

ATTORNEY GENERAL'S CHARITABLE TRUST UNIT REPORT REGARDING THE GOVERNANCE AND MANAGEMENT OF SERENITY PLACE

I. INTRODUCTION

On December 7, 2017, the Department of Justice Charitable Trusts Unit (CTU) received a report about a serious financial situation facing the National Council on Alcoholism and Drug Dependence/ Greater Manchester, known as Serenity Place. Serenity Place was a New Hampshire charitable organization that provided a broad array of services relating to substance use disorder (SUD). Based on its preliminary investigation, the CTU determined that the management and board of directors of Serenity Place could not address what had become a crisis. After considering other options, the CTU determined that a receivership offered the best prospect for Serenity Place to continue as a viable entity.

On December 20, 2017, the Attorney General, Director of Charitable Trusts obtained an order from the Hillsborough County North Superior Court appointing Families in Transition as receiver of Serenity Place. Thereafter, it became immediately apparent that Serenity Place could not survive as a stand-alone organization. State leaders, the CTU and the Receiver worked quickly to obtain emergency funding from the New Hampshire Department of Health and Human Services (DHHS) and then to transfer its programs to other social service providers. Once the program transfers were completed, the Receiver filed on behalf of Serenity Place a petition for relief under Chapter 7 of the Bankruptcy Code. That case is still pending.

At the direction of the Attorney General, the CTU undertook an investigation into the facts and circumstances leading to the receivership and closure of Serenity Place. The findings and conclusions of that investigation are set forth in this report.

II. SUMMARY OF FACTS AND CONCLUSIONS

Serenity Place was a Manchester-based SUD treatment provider. It was founded in 1977. In recent years, Serenity Place had begun to offer additional services in response to the opioid crisis. Those services included respite housing, treatment, and referrals for those seeking help through Manchester's Safe Station Program. Serenity Place also entered into contracts to conduct drug testing for federal probation and parole participants and to operate treatment programs for the Hillsborough County North Superior Court Drug Court.

At the same time Serenity Place was expanding its services, there emerged an increased availability of payment for SUD treatment. That availability arose from New Hampshire's adoption of Medicaid expansion in 2014, as well as the addition of SUD treatment as a benefit under Medicaid and private insurance plans. To obtain these payments, Serenity Place was required to submit individual claims per unit of service provided. These changes created challenges to implement billing systems and to find credentialed staff who could properly account for units of service and submit proper claims to payers.

Over a period of three years, Serenity Place more than doubled its staffing and budget. However, its cash flow did not keep up. It did not submit proper claims for many of its services, and it did not submit any claims for other services. Eventually, Serenity Place ran out of operating funds, and the Attorney General, Director of Charitable Trusts obtained an order on December 20, 2017 to put Serenity Place into receivership. Its programs were transferred to other organizations and Serenity Place filed for Chapter 7 bankruptcy protection on April 25, 2018.

Serenity Place collapsed because of poor management and poor governance by its board of directors. In July, 2016 the board named Stephanie Bergeron, Serenity Place's development director, to serve as executive director. Ms. Bergeron had little relevant experience. Once in that

position, Stephanie Bergeron displayed a lack of management skills needed to oversee a complicated claims submission operation. She oversaw the rapid expansion of Serenity Place programming without a clear plan for managing that growth. When a State billing audit uncovered significant issues with claims submitted for services, Serenity Place did not have sufficient cash to address those issues.

The board of directors at Serenity Place failed to perform its duties under the law in providing oversight and direction for the organization. It failed to adequately review and monitor Serenity Place's finances. It acquiesced in Stephanie Bergeron's plans for program growth, rather than making decisions based upon a cohesive strategy. The board had both weak leadership and little turnover, which contributed to a sense of stagnancy. It also failed to review large conflict of interest transactions between Serenity Place and a director's employer, even though New Hampshire law requires strict adherence to certain protocols to approve any such contracts.

III. FACTUAL BACKGROUND

A. Serenity Place Programs

Serenity Place opened in 1977 as a sobriety maintenance program in Manchester. Over the years, it expanded programming to include detoxification assistance and transitional living. It acquired a building at 99 Manchester Street in Manchester. It took over operations of Tirrell House, a men's transitional living facility at 15 Brook Street. It renovated the building at 99 Manchester Street to become a transitional living facility for women, Lin's Place. It then moved administrative and outpatient functions to offices at 351 Chestnut Street. Finally, it took over a respite facility for emergency referrals at 140 Central Street.

By 2017, Serenity Place offered the following programs:

- High intensity residential treatment
- Ambulatory withdrawal management
- Lin's Place transitional living for women
- Tirrell House transitional living for men
- Intensive outpatient program
- Outpatient therapy
- Impaired driver care management program
- Wrap around and recovery support services
- Hillsborough County North Superior Court Drug Court
- Crisis respite shelter
- Urinalysis testing

B. Management and Governance

The executive director held the principal management responsibility for Serenity Place. Sharon Drake served in that position from November, 2008 through June, 2016. She continued to perform some construction management services for several months thereafter. Stephanie Bergeron, who was hired as the development director in March, 2013, assumed the responsibilities of executive director in July, 2016, on an interim basis, and was confirmed officially as executive director in October, 2016. Stephanie Bergeron remained in place as executive director through December 20, 2017.

Other senior managers included Dominic Donahue, who was hired as clinical director in April, 2014. He remained in that position until he was terminated on December 8, 2017. Jamie Hill served as the controller from January, 2016 until January, 2018. She replaced Kris Franklin, who was the controller from December, 2014 until November, 2015.

The Serenity Place board of directors was comprised on average of about ten persons. Many of them had served on the board for years. John B. FitzGerald, III served as chair of the board of directors from 2011 to 2013, and again from July, 2015 through December, 2017. Between those terms, Russell Ouellette served as board chair from April, 2014 through June, 2015. George McNamara served as board chair between 2013 and 2014. A chart identifying directors from 2000 through 2017 appears in Attachment 1.

As a charitable organization with an annual budget of more than \$1 million, Serenity Place was required to prepare and submit to the CTU annual audited financial statements prepared by a certified public accountant. RSA 7:28, III-b. Penchansky & Co. performed audits of Serenity Place for fiscal years ending June 30, 2008 through June 30, 2016. No audit was ever completed for the fiscal year ending June 30, 2017 because various issues remain unresolved relating to billing for treatment services.

Comparative summaries for July 1, 2013 through June 30, 2016 showing the audited balance sheets, income statements, and cash flow statements appear at Attachment 2. Also included are budget and unaudited financial summaries from July 1, 2016 through December 31, 2017.

C. Emergence of New Revenue Sources

As a general matter, throughout its history, Serenity Place took on less affluent clients: those who could not afford to pay for their treatment. As a result, the organization was more dependent upon grants from government sources, including DHHS. It also received funding from sources such as Granite United Way and private foundations. Until very late in its history, Serenity Place did not seek or receive substantial reimbursement for services provided to clients from sources such as private insurers or Medicaid.

Through fiscal year 2015, the majority of Serenity Place's government funding had come from block grants or contracts to run specific programs. Beginning in fiscal year 2016, payment for claims made for specific services became the largest revenue source. Several factors caused that shift in funding streams.

First, in 2014, New Hampshire opted into the expansion of Medicaid for anyone with income below 138% of the federal poverty level. Many persons needing SUD services had not been eligible for traditional Medicaid, because they were not part of a family with dependent children. Second, that same year, a SUD benefit became mandatory for both the Medicaid expansion and private insurance plans. That benefit was expanded to traditional Medicaid in 2016. Third, under the Affordable Care Act, enrollment for health insurance coverage had become a requirement for most individuals.

The availability of a SUD benefit to an expanded pool of insured individuals provided a substantial new source of revenue for SUD treatment providers, including Serenity Place. But to secure that revenue, Serenity Place had to master the process of submitting a separate insurance claim for each service provided to each client. Instead of receiving an annual government subsidy for operating a program, Serenity Place needed to prepare many individual claims.

The opportunity to secure reimbursement for services presented a challenge. Traditional Medicaid recipients received coverage through one of two managed care organizations, New Hampshire Healthy Families (Ambetter) or Well Sense. The Medicaid expansion population received subsidies to purchase individual policies from companies on the Affordable Care Act exchange for New Hampshire, including Anthem, Ambetter, Minuteman, and Harvard Pilgrim. Medically frail individuals, including many dealing with SUD, could receive additional services through an Alternative Benefit Plan. Persons with insurance through their job and persons

purchasing insurance through the Affordable Care Act exchange received coverage through private health insurance companies. Finally, DHHS offered additional subsidies for a number of otherwise uninsured SUD services to individuals with incomes below 400% of the federal poverty limit. All of these payers used different forms, had different provider eligibility requirements and offered somewhat different coverage.

The financial statements of Serenity Place reflected this profound shift in funding sources. For the period 2014 through 2017, claims reimbursement for services performed increased by about 63 percent per year. The increase in claims for reimbursement from 2016 to 2017 alone more than doubled. *See* Attachment 2.

D. Increase in Demand for Services

At the same time that the opportunity for reimbursement for services increased, demand for services also increased. Drug overdose deaths rose in New Hampshire from 150 in 2012 to 483 in 2017, with more than 66 of them occurring in Manchester. Many more people survived overdoses. The provider of emergency medical services in Manchester reported 875 overdose encounters in 2017. *See* Attachment 3.

The Manchester Fire Department launched the Safe Station program on May 4, 2016. Under that program, Manchester's ten fire stations became safe entry points for those seeking help with addiction. The Safe Station model depends upon quick referrals out to a provider of services. Initially, Serenity Place shared referrals with other organizations, but within a few months it essentially became the sole referral outlet for the Safe Station program. Serenity Place's facilities were convenient to Manchester's Central Fire Station, which received the largest volume of those persons seeking help.

To cope with the increased volume of emergency referrals, Serenity Place took over the operation of a respite facility on Central Street. It provided wrap around case management and

referral services. Many of the referrals then participated in other Serenity Place programs, such as withdrawal management, outpatient programs and transitional living. To cover the increased costs, Serenity Place then needed to bill for the services provided, through one or more of the newly available insurance programs.

Serenity Place took on other programs to address the opioid crisis. In October, 2016 Serenity Place executed a contract to implement the Judicial Branch's Drug Court program in Hillsborough County North Superior Court.

E. Increase in Staffing

To meet the increased demand, Serenity Place hired additional staff. From about 30 employees in July, 2015, the number increased to about 75 in November, 2018. Salary expense rose during that period from less than \$50,000 per month to more than \$250,000 per month. *See* Attachment 4.

As staffing levels exploded, it became a challenge to find employees with sufficient credentials to meet the billing requirements of insurers and Medicaid. Those credentials included MLADC (master licensed alcohol and drug counselor), LADC (licensed alcohol and drug counselor), and CRSW (Certified Recovery Support Worker). Some Serenity Place staff came close to receiving CRSW certification, but failed to complete the final steps. Finally, in a competitive work environment, Serenity Place's salary scale was modest, making it difficult to recruit employees with credentials.

F. Billing Problems

Serenity Place's expansion of services and overhead required that it seek and receive reimbursement for its services from private insurers or Medicaid. However, Serenity Place encountered problems with its billing and collection.

In July 2011, Serenity Place implemented DHHS's electronic Web Information Technology System (WITS) both for electronic medical records and for billing the Bureau of Alcohol and Drug Services (BDAS). Its advantage was the integration of encounter notes into billing based upon type and units of service. But WITS could not handle claims made to private insurers, including the Medicaid expansion payers. Traditional Medicaid services were billed through yet another process, the Medicaid Management Information System (MMIS).

All payers required that clinical entries and diagnoses be reviewed by a licensed provider of clinical services. During the course of this investigation, former Serenity Place employees reported that licensees often did not review records and bills, but claims were still submitted for payment. They reported that timely and complete billing did not take place with respect to many services provided in newer programs, like Drug Court and Safe Station-related respite services. Some programs, like the 28-day intensive in-patient program, never got around to billing. For the legacy transitional living programs at Lin's Place and Tirrell House, Serenity Place had difficulty transitioning from a single monthly claim per resident to a per-encounter claim for each service rendered. In 2015, Serenity Place planned to contract out its billing operations to a third party, the New Hampshire Providers Association. But that plan was never implemented.

In October, 2017, BDAS began to conduct a review of Serenity Place billing practices. It found a number of issues, including clinical notes not matching services billed, the high-intensity outpatient program not operating in accordance with American Society of Addiction Medicine standards, transitional living clients at Lin's Place and Tirrell House overstaying the six month time limitation, providers of some services treating clients without an appropriate license, and staff billing some services to the wrong category. In the process of the review, a BDAS employee heard from a representative of a Medicaid expansion payer that Dominic Donahue,

clinical director at Serenity Place, had told that payer why he was not submitting claims to the payer. Mr. Donahue said that he preferred to submit claims to BDAS, because the process was “easier”. Comparison of WITS-generated bills submitted to BDAS with client data collected in MMIS confirmed that, in fact, there was a high rate of incorrect billing to BDAS for services that should have been billed to traditional Medicaid or to an insurer.

As a result of its review, BDAS stopped further claims payments to Serenity Place and it calculated the amount of repayment due from Serenity Place. On October 31, 2017, newly appointed BDAS director, Annette Escalante, met with Stephanie Bergeron and a member of the board of directors (the board chair, John FitzGerald, was out of town). BDAS and Serenity Place worked to piece together the extent of the incorrect billing problem.

In December, 2017, BDAS estimated that between August, 2016 and September, 2017, BDAS paid claims amounting to \$491,206.20 that should have been rejected as payable by a Medicaid plan or as not eligible for payment. In October, 2017 alone, out of \$219,505 in claims submitted, BDAS accepted \$126,259.50 while it rejected \$93,245.50.

G. Cash-Flow Problems

Serenity Place’s finances were already strained at the time DHHS suspended payments. Serenity Place had in place a revolving line of credit with Eastern Bank, secured by a \$100,000 first mortgage on 99 Manchester Street, the only real estate it owned. That line had been fully extended for several years. The Community Development Finance Authority (CDFFA) had advanced \$294,962 out of a total funding commitment of \$355,200 to Serenity Place for infrastructure improvements, but the remaining funding was available only for specific projects. Local foundations and the United Way had made grants and loans for programming and capital improvements, but that money had been spent. Serenity Place itself had accumulated over the years little in the way of cash reserves, and it had no endowment.

Serenity Place provided respite services under its regional access point fixed price contract with BDAS for fiscal year 2017. After ten months, it had expended all of the allocated funds. This left a two month gap for which it had to provide services, but with no accompanying revenue. That meant Serenity Place had to cope with \$150,000 in unreimbursed operating expenses for May and June of 2017.

In an October 21, 2017 email message to BDAS director Annette Escalante, Stephanie Bergeron said: “cash flow is fine when Safe Station is not overwhelming the Agency. Currently, S[afe] S[tation] is overwhelming S[erenity] P[lace] and normal funding sources cannot support this...additional resources are necessary... We are not in a good spot right now because of the volume of clients we see as well as staff overtime, and payroll is most definitely at risk but not because of one payment.” Serenity Place continued to seek support from DHHS, not tied to billing for units of service. The Governor and Council awarded an additional \$150,000 for regional access point services relating to Safe Station on November 8, 2017.

Accounts payable became delinquent, rising to \$161,706.09 by December 15, 2017. This included \$24,755.76 due to Harvard Pilgrim Healthcare for staff health insurance. Stephanie Bergeron stated that weekly payroll became a struggle to meet. Twice, in August and September, 2017, Susan Ouellet, Serenity Place’s development director, reached out to Eastern Bank, which held Serenity Bank’s operating funds account. Eastern Bank ensured that staff payroll checks did not bounce.

Serenity Place staff decided not to forward to the Internal Revenue Service (IRS) payroll taxes for federal income tax, FICA and Medicare, the bulk of which had already been withheld from employee wages. That practice had begun earlier in 2017, and increased rapidly starting in

September. The total unpaid obligation to IRS was \$189,156.64. Interest and penalties amounted to \$51,205.80, for a total claim of \$240,362.44.

Stephanie Bergeron looked to her board for help. On November 27, 2017, one director advanced \$66,000 for payroll. Ms. Bergeron also renewed an idea discussed earlier of entering into partnerships with other organizations, but the board of directors was not interested. Meanwhile the organization found it necessary to redirect the efforts of consultants it had initially retained from Thrive, LLC to work on strategic planning. That relationship instead devolved into crisis management guidance in November and December of 2017.

H. Receivership

By December, 2017, DHHS became concerned with Serenity Place's survival. On December 7th, it reached out to the CTU. After a preliminary investigation, the CTU determined that the management and board of directors of Serenity Place could not address what had become a crisis. After considering other options, the CTU determined that a receivership offered the best prospect for Serenity Place to continue as a viable entity. The objective was to maintain Serenity Place's programs while attempting to stabilize its finances, improve management and relaunch the organization. Stephanie Bergeron and the board of directors acquiesced in that plan and submitted resignations to facilitate the transition.

On December 20, 2017, Hillsborough County North Superior Court (No. 216-2017-CV-00940) appointed Families in Transition to serve as receiver. Only then did the severity of Serenity Place's financial situation become clear. The liabilities to the IRS and DHHS were too large to overcome. State leaders, the CTU and the receiver worked quickly to obtain emergency funding. The State of New Hampshire made a secured loan of \$180,000 for Serenity Place's payroll. The CTU and local funders provided more than \$50,000 toward receivership operating expenses. Drug Court continued to make payments for services. DHHS advanced to Serenity

Place about \$90,000 based upon September and October accepted claims submitted. These funds stabilized Serenity Place's finances for the short term in order to facilitate the orderly transfer of its clinical services and clients to other providers.

The Superior Court on January 23, 2018 approved the plan for the distribution of the programs of Serenity Place to other organizations. It later authorized Families in Transition as receiver to file a petition under Chapter 7 of the Bankruptcy Code. That petition was filed on April 25, 2018, and the case is ongoing (No. 18-10548-BAH).

IV. CONCLUSIONS REGARDING THE RESPONSIBILITY FOR THE COLLAPSE OF SERENITY PLACE

Many in our state depend on the vital services provided by charities such as Serenity Place. In turn, those organizations depend on the services of volunteers who give their time to serve as members of boards of directors. Our nonprofit sector simply could not exist without the willingness of the thousands who serve in that capacity. While we should honor those who now serve as directors and encourage others to do so, it is also important to continually educate board members about their roles and responsibilities, including those imposed by law. This case provides examples of both failures and missed opportunities with respect to governance and management.

A. Deficient Board Governance

Nonprofits, just like businesses, sometimes fail. A dynamic nonprofit sector requires that organizations take risks and seize opportunities. However, the law assigns important responsibilities to the leadership of such organizations to be well informed, to make decisions that are prudent, and to avoid conflicts of interest.

The collapse of Serenity Place was due, in part, to deficient governance by its directors. The Serenity Place board of directors failed in its fiduciary responsibility to govern the

organization. The board exhibited a culture of low engagement and lackadaisical oversight that had persisted for years prior to Serenity Place's ultimate collapse. While there were some individual examples of good board service, the overall performance was poor. Because boards of directors are measured against their fiduciary duties, this analysis will focus on the two most important: the duty of care and the duty of loyalty.

1. Breaches of the Duty of Care

Directors of charitable organizations owe a duty of care; that is to be careful in their governance. Breaches of this duty can fall into three categories: lack of attention in overseeing the affairs of the organization, poor business decision making, and waste of assets. *See Restatement of Charitable Nonprofit Organizations* §2.03, Comment (c) (Tent. Draft No. 1 April 13, 2016) (hereinafter "Restatement"). Each of those categories applies here.

Attendance at meetings is a basic obligation of board oversight. A person cannot exercise care if he or she does not participate. Many directors of Serenity Place failed that basic test. A chart of board attendance, *see* Attachment 1, showed that many directors failed to attend more than half of board meetings. Not shown on the chart are additional scheduled meetings that had to be canceled because of the lack of a quorum. Board meeting attendance rates dropped from 78% in 2014 to 57% in 2016. There was no quorum for the May 2016, April 2017 or May 2017 meetings.

More subtle is the lack of attention to basic board responsibilities. Meeting minutes reflect a focus on program presentations and recovery, less on program finances or programmatic priorities, and still less on strategic planning. Some lack of substance at board meetings can be compensated for if a board has an active committee structure. The Serenity Place board of directors failed to use effective committees in most of the recent years. While the bylaws called

for a number of committees, there was no working finance committee to consider annual budgets and no successful nominating committee to find new directors. It appears that a committee structure was revived during the brief board chairmanship of Russell Ouellette (April, 2014 – June, 2015), but it fell apart after he left the board.

The bylaws of Serenity Place included term limits for service on the board of directors: a maximum of two three year terms, which the board could waive. The board for the most part waived that limitation, and director turnover was very limited. This contributed to sense of stagnancy on the board.

Strategic planning is an important governance tool. In 2010, Serenity Place engaged in a strategic planning process, but the board never followed through with initiatives. The staff, at least, used it as their own road map. Yet the addition of major new programs, like Safe Station, respite services and Drug Court, emerged haphazardly without a consideration of how they fit into a strategic vision for Serenity Place. In 2017, Stephanie Bergeron led the effort to hire Thrive, LLC and begin another strategic planning process. The consultants attended three director meetings, and interviewed directors individually. They were prepared to recommend the closure of programs that did not pay their own way. But Serenity Place ran out of time before a new plan could be developed.

It appears that Stephanie Bergeron, and before her Sharon Drake, were left to manage the organization with little oversight or guidance. They set board agendas and provided materials to directors that could form the basis for active board governance. Those materials, read in isolation, might fool a reader into thinking that the board was setting the larger agenda for Serenity Place. It was just the opposite. Some executive directors might prefer a disengaged

board, but that does not appear to be the case here. In fact, there are a number of communications from Sharon Drake and Stephanie Bergeron lamenting the lack of board oversight.

The executive director is the one employee whom the board of directors hires, evaluates and supervises. But little of that happened at Serenity Place. Sharon Drake begged to be evaluated. She reported that she pestered her board chair, and received one evaluation during her eight years of service. Similarly, Stephanie Bergeron never received a job evaluation. Given her management shortcomings, discussed in the section below, the lack of any evaluation or corrective action represents a profound absence of board leadership.

The process by which Stephanie Bergeron was chosen to serve as executive director illustrates the board's lack of leadership. Sharon Drake gave more than two months' notice of her departure. Instead of forming a search committee, or even advertising for a new executive, the board simply selected Serenity Place's development director, Stephanie Bergeron, to be the interim executive beginning in July, 2016. She had not sought the position. Then a board team chose Stephanie as the permanent director in October, 2016. The only other candidate was a sitting board member. As Stephanie Bergeron confided in a December, 2017 email message to Sharon Drake: "I didn't really want to take [the position] but they made no effort to find anyone else. They didn't even have the conversation until October [2016]. I do feel like the Board did not do its due diligence in any way."

While Penchansky & Co. prepared the audited financial statements of Serenity Place for nine consecutive years, the auditors were never invited to discuss the results of their audit or management letter with the board of directors or with the finance committee. Staff more often than the treasurer presented monthly financial reports at director meetings. Over time, two different certified public accountants held the position of treasurer. Anthony Messina, the

treasurer from August, 2016 through December, 2017, reported that he reached out to Serenity Place staff to offer assistance on budgeting and expense items, but apparently received no response. Still, treasurers and other directors never exercised their authority to get more involved with budgeting and financial performance.

As discussed further below, an employee systematically stole cash collected as rent from Tirrell House residents. There were few controls over cash, both a shortcoming in management operations as well as a lack of an effective board-adopted policy. The board of directors was evenly split over whether to report the theft. In the end, Sharon Drake notified Manchester Police (without mentioning the name of the likely culprit) and Serenity Place's insurer, which paid \$39,363 on the claim. Directors, as well as Sharon Drake, were more worried about the organization's reputation should bad news come out.

The board of directors was not greatly involved with fundraising. When he was board chair, Russell Ouellette tried, without success, to get directors to step up fundraising efforts. Board members as a whole did not participate actively in fundraising for Serenity Place's major annual event: the Courage to Change breakfast. Management had to postpone the August, 2016 event because of lack of board participation. The CDFA awarded Serenity Place \$750,000 in tax credits (net \$600,000 in cash) in July, 2014. The organization was responsible to "sell" the credits to businesses at an 80% discount. In the end, Serenity Place did not meet its deadline and instead later received a lesser award of \$444,000 (net \$355,200). Staff, instead of the board, ended up selling most of the credits. As a result, Serenity Place missed out on \$244,800 in net grant funds because it was unable to sell all of the available tax credits.

By contrast, the board of directors did spend a great deal of effort in considering options for new facilities in Manchester beginning in 2014. None of those options succeeded, so the

board decided to renovate both Tirrell House and Lin's Place, and to rent space at 351 Chestnut Street, the former police station.

During the rapid expansion of services in 2016 and 2017, the board of directors seems to have been largely absent from meaningful oversight. It appears that the board acquiesced in Stephanie Bergeron's decision to commit Serenity Place to assume all of the Safe Station referrals, along with the Hillsborough County North Drug Court contract, respite services on Central Street and related programs. There is no board vote reflected in the minutes to take on those activities. Then, when Stephanie Bergeron sent urgent memos to directors about the financial crisis, there was little response. The board's passive culture made it ill-equipped to act strategically when action was needed most. For instance, it lacked a sufficient understanding of Serenity Place's financial model and it lacked a sufficient understanding of the complexities of its programming to make service adjustments.

An email message from Stephanie Bergeron to Sharon Drake in December, 2017 reflects the lack of board engagement with respect to the challenges confronting Serenity Place:

The Board is barely engaged. It is actually embarrassing. [Manchester Fire] Chief Goonan knows more about what is going on here than the Board...I am literally begging for help and they barely respond. [Board chair] John [FitzGerald] is impossible to get ahold of.

It is important to note that there were individual acts of commitment to the organization. One director, Alan Villeneuve, advanced \$66,000 to Serenity Place on November 28, 2017 to help meet payroll, based upon a November 22, 2017 email appeal for funds from Stephanie Bergeron. A few other directors did offer one-on-one advice to management with respect to a particular issue.

Serenity Place staff chose not to pay to the IRS payroll tax deposits. Some directors – potentially facing individual liability – claim that they had no knowledge of these staff decisions.

See Affidavit of John FitzGerald dated May 30, 2018, Attachment 5. While the affidavit appears intended to dissuade the IRS from pursuing individual claims against directors, the admissions are telling. The board chair, Mr. FitzGerald stated in his affidavit: “I did not make financial decisions regarding Serenity Place... My involvement in Serenity Place during the tax period at issue was solely to attend Board meetings that lasted approximately 1.5 hours on average...I did not determine financial policy for Serenity Place.” Assuming those statements are an accurate reflection of the level of effort of directors, they confirm the board members’ breach of their duty of care.

Finally, one solution for an organization faced with an unsustainable business model is to affiliate with a stronger, compatible organization. Stephanie Bergeron knew of other organizations that might be interested. At least one community leader suggested that Serenity Place consider reaching out to another Manchester charity. The board of directors considered it early in 2017 and firmly rejected it. As the finances of Serenity Place deteriorated later in 2017, Stephanie Bergeron reached out to Board Chair John FitzGerald again about combining with another organization. He made it clear to her that the directors were not interested in Serenity Place losing its independence.

2. Breaches of the Duty of Loyalty

Directors must act in the best interests of the organization in light of its purposes, and carefully address conflict of interest transactions that may create the potential for self-dealing by a director. Restatement, §2.03. As Judge Cardozo said 90 years ago: “A trustee is held to something stricter than the morals of the market place. Not honesty alone, but the punctilio of an honor the most sensitive, is then the standard of behavior.” *Meinhard v. Salmon*, 249 N.Y. 248 (1928).

In New Hampshire, some elements of the duty of loyalty have been codified as RSA 7:19-a, governing what are called pecuniary benefit transactions. Any proposed transaction amounting to more than \$500 between a charitable organization and a director, including a transaction with a director's employer, requires the other directors to consider whether the transaction is "fair" and "for a reasonable value". Then, a 2/3rds majority of disinterested directors must vote to approve that transaction, and they must include a notice of the transaction with their annual report filed with the CTU. If the value of the transaction exceeds \$5,000, the organization must also give contemporaneous notice to the CTU and must publish a notice of the transaction in a local newspaper. This process expresses the legislative intent that the board of directors of a charitable organization must carefully consider whether conflict of interest transactions are in the best interests of their organization.

Alan Villeneuve is a project manager of Pidela Corporation (Pidela), a commercial builder. Beginning in 2008, Pidela made some life safety improvements to 99 Manchester Street, and Alan Villeneuve was involved with the project. As a result of that connection, Alan Villeneuve became a director of Serenity Place in January, 2011, and remained so through 2017.

In 2016, Serenity Place received substantial CDFR and State grants as well as private donated funds to upgrade the Lin's Place and Tirrell House group homes so that they may be officially licensed by the State as residential facilities. Serenity Place did not seek outside quotations or bids for any of that work. Instead, Sharon Drake received two estimates from Pidela, dated December 2, 2015 (for Lin's Place) and January 22, 2016 (for Tirrell Place), for the new work.

Throughout 2016 and 2017, Pidela performed extensive renovation services for Serenity Place on these projects. Pidela, in turn, received an amount calculated at \$490,940 from Serenity

Place. The board of directors was well aware of these transactions. Alan Villeneuve also acted as the project manager on-site at the same time he served on the board of directors. When Serenity Place was slow in making payment, Alan Villeneuve contacted board chairman John FitzGerald by email messages on August 30, 2016 and September 16, 2016, stating that Pidela needed prompt payment.

The board of directors failed to observe its statutory duty of loyalty with respect to the Pidela transactions. It failed to consider whether the Pidela transactions were in the best interest of Serenity Place and failed to approve the contracts with Pidela. It failed to give contemporaneous notice to the CTU. It failed to place notices of the transaction in a local newspaper. It failed to include the transactions in its 2016 annual report, signed on March 2, 2017 by the board chair, John FitzGerald, under oath taken by Jamie Hill, the controller. The appendix to that annual report form contained a question whether there had been any pecuniary benefit transactions during the past year. The “no” box was checked.

Pecuniary benefit transactions are voidable if undertaken in violation of the statute. RSA 7:19-a, VII. The Attorney General, Director of Charitable Trusts may seek restitution from the directors involved. RSA 7:28-f, II(d). This investigation has not focused on whether the amount that Serenity Place paid was unreasonable for the construction services provided. Still, the board of directors failed in its duty of loyalty by not carefully reviewing these transactions between Serenity Place and the employer of a director.

B. Deficient Management

The growth in demand for services together with the growth of funding for the supply of those services might appear to be an enviable management challenge. Yet at Serenity Place, with increasing referrals for SUD treatment and recovery services and with new Medicaid and insurance coverage to pay for those services, management failed that challenge.

Sharon Drake was an experienced nonprofit manager and had been at the helm of Serenity Place for six years by the time Medicaid expansion arrived. The organization had more or less broken even during her tenure. With the transition to fee for service billing, she hired two billing specialists. She also hired Dominic Donahue in 2014 to be clinical director. He was an MLADAC already credentialed and empaneled with all insurance and Medicaid payers. That meant he was responsible for the submission of most of the claims on behalf of Serenity Place.

It appears that Sharon Drake had a reasonably good understanding of the billing process and a reasonably good relationship with Dominic Donahue. However if BDAS is correct in its review, there were a number of claims submitted to BDAS through June of 2016 that should have been submitted elsewhere. Moreover, a number of services were otherwise billable, but were provided by persons who lacked CRSW credentials. Those staff persons had simply not completed the relatively easy process to become certified. Finally, in 2017, Dominic Donahue admitted to a Medicaid payer representative that, all along, he preferred to submit claims for services to BDAS because it was easier than billing insurers.

During the time Sharon Drake was executive director, Serenity Place experienced frequent turnover in the controller position: 4 in the span of 7 years. It exacerbated an environment of weak financial controls. In March 2015, Serenity Place discovered a theft of almost \$40,000 from Tirrell House. It appears that an employee periodically stole cash rent payments made by residents. When it was discovered, Sharon Drake discussed the matter with the board of directors, reported the theft to Manchester Police on April 27, 2015, and presented a claim to its insurer under its theft insurance. The insurer later paid Serenity Place \$39,363. Manchester Police investigated the incident, but Sharon Drake did not identify the name of the likely suspect, who was then fired from Serenity Place for other reasons. The suspect is now

deceased. A lack of internal controls for handling this cash increased the likelihood such a theft could occur. Sharon Drake was reluctant to have the police pursue the matter out of fear that it would harm Serenity Place's reputation. The theft was not reported to the CTU.

Also during Sharon Drake's tenure, Serenity Place retained Pidela Corporation to make major renovations to the 99 Manchester Street and the Tirrell House facilities. As discussed above, one of Serenity Place's directors, Alan Villeneuve, served as a project manager of Pidela. There is no evidence that Sharon Drake flagged for the board of directors the necessity for the organization to comply with the requirements of RSA 7:19-a, which deals with pecuniary benefit (conflict of interest) transactions. Mr. Villeneuve's employment constituted an indirect financial interest in the transactions with Serenity Place, thereby triggering the statute.

Sharon Drake gave the Serenity Place board of directors more than two months' notice of her resignation in June, 2016. The board decided to promote Stephanie Bergeron to serve as executive director, first on an interim basis, and then in October, 2016 on a permanent basis. While Stephanie Bergeron was hired as development director in 2013, she had assumed some operational responsibilities in the last months before she took over as executive director.

Stephanie Bergeron has admitted that she lacked the experience to serve as executive director of a fast-growing organization. She had no experience with billing payers for treatment services, and so she had no effective oversight of billing operations. She had no experience as a clinician, and so deferred to Dominic Donahue with respect to the operation of Serenity Place's many programs. She had no experience as a business manager, and so did not attempt to limit the growth of Serenity Place to match available resources. She had no experience as a financial manager, and so allowed Serenity Place to continue operations without forwarding payroll taxes to the IRS and without paying other important bills, such as for employee health insurance.

The financial documents Stephanie Bergeron presented to the board of directors showed little understanding of good management. She submitted to the board a June 30, 2017 balance sheet that did not balance: it was off by \$3,751. She created a budget for fiscal year 2018 that showed a deficit of \$479,290. Despite the increasing reliance on billing for individual services, Serenity Place failed to include an “allowance for doubtful accounts” line item, which would prevent reporting overly optimistic net revenue figures. Penchansky & Co. identified that issue in its June 30, 2016 Audited Financial Statements, Note 1(G).

Serenity Place served food not only to its residential tenants at Tirrell House and Lin’s Place, but also to its non-residential clients. While providing meals to anyone seeking treatment is understandable, it is unlikely that Serenity Place received any reimbursement for serving food to non-tenants. Also, it appears that Serenity Place overstaffed its food service program.

Perhaps the biggest mistake during Stephanie Bergeron’s tenure was Serenity Place’s active recruitment of more and more programs, as well as more and more clients, without an analysis of whether the organization had appropriate clinical or billing resources to meet the challenges of that expansion. Two programs in particular overstretched Serenity Place: Manchester: Safe Station and, to a lesser extent, Drug Court.

By late 2016, Serenity Place became the Manchester Fire Department’s sole venue to accept those seeking help for substance use. Stephanie Bergeron embraced the Safe Station model, and promoted it enthusiastically, even as it stretched Serenity Place’s ability to house and treat hundreds of new clients. It is apparent that Serenity Place went “all in” with the Safe Station program, even though it was not prepared to do so. Stephanie Bergeron felt unable to say “no”, even when Serenity Place lacked the capacity to provide all of the medical and housing needs of the Safe Station referrals. While some new State funds became available for respite and

related services through the regional access point and other programs, payment required proper billing that captured all services provided.

Manchester Fire Chief Dan Goonan attempted to help Stephanie Bergeron with fundraising and with financial management coaching for Serenity Place, but it proved not to be enough. He told a reporter: “Serenity couldn’t do it by themselves. They shot from the heart, and were very passionate and compassionate. Their philosophy was preventing further harm, and that harm-reduction model was extremely effective. But it was the backside execution of it that wasn’t...I feel like we buried Serenity place with people. But nobody anticipated the amount of people coming through.” *Manchester Ink Link*, February 4, 2018.

When BDAS learned that Serenity Place has submitted claims that should not have been paid, a meeting was immediately convened for October 31, 2017. Stephanie Bergeron attended. Following the meeting, Ms. Bergeron circulated an email message to eighteen Serenity Place employees on November 2, 2017 about the importance of submitting bills to the correct payer. She said: “We have a significant issue related to Medicaid and BDAS Billing. It appears as if individuals with Medicaid are having their services billed to BDAS. This is fraud.” *See* Attachment 6. In that meeting, BDAS required that Serenity Place submit corrective action plans to improve future billing and to audit past billing for the period January 2016 through August 2017. It then took some time for Stephanie Bergeron to address the issue adequately. She submitted a responsive document on November 6, 2017, but BDAS Director Annette Escalante rejected it on November 12, 2017, saying “I was hoping you could take a deeper dive into your billing process.” Eventually Serenity Place worked out a plan to cooperate with BDAS on the billing audit. Meanwhile, BDAS placed a temporary hold on further payments to Serenity Place until the extent of the problem could be identified, further exacerbating the situation.

As the crisis deepened, Stephanie Bergeron did not take enough steps to keep Serenity Place afloat. She did reach out to two organizations about a potential affiliation, sought emergency funding from the State, the New Hampshire Charitable Foundation, Granite United Way and directors. She did receive coaching from the strategic planning consultants at Thrive, LLC. Still, as Executive Director, Stephanie Bergeron failed to make necessary decisions to reduce programming and overhead until cash flow improved.

The result was the creation of mounting trade accounts payable. By December 15, 2017, that had risen to \$161,706.09. In addition, and most seriously, management failed to forward federal income and FICA withholding taxes to the IRS. With interest and penalties, that amount due exceeded \$240,000. That failure can create individual liability to the staff persons responsible for the failure to pay. 26 U.S.C. §6672(a).

C. Billing Issues and Governmental Oversight

Serenity Place failed because of deficient board governance and management. External factors contributed to the pressures on this organization. Although these factors did not cause its demise, it is important to note the role that they played.

As described above, Serenity Place's difficulties with respect to billing for services largely caused its cash flow problems. Implementation of new systems invariably pose challenges. More sophisticated SUD providers already had in place qualified billing staff, paid more attention to the process of documenting encounters with clients, turning those encounters into payment claims, submitting the claims to the appropriate payer, and following up to assure timely reimbursement. It is clear that BDAS staff tried to be helpful and would answer questions when asked about contracts and billing. However, BDAS offered no sustained program of specialized training.

Outside of DHHS, there were opportunities for SUD providers to learn about the new billing environment. The New Hampshire Providers Association and the New Hampshire Charitable Foundation hosted meetings to get the message out about this significant cultural change requiring equally significant systems changes within provider organizations.

Some smaller SUD providers now receive individualized coaching through a BDAS contract program. Administered by a larger SUD provider, the effort seeks to increase the capacity of recovery community organizations through training, coaching and administrative support functions, like billing. While Serenity Place had too large a budget to qualify for this outreach, this type of coaching could have been very helpful to it in 2016 and 2017.

With respect to governmental financial oversight, DHHS has in place general protocols to measure the overall financial stability of its contracting organizations. Those protocols did not uncover anything amiss with Serenity Place until BDAS began its billing audit in October, 2017. Additionally, there are review requirements for DHHS with respect to organizations that receive United States government funds passed through to those organizations through State contracts. Serenity Place received high marks in a monitoring review dated March 31, 2017 conducted by Susan Gifford of the DHHS Bureau of Improvement and Integrity. That report stated that “Serenity Place financial records were thorough, accurate and well documented. We appreciated Jamie Hill’s well-organized records.... There were no findings or recommendations.” A copy of that report appears in Attachment 7.

Over the past year, BDAS has increased its outreach to SUD providers. DHHS’s Program Integrity Unit is now conducting comprehensive program audits of many of its SUD providers, one by one. Apart from Serenity Place, three of those audits have been completed, and more are scheduled. As time goes on, it is likely that SUD providers will adjust to the new billing

environment. But rapid growth will continue to present challenges for the organizational infrastructure and for cash flow of SUD providers.

With respect to oversight by the CTU, about 10,000 charitable organizations file reports annually with the Unit. While each of those reports is reviewed, the CTU's oversight of charities does not realistically include the equivalent of a financial audit. Annual reports are due 4 ½ months after the end of an organization's fiscal year. Like the IRS, the CTU will extend that deadline by another six months. So, in the case of Serenity Place, the CTU did not receive its June 30, 2016 annual report until March 13, 2017. That financial report was unremarkable. Serenity Place never filed its June 30, 2017 report. The bankruptcy trustee filed a report for that period on October 11, 2018.

If the CTU receives word of an organization with financial problems, it will take action. But in this case, it first learned of Serenity Place's cash flow troubles on December 7, 2017. Less than two weeks later, the Attorney General, Director of Charitable Trusts filed a complaint to appoint a receiver. With respect to training, the CTU is working with the New Hampshire Charitable Foundation, DHHS and others to create intensive training resources for treatment and recovery organizations in New Hampshire.

V. SOURCES FOR FINANCIAL RECOVERY

At this point, Serenity Place is in liquidation under the jurisdiction of the bankruptcy court. The Chapter 7 trustee has control of the assets subject to the supervision of the bankruptcy judge. A number of creditors have filed claims against the bankruptcy estate, including secured lenders, trade creditors, the IRS, and DHHS. The trustee may bring claims against others to increase the amount available for creditors.

One of those claims may be against the former officers and directors of Serenity Place. The organization did maintain a directors and officers liability insurance policy written by Mount

Vernon Fire Insurance Company, Policy No. NDO2010421C. The receiver of Serenity Place gave notice of a claim under that policy.

VI. ATTACHMENTS

1. Director membership and attendance list
2. Serenity Place financial tables
3. American Medical Response, Safe Station Report
4. Serenity Place employment graph
5. John B. FitzGerald, III affidavit, May 30, 2018
6. Stephanie Bergeron email message, November 2, 2017
7. Susan Gifford report on Serenity Place March 31, 2017

Attachment 1

Name	Education	Business	Board Officer		Term	FY17	FY16	FY15	FY14
			@ 12/2017	Prior					
John Fitzgerald		Partner Patch & Fitzgerald	Pres		02/2000 - 12/20/2017	100%	70%	86%	100%
Mike O'Shaughnessy		Atty O'Shaughnessy, Walker & Buchholz	VP		03/2011 - 12/20/2017	86%	60%	80%	80%
Anthony Messina	CPA	Maloney & Kennedy	Treas		08/2012 - 12/06/2017	43%	40%	71%	60%
Barbara Potvin	M.Ed. School Admin, Notre Dame	Realtor Keller Williams	Sec		03/2014 - 12/20/2017	57%	70%	86%	80%
Roger Beauchamp		SNHS			10/2009 - 12/06/2017	29%	50%	86%	70%
Jeff Benson	B.S. Industrial Chem, Keene	CIO/CTO Bellweather C.U.			02/2014 - 12/20/2017	57%	60%	50%	83%
Mary Constance	B.A. Psychology Johnson State	Exec Dir Camp Allen			03/2014 - 12/20/2017	86%	80%	100%	100%
George "Skip" McNamara		Ret'd Mental Health Ctr of Greater Manch		Pres	09/2016 - 12/20/2017; 02/2000 - 06/2014	100%	NA	NA	80%
Bobby Shultz		Ret'd Nashua H.S. Spanish teacher		Sec	02/2012 - 12/20/2017	86%	80%	100%	90%
Alan Villeneuve	B.A. UNH	Proj Mgr Pidela Corp			01/2011 - 12/20/2017	29%	50%	56%	90%
Ross Kukish	B.S. Econ/Finance Bent	Co-Owner Greeley Farms Landscaping		Sec	08/2012 - 04/2017	0%	50%	40%	70%
Kevin Winn		Sales-Redblack Software LLC			4/2016 - 10/2016	0%	67%	NA	NA
Tiffany Cavanaugh	CPA	Baker, Newman, Noyes		Treas	04/2009 - 06/2016	NA	22%	50%	70%
Russ Ouellette		Sojourn Partners		Pres	01/2011 - 7/25/2016	NA	40%	80%	90%
Tom Blonski		Pres/CEO NH Catholic Charities			09/2007 - 05/2014	NA	NA	25%	90%
Steve Wallace	B.S. Criminal Justice; MBA BU	Ret'd Military			01/2012 - 11/2013	NA	NA	NA	67%
Jason Cote	B.S. Comm & TV Prod	Pres/Exec Dir Manch Public TV			01/2012 - 09/2014	NA	NA	0%	80%
					Overall	61%	57%	68%	78%

Attachment 2

	QuickBooks		Audited Financial Statements		
	7/1/2017 thru 12/31/2017	FY17	FY16	FY15	FY14
Excess (Deficit) of Revenue over Expenses:					
Revenue	\$ 1,243,129	\$ 3,720,548	\$ 1,891,833	\$ 1,600,762	\$ 1,537,364
Expenses	<u>2,115,574</u>	<u>3,505,468</u>	<u>1,835,114</u>	<u>1,650,433</u>	<u>1,546,428</u>
Excess (Deficit)	<u>\$ (872,445)</u>	<u>\$ 215,080</u>	<u>\$ 56,719</u>	<u>\$ (49,671)</u>	<u>\$ (9,064)</u>
Revenue by Source:					
Governmental Agency	\$ 470,011	\$ 1,061,898	\$ 723,801	\$ 859,279	\$ 844,314
Contributions	94,829	185,547	156,488	112,600	41,455
Grants	136,881	181,787	41,667	92,345	75,400
Charges for Services	524,023	2,276,741	915,227	403,208	524,005
Fundraising	12,390	14,300	1,115	130,217	30,886
Other	<u>4,995</u>	<u>275</u>	<u>53,535</u>	<u>3,113</u>	<u>21,304</u>
Total Revenue	<u>\$ 1,243,129</u>	<u>\$ 3,720,548</u>	<u>\$ 1,891,833</u>	<u>\$ 1,600,762</u>	<u>\$ 1,537,364</u>
Personnel Expense:					
Salaries & Wages	\$ 1,356,091	\$ 1,885,701	\$ 1,172,118	\$ 1,086,429	\$ 1,028,840
Payroll Taxes	\$ 129,266	\$ 184,342	\$ 92,106	\$ 83,146	\$ 91,284
Benefits	<u>134,168</u>	<u>202,005</u>	<u>95,713</u>	<u>74,324</u>	<u>92,589</u>
Total Personnel Expense	<u>\$ 1,619,525</u>	<u>\$ 2,272,048</u>	<u>\$ 1,359,937</u>	<u>\$ 1,243,899</u>	<u>\$ 1,212,713</u>
Balance Sheet	12/31/2017	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Assets					
Cash & Cash Equivalents	25,483	287,241	151,038	93,813	101,768
Accounts Receivable	209,902	356,742	253,876	158,253	155,261
Other Current Assets	19,129	19,699	39,082	60,363	33,799
Investments	-	-	-	85,863	84,144
Net PP&E	<u>492,310</u>	<u>468,925</u>	<u>432,307</u>	<u>331,917</u>	<u>373,910</u>
Total Assets	<u>\$ 746,824</u>	<u>\$ 1,132,607</u>	<u>\$ 876,303</u>	<u>\$ 730,209</u>	<u>\$ 748,882</u>
Liabilities					
Accounts Payable	190,866	46,601	127,515	46,673	49,015
Accrued Payroll Liabilities and Other Expenses	352,544	130,750	90,730	98,143	89,148
Deferred Revenue	111,172	113,915	32,246	11,300	14,155
Line of Credit	99,505	99,505	88,505	88,505	36,305
Notes Payable	<u>133,345</u>	<u>10,000</u>	<u>15,000</u>	<u>20,000</u>	<u>45,000</u>
Total Liabilities	<u>887,432</u>	<u>400,771</u>	<u>353,996</u>	<u>264,621</u>	<u>233,623</u>
Net Assets	<u>(140,608)</u>	<u>731,836</u>	<u>522,307</u>	<u>465,588</u>	<u>515,259</u>
Total Liabilities & Net Assets	<u>\$ 746,824</u>	<u>\$ 1,132,607</u>	<u>\$ 876,303</u>	<u>\$ 730,209</u>	<u>\$ 748,882</u>

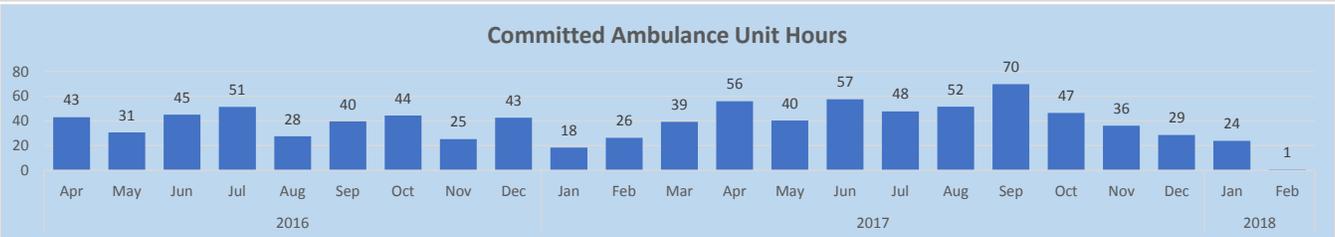
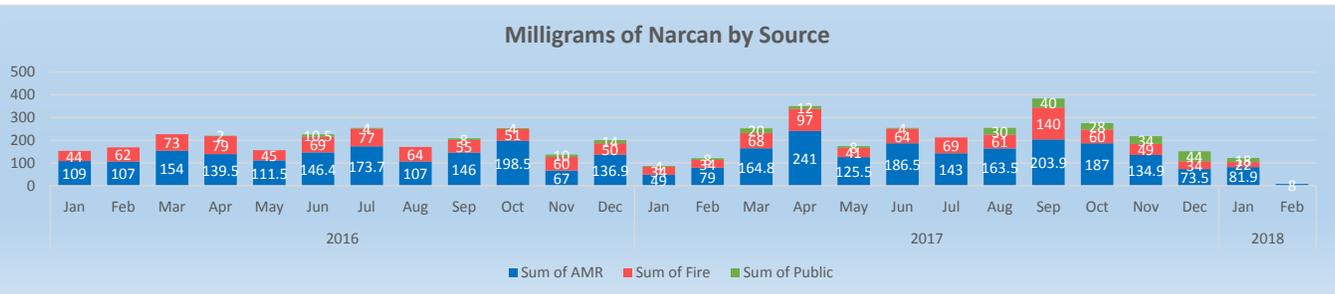
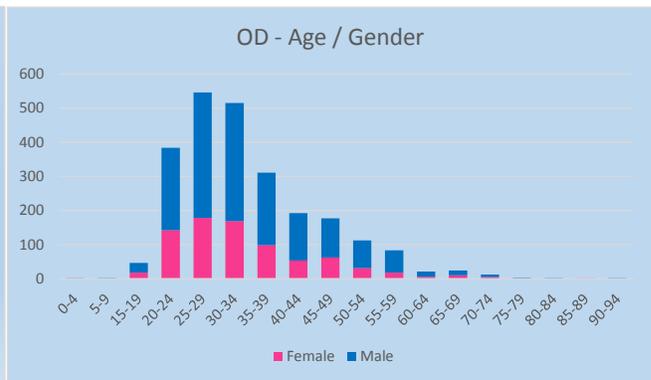
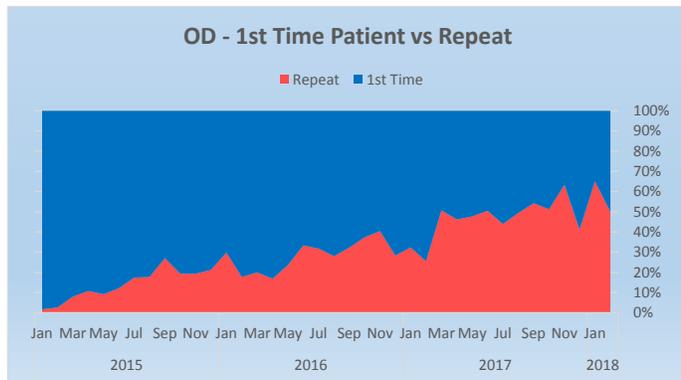
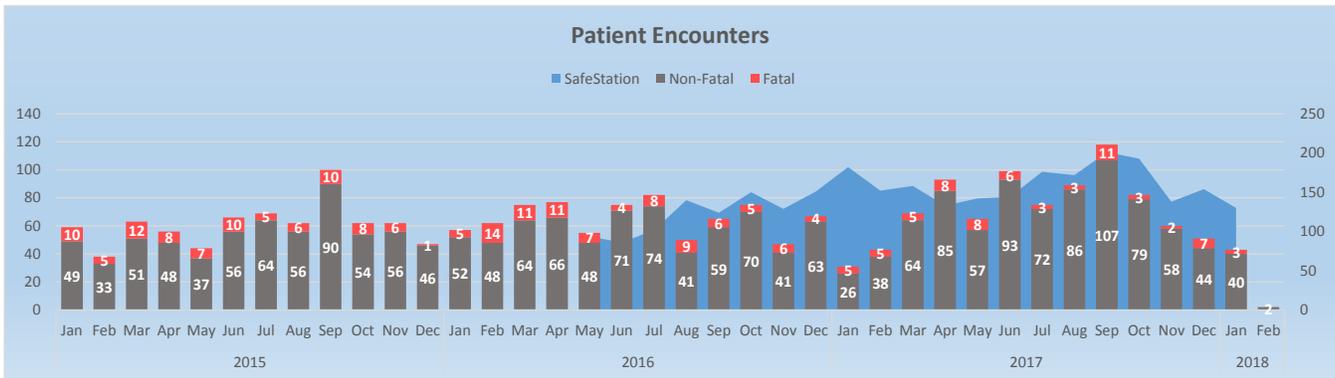
Manchester Overdose Summary

Change in 2018 Compared to Same Period in 2017

32% Increase in Total Overdoses

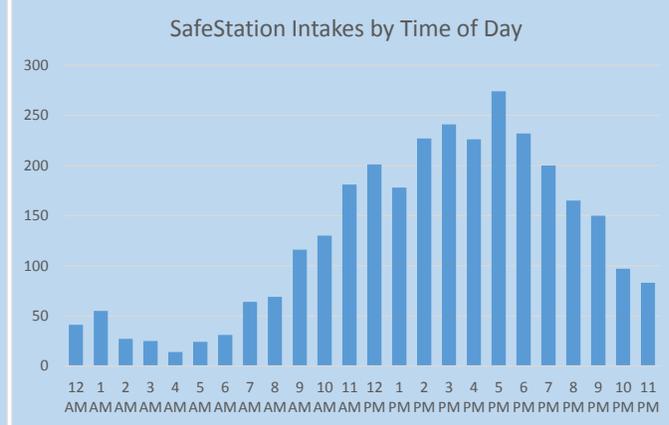
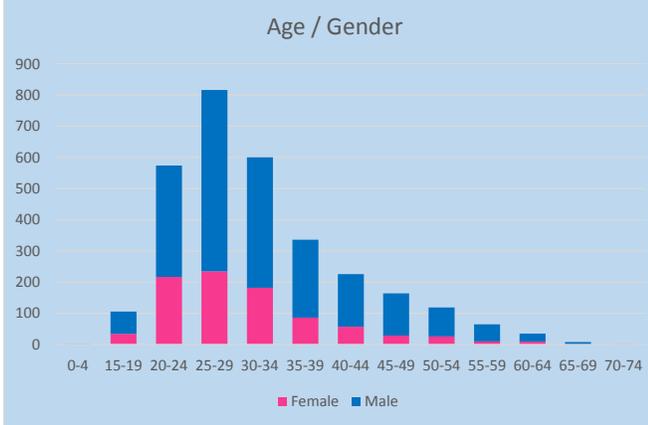
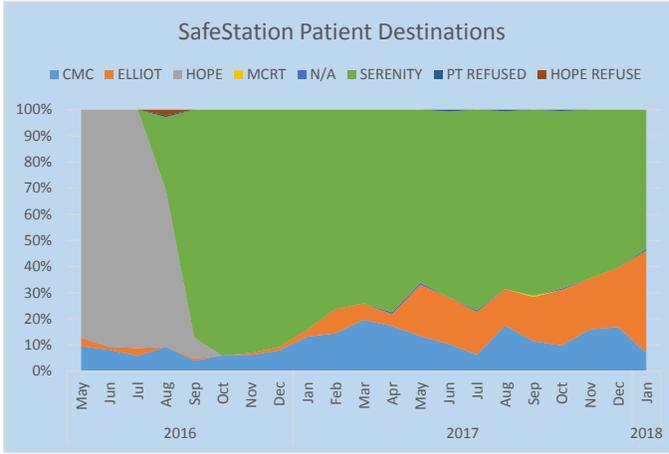
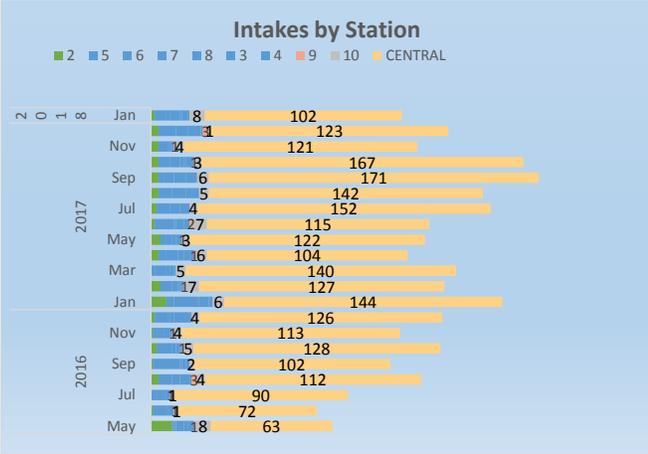
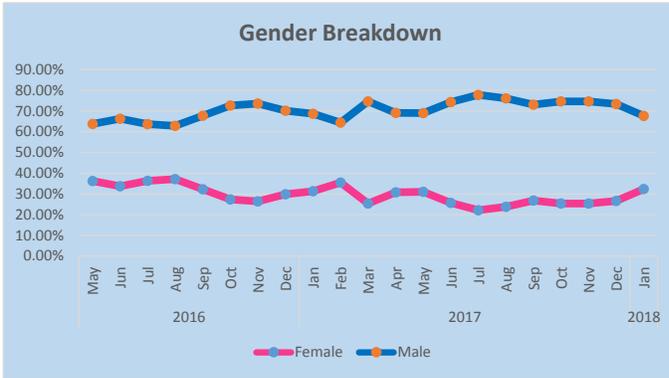
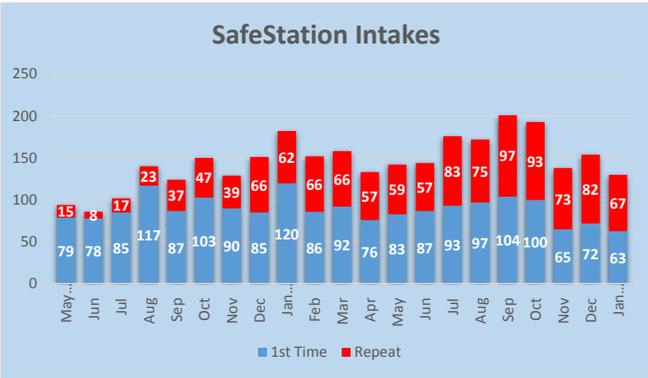
-50% Decrease in Fatal Overdoses

2015		2016		2017		2018 YTD	
Total ODs	728	Total ODs	787	Total ODs	875	Total ODs	45
Fatalities	88	Fatalities	90	Fatalities	66	Fatalities	3
Fatality %	12%	Fatality %	11%	Fatality %	8%	Fatality %	7%





Manchester SafeStation Summary





SafeStation Statistics Through 1/25/18

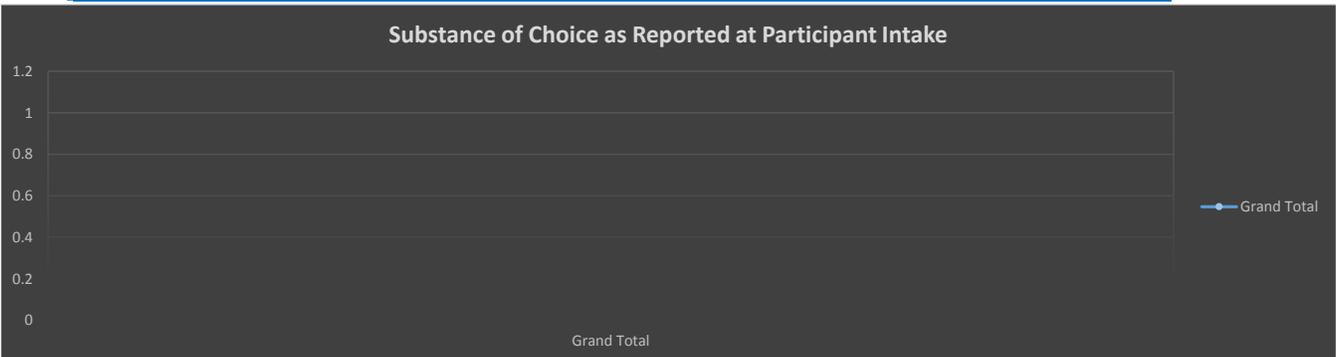
Number of Walk-In Requests for Safe Station:	3051	
Number of Participants Taken to Substance Missuse Treatment Facility:	2354	77%
Number of Participants Taken to a Hospital Emergency Department:	624	
	CMC	343 55%
	ELLIOT	341 55%
Average Number of Minutes AMR / Fire Companies "Not Available":	16.5	
Number of UNIQUE Participants to Manchester SafeStation:	1674	
Number participants with multiple visits to Manchester SafeStation:	546	33%
Gender Breakdown:	Male	2165 71%
	Female	886 29%
Number of Unique Participants Seen in both City's SafeStation Program:	269	16%
Number of Manchester Participant Overdoses Prior to Entry into SafeStation:	437	14%
Number of Manchester Participant Overdoses After Entry SafeStation:	250	8%
Number of Fatal Overdoses after Patient Entered Manchester SafeStation:	12	0.7%

Referring Stations

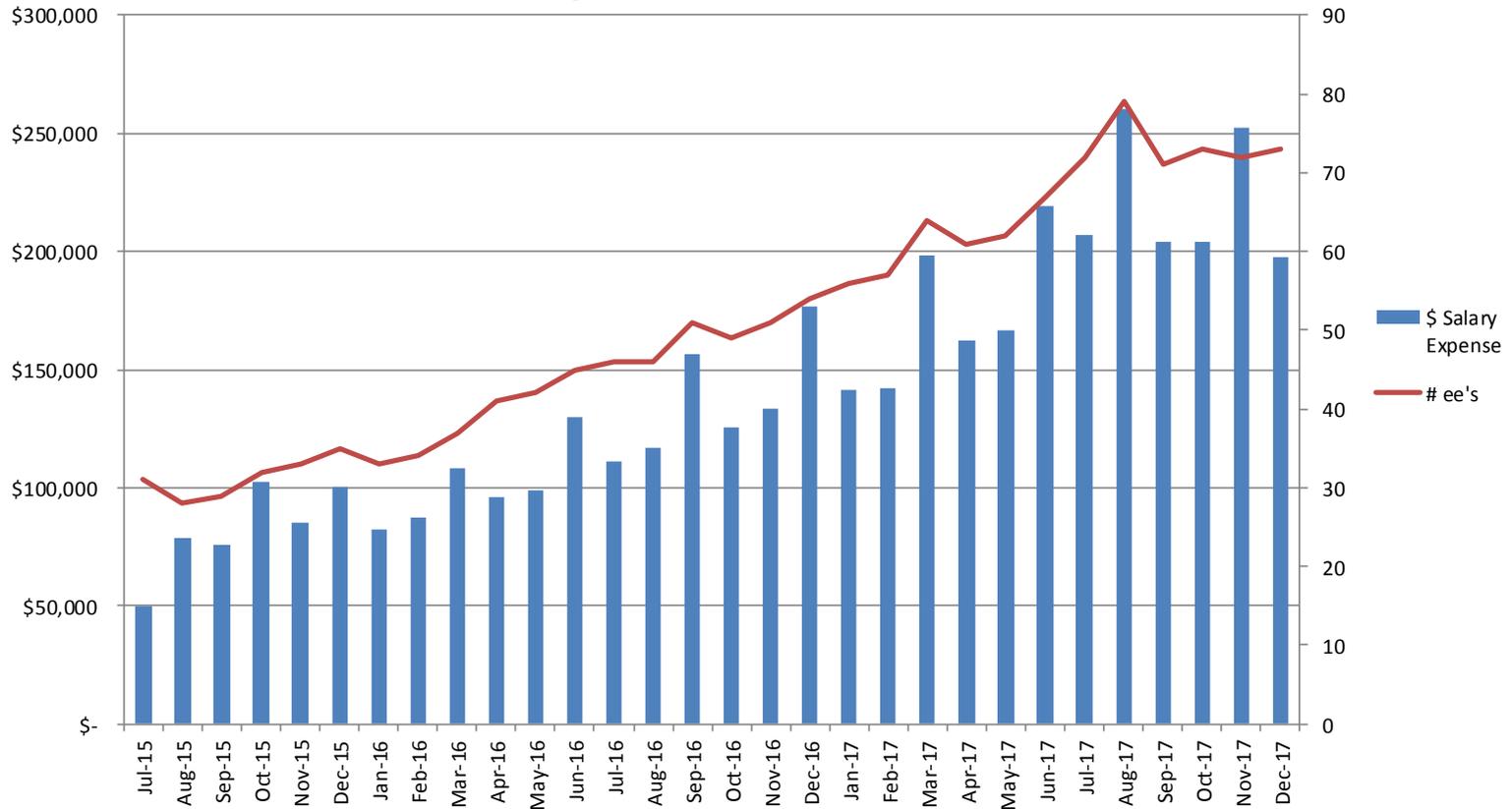
Central	2536	83%	Station 6	101	3%
Station 2	72	2%	Station 7	52	2%
Station 3	59	2%	Station 8	21	1%
Station 4	13	0%	Station 9	18	1%
Station 5	85	3%	Station 10	94	3%

Participant Hometowns (Top 30)

MANCHESTER, NH	1354	44%	FARMINGTON, NH	23	1%
NASHUA, NH	149	5%	BERLIN, NH	22	1%
ROCHESTER, NH	98	3%	WEARE, NH	21	1%
CONCORD, NH	86	3%	BEDFORD, NH	21	1%
LACONIA, NH	80	3%	SOMERSWORTH, NH	20	1%
DERRY, NH	71	2%	BELMONT, NH	19	1%
SALEM, NH	50	2%	PORTSMOUTH, NH	19	1%
LONDONDERRY, NH	31	1%	HUDSON, NH	19	1%
DOVER, NH	31	1%	BOSTON, MA	18	1%
FRANKLIN, NH	29	1%	MERRIMACK, NH	17	1%
OSSIPEE, NH	27	1%	KEENE, NH	16	1%
GOFFSTOWN, NH	27	1%	MILFORD, NH	15	0%
HOOKSETT, NH	27	1%	ALLENSTOWN, NH	14	0%
RAYMOND, NH	26	1%	LOWELL, MA	13	0%
SEABROOK, NH	24	1%	GILFORD, NH	13	0%



Serenity Place Salary Expense & # Employees by Month July 2015 to December 2017



**AFFIDAVIT
OF JOHN B. FITZGERALD, III**

I, John B. FitzGerald, III, being first duly sworn, do hereby depose and say:

1. All facts contained in this affidavit are true to the best of my knowledge.

2. My name is John B. FitzGerald.

3. I reside in Concord, New Hampshire.

4. I have been a volunteer member of the Board of Directors of the National Council on Alcoholism and Drug Dependence/Greater Manchester d/b/a Serenity Place. I held the title of Chairperson or President. The terms Chairperson or President were used interchangeably within this organization.

5. Serenity Place is a nonprofit organization whose purpose was to provide (a) opportunities for the chemically dependent person to become free of those chemicals, to maintain that freedom and to return to the community as a contributing member, (b) to provide abstinence based recovery service to alcoholics and other drug dependents, (c) to provide court mandated DUI/DWI education programs, assessment, referrals and after care management, (d) to collaborate with other similar organizations in the Greater Manchester Area, and (e) to educate and/or advocate regarding legislation and policies that impact substance abuse programs.

6. I received no compensation for my service on the Board of Serenity Place.

7. I had no knowledge or awareness of Serenity Place's failure to collect and remit any trust fund taxes until December 20, 2017, when I read about in the newspaper. A copy of the newspaper article that I first saw on December 20, 2017 is attached as Exhibit A.

8. I was not involved in the day to day management or operations of Serenity Place.

9. I did not make financial decisions regarding Serenity Place.

Attachment 5

10. I have not signed any checks for Serenity Place since approximately four years ago, several years before the tax period at issue.
11. I did not prevent the issuance of checks by denying my signature.
12. I did not control the disbursement of Serenity Place's payroll.
13. I did not make decisions regarding which of Serenity Place's debts would be paid first.
14. I had no ownership interest in Serenity Place.
15. I was not an employee of Serenity Place.
16. I did not have the ability to hire and fire employees of Serenity Place.
17. My involvement in Serenity Place during the tax period at issue was solely to attend Board meetings that lasted approximately 1.5 hours on average. Board meetings were held once per month, except July and December when no Board meeting was typically held.
18. Serenity Place's Board of Directors was never informed that Serenity Place was not paying over employment taxes to the IRS until the December 20, 2017 newspaper article appeared.
19. The responsibility for collecting and remitting employment taxes lied with Serenity Place's Executive Director, Stephanie Bergeron.
20. I was neither the Treasurer nor the Chair of the Finance Committee of Serenity Place.
21. I did not determine financial policy for Serenity Place.
22. I did not prepare, review, sign, authorize, or transmit payroll tax returns.
23. I did not authorize or make federal tax deposits.

Attachment 5

24. I did not authorize the assignment of any EFTPS or electronic banking PINS or passwords.

Dated: 5/30, 2018

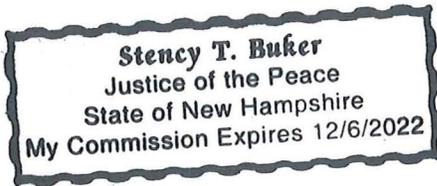


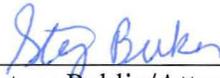
John B. FitzGerald, III

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK, ss

Personally appeared the above-named John B. FitzGerald, III and made oath that the statements contained in the foregoing affidavit are true.

Before me,





Notary Public/Attorney at Law
Print Name: Stency Buker
My Commission Expires: 12/6/22

Smith, Karen

From: Stephanie Bergeron
Sent: Friday, November 3, 2017 12:50 PM
To: Daniel Canniff; Carol Steeves; Jeffrey Ferguson; Sean Simpson; Mara Robinson; Jennifer Macia; Stephanie Costello; Sheila Paquet; Cheryl Young; Ciji Rough; Andrea Rodgers; Kelly Thomas; Michael Babineau; Matthew Davis; Patricia Walsh
Cc: Dominic Donahue; Julia Reilly; Jamie Hill
Subject: BDAS & Medicaid

Hello,

I just wanted to send this message to regarding billing and insurance. We will be have a meeting very soon, probably late next week, to coordinate the Front office, Intake, Billing, and the clinicians. In the meantime, some of you will be receiving MMIS logins to check Medicaid eligibility. **We have a significant issue related to Medicaid and BDAS Billing. It appears as if individuals with Medicaid are having their services billed to BDAS. This is fraud.** BDAS is the payer of last resort. There seems to be a lot of confusion around insurances. All insurance information should be collected from all clients and checked daily. We have the ability to bill Medicaid and Private insurances. It has come to my attention that clients have been receiving services and we have not received any reimbursements for services or the services are being billed to BDAS when clients have other insurances. This will end. All clients should be entered into WITS with appropriate documentation. We are going to be changing our procedures because it appears that individuals might not be fully informed about the process or have made some erroneous assumptions. We will rectify this shortly.

Stephanie Bergeron
Executive Director
Serenity Place
101 Manchester Street
Manchester, NH 03101
603-625-6980
sbergeron@serenityplace.org
www.serenityplace.org



CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information or otherwise protected by law. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

Attachment 7



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUREAU OF IMPROVEMENT AND INTEGRITY

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-9728 1-800-852-3345 Ext. 9728
Fax: 271-7100 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

Jeffrey A. Meyers
Commissioner

Tashia Blanchard
Administrator

FINANCIAL MONITORING REPORT

DATE: May 11, 2017

TO: John Fitzgerald, President
Board of Directors, Serenity Place
c/o Patch & Fitzgerald PA
25 Bay Street
Manchester NH 03104

AGENCY MONITORED: Serenity Place, NCADD Affiliate
93-101 Manchester Street
PO Box 1477
Manchester, NH 03105

AGENCY CONTACTS: Jamie Hill, Controller

FISCAL YEAR: 2016-2017
CONTRACT PERIOD: July 1, 2015 to June 30, 2016
July 1, 2016 to November 30, 2016

CONTRACT NUMBER(S): 1024147, 1049796, 1017178, 1050218, 1052105

CONTRACT AMOUNT:

Federal Funding

FY16

\$251,550.00	\$390,000.00	Treatment Services	1024147	64.5%
\$7,127.10	\$39,595.00	Regional Access		
		Point Services	1050218	18.0%
		Tirrell House		
<u>0</u>	<u>\$247,268.00</u>	Services	1017178	0%
\$258,677.10	\$676,863.00			

FY17

\$44,508.24	\$247,268.00	Regional Access		
\$155,250.00	\$207,000.00	Point Services	1050218	18.0%
<u>\$737,364.00</u>	<u>\$1,143,200.00</u>	Expanded Services	1052105	75.0%
\$937,122.24	\$1,597,468.00	Treatment Services	1049796	64.5%
\$1,195,799.30	\$2,274,331.00	Total Funding reviewed		

DATE(s) MONITORED: March 31, 2017

Attachment 7

In accordance with *2 CFR Chapter I, Chapter II, Part 200, et al., Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule*, <https://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>, the State of New Hampshire is required to monitor the financial expenditures of contract agencies that receive federal awards passed through the State of New Hampshire. This process includes completion of a monitoring review questionnaire to ensure compliance with federal regulations and a financial sampling of the expenditures submitted to the Division of Public Health Services and/or the Division of Behavioral Health, Bureau of Drug and Alcohol Services.

The Substance Use Disorder Treatment Services, Regional Access Point services and Tirrell House Transitional Living Services were reviewed for FY16 and part of FY17. Regional Access Point Services provides a wide array of services from housing stabilization to case management assistance with screening processes and referrals. Partial hospitalization and withdrawal management services were expanded at Serenity Place in FY17. Since July 13, 2011, Serenity Place has operated a transitional living program/half-way house for men in recovery at Tirrell House, 15 Brook Street, Manchester NH. Many necessary updates, including new flooring and new bedding, were provided at Tirrell House during FY15-16. Many encounter forms were reviewed. Services not covered by public and private insurances are reimbursed based on Exhibit B1 Service and Fee Table using the State WITS system to the extent possible.

The Serenity Place financial records were thorough, accurate and well documented. We appreciated Jamie Hill's well-organized records and the agency's complete and transparent submittal of operating information, including personnel manual, accounting manual, current aged payables, copies of subcontracts and agreements, and copies of Board of Director meetings. There were no findings or recommendations. Please call me at 271-9728 if I can be of any further assistance to you and your staff.

Sincerely,

Susan Gifford
Internal Auditor
susan.gifford@dhhs.nh.gov

cc: Stephanie Bergeron, Executive Director, Serenity Place, NCADD Affiliate
Jamie Hill, Controller, Serenity Place, NCADD Affiliate
Jamie Powers, BDAS, Clinical Services
Laurie Heath, BDAS, Substance Use Disorder Treatment
Susan Nagy, Audit Manager, HHS-OII Compliance Unit