH to retain as a fund of permanent duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies between the fair value of the investments of the endowment funds and the level required by donor stipulation at August 31, 2024 or 2023.

Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes at August 31:

	<u>2024</u>	<u>2023</u>
Purpose restriction:		
Other initiatives	\$ 2,021,436	\$ 492,554
Community development	3,810,798	—
Operations	<u>936,308</u>	<u>33,500</u>
	6,768,542	526,054
Perpetual in nature:		
Original donor restricted gift amount and amounts required to be maintained by donor	5,371,306	5,323,070
Investments, gains and income from which is donor restricted	168,537	75,411
Beneficial interest in perpetual trust	<u>126,357</u>	<u>126,243</u>
	<u>5,666,200</u>	<u>5,524,724</u>
Total net assets with donor restrictions	<u>\$12,434,742</u>	<u>\$6,050,778</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

3. Classification of Net Assets (Continued)

Net assets with donor restrictions are managed in accordance with donor intent and are invested in various portfolios.

Investment and Spending Policies

Easter Seals NH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Easter Seals NH must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of an appropriate market index while assuming a moderate level of investment risk. Easter Seals NH expects its endowment funds to provide an average rate of return over a five-year period equal to the rate of 2% over the inflation rate. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Easter Seals NH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Easter Seals NH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Easter Seals NH may appropriate for distribution some or all of the earnings and appreciation on its endowment for funding of operations. In establishing this policy, Easter Seals NH considered the objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to, so long as it would not detract from Easter Seals NH's critical goals and initiatives, provide additional real growth through new gifts and investment return.

4. Liquidity and Availability

Financial assets available for general expenditure, such as for operating expenses, and which are without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date (August 31, 2024), comprise the following:

Cash and cash equivalents	\$ 1,375,548
Short-term investments, at fair value	10,842,829
Program and other accounts receivable, net	19,164,673
Accounts receivable from related entity	1,249,666
Contributions receivable, net	<u>652,425</u>
	33,285,141
Investments, at fair value	<u>15,567,221</u>
	48,852,362
Less net assets with donor restrictions	<u>(12,434,742)</u>
	<u>\$ 36,417,620</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

4. Liquidity and Availability (Continued)

To manage liquidity, Easter Seals NH maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to Easter Seals NH. The management of Easter Seals NH has implemented a practice to establish cash reserves on hand that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of August 31, 2024, and 2023, approximately \$579,000 and \$9,300,000, respectively, of cash and cash equivalents, and approximately \$10,840,000 and \$10,230,000, respectively, of investments were on-hand under this practice. Because such funds are available and may be used in current operations, they have been classified as current in the accompanying consolidated statements of financial position.

In addition, Easter Seals NH has \$12,651,335 available to borrow from the revolving lines of credit, further described in note 11, at August 31, 2024

5. Contributions Receivable

Contributions receivable from donors as of August 31, 2024 and 2023 are \$1,059,265 and \$151,248, respectively, net of an allowance for doubtful accounts of \$14,354 and \$22,329, respectively. The long-term portion of contributions receivable is recorded in other assets in the accompanying consolidated statements of financial position. Gross contributions are due as follows at August 31, 2024:

2025	<u>\$1,059,265</u>
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6. Revenues

Revenue by Easter Seals NH's core programs included in fees and tuition and grants consisted of the following:

	<u>Fees and Tuition</u>	<u>Grants</u>	<u>Total</u>
<u>2024</u>			
Residential and educational services	\$ 48,175,801	\$ 376,910	\$ 48,552,711
Community based services	29,201,100	1,158,649	30,359,749
Farnum Center	4,110,826	5,384,091	9,494,917
Family support services	7,847,921	323,341	8,171,262
Senior services	4,787,742	2,009,668	6,797,410
Transportation services	3,933,748	40,471	3,974,219
Outpatient and early support services	754,995	3,045,133	3,800,128
Children development services	1,522,625	272,163	1,794,788
Workforce development	2,574,947	225,011	2,799,958
Other programs	<u>1,754,250</u>	<u>4,234,789</u>	<u>5,989,039</u>
	<u>\$ 104,663,955</u>	<u>\$17,070,226</u>	<u>\$ 121,734,181</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

6. Revenues (Continued)

	<u>Fees and Tuition</u>	<u>Grants</u>	<u>Total</u>
<u>2023</u>			
Residential and educational services	\$38,501,744	\$ 678,607	\$ 39,180,351
Community based services	6,884,950	19,231,261	26,116,211
Farnum Center	5,777,281	4,536,689	10,313,970
Family support services	7,460,477	523,748	7,984,225
Senior services	3,362,892	2,529,714	5,892,606
Transportation services	3,733,018	23,193	3,756,211
Outpatient and early support services	1,010,235	2,321,479	3,331,714
Children development services	1,475,783	683,060	2,158,843
Workforce development	2,913,738	27,118	2,940,856
Other programs	<u>1,394,243</u>	<u>3,084,245</u>	<u>4,478,488</u>
	<u>\$72,514,361</u>	<u>\$33,639,114</u>	<u>\$ 106,153,475</u>

Revenues related to providing health services are recorded at the contracted rate for those that involved a third-party payor and less any implicit price concession. Substantially all such adjustments in 2024 and 2023 are related to Farnum Center. A breakdown of Farnum Center's revenue, net of eliminations, reflected in fees and tuition in 2024 and 2023 from major payor sources is as follows:

	<u>2024</u>	<u>2023</u>
Private payors (includes coinsurance and deductibles)	\$ 592,579	\$ 1,325,768
Medicaid	3,132,741	4,132,636
Medicare	2,021	5,359
Self-pay	<u>383,485</u>	<u>313,518</u>
	<u>\$4,110,826</u>	<u>\$ 5,777,281</u>

In response to the coronavirus (COVID-19) pandemic, Easter Seals NH qualified for certain federal grant funding through the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) and CARES Act Provider Relief Funding. In 2024 and 2023, Easter Seals NH received approximately \$1,500,000 and \$4,850,000, respectively, of which approximately \$825,000 and \$1,600,000, respectively, was paid to employees either in the form of bonuses for retention and recruitment or employees who qualified for the additional payments under certain programs.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

7. Operating Leases

Right-of use assets and lease liabilities are reported in the statement of financial position as follows at August 31:

	<u>2024</u>	<u>2023</u>
Assets:		
Operating lease right-of-use assets	<u>\$3,794,674</u>	<u>\$2,651,831</u>
Liabilities:		
Current portion of operating lease liabilities	\$ 992,798	\$ 905,606
Operating lease liabilities, net of current portion	<u>2,844,492</u>	<u>1,772,949</u>
Total lease liabilities	<u>\$3,837,290</u>	<u>\$2,678,555</u>

The components of lease cost and rent expense for the years ended August 31 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$1,393,034	\$1,292,446
Variable lease costs	<u>111,046</u>	<u>96,808</u>
Total lease costs	<u>\$1,504,080</u>	<u>\$1,389,254</u>

Lease term and discount rate are as follows at August 31:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term in years	4.77	3.87
Weighted-average discount rate	3.80%	3.38%

As of August 31, 2024, maturities of operating lease liabilities for each of the following five years and a total thereafter were as follows:

2025	\$1,116,474
2026	952,705
2027	858,567
2028	537,515
2029	259,661
Thereafter	<u>480,873</u>
Total future minimum lease payments	4,205,795
Less amounts representing interest	<u>368,505</u>
Total lease liabilities	<u>\$3,837,290</u>

Total minimum future lease payments (operating leases) of approximately \$152,000 for leases that have not commenced as of August 31, 2024 are not included in the consolidated financial statements, as the organization does not yet control the underlying assets. The leases commence in 2025.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

8. Fixed Assets

Fixed assets consist of the following at August 31:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 33,976,584	\$ 32,967,092
Land and land improvements	5,601,926	3,996,635
Leasehold improvements	85,238	85,238
Office equipment and furniture	7,367,217	7,171,383
Vehicles	2,796,740	2,920,866
Construction in progress	<u>12,274,272</u>	<u>1,408,954</u>
	62,101,977	48,550,168
Less accumulated depreciation and amortization	<u>(20,982,542)</u>	<u>(19,973,831)</u>
	<u>\$ 41,119,435</u>	<u>\$ 28,576,337</u>

Depreciation and amortization expense related to fixed assets totaled \$1,948,813 and \$1,874,934 in 2024 and 2023, respectively.

On June 29, 2022, Easter Seals New Hampshire, Inc. was awarded a grant agreement totaling \$22,974,523 with the State of New Hampshire, Governor’s Office of Emergency Relief and Recovery. This grant will support the construction of a mixed housing, supportive services, and retreat campus for veterans and their families located in Franklin, New Hampshire. Easter Seals New Hampshire, Inc. is obligated to complete the project prior to December 31, 2026. During the years ended August 31, 2024 and 2023, \$5,507,790 and \$1,075,371, respectively, of this grant was utilized.

9. Investments and Assets Limited as to Use

Investments and assets limited as to use, at fair value, are as follows at August 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 283,272	\$ 780,619
Hedge fund	299,310	-
Marketable equity securities	1,984,232	1,715,335
Mutual funds	25,012,058	22,325,650
Corporate and foreign bonds	460,670	346,373
Government and agency securities	<u>610,326</u>	<u>696,259</u>
	28,649,868	25,864,236
Less assets limited as to use	<u>(2,239,818)</u>	<u>(1,972,288)</u>
Total investments, at fair value	<u>\$26,410,050</u>	<u>\$23,891,948</u>

The composition of assets limited as to use totaling \$2,239,818 and \$1,972,288 at August 31, 2024 and 2023, respectively, are investments under a deferred compensation plan (see note 10) at fair value.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

10. Retirement Plans

Easter Seals NH maintains a Section 403(b) Plan (a defined contribution retirement plan), which covers substantially all employees. Eligible employees may contribute any whole percentage of their annual salary. Easter Seals NH makes a matching contribution for eligible employees equal to 100% of the participants' elective deferrals limited to 3% of the participants' allowable compensation each pay period. The combined amount of employer and employee contributions is subject by law to annual maximum amounts. The employer match was approximately \$1,051,000 and \$895,000 for the years ended August 31, 2024 and 2023, respectively.

Easter Seals NH offers, to certain management personnel, the option to participate in an Internal Revenue Code Section 457 Deferred Compensation Plan to which the organization may make a discretionary contribution. The employees' accounts are not available until termination, retirement, death or an unforeseeable emergency. Easter Seals NH contributed approximately \$78,000 and \$88,000 to this plan during the years ended August 31, 2024 and 2023, respectively. The assets and liabilities associated with this plan were \$2,239,818 and \$1,972,288 at August 31, 2024 and 2023, respectively, and are included within assets limited as to use and other liabilities in the accompanying consolidated statements of financial position.

11. Borrowings

Borrowings consist of the following at August 31:

	<u>2024</u>	<u>2023</u>
Revenue Bonds, Series 2016A, tax exempt, issued through the New Hampshire Health and Education Facilities Authority (NHHEFA), with a Daily Simple Secured Overnight Financing Rate (SOFR)-based variable rate equal to the sum of (a) 65.01% times (b) Daily Simple SOFR plus 0.10% plus 2.45% (5.12% at August 31, 2024), due in monthly principal payments increasing from \$54,167 to \$88,333, with an initial mandatory tender date payment of \$6,875,413 due in May 2027, secured by a pledge of all gross revenues and negative pledge of cash, investments and real estate. The bonds are amortizing to December 2034 since management, through an available option, has the intent and ability to extend any amounts due at the initial mandatory tender date.	\$ 8,811,660	\$ 9,451,664
Revenue Bonds, Series 2016B, tax exempt, issued through NHHEFA, with a fixed rate at 3.47%, monthly principal payments continually increasing from \$19,210 to \$39,240 with an initial mandatory tender date payment of \$4,520,598 due in May 2027, secured by a pledge of all gross revenues and negative pledge of cash, investments and real estate. The bonds are amortizing to December 2046 since management, through an available option, has the intent and ability to extend any amounts due at the initial mandatory tender date.	5,187,537	5,416,617

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

11. Borrowings (Continued)

	<u>2024</u>	<u>2023</u>
Various notes payable to a bank with fixed interest rate of 2.24%, various principal and interest payments ranging from \$419 to \$1,026 payable monthly through dates ranging from September 2024 through September 2025, secured by vehicles with a net book value of \$62,623 at August 31, 2024.	\$ 32,266	\$ 94,393
Various notes payable to a bank with fixed interest rate of 6.99%, various principal and interest payments ranging from \$651 to \$711 payable monthly, due in August 2029, secured by vehicles with a net book value of \$67,653 at August 31, 2024.	68,800	—
Mortgage note payable to a bank with a fixed rate of 3.25%. Principal and interest of \$12,200 payable monthly, due in February 2030, secured by an interest in certain property with a net book value of \$6,660,543 at August 31, 2024.	1,829,110	1,913,553
Mortgage note payable to a bank with a fixed rate of 6.75% for the first 5 years then convert to a variable rate based on the 5-year adjustable FHLB of Boston Classic Advance Rate plus 2.50%, adjusting every 5 years (floor rate is 6.75%). Principal and interest of \$7,688 payable monthly, due in January 2049, secured by an interest in certain property with a net book value of \$1,718,658 at August 31, 2024.	1,090,080	—
Note payable to NHHFA, 0% interest, conditional repayment terms, based off surplus cash availability, due October 2031, secured by an interest in certain property with a net book value of \$774,273 at August 31, 2024.	527,964	527,964
Note payable to NHHFA, 0% interest, conditional repayment terms, based off surplus cash availability, due March 2040, secured by an interest in certain property with a net book value of \$718,761 at August 31, 2024.	492,448	492,448
Note payable to the City of Manchester, New Hampshire, 0% interest, annual principal payable of \$4,518 on October 1 each year for 10 years through October 2026 secured by an interest in certain property with a net book value of \$774,273 at August 31, 2024.	<u>58,727</u>	<u>63,245</u>
	18,098,592	17,959,884
Less current portion	(1,060,640)	(1,021,877)
Less net unamortized bond issuance costs	<u>(88,286)</u>	<u>(94,396)</u>
	<u>\$16,949,666</u>	<u>\$16,843,611</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

11. Borrowings (Continued)

Principal payments on long-term debt for each of the following years ending August 31 are as follows:

2025	\$ 1,060,640
2026	1,082,379
2027	1,173,864
2028	1,172,876
2029	1,225,813
Thereafter	<u>12,383,020</u>
	<u>\$18,098,592</u>

Lines of Credit and Other Financing Arrangements

Easter Seals New Hampshire, Inc. has an agreement with a bank for a \$500,000 revolving equipment line, which can be used to fund the purchase of New Hampshire titled vehicles for use by Easter Seals New Hampshire, Inc. on demand. Advances are converted to term notes as utilized. The interest rate charged on outstanding borrowings is a fixed rate equal to the then Business Vehicle Rate at the time of the advance for maturities up to a five-year term. Included in long-term debt are six notes payable totaling \$101,066 and eight notes payable totaling \$94,393 at August 31, 2024 and 2023, respectively, which originated under this agreement. Availability under this agreement at August 31, 2024 and 2023 is \$398,934 and \$405,607, respectively.

On August 31, 2015, Easter Seals New Hampshire, Inc. entered into a revolving line of credit with a bank. On February 26, 2019, an amendment changed the borrowing availability from \$4 million to \$7 million (a portion of which is secured by available letters of credit of \$24,000). On July 16, 2020, an amendment changed the outstanding advances from due on demand to a firm maturity date of June 30, 2022 and the interest rate charged on outstanding borrowings was revised to be the one-month LIBOR rate plus 2.25%. On June 29, 2022, an amendment changed the interest rate charged on outstanding borrowings to be the one-month Bloomberg Short Term Bank Yield Index (BSBY) rate plus 2.25% (7.56% at August 31, 2024). On October 10, 2024, an amendment changed the borrowing availability from \$7 million to \$12 million. In 2024, the maturity date was extended to June 30, 2025. Management intends to work with the bank to renew the line of credit upon expiration. Under an event of default, the interest rate will increase from the one-month BSBY rate plus 2.25% to the then applicable interest rate plus 5.00%. The line is secured by a first priority interest in all business assets of Easter Seals New Hampshire, Inc. with guarantees from Easter Seals Vermont, Inc. and Farnum Center. The agreement requires that collective borrowings under the line of credit be reduced to \$1,000,000 for 30 consecutive days during each calendar year. There was \$300,792 outstanding under this revolving line of credit agreement at August 31, 2024. There were no amounts outstanding under this revolving line of credit agreement at August 31, 2023.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

11. Borrowings (Continued)

On January 30, 2024, Easter Seals New Hampshire, Inc. entered into a revolving line of credit with a bank having a borrowing availability of \$3,000,000. Outstanding borrowings under the revolving line of credit bear interest at a variable rate equal to 2.20% of the greater of a) the daily SOFR or b) 0.50% (7.52% at August 31, 2024). Under the terms of the revolving line of credit agreement, Easter Seals New Hampshire, Inc. is required to establish a deposit relationship with the bank, maintaining a minimum compensating balance of \$1,500,000, which is presented in restricted cash in the accompanying consolidated statements of financial position. There was \$2,047,873 outstanding under this revolving line of credit agreement at August 31, 2024.

NHHEFA 2016A and 2016B Revenue Bonds

On December 20, 2016, Easter Seals New Hampshire, Inc. issued \$13,015,000 in Series 2016A Tax Exempt Revenue Bonds. These bonds were used to refinance the Series 2004A Revenue Bonds.

Also, on December 20, 2016, Easter Seals New Hampshire, Inc. issued \$9,175,000 in Series 2016B Tax Exempt Revenue Bonds. The bonds were issued to refinance an existing mortgage and to obtain funds for certain planned capital projects.

Mortgage Notes Payable

On February 18, 2015, Easter Seals New Hampshire, Inc. and Farnum Center entered into a \$2,480,000 mortgage note payable to finance the acquisition of certain property located in Franklin, New Hampshire. The initial interest rate charged is fixed at 3.25%. Monthly principal and interest payments are \$12,200, and all remaining outstanding principal and interest is due on February 18, 2030. The note is secured by the property.

Effective July 1, 2021, Easter Seals New Hampshire, Inc. has assumed responsibility of the agreement that was made between The Way Home, Inc. (the Organization) and NHHFA dated October 11, 2001 that obtained federal funding through the HOME Investment Partnership Programs, pursuant to an acquisition agreement. Subsequent to the closing of the acquisition, the Organization operates as a program of Easter Seals NH. The funds were used for improvements on 214 Spruce Street in Manchester, New Hampshire. The interest rate charged is fixed at 0.00%. As defined in accordance with the regulatory agreement that expires on October 11, 2031, repayment of the balance is conditional based on if surplus cash available exceeds 25%, and is otherwise deferred until the project is sold or refinanced, or upon expiration or default of the regulatory agreement. The Organization must comply with the terms of the loan to provide housing and related services to low income, nearly homeless families, to defer repayment of principal and interest. The note is secured by the property. No payment was made in 2024 and a payment of \$3,522 was made in 2023.

Effective July 1, 2021, Easter Seals New Hampshire, Inc. has assumed responsibility for the agreement that was made between the Organization and NHHFA dated March 17, 2010. The funds were used for the acquisition, construction, and permanent financing on 224 Spruce Street in Manchester, New Hampshire. The interest rate charged is fixed at 0.00%. As defined in accordance with the regulatory agreement that expires on March 17, 2040, repayment of the balance is conditional based on if surplus cash available exceeds 50%, until the project is sold or refinanced, or upon expiration of the regulatory agreement. The note is secured by the property. No payments were made in 2024 and 2023.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

11. Borrowings (Continued)

On January 12, 2024, Easter Seals New Hampshire, Inc. entered into a \$1,100,000 mortgage note payable to finance the acquisition of certain property located in Manchester, New Hampshire. The initial interest rate charged is fixed at 6.75% for the first 5 years then converts to a variable rate based on the 5-year adjustable FHLB of Boston Classic Advance Rate plus 2.50%, adjusting every 5 years (floor rate is 6.75%). Monthly principal and interest payments are \$7,688.

Notes Payable

Effective July 1, 2021, Easter Seals New Hampshire, Inc. has assumed responsibility for the agreement dated July 1, 2016 that was made between the Organization and the City of Manchester through the Community Improvement Program. The funds were used for facility upgrades on 214 Spruce Street in Manchester, New Hampshire. The interest rate charged is fixed at 0.00%. Annual principal payments of \$4,518 commencing October 1, 2017 can be forgiven through October 1, 2026 so long as the Organization can demonstrate the agreed-upon objectives have been achieved. On August 23, 2018, an amendment changed that the annual principal payments will be deferred from October 1, 2017 and resume October 1, 2022. The note is secured by the property.

Interest Rate Swap Agreement

Easter Seals New Hampshire, Inc. has an interest rate swap agreement with a bank in connection with the Series 2004A NHHEFA Revenue Bonds. Effective December 1, 2016, an amendment to this agreement was executed in anticipation of the refinancing of the 2004A revenue bonds to change the interest rate charged from 3.54% to 3.62% and the floating rate from LIBOR times 67% to LIBOR times 65.01%. Effective April 3, 2023, an amendment to this agreement was executed to change to interest rate charge from 3.62% to 3.57% and the floating rate from LIBOR times 65.01% to Daily SOFR times 65.01%. In connection with these amendments, the organization applied certain optional expedients in relation to contract modifications provided by FASB ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* to simplify the accounting analyses for contract modifications. The swap agreement had an outstanding notional amount of \$8,811,660 and \$9,451,664 at August 31, 2024 and 2023, respectively, which reduces in conjunction with principal reductions until the agreement is terminated in November 2034.

The fair value of the above interest rate swap agreement is a liability that totaled \$594,176 and \$531,680 at August 31, 2024 and 2023, respectively, \$69,469 and \$15,663 of which was current at August 31, 2024 and 2023, respectively. During the years ended August 31, 2024 and 2023, net payments required by the agreement totaled \$10,381 and \$76,398, respectively. These payments have been included in interest expense within the accompanying consolidated statements of operations and changes in net assets. See note 14 with respect to fair value determinations.

Debt Covenants

In connection with the bonds, lines of credit and various other notes payable described above, Easter Seals NH is required to comply with certain financial covenants including, but not limited to, minimum liquidity and debt service coverage ratios. At August 31, 2024, Easter Seals NH was in compliance with restrictive covenants specified under the NHHEFA bonds and other debt obligations.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

12. Donated Services

A number of volunteers have donated their time in connection with Easter Seals NH's program services and fundraising campaigns. However, no amounts have been reflected in the accompanying consolidated financial statements for such donated services, as no objective basis is available to measure the value.

13. Related Party Transactions

Easter Seals NH is a member of Easter Seals, Inc. Membership fees to Easter Seals, Inc. were \$181,245 and \$166,882 for the years ended August 31, 2024 and 2023, respectively, and are reflected as support of National programs on the accompanying consolidated statements of operations.

14. Fair Value of Financial Instruments

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at their measurement date. In determining fair value, Easter Seals NH uses various methods including market, income and cost approaches, and utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in factors used in the valuation. These factors may be readily observable, market corroborated, or generally unobservable. Easter Seals NH utilizes valuation techniques that maximize the use of observable factors and minimizes the use of unobservable factors.

Certain of Easter Seals NH's financial instruments are reported at fair value, which include beneficial interest held in trust, investments and the interest rate swap, and are classified by levels that rank the quality and reliability of the information used to determine fair value:

Level 1 – Valuations for financial instruments traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical instruments.

Level 2 – Valuations for financial instruments traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar instruments.

Level 3 – Valuations for financial instruments derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value.

The following describes the valuation methodologies used to measure financial assets and liabilities at fair value. The levels relate to valuation only and do not necessarily indicate a measure of investment risk. There have been no changes in the methodologies used by Easter Seals NH at August 31, 2024 and 2023.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

14. Fair Value of Financial Instruments (Continued)

Investments and Assets Limited as to Use

Cash and cash equivalents are deemed to be Level 1. The fair values of marketable equity securities and mutual funds that are based upon quoted prices in active markets for identical assets are reflected as Level 1. Investments in certain government and agency securities and corporate and foreign bonds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2.

Beneficial Interest in Trust Held by Others

The beneficial interest in trust held by others has been assigned fair value levels based on the fair value levels of the underlying investments within the trust. The fair values of marketable equity securities, money market and mutual funds are based upon quoted prices in active markets for identical assets and are reflected as Level 1. Investments in marketable equity securities and mutual funds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2.

Interest Rate Swap Agreement

The fair value for the interest rate swap liability is included in Level 3 and is estimated by the counterparty using industry standard valuation models. These models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rates.

At August 31, 2024 and 2023, Easter Seals NH's assets and liabilities measured at fair value on a recurring basis were classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2024</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 283,272	\$ —	\$ —	\$ 283,272
Hedge fund	299,310	—	—	299,310
Marketable equity securities:				
Large-cap	1,644,196	—	—	1,644,196
International	340,036	—	—	340,036
Mutual funds, open-ended:				
Short-term fixed income	11,280,225	—	—	11,280,225
Intermediate-term bond fund	4,417,604	—	—	4,417,604
High yield bond fund	47,236	—	—	47,236
Foreign bond	16,328	—	—	16,328
Government securities	21,219	—	—	21,219
Emerging markets bond	946,262	—	—	946,262
International equities	792,419	—	—	792,419
Domestic, large-cap	3,384,197	—	—	3,384,197

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

14. Fair Value of Financial Instruments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic, small-cap	\$ 913,373	\$ —	\$ —	\$ 913,373
Domestic, multi alt	245,033	—	—	245,033
Real estate fund	115,773	—	—	115,773
Mutual funds, closed-ended:				
Domestic, large-cap	1,085,869	—	—	1,085,869
Domestic, mid-cap	981,588	—	—	981,588
Domestic, small-cap	243,856	—	—	243,856
Commodity	1,214	—	—	1,214
Emerging markets	6,470	—	—	6,470
International equity	513,392	—	—	513,392
Corporate and foreign bonds	—	460,670	—	460,670
Government and agency securities	<u>—</u>	<u>610,326</u>	<u>—</u>	<u>610,326</u>
	<u>\$27,578,872</u>	<u>\$1,070,996</u>	<u>\$ —</u>	<u>\$28,649,868</u>
Beneficial interest in trust held by others:				
Marketable equity securities:				
Large-cap	\$ 96,153	\$ —	\$ —	\$ 96,153
Mutual funds:				
Domestic, fixed income	<u>—</u>	<u>30,204</u>	<u>—</u>	<u>30,204</u>
	<u>\$ 96,153</u>	<u>\$ 30,204</u>	<u>\$ —</u>	<u>\$ 126,357</u>
Liabilities:				
Interest rate swap agreement	<u>\$ —</u>	<u>\$ —</u>	<u>\$594,176</u>	<u>\$ 594,176</u>
 <u>2023</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 780,619	\$ —	\$ —	\$ 780,619
Marketable equity securities:				
Large-cap	1,349,552	—	—	1,349,552
International	365,783	—	—	365,783
Mutual funds, open-ended:				
Short-term fixed income	10,656,322	—	—	10,656,322
Intermediate-term bond fund	3,819,947	—	—	3,819,947
High yield bond fund	36,917	—	—	36,917
Foreign bond	18,076	—	—	18,076
Government securities	7,514	—	—	7,514
Emerging markets bond	760,207	—	—	760,207
International equities	1,082,865	—	—	1,082,865
Domestic, large-cap	2,475,781	—	—	2,475,781

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

14. Fair Value of Financial Instruments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic, small-cap	\$ 402,404	\$ —	\$ —	\$ 402,404
Domestic, multi alt	320,781	—	—	320,781
Real estate fund	100,553	—	—	100,553
Mutual funds, closed-ended:				
Domestic, large-cap	2,049,962	—	—	2,049,962
Domestic, mid-cap	363,413	—	—	363,413
Domestic, small-cap	161,248	—	—	161,248
Commodity	50,245	—	—	50,245
Emerging markets	5,763	—	—	5,763
International equity	13,652	—	—	13,652
Corporate and foreign bonds	—	346,373	—	346,373
Government and agency securities	<u>—</u>	<u>696,259</u>	<u>—</u>	<u>696,259</u>
	<u>\$24,821,604</u>	<u>\$1,042,632</u>	<u>\$ —</u>	<u>\$25,864,236</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 341	\$ —	\$ —	\$ 341
Marketable equity securities:				
Large-cap	97,009	—	—	97,009
Mutual funds:				
Domestic, fixed income	<u>—</u>	<u>28,893</u>	<u>—</u>	<u>28,893</u>
	<u>\$ 97,350</u>	<u>\$ 28,893</u>	<u>\$ —</u>	<u>\$ 126,243</u>
Liabilities:				
Interest rate swap agreement	<u>\$ —</u>	<u>\$ —</u>	<u>\$531,680</u>	<u>\$ 531,680</u>

The table below sets forth a summary of changes in the fair value of Easter Seals NH's Level 3 liabilities for the years ended August 31, 2024 and 2023:

	<u>Interest Rate Swap</u>
Ending balance, August 31, 2022	\$(995,184)
Change in fair value	<u>463,504</u>
Ending balance, August 31, 2023	(531,680)
Change in fair value	<u>(62,496)</u>
Ending balance, August 31, 2024	<u>\$(594,176)</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

15. Champlin Place Limited Partnership

The Champlin Place Partnership was formed in June 2022 as a limited partnership under the laws of the State of New Hampshire. The Champlin Place Partnership's purpose is to acquire, own, develop, construct and/or rehabilitate, lease, manage, and operate an apartment complex to be constructed and located at 215 Rochester Hill Road, Rochester, New Hampshire, comprising of 65 residential apartments benefiting low to moderate-income households (the Champlin Place Project). The Champlin Place Project became operational in 2024. The Champlin Place Partnership's equity was contributed by its General Partner, Champlin Place, Inc., of which Easter Seals NH is a shareholder, and Housing New England Fund IV, a limited partner and unrelated party. The Champlin Place Partnership agreement provides for the allocation of profits and losses to the partners, proportionate to the equity contributed, as follows:

General Partner, Champlin Place, Inc. (wholly-owned by Easter Seals NH through April 2023 and 79% owned thereafter [see note 1])	0.01%
Limited Partner, Housing New England Fund IV (an unrelated party)	99.99%

Capital Contributions

In 2022, Easter Seals NH, as the then sole owner of the General Partner, Champlin Place, Inc., has made its required capital contribution of \$1,742. Easter Seals NH, through its investment in Champlin Place, Inc., made additional capital contributions in the amount of \$150,578 in January 2024. These capital contributions are recorded as investment in related entity in the accompanying consolidated statements of financial position.

Deferred Developer and Management Fees

On June 30, 2022, Easter Seals NH entered into a Development Services Agreement for the Champlin Place Project, in which Easter Seals NH will earn up to \$2,272,940 as a development fee for its services in connection with the construction and development of the Champlin Place Project. In 2024, \$31,541 in development fees was earned and is recorded in management and developer fees in the accompanying consolidated statements of operations. To date, \$281,541 of the development fees has been earned. The balance of the development fee will be earned on the date that the construction and development of the Champlin Place Project is substantially complete, and all dwelling units have been completed and are placed in service, with all balances to be paid prior to December 31, 2036.

In connection with the Champlin Place Project, Easter Seals NH has earned management fees amounting to \$90,528 for the year ending August 31, 2024. There were no management fees earned for the year ending August 31, 2023.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

15. Champlin Place Limited Partnership (Continued)

Ground Lease

On June 30, 2022, Easter Seals NH entered into a ground lease with the Champlin Place Partnership for the land located at 215 Rochester Hill Road, Rochester, New Hampshire, with terms of 98 years from the date of execution. The Champlin Place Partnership is required to pay Easter Seals NH base rent of \$37,004 per annum, commencing on January 1, 2023, and continuing on each one-year anniversary date of the lease, payable from available cash flow, as defined in the agreement. If available cash flow is insufficient to pay the full amount of the base rent for any year, the unpaid portion will accrue interest at 3.43% per annum and be payable on a cumulative basis in the first year in which there is sufficient available cash flow or capital proceeds.

Sponsor Loan and Terms

On June 30, 2022, in order to provide additional funding to the Champlin Place Partnership for upcoming site work and construction costs, Easter Seals NH entered into a \$563,607 loan agreement with the Champlin Place Partnership. This loan bears interest at the rate of 0% and, at August 31, 2024 and 2023, respectively, \$518,984 and \$8,000 had been drawn on the loan by the Champlin Place Partnership. If not paid earlier, all outstanding principal and interest accrued must be repaid to Easter Seals NH on June 30, 2052. Payments of principal and interest are to be made to the extent of available cash flow, as defined in the agreement. If repayment is not made within thirty days of the maturity date, or if any payment due is not paid within thirty days of the due date, then interest will be payable on any unpaid sum at the rate of 12% per annum, compounded annually, until such amount is paid, or another means of payment is arranged. The note receivable is recorded in long-term other assets on the accompanying consolidated statement of financial position.

Reimbursement Agreements

On June 30, 2022, Easter Seals NH entered into a Reimbursement Agreement with the Champlin Place Partnership to reimburse Easter Seals NH for all predevelopment expenses incurred by the Champlin Place Project that were paid by Easter Seals NH. The Champlin Place Partnership acknowledged and agreed that the Champlin Place Partnership is solely responsible to pay all project expenses not later than the date of the closing of the Champlin Place Partnership's construction loan for the Champlin Place Project, which was July 13, 2022. At August 31, 2024 and 2023, Easter Seals NH was owed \$201,796 and \$1,818,919, respectively, by the Champlin Place Partnership, which amount is recorded within accounts receivable from related entity in the accompanying consolidated statements of financial position.

Further, Easter Seals NH will be paid certain amounts under a Partnership Administration Agreement, dated as of June 30, 2022 between Easter Seals NH and the Champlin Place Partnership, whereby Easter Seals NH will provide various administrative services in exchange for fees of \$4,875 per year beginning in 2023, increasing 3% annually beginning January 1, 2024. The administration fee is payable solely if cash flow is available and otherwise the unpaid portion is accrued and payable on a cumulative basis in the first year in which there are sufficient cash flows. No amounts were paid under this agreement in 2024 and 2023.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

15. Champlin Place Limited Partnership (Continued)

Right of Refusal and Option Agreement

Through a Right of Refusal and Option Agreement dated June 30, 2022, the Champlin Place Partnership granted to Easter Seals NH certain rights of first refusal and options to purchase the Champlin Place Project, which, if elected, would include the 99.99% interest in the Champlin Place Project held by Housing New England Fund IV. As a result, Easter Seals NH has been granted an irrevocable, successive, and exclusive right of refusal to purchase the Champlin Place Project. Such right is exercisable for a period of 24-months beginning upon expiration of an initial 15-year compliance period, and continuing until the Champlin Place Partnership otherwise sells the Champlin Place Project.

Through a Right of Refusal and Opinion Agreement dated June 30, 2022, Housing New England Fund IV has the option to give written notice to Champlin Place, Inc. at any time following the end of the Credit Period, as defined, to require Champlin Place, Inc. to purchase the interest of Housing New England Fund IV for a price equal to the sum of: (i) \$100, (ii) the amount of any federal, state or local tax liability required to be paid (including, without limitation, any real estate transfer or franchise taxes), (iii) any costs incurred by Housing New England Fund IV in connection with the transfer of its interest, and (iv) all amounts then due and owing to Housing New England Fund IV or its affiliates under the agreement. Upon receipt of such written notice of the put option, Champlin Place, Inc. shall purchase such interest and make all payments required within 30 days. At the date of these consolidated financial statements, the put option was not eligible to be exercised by Housing New England Fund IV, and it is expected that the Credit Period will extend through December 31, 2034.

Guaranty Agreement

On June 30, 2022, Easter Seals NH unconditionally guaranteed due payment, performance, and fulfillment of certain obligations of the Champlin Place Partnership and Housing New England Fund IV. Easter Seals NH's liability is generally limited and shall not exceed \$402,000 in the aggregate, and the guaranty terminates upon the later of the 60th month anniversary of the stabilization date, as defined, and the date that the Champlin Place Partnership has achieved stabilized occupancy for five consecutive calendar years. However, should an operating deficit arise before the latest of permanent mortgage commencement or cost certification, as defined in the agreement, or the date the Champlin Place Project achieves 100% occupancy, then Easter Seals NH's obligation to advance funds to pay operating deficits shall be unlimited. At the date of these consolidated financial statements, no events or conditions have occurred that would trigger Easter Seals NH's performance under the guaranty agreement.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

16. Elms Farm Limited Partnership

The Elms Farm Partnership was formed in September 2023 as a limited partnership under the laws of the State of New Hampshire. The Elms Farm Partnership's purpose is to acquire, own, develop, construct and/or rehabilitate, lease, manage, and operate an apartment complex to be constructed and located at 20-25 Holy Cross Road, Franklin, New Hampshire, comprising of 29 residential apartments benefiting low to moderate-income households (the Elms Farm Project). The Elms Farm Project is expected to be operational in July 2025. The Elms Farm Partnership's equity was contributed by its General Partner, ESNH Veterans, Inc., of which Easter Seals NH is the sole shareholder, and M&T Bank, a limited partner and unrelated party. The Elms Farm Partnership agreement provides for the allocation of profits and losses to the partners, proportionate to the equity contributed, as follows:

General Partner, ESNH Veterans, Inc. (wholly-owned by Easter Seals NH)	0.01%
Limited Partner, M&T Bank (an unrelated party)	99.99%

Capital Contributions

In September 2023, Easter Seals NH, as the sole owner of the General Partner, ESNH Veterans, Inc., has made its required capital contribution of \$0.01. The capital contribution is recorded as investment in related entity in the accompanying consolidated statements of financial position.

Deferred Developer Fee and Management Fees

On April 1, 2024, Easter Seals NH entered into a Development Agreement for the Elms Farm Project, in which Easter Seals NH will earn up to \$504,000 as a development fee for its services in connection with the construction and development of the Elms Farm Project. The development fee is paid in two installments, 1) \$238,027 paid concurrently with the third capital contribution, provided that the sources and uses are "in balance", and 2) \$245,636 paid concurrently with the final capital contribution, subject to certain adjustments. The development fee is earned in three installments, 1) 20% by the date of the agreement for preconstruction development services, 2) 20% upon commencement of construction and rehabilitation of the Elms Farm Project, and 3) 60% upon the placement in service of 100% of the units in the Elms Farm Project. No amount of development fee has been paid or earned through August 31, 2024.

On April 1, 2024, ESNH Veterans, Inc. entered into a Supervisory Management and Incentive Fee Agreement, in which ESNH Veterans, Inc. is to perform certain management and oversight services for the Elms Farm Project in exchange for an annual amount equal to 90% of the net cash flow in the priority set forth in the Elms Farm Partnership agreement.

On January 26, 2024 Easter Seals NH entered into a Property Management Fee Agreement for the Elms Farm Project, in which Easter Seals NH will provide property management services in return for 5% of gross rents.

On April 1, 2024 ESNH Veterans, Inc. entered into a Managing Member Management Fee Agreement related to the Elms Farm Project, in which ESNH Veterans, Inc. will receive an annual base management fee in the amount of \$3,500. The managing member fee shall accrue beginning on January 1, 2025, with the first payment due and payable on or before March 1, 2026, and each anniversary thereafter, increasing 3% annually.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

16. Elms Farm Limited Partnership (Continued)

Ground Lease

In November 2023, Easter Seals NH entered into a ground lease with the Elms Farm Partnership for the land located at 20 and 27 Holy Cross Road, Franklin, New Hampshire, with terms of 98 years from the date of execution. The Elms Farm Partnership was required to pay Easter Seals NH base rent of \$98 due on April 8, 2024.

Governor's Office of Emergency Relief and Recovery Loan

In 2022, the State of New Hampshire, Governor's Office of Emergency Relief and Recovery awarded Easter Seals NH a grant further described in note 8. Under the terms of the Elms Farm Project, Easter Seals NH will pass through \$7,782,368 of funds to the Elms Farm Partnership pursuant to a leasehold mortgage that was executed on March 20, 2024. The loan accrues no interest and is payable to Easter Seals NH in one lump sum 3 years from the date of the note (March 2027). The grant agreement requires Easter Seals New Hampshire to secure \$8,420,774 of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). In the event of default of this condition, Easter Seals NH has the right to recover all of the CSLFRF funds expended on the Elms Farm Project on behalf of the State of New Hampshire Governor's Office for Emergency Relief and Recovery. Also, as defined in the leasehold mortgage, if the Elms Farm Partnership performs its obligations as defined in the agreement, then repayment of the leasehold mortgage will become void, therefore requiring no repayment by the Elms Farm Partnership to Easter Seals NH. Funding has not yet been received; however, because of that provision, Easter Seals NH will record offsetting assets and liabilities when cash flow associated with the grant and leasehold mortgage is expected.

Right of Refusal and Option Agreement

Through a Right of Refusal and Option Agreement dated April 1, 2024, the Elms Farm Partnership granted to Easter Seals NH certain rights of first refusal and options to purchase the Elms Farm Project, which, if elected, would include the 99.99% interest in the Elms Farm Project held by M&T Bank. As a result, Easter Seals NH has been granted an irrevocable, successive, and exclusive right of refusal to purchase the Elms Farm Project. Such right is exercisable for a period of 36 months beginning upon expiration of an initial 15-year compliance period, and continuing until the Elms Farm Partnership otherwise sells the Elms Farm Project.

Through a Right of Refusal and Option Agreement dated April 1, 2024, M&T Bank has the option to give written notice to ESNH Veterans, Inc. at any time following the end of the Credit Period, as defined, to require ESNH Veterans, Inc. to purchase the interest of M&T Bank for a price equal to the sum of \$1,000 and any amounts owed to M&T Bank under the operating agreement. At the date of these consolidated financial statements, the put option was not eligible to be exercised by M&T Bank.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

16. Elms Farm Limited Partnership (Continued)

Guaranty Agreements

Pursuant to the limited partnership agreement, Easter Seals NH and ESNH Veterans, Inc. guarantee several obligations. As part of an operational deficit guarantee, they promise to advance to the project any amounts required to fund operating deficits arising after the project completion. This means funding unlimited operating deficits until the project achieves stabilized operations, which is defined as the later to occur of (a) construction loan payoff and conversion to approved non-recourse financing, and (b) rental income from the Elms Farm Project that is sufficient to pay all operating expenses/debt service of the Elms Farm Project and a debt service coverage ratio of not less than 1.15 to 1.00 for three consecutive calendar months following funding of the Elms Farm Project's permanent loan. Following that, for a period of 60 calendar months following the achievement of stabilized operations (the ODG Period) the amount shall be limited to \$192,820 (the Maximum ODG Amount), which will thereafter be released provided the Elms Farm Project has achieved a 1.15 to 1.00 debt service coverage ratio over each of the last consecutive 3 calendar months of the ODG Period, and the rental subsidy contract remains in place. Any payments required will be in the form of a 0% loan that may be repaid to Easter Seals NH from cash flow or sale of the project.

Additionally, there is a tax credit shortfall and recapture guarantee, whereby Easter Seals NH and ESNH Veterans, Inc. will guarantee payment to M&T Bank of an amount equal to the shortfall, or recapture amount, plus applicable fees, penalties, or other costs incurred as a result of such shortfall or recapture. Pursuant to the guarantee agreement, Easter Seals NH and ESNH Veteran's Inc. must maintain aggregate liquidity of \$1,000,000 measured by cash, cash equivalents and marketable securities, and a minimum net worth of \$5,000,000, measured at December 31 of each calendar year. At the date of these consolidated financial statements, no events or conditions have occurred that would trigger Easter Seals NH or ESNH Veterans Inc.'s performance under the guaranty agreements, and they are in compliance with the minimum aggregate liquidity and minimum net worth requirements.

17. Commitments and Contingencies

Construction Commitments

Easter Seals NH has a committed construction contract totaling approximately \$684,000 at August 31, 2024. A member of the Board of Directors is an executive at the construction company. In September 2023, Easter Seals entered into a committed construction contract totaling approximately \$9,093,000 with an unrelated construction company. There were no committed construction contracts at August 31, 2022.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2024 and 2023

17. Commitments and Contingencies (Continued)

Contingencies

On September 18, 2020, the *Crime Victims' Rights Enhancement Act of 2020* (Act) was signed into law by the governor of New Hampshire, effectively removing the statute of limitations for filing specified claims in New Hampshire. Easter Seals NH has experienced an increase in notices of potential claims against it which fall under the provisions of the Act. Management of Easter Seals NH has identified insurance policies that they believe will cover any exposure and is working with legal counsel to appropriately respond to claims as they arise. No amounts have been provided in these consolidated financial statements relative to this matter.

OTHER FINANCIAL INFORMATION

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2024

ASSETS

	New Hampshire*	Farnum Center	Vermont	Eliminations	Total
Current assets:					
Cash and cash equivalents	\$ 1,338,708	\$ 500	\$ 36,340	\$ -	\$ 1,375,548
Restricted cash	1,889,392	-	-	-	1,889,392
Short-term investments, at fair value	10,842,829	-	-	-	10,842,829
Accounts receivable from affiliates	-	-	991,777	(991,777)	-
Accounts receivable from related entity	1,249,666	-	-	-	1,249,666
Program and other accounts receivable, net	16,558,783	1,709,146	896,744	-	19,164,673
Contributions receivable, net	1,043,911	1,000	-	-	1,044,911
Prepaid expenses and other current assets	<u>1,199,973</u>	<u>17,752</u>	<u>31,190</u>	<u>-</u>	<u>1,248,915</u>
Total current assets	34,123,262	1,728,398	1,956,051	(991,777)	36,815,934
Assets limited as to use	2,234,481	5,337	-	-	2,239,818
Investments, at fair value	14,721,068	846,153	-	-	15,567,221
Investment in related entity	152,320	-	-	-	152,320
Other assets	828,060	-	-	-	828,060
Intangible assets	836,920	-	-	-	836,920
Operating lease right-of-use assets	1,868,136	398,415	1,528,123	-	3,794,674
Fixed assets, net	<u>35,935,330</u>	<u>5,129,735</u>	<u>54,370</u>	<u>-</u>	<u>41,119,435</u>
	<u>\$ 90,699,577</u>	<u>\$ 8,108,038</u>	<u>\$ 3,538,544</u>	<u>\$ (991,777)</u>	<u>\$ 101,354,382</u>

LIABILITIES AND NET ASSETS

	New Hampshire*	Farnum Center	Vermont	Eliminations	Total
Current liabilities:					
Lines of credit	\$ 2,348,665	\$ —	\$ —	\$ —	\$ 2,348,665
Accounts payable	7,293,937	—	—	—	7,293,937
Accrued expenses	7,613,528	36,941	750	—	7,651,219
Accounts payable to affiliates	991,777	—	—	(991,777)	—
Deferred revenue	4,283,640	—	4,000	—	4,287,640
Current portion of operating lease liabilities	596,762	120,724	275,312	—	992,798
Current portion of interest rate swap agreement	69,469	—	—	—	69,469
Current portion of long-term debt	<u>937,964</u>	<u>122,676</u>	<u>—</u>	<u>—</u>	<u>1,060,640</u>
Total current liabilities	24,135,742	280,341	280,062	(991,777)	23,704,368
Other liabilities					
Interest rate swap agreement, less current portion	2,456,070	5,337	—	—	2,461,407
Operating lease liabilities, less current portion	524,707	—	—	—	524,707
Long-term debt, less current portion, net	1,291,815	287,606	1,265,071	—	2,844,492
	<u>13,140,370</u>	<u>3,809,296</u>	<u>—</u>	<u>—</u>	<u>16,949,666</u>
Total liabilities	41,548,704	4,382,580	1,545,133	(991,777)	46,484,640
Net assets:					
Without donor restrictions	37,323,949	3,134,592	1,976,459	—	42,435,000
With donor restrictions	<u>11,826,924</u>	<u>590,866</u>	<u>16,952</u>	<u>—</u>	<u>12,434,742</u>
Total net assets	<u>49,150,873</u>	<u>3,725,458</u>	<u>1,993,411</u>	<u>—</u>	<u>54,869,742</u>
	<u>\$ 90,699,577</u>	<u>\$ 8,108,038</u>	<u>\$ 3,538,544</u>	<u>\$ (991,777)</u>	<u>\$ 101,354,382</u>

* Includes Champlin Place, Inc. and ESNH Veterans, Inc.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2023

ASSETS

	New Hampshire*	Farnum Center	Vermont	Eliminations	Total
Current assets:					
Cash and cash equivalents	\$ 8,198,636	\$ 500	\$ 18,945	\$ —	\$ 8,218,081
Restricted cash	99,784	—	—	—	99,784
Short-term investments, at fair value	10,230,068	—	—	—	10,230,068
Accounts receivable from affiliates	—	8,602,727	791,071	(9,393,798)	—
Accounts receivable from related entity	1,818,919	—	—	—	1,818,919
Program and other accounts receivable	12,259,802	1,247,014	885,686	—	14,392,502
Contributions receivable, net	127,893	1,013	13	—	128,919
Prepaid expenses and other current assets	<u>1,374,153</u>	<u>7,355</u>	<u>23,176</u>	<u>—</u>	<u>1,404,684</u>
Total current assets	34,109,255	9,858,609	1,718,891	(9,393,798)	36,292,957
Assets limited as to use					
Investments, at fair value	1,967,140	5,148	—	—	1,972,288
Investment in related entity	12,898,371	763,509	—	—	13,661,880
Other assets	1,742	—	—	—	1,742
Intangible assets	327,763	—	—	—	327,763
Operating lease right-of-use assets	736,658	—	—	—	736,658
Fixed assets, net	1,554,452	515,540	581,839	—	2,651,831
	<u>23,185,728</u>	<u>5,313,522</u>	<u>77,087</u>	<u>—</u>	<u>28,576,337</u>
	<u>\$ 74,781,109</u>	<u>\$ 16,456,328</u>	<u>\$ 2,377,817</u>	<u>\$ (9,393,798)</u>	<u>\$ 84,221,456</u>

LIABILITIES AND NET ASSETS

	New Hampshire*	Farnum Center	Vermont	Eliminations	Total
Current liabilities:					
Accounts payable	\$ 5,126,679	\$ —	\$ —	\$ —	\$ 5,126,679
Accrued expenses	6,339,691	94,448	812	—	6,434,951
Accounts payable to affiliates	9,393,798	—	—	(9,393,798)	—
Deferred revenue	2,536,453	—	1,521	—	2,537,974
Current portion of operating lease liabilities	556,577	113,485	235,544	—	905,606
Current portion of interest rate swap agreement	15,663	—	—	—	15,663
Current portion of long-term debt	<u>903,137</u>	<u>118,740</u>	<u>—</u>	<u>—</u>	<u>1,021,877</u>
Total current liabilities	24,871,998	326,673	237,877	(9,393,798)	16,042,750
Other liabilities					
Interest rate swap agreement, less current portion	2,207,832	5,148	—	—	2,212,980
Operating lease liabilities, less current portion	516,017	—	—	—	516,017
Long-term debt, less current portion, net	1,012,438	408,330	352,181	—	1,772,949
	<u>12,912,760</u>	<u>3,930,851</u>	<u>—</u>	<u>—</u>	<u>16,843,611</u>
Total liabilities	41,521,045	4,671,002	590,058	(9,393,798)	37,388,307
Net assets:					
Without donor restrictions	27,803,279	11,194,460	1,784,632	—	40,782,371
With donor restrictions	<u>5,456,785</u>	<u>590,866</u>	<u>3,127</u>	<u>—</u>	<u>6,050,778</u>
Total net assets	<u>33,260,064</u>	<u>11,785,326</u>	<u>1,787,759</u>	<u>—</u>	<u>46,833,149</u>
	<u>\$ 74,781,109</u>	<u>\$ 16,456,328</u>	<u>\$ 2,377,817</u>	<u>\$ (9,393,798)</u>	<u>\$ 84,221,456</u>

* Includes Champlin Place, Inc.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended August 31, 2024

	<u>New Hampshire*</u>	<u>Farmum Center</u>	<u>Vermont</u>	<u>Eliminations</u>	<u>Total</u>
Public support and revenue:					
Public support:					
Contributions, net	\$ 528,466	\$ 28,521	\$ 20,081	\$ —	\$ 577,068
Special events, net	1,222,196	(2,625)	15,039	—	1,234,610
Annual campaigns, net	281,494	83,968	4,323	—	369,785
Bequests	56,693	—	—	—	56,693
Net assets released from restrictions	<u>203,840</u>	<u>21,800</u>	<u>4,736</u>	<u>—</u>	<u>230,376</u>
Total public support	2,292,689	131,664	44,179	—	2,468,532
Revenue:					
Fees and tuition	92,720,688	4,110,826	7,847,921	(15,480)	104,663,955
Grants	11,361,273	5,384,091	324,862	—	17,070,226
Management and developer fees	122,069	—	—	—	122,069
Dividend and interest income	1,394,602	37,512	—	—	1,432,114
Other	130,579	1,536	150	(646)	131,619
Intercompany revenue	<u>1,793,567</u>	<u>—</u>	<u>—</u>	<u>(1,793,567)</u>	<u>—</u>
Total revenue	<u>107,522,778</u>	<u>9,533,965</u>	<u>8,172,933</u>	<u>(1,809,693)</u>	<u>123,419,983</u>
Total public support and revenue	109,815,467	9,665,629	8,217,112	(1,809,693)	125,888,515
Operating expenses:					
Program services:					
Public health education	26,687	—	—	—	26,687
Professional education	254,121	—	—	—	254,121
Direct services	<u>92,135,376</u>	<u>9,629,385</u>	<u>6,952,718</u>	<u>(16,126)</u>	<u>108,701,353</u>
Total program services	92,416,184	9,629,385	6,952,718	(16,126)	108,982,161

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)

Year Ended August 31, 2024

	<u>New</u>	<u>Farmum</u>	<u>Vermont</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Hampshire*</u>	<u>Center</u>	<u></u>	<u></u>	<u></u>
Supporting services:					
Management and general	\$ 13,397,397	\$ 1,032,025	\$ 762,055	\$ (1,793,567)	\$ 13,397,910
Fundraising	<u>2,901,179</u>	<u>13,733</u>	<u>129,568</u>	<u>—</u>	<u>3,044,480</u>
Total supporting services	<u>16,298,576</u>	<u>1,045,758</u>	<u>891,623</u>	<u>(1,793,567)</u>	<u>16,442,390</u>
Total functional expenses	108,714,760	10,675,143	7,844,341	(1,809,693)	125,424,551
Support of National programs	<u>181,245</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>181,245</u>
Total operating expenses	<u>108,896,005</u>	<u>10,675,143</u>	<u>7,844,341</u>	<u>(1,809,693)</u>	<u>125,605,796</u>
Income (loss) from operations	919,462	(1,009,514)	372,771	—	282,719
Nonoperating (losses) gains:					
Change in fair value of interest rate swap	(62,496)	—	—	—	(62,496)
Net unrealized and realized gains on investments, net	1,489,397	78,026	—	—	1,567,423
Loss on sales and disposals of fixed assets	<u>(42,877)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(42,877)</u>
Total nonoperating gains	<u>1,384,024</u>	<u>78,026</u>	<u>—</u>	<u>—</u>	<u>1,462,050</u>
Excess (deficit) public support and revenues, and nonoperating gains over expenses	<u>\$ 2,303,486</u>	<u>\$ (931,488)</u>	<u>\$ 372,771</u>	<u>\$ —</u>	<u>\$ 1,744,769</u>

*Includes Champlin Place, Inc. and ESNH Veterans, Inc.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended August 31, 2023

	<u>New Hampshire*</u>	<u>Farmum Center</u>	<u>Vermont</u>	<u>Eliminations</u>	<u>Total</u>
Public support and revenue:					
Public support:					
Contributions, net	\$ 523,254	\$ 11,048	\$ 39,108	\$ -	\$ 573,410
Special events, net	828,596	32,403	32,435	-	893,434
Annual campaigns, net	303,664	63,177	4,226	-	371,067
Bequests	141,913	-	-	-	141,913
Net assets released from restrictions	<u>282,031</u>	<u>25,000</u>	<u>60,257</u>	<u>-</u>	<u>367,288</u>
Total public support	2,079,458	131,628	136,026	-	2,347,112
Revenue:					
Fees and tuition	59,290,826	5,813,319	7,460,477	(50,261)	72,514,361
Grants	28,567,311	4,537,713	534,090	-	33,639,114
Gain on extinguishment of debt	750,000	-	-	-	750,000
Dividend and interest income	1,447,386	34,433	-	-	1,481,819
Other	163,693	4	-	-	163,697
Intercompany revenue	<u>1,856,432</u>	<u>-</u>	<u>-</u>	<u>(1,856,432)</u>	<u>-</u>
Total revenue	<u>92,075,648</u>	<u>10,385,469</u>	<u>7,994,567</u>	<u>(1,906,693)</u>	<u>108,548,991</u>
Total public support and revenue	94,155,106	10,517,097	8,130,593	(1,906,693)	110,896,103
Operating expenses:					
Program services:					
Public health education	18,834	-	-	-	18,834
Professional education	147,597	-	-	-	147,597
Direct services	<u>77,804,329</u>	<u>9,985,452</u>	<u>6,821,585</u>	<u>(50,261)</u>	<u>94,561,105</u>
Total program services	77,970,760	9,985,452	6,821,585	(50,261)	94,727,536

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)

Year Ended August 31, 2023

	<u>New Hampshire*</u>	<u>Farnum Center</u>	<u>Vermont</u>	<u>Eliminations</u>	<u>Total</u>
Supporting services:					
Management and general	\$ 10,704,871	\$ 1,096,826	\$ 760,752	\$ (1,856,432)	\$ 10,706,017
Fundraising	<u>2,213,847</u>	<u>25,441</u>	<u>127,712</u>	<u>—</u>	<u>2,367,000</u>
Total supporting services	<u>12,918,718</u>	<u>1,122,267</u>	<u>888,464</u>	<u>(1,856,432)</u>	<u>13,073,017</u>
Total functional expenses	90,889,478	11,107,719	7,710,049	(1,906,693)	107,800,553
Support of National programs	<u>166,882</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>166,882</u>
Total operating expenses	<u>91,056,360</u>	<u>11,107,719</u>	<u>7,710,049</u>	<u>(1,906,693)</u>	<u>107,967,435</u>
Income (loss) from operations	3,098,746	(590,622)	420,544	—	2,928,668
Nonoperating gains (losses):					
Change in fair value of interest rate swap	463,504	—	—	—	463,504
Net unrealized and realized losses on investments	(60,635)	(11,109)	—	—	(71,744)
Gain on sales and disposals of fixed assets	<u>11,077</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,077</u>
Total nonoperating gains (losses)	<u>413,946</u>	<u>(11,109)</u>	<u>—</u>	<u>—</u>	<u>402,837</u>
Excess (deficit) public support and revenues, and nonoperating gains over expenses	<u>\$ 3,512,692</u>	<u>\$ (601,731)</u>	<u>\$ 420,544</u>	<u>\$ —</u>	<u>\$ 3,331,505</u>

*Includes Champlin Place, Inc.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS

Years Ended August 31, 2024 and 2023

	<u>New Hampshire*</u>	<u>Farnum Center</u>	<u>Vermont</u>	<u>Eliminations</u>	<u>Total</u>
Balances at September 1, 2022	\$29,621,252	\$12,387,057	\$1,421,272	\$ -	\$43,429,581
Excess (deficit) public support and revenues, and nonoperating gains over expenses	3,512,692	(601,731)	420,544	-	3,331,505
Restricted net unrealized and realized gains on investments	48,920	-	-	-	48,920
Restricted dividend and interest income	17,420	-	-	-	17,420
Restricted gifts, bequests and contributions, net	346,164	25,000	6,200	-	377,364
Decrease in fair value of beneficial interest in trust	(4,353)	-	-	-	(4,353)
Net assets released from restrictions used for operations	<u>(282,031)</u>	<u>(25,000)</u>	<u>(60,257)</u>	<u>-</u>	<u>(367,288)</u>
Increase (decrease) in net assets	<u>3,638,812</u>	<u>(601,731)</u>	<u>366,487</u>	<u>-</u>	<u>3,403,568</u>
Balances at August 31, 2023	33,260,064	11,785,326	1,787,759	-	46,833,149
Excess (deficit) public support and revenues, and nonoperating gains over expenses	2,303,486	(931,488)	372,771	-	1,744,769
Restricted net unrealized and realized gains on investments	137,313	-	-	-	137,313
Restricted dividend and interest income	19,077	-	-	-	19,077
Restricted gifts, bequests and contributions, net	2,553,837	70,000	13,500	-	2,637,337
Restricted grants	3,728,359	-	-	-	3,728,359
Increase in fair value of beneficial interest in trust	114	-	-	-	114
Net assets released from restrictions used for operations	(203,840)	(21,800)	(4,736)	-	(230,376)
Other	<u>7,352,463</u>	<u>(7,176,580)</u>	<u>(175,883)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>15,890,809</u>	<u>(8,059,868)</u>	<u>205,652</u>	<u>-</u>	<u>8,036,593</u>
Balances at August 31, 2024	<u>\$49,150,873</u>	<u>\$ 3,725,458</u>	<u>\$1,993,411</u>	<u>\$ -</u>	<u>\$54,869,742</u>

*Includes Champlin Place, Inc. and ESNH Veterans, Inc. (in 2024).

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2024

	New Hampshire*	Farnum Center	Vermont	Eliminations	Total
Salaries and related expenses	\$ 80,166,874	\$ 7,324,488	\$ 6,120,649	\$ -	\$ 93,612,011
Professional fees	13,644,836	1,997,584	846,269	(1,794,213)	14,694,476
Supplies	1,967,901	432,609	45,606	-	2,446,116
Telephone	662,520	63,134	77,002	-	802,656
Postage and shipping	36,409	995	21,321	-	58,725
Occupancy	2,841,587	339,444	379,144	-	3,560,175
Outside printing, artwork and media	63,430	239	15,883	-	79,552
Travel	1,657,126	17,513	170,232	(15,480)	1,829,391
Conventions and meetings	240,314	16,304	13,202	-	269,820
Specific assistance to individuals	1,236,741	10,188	33,677	-	1,280,606
Dues and subscriptions	46,980	1,919	159	-	49,058
Minor equipment purchases and equipment rentals	344,971	27,822	6,570	-	379,363
Ads, fees and miscellaneous	1,178,382	72,527	80,895	-	1,331,804
Interest	815,907	142,642	-	-	958,549
Depreciation and amortization	1,687,346	227,735	33,732	-	1,948,813
Other program expenses	2,123,436	-	-	-	2,123,436
	<u>\$ 108,714,760</u>	<u>\$ 10,675,143</u>	<u>\$ 7,844,341</u>	<u>\$ (1,809,693)</u>	<u>\$ 125,424,551</u>

* Includes Champlin Place, Inc. and ESNH Veterans, Inc.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2023

	<u>New</u>	<u>Farnum</u>	<u>Vermont</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Hampshire*</u>	<u>Center</u>	<u></u>	<u></u>	<u></u>
Salaries and related expenses	\$ 66,392,788	\$ 7,358,091	\$ 6,006,342	\$ —	\$ 79,757,221
Professional fees	11,560,471	2,113,838	830,368	(1,856,432)	12,648,245
Supplies	1,736,449	450,352	42,655	—	2,229,456
Telephone	607,196	79,626	76,852	—	763,674
Postage and shipping	39,002	889	24,532	—	64,423
Occupancy	2,727,997	453,018	317,250	—	3,498,265
Outside printing, artwork and media	37,877	—	13,089	—	50,966
Travel	1,562,364	17,453	193,104	(14,221)	1,758,700
Conventions and meetings	174,310	114,459	8,164	—	296,933
Specific assistance to individuals	1,533,890	8,451	47,994	(36,040)	1,554,295
Dues and subscriptions	48,344	856	319	—	49,519
Minor equipment purchases and equipment rentals	242,674	24,460	13,716	—	280,850
Ads, fees and miscellaneous	1,033,220	71,759	102,255	—	1,207,234
Interest	644,467	146,371	—	—	790,838
Depreciation and amortization	1,573,429	268,096	33,409	—	1,874,934
Other program expenses	<u>975,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>975,000</u>
	<u>\$ 90,889,478</u>	<u>\$ 11,107,719</u>	<u>\$ 7,710,049</u>	<u>\$ (1,906,693)</u>	<u>\$ 107,800,553</u>

* Includes Champlin Place, Inc.

<u>Name (Identify any additional role(s) in Parentheses)</u> E.g., John Doe (President)	<u>Affiliations</u>
Bryan Bouchard, Chairman	CMA & Assistant Professor Southern NH University
Andrew MacWilliam, Past Chairman	PWC (Retired)
Timothy Wade, Treasurer	Regional President M&T Bank
Gregory Baxter, Vice Chairman	President, Elliot Health System
Bradford Cook, Esq., General Counsel & Secretary	Sheehan Phinney
Ajay Arigala, Director	Head of Technology Crosby Company of New Hampshire
Bob Bartley, Director	Owner Bartley Financial Advisors
Matthew Boucher, Director	Deputy GM, COO Airmar Technology Corp.
Jo Brown, Director	Former Mayor, City of Franklin
Dan Cronin, Director	President & CEO CGI Business Solutions
Tom Davis, Director	Director, Electric Transmission Field Operations Eversource
Eddie Edwards, Director	Assistant Commissioner of the Department of Safety

Ryan Fox, Director	VP, Specialty Lending BankProx
Linda James, Director	VT DCF-Family Svcs (Retired)
Ryan King, Director	VP of Human Resources Northeast Delta Dental
Madison Lightfoot-Kunitake, Director	Associate, McLane Middleton
Susan Martore-Baker, Director	President Cambridge Trust Co. of NH
Genella McDonald, Director	President Stibler Associates
Tracey Pelton, Director	VP, Business Dev & Mktg PROCON LLC
Richard Rawlings, Director	Northwestern Mutual (Retired)
Nathan Saller, Director	President & CEO Bellwether Community Credit Union
Sgt. Amanda Smith, Director	Manchester NH Police Dept
Rob Wiczorek, Director	President, Wiczorek Insurance

Andrea N. Christoffels

Education

MA, Justice Studies, University of New Hampshire

BA, Psychology, University of New Hampshire

Professional Experience

Easterseals Veterans Count (VC), Manchester NH, Jan 2013- Present

Director of Veterans Count, Jan 2017-Present

- Coordinate the development, implementation, and management of statewide programs and case management and clinical services to service members, veterans, and military families (SMVF)
- Oversee VC staff and coordinate staff development and training
- Manage VC overall and specific program budgets, responsible for program outcomes and financial performance, audits and quality control
- Develop and implement strategic plans to expand and sustain existing services, develop new funding resources, and leverage cross-system resources

Director of Housing and Homelessness, Jan 2013 to Jan 2017

- Oversaw housing and homelessness services for VC clients
- Coordinated the development, implementation, and management of statewide services to homeless and at-risk SMVF, including grant and sub-grant funded services
- Oversaw program staff
- Exceeded all targets and goals related to housing stability and client outreach
- Served on VC management team, and provided over-arching guidance to ESME and ESVT regarding SMVF housing programs

Clinical Supervisor, Child and Family Services, Concord NH, Oct 2005 – Jan 2013

- Provided weekly supervision to five caseworkers
- Developed/oversaw treatment plans and reports
- Monitored interventions and progress
- Provided case consultation
- Monitored and assisted clients in achieving their goals/court orders
- Wrote court reports and attended hearings

Stephanie Masterman Higgs, LMFT

*Viewed as "focused/engaged," "authentic," "insightful"
Proven rapport-building skills and effective outcomes*

Education & Licensure

NH MFT License: 184

MS, Marriage and Family Therapy, University of NH

Graduate Certificate, Personnel Administration, NH College

BS, Business Administration, University of NH

Experience

Easterseals Veterans Count, Manchester NH, 4/2013- present

Clinical Director (3/2022-present)/Mental Health Therapist - (10/2014-3/2022)

- Manage \$400k grant, funded by Department of Military Affairs and Veterans Services, to build clinical capacity for mental health care for NH's veterans to decrease veteran social isolation and reduce suicides
- Manage clinical staff including monitoring of caseloads and utilization rates, quality and timeliness of paperwork, efficacy of treatment modalities, training needs
- Provide mental health support to veterans - individual, couples- including diagnostic evaluation and risk assessment, holistic psychosocial assessment, treatment planning, and clinical therapy services
- Provide clinical consultation to staff on cases and facilitate peer case reviews
- Outreach and market ES Veterans Count clinical services to community partners to increase referrals and build sustainable referral pathways
- Coordinate staff training, including collaboration with military programs for suicide prevention training

Program Manager- (6/2016- 3/2022)

- Managed program deliverables and staff providing in-depth case management support to chronically homeless veterans at a veteran's-only permanent supported housing project
- Managed intake and financial assistance office support functions
- Managed DOL Homeless Veteran Reintegration Program grant focused on assisting veterans in finding sustainable, meaningful employment. Partnered with local employers to create a path to veteran hiring. Provided direct comprehensive and holistic clinical and case management support to clients to address barriers to stability

Project Director- 'Ask the Question' Education and Outreach Initiative (2/2015-6/2016)

- Managed day-to-day planning and implementation of \$1.6m DHHS statewide project aimed at early identification of veteran status by service providers in all service domains. Supervised statewide outreach team's performance, coordinated with community project partners, managed collection and reporting of all project deliverables
- Provided direct clinical and case management support to veterans

Project Manager- Military-veteran Sustainable Safety Net Project (10/2014-6/2015)

- Served as project lead on statewide military culture training and military/veteran service access initiative: conducted assessment of current competency in service provider network and developed recommendations for process and knowledge-base improvements; created content and organized state-wide training
- Provided direct clinical and case management support to veterans

Care Coordinator (4/2013- 10/2014)

- Provided case management support to veterans and their families, established care plans and addressed concerns: counseling/clinical support; employment; childcare and respite needs; adjustment issues; navigation of and access to healthcare (civilian and VA); budgeting and financial management; emergency financial assistance

Seacoast Mental Health Center, Exeter NH, 7/2011 – 4/2013

Family Therapist

- Counseled a diverse clinical caseload of children and their families. Responded effectively to client crises. Demonstrated capability and sound judgment in diagnostic evaluation and risk assessment, treatment planning, and case management. Effectively engaged with clients to address and prioritize their needs for support
- Collaborated extensively and proactively with agencies and health care providers (i.e. DHHS/DCYF, CFS, local school systems, local non-profit aid agencies, PCPs/psychiatrists, and outreach specialists) to ensure effective coordination of care and client access to local resources
- Provided on-site counseling support to children and their caregivers as an embedded CMHC partner with the local community health center

University of NH Marriage & Family Therapy Center, Durham, NH 2008-2010 (in MFT program part-time 2002-2010)

Graduate Student Therapist Fully Accredited (AAMFT) Clinical Training

- Demonstrated competency in counseling a clinical caseload of individuals, couples, and families with a variety of complex presenting problems. Utilized a systemic therapy perspective to diagnose, evaluate, and develop treatment plans to customize care to the needs and goals of the client
- Collaborated with external agencies to ensure effective coordination of care as well as compliance in response to legal offenses (i.e. child neglect, domestic violence).

University of NH Counseling Center, Durham, NH 2001- 2011

Office Manager

Managed support operations for clinical staff, ensuring smooth day-to-day operations.

- Collaborated with/served as liaison to campus departments to ensure Center's facilities, data, and personnel needs were met
- Developed all marketing materials and annual reports, served as Center webmaster
- Served as Chair of UNH's staff council, served on staff committees that developed an employee suggestion program, a family leave policy, and a radically different performance management philosophy and process. Recipient of President's Employee of the Year award

Liberty Mutual Group, Dover, NH 1985-2001 (selected experiences)

Operations Manager

Directly managed claims and legal support operations and served as a consultant for department-wide initiatives

- Initiated staff development needs assessments; managed the design, marketing and delivery of needs-based training programs
- Continually evaluated organizational structure, process, and procedures; directed implementation of needed changes; troubleshoot day-to-day operational problems/issues
- Consulted with managers to ensure effective personnel management practices
- Participated in establishing and planning budget objectives; managed training, reward and recognition, recruiting and temp staffing budgets

Regional Human Resources Manager

Managed the delivery of human resources services within assigned regions

- Led HR staff in conducting workforce analysis, training and development, recruitment and retention programs, performance management and compensation, office consolidation/reorganization initiatives, compensation, and performance management practices
- Partnered with business managers and in-house counsel to effectively resolve employee relations investigations
- Promoted from Senior HR Consultant

NH Department of Health and Human Services

KEY PERSONNEL

List those primarily responsible for meeting the terms and conditions of the agreement.

Job descriptions not required for vacant positions.

Contractor Name: EASTER SEALS NEW HAMPSHIRE, INC.

NAME	JOB TITLE	ANNUAL AMOUNT PAID FROM THIS CONTRACT	ANNUAL SALARY
Andrea Chrisstoffels	Director of Veterans Count	\$10,786.00	\$107,857.00
Stephanie Higgs	Training Coordinator	\$54,157.00	\$54,157.00