

**RESOURCES FOR HUMAN
DEVELOPMENT, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORTING REQUIREMENTS FOR
TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR)
PART 200 AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]
ACCOUNTANTS AND ADVISORS

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

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ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors and Officers
Resources for Human Development, Inc. and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Resources for Human Development, Inc. (a nonprofit organization) and Subsidiaries (the “Organization”), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, changes in net assets, functional expenditures, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Resources for Human Development, Inc. and Subsidiaries as of June 30, 2022 and 2021, and the 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

(Continued)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements and selected notes included on pages 38-42 are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and changes in net assets of the individual companies and is presented for purposes of additional analysis and is not a required part of the consolidated statements. In addition, the supplementary information on page 43, as required by the State of Louisiana, is also presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Resources for Human Development, Inc. only schedule of expenditures of federal, state and city awards, and related notes on pages 49 to 59 as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, on our consideration of Resources for Human Development, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Resources for Human Development, Inc. and Subsidiaries' 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 Resources for Human Development, Inc. and Subsidiaries' internal control over financial reporting and compliance.



Philadelphia, Pennsylvania
January 26, 2023

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,877,100	\$ 20,452,624
Limited use cash and cash equivalents	1,711,547	1,732,948
Investments	15,594,946	24,064,375
Limited use investments	850,653	784,178
Accounts receivable, net of allowance for doubtful accounts of \$9,322,560 for 2022 and \$8,451,619 for 2021	55,928,749	37,776,145
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$17,343 for 2022 and \$17,343 for 2021	4,206	3,979
Prepaid expenses and other current assets	1,915,810	3,011,124
Total current assets	84,883,011	87,825,373
Property and equipment, net	14,628,661	16,355,383
Advances and loans, net of current portion	134,000	110,364
Other assets	2,172,881	1,363,001
Total assets	\$ 101,818,553	\$ 105,654,121

(Continued)

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2022	2021
LIABILITIES AND NET ASSETS		
Current liabilities		
Long-term debt, current portion	\$ 487,994	\$ 461,263
Accounts payable and accrued expenses	14,143,081	13,923,561
Accrued payroll and related liabilities, current portion	25,595,847	29,112,301
Refundable advances, current portion	27,639,030	22,025,759
Due to consumers	1,368,821	1,439,162
Total current liabilities	69,234,773	66,962,046
Long-term liabilities		
Long-term debt, net of current portion	6,093,554	6,581,545
Accrued payroll and related liabilities, net of current portion	-	3,099,420
Refundable advances, net of current portion	1,002,484	204,244
Deferred rent obligation, net of current portion	820,930	841,786
Retirement plans, net of current portion	659,679	691,944
Total liabilities	77,811,420	78,380,985
Net assets		
Without donor restrictions	21,339,661	24,689,642
With donor restrictions	1,816,819	1,799,316
Total net assets before noncontrolling interest	23,156,480	26,488,958
Noncontrolling interest	850,653	784,178
Total net assets	24,007,133	27,273,136
Total liabilities and net assets	\$ 101,818,553	\$ 105,654,121

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2022	2021
Changes in net assets without donor restrictions		
Support and revenue		
Net patient services	\$ 188,331,340	\$ 161,589,290
Government grants	102,302,274	109,792,807
Grants and contributions (non-government)	443,490	423,744
Inkind contributions	875,784	876,403
Interest and miscellaneous	3,255,048	2,304,292
Total support and revenue without donor restrictions before net assets released from restrictions	295,207,936	274,986,536
Net assets released from restrictions	640,811	550,583
Total support, revenue and other without donor restrictions	295,848,747	275,537,119
Expenditures		
Program	258,366,870	240,211,351
Management and general	34,959,563	33,598,232
Fundraising	474,628	407,175
Other operating	964,790	962,851
Total expenditures	294,765,851	275,179,609
Changes in net assets from operations without donor restrictions before other changes	1,082,896	357,510
Other changes		
Net realized and unrealized (losses) gains on investments	(4,595,333)	2,395,001
Changes in net assets without donor restrictions	(3,512,437)	2,752,511
Changes in net assets with donor restrictions		
Contributions	658,314	600,525
Net assets released from restrictions	(640,811)	(550,583)
Changes in net assets with donor restrictions	17,503	49,942
Changes in total net assets	(3,494,934)	2,802,453
Noncontrolling interest		
Less changes in net assets attributable to noncontrolling interest	162,456	(57,315)
Changes in total net assets of RHD and Subsidiaries, excluding noncontrolling interest	\$ (3,332,478)	\$ 2,745,138

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2022 AND 2021

	Without Donor Restriction	With Donor Restriction	Noncontrolling Interest	Total
Balance at July 1, 2020	\$ 21,753,500	\$ 1,749,374	\$ 657,262	\$ 24,160,136
Changes in net assets	2,695,196	49,942	57,315	2,802,453
Acquisition of subsidiary	240,946	-	-	240,946
Contributions, SNPT	-	-	77,247	77,247
Distributions, SNPT	-	-	(7,646)	(7,646)
Balance at June 30, 2021	24,689,642	1,799,316	784,178	27,273,136
Changes in net assets	(3,349,981)	17,503	(162,456)	(3,494,934)
Contributions, SNPT	-	-	267,794	267,794
Distributions, SNPT	-	-	(38,863)	(38,863)
Balance at June 30, 2022	\$ 21,339,661	\$ 1,816,819	\$ 850,653	\$ 24,007,133

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services				Total Expenditures
	Behavioral Health	Healthcare	Intellectual Developmental Disability	Miscellaneous and other	Total Program	Management and General	Fundraising	Other Operating		
Salaries	\$ 56,904,448	\$ 12,001,818	\$ 73,979,391	\$ -	\$ 142,885,657	\$ 19,603,617	\$ 310,927	\$ 135,797	\$ 162,935,998	
Benefits	11,619,600	2,678,094	15,524,693	-	29,822,387	3,888,886	45,662	44,129	33,801,064	
Communications	1,363,470	165,809	1,154,359	577	2,684,215	802,917	15,476	-	3,502,608	
Depreciation and amortization	1,354,694	126,735	570,541	6,234	2,058,204	1,318,926	-	212,352	3,589,482	
Fees and services	9,856,422	8,769,230	11,148,721	-	29,774,373	2,933,472	28,443	400,162	33,136,450	
Occupancy	12,283,619	1,076,462	9,456,163	-	22,816,244	1,671,641	99	-	24,487,984	
Office and program supplies	5,479,749	4,877,305	3,247,500	-	13,604,554	278,826	56,406	68,159	14,007,945	
Small equipment and maintenance	4,513,709	447,378	5,793,754	16,007	10,770,848	3,836,767	8,805	104,191	14,720,611	
Training and development	207,542	78,603	174,022	-	460,167	94,947	2,409	-	557,523	
Travel and miscellaneous	962,479	711,289	1,807,450	9,003	3,490,221	529,564	6,401	-	4,026,186	
Total expenditures	\$ 104,545,732	\$ 30,932,723	\$ 122,856,594	\$ 31,821	\$ 258,366,870	\$ 34,959,563	\$ 474,628	\$ 964,790	\$ 294,765,851	

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2021

	Program Services					Supporting Services				Total Expenditures
	Behavioral Health	Healthcare	Intellectual		Miscellaneous and other	Total Program	Management and			
			Developmental Disability				General	Fundraising	Other Operating	
Salaries	\$ 54,612,458	\$ 12,172,819	\$ 66,208,722	\$ 3,905	\$ 132,997,904	\$ 19,648,532	\$ 290,326	\$ 129,727	\$ 153,066,489	
Benefits	12,300,431	2,825,335	15,812,323	3,027	30,941,116	3,962,622	47,619	40,379	34,991,736	
Communications	1,383,075	174,944	1,125,869	1,061	2,684,949	767,775	15,788	-	3,468,512	
Depreciation and amortization	1,140,439	156,673	720,774	9,234	2,027,120	714,856	-	232,877	2,974,853	
Fees and services	7,527,002	8,359,355	9,270,632	2,486	25,159,475	2,296,472	14,093	380,693	27,850,733	
Occupancy	10,523,250	1,072,256	9,038,450	-	20,633,956	1,461,753	-	-	22,095,709	
Office and program supplies	4,559,018	4,309,029	2,914,403	11,882	11,794,332	118,376	19,398	61,121	11,993,227	
Small equipment and maintenance	3,688,169	396,466	4,970,193	25,549	9,080,377	4,079,962	14,385	118,054	13,292,778	
Training and development	98,311	60,943	85,863	-	245,117	76,107	1,390	-	322,614	
Travel and miscellaneous	1,885,759	867,926	1,780,706	112,614	4,647,005	471,777	4,176	-	5,122,958	
Total expenditures	\$ 97,717,912	\$ 30,395,746	\$ 111,927,935	\$ 169,758	\$ 240,211,351	\$ 33,598,232	\$ 407,175	\$ 962,851	\$ 275,179,609	

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2022	2021
Cash flows from operating activities		
Changes in total net assets of RHD and Subsidiaries	\$ (3,494,934)	\$ 2,802,453
Adjustments to reconcile changes in total net assets to net cash (used in) provided by operating activities		
Loss (gain) on sale/disposition of property and equipment	30,291	(258,836)
Net realized and unrealized losses (gains) on limited use investments	164,226	(56,042)
Net realized and unrealized losses (gains) on investments	4,431,107	(2,338,959)
Bad debt expense and contractual allowances	6,050,419	5,899,322
Depreciation and amortization	3,589,482	2,974,853
Revenue received for the purchase of property and equipment	(944,059)	(997,917)
Change in deferred tax asset	781	3,042
Change in valuation allowance on deferred tax asset	(781)	(3,042)
Changes in operating assets and liabilities		
Accounts receivable	(24,203,023)	(11,058,685)
Prepaid expenses and other current assets	1,095,314	194,231
Other assets	(809,879)	(864,507)
Accounts payable and accrued expenses	219,520	(1,352,059)
Accrued payroll and related liabilities	(6,615,874)	11,802,707
Refundable advances	6,411,511	8,046,873
Deferred rent obligation	(20,856)	49,874
Retirement plans	(32,265)	(105,823)
Net cash (used in) provided by operating activities	(14,129,020)	14,737,485
Cash flows from investing activities		
Cash received in obtaining control of subsidiary	-	194,125
Net change to consumer funds	(70,341)	198,194
Acquisitions of property and equipment	(2,120,153)	(2,256,940)
Proceeds from sale of property and equipment	227,102	260,613
Purchases of investments	(2,146,484)	(15,559,292)
Proceeds from sale of investments	6,184,805	818,885
Purchases of limited use investments	(961,628)	(752,235)
Proceeds from sale of limited use investments	730,927	681,361
Net (borrowings) collection of advances and loans	(23,863)	5,105
Net cash provided by (used in) investing activities	1,820,365	(16,410,184)

(Continued)

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2022	2021
Cash flows from financing activities		
Revenue received for the purchase of property and equipment	944,059	997,917
Principal payments on long-term debt	(461,260)	(437,368)
Contributed capital from noncontrolling interest	267,794	77,247
Distributions to noncontrolling interest	(38,863)	(7,646)
Net cash provided by financing activities	711,730	630,150
Net decrease in cash, cash equivalents and restricted cash	(11,596,925)	(1,042,549)
Cash, cash equivalents and restricted cash, beginning of year	22,185,572	23,228,121
Cash, cash equivalents and restricted cash, end of year	\$ 10,588,647	\$ 22,185,572
Reconciliation of cash, cash equivalents, and restricted cash, beginning of year		
Cash and cash equivalents	\$ 20,452,624	\$ 21,518,585
Consumer funds	1,439,162	1,240,968
Escrow funds	293,786	468,568
Cash, cash equivalents and restricted cash, beginning of year	\$ 22,185,572	\$ 23,228,121
Reconciliation of cash, cash equivalents and restricted cash, end of year		
Cash and cash equivalents	\$ 8,877,100	\$ 20,452,624
Consumer funds	1,368,822	1,439,162
Escrow funds	342,725	293,786
Cash, cash equivalents and restricted cash, end of year	\$ 10,588,647	\$ 22,185,572
Supplemental Cash Flow Disclosure		
Cash paid for interest	\$ 332,218	\$ 308,677
Income taxes paid	\$ 1,997	\$ 1,091

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - NATURE OF THE ORGANIZATION

Nature of Activities

Resources for Human Development, Inc. (“RHD”) is a comprehensive social services organization whose mission is to empower the most vulnerable and marginalized members of our society as they build the highest level of independence possible. As of June 30, 2022, RHD oversees and supports more than 135 locally-managed programs in 12 states, which helps tens of thousands of people of all abilities each year. These innovative and effective programs specialize in helping people who have mental illnesses or intellectual disabilities, those who are homeless, and people with histories of substance abuse, so that they may build better lives for themselves, their families, and their communities. Program areas encompass the following community needs: arts, culture and humanities, community improvement and capacity building, crime prevention, education, employment readiness and job training, environmental quality, health care, homelessness prevention, behavioral health, substance abuse, intellectual disabilities, volunteer development, and youth development, wellness and education.

Through its for-profit subsidiary, Murex Corporation (“Murex”), the Organization has invested in various special purpose entities. This investment includes Taunton Run which is a senior living facility located in New Jersey.

RHD controls two not-for-profit organizations, Pennsylvania Institute for Community Living, Inc. (“PICL”) and The Non-Profit Housing Corporation of Pennsylvania (“NPHO”). NPHO is dormant as of June 30, 2020. RHD entered into an Affiliation agreement with PICL on February 1, 2021 whereby RHD became PICL's sole member. PICL provides residential and outpatient treatment, rehabilitation and support services for individuals with mental disabilities through a contract with Montgomery County, Pennsylvania.

RHD is the beneficiary of one trust, RHD Special Needs Pooled Trust (“SNPT”). SNPT is an irrevocable pooled trust which holds investments for a specific purpose.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of RHD, its for-profit subsidiary, Murex (100% owned by RHD), as well as two related not-for-profit organizations which RHD controls, PICL and NPHO, and one trust which is consolidated as a variable interest entity, SNPT. The following entities have been consolidated with Murex and are reflected in the consolidated financial statements: Murex TRS, Inc. and TRS, LLP (“Taunton Run”). RHD and its subsidiaries are collectively referred to as the “Organization”.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The consolidated financial statements have been prepared in accordance with the audit guide published by the American Institute of Certified Public Accountants, Audit and Accounting Guide for Not-for-Profit Organizations, as required for Voluntary Health and Welfare Organizations. Inter-company investments, advances and transactions have been eliminated.

These statements reflect the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and presented in accordance with Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*.

SNPT has been consolidated with the Organization under the requirements of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). SNPT is a variable interest entity in which RHD is the primary beneficiary. See Note 20 for additional information.

Revenue and Support

The Organization recognizes revenue from contracts with customers with FASB ASC *Revenue from Contracts with Customers* (Topic 606) (“ASC 606”).

The Organization determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with customers;
- 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 the Organization satisfies the performance obligations.

The Organization’s major sources of operating revenue and support and related recognition policies are summarized as follows:

Net Patient Services

Net patient service revenues is recognized based on the amount the Organization expects to receive in exchange for providing patient care services once the Organization has met its related performance obligation. The performance obligation is typically met at the point in time when the service is provided. These amounts are due from patients, third-party payors (including private insurance and government programs), and others and includes variable consideration for retroactive revenue adjustments that may occur under the terms of the various agreements the Organization has with its payors.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Net Patient Services (Continued)

The Organization determines the transaction price based on standard charges for the services provided, reduced by contractual adjustments, discounts, and implicit price concessions provided to uninsured and under-insured patients. The Organization determines its initial estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience.

The Organization determines its estimate of implicit price concessions based on its historical collection experience with uninsured and under-insured patients. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicaid - Reimbursements for allowable services are generally paid at prospectively determined rates per visit or per covered member.
- Medicare - Outpatient services are paid using prospectively determined rates.
- 340B Pharmacy - RHD, through its Healthcare Division, participates in the Section 340B program of the Public Health Service Act ("PHS Act"), Limitation on Prices of Drugs Purchased by Covered Entities. Participation in this program allows the Organization to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. The 340B program operated through its agreement with an unrelated third party for the years ended June 30, 2022 and 2021. Under this program, RHD used the third party as its agent for the purpose of operating and managing the pharmacy and providing pharmacy services.
- Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit, discounts from established charges, and prospectively determined daily rates.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Net Patient Services (Continued)

Settlements with third-party payors for retroactive adjustments are included in the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity. Estimated settlements are adjusted in future periods as adjustments become known or as new information becomes available.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Because all of its performance obligations relate to contracts with a duration of less than one year, The Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Organization's performance obligations consist primarily of services that occur within one day of a patient's visit, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

Government Grants

The Organization recognizes revenues from government grants in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Government grant revenue is substantially derived from federal, state, and local government grants and contracts, which are considered conditional contributions, conditioned upon certain barriers. Amounts received are recognized as revenue when the Organization has satisfied the related barrier, typically specific performance requirements and/or the incurrence of allowable qualifying expenses.

Conditional grants and contracts whose conditions are satisfied in the same reporting period in which the funding is received are reported as an increase in net assets without donor restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as non-operating equipment revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Amounts received in advance are not recognized as revenue until the conditions are met and are included in refundable advances on the consolidated statements of financial position.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Non-government Grants and Contributions

The Organization recognizes revenues from contributions in accordance with FASB ASC 958, *Not-for-Profit Entities*. The Organization recognizes contributions from non-government sources when cash, securities or other assets; an unconditional promise to give (pledge); or a notification of a beneficial interest is received. Unconditional promises to give cash and other assets to RHD are reported as contributions and recorded at fair value on the date the promise is received. Unconditional contributions and grants are considered available for unrestricted use unless explicit donor stipulations specify how the funds must be used. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All restricted contributions received whose restriction has been met in the same period are reflected as contributions without donor restrictions on the consolidated statements of activities.

RHD reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations about how long those long-lived assets must be maintained, RHD reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In-kind Contributions

RHD receives contributions of nonfinancial assets and services. RHD's policy related to these donated goods and services is to utilize the assets given to carry out the mission of RHD. If an asset is provided that does not allow RHD to utilize it in its normal course of business, the asset will be sold at its fair market value. These contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received as contributions with offsetting expenses. In addition, RHD receives services of unpaid officers, board members, and volunteers. The value of these services is not reflected in the accompanying financial statements as these services do not meet the criteria for recognition as contributed services.

Net Assets

Net assets, revenues, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Organization has no board restricted net assets as of June 30, 2022 and 2021.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or purposes specified by the donor. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

The Organization considers cash on hand and deposits with financial institutions to be cash and cash equivalents.

Limited Use Cash and Cash Equivalents

Limited use cash and cash equivalents consists of RHD consumer funds and the Taunton Run repair and replacement escrow funds. RHD consumer funds are funds that have been established to account for assets received by the Organization on behalf of certain consumers of certain programs. These funds are expended at the discretion of the program directors, for the direct benefit of the individual consumers. As of June 30, 2022, and 2021 the consumer funds cash and cash equivalents totaled \$1,368,822 and \$1,439,162, respectively. This amount is also included as a current liability, due to consumers. Taunton Run is required to maintain an escrow account for taxes, insurance and repairs and replacement of the partnership's assets. This escrow is subject to restrictions as to operating policies, rental charges, operating expenditures and distributions to partners. As of June 30, 2022 and 2021, this escrow account was \$342,725 and \$293,786, respectively.

RHD presents restricted cash in accordance with ASC 230, *Statement of Cash Flows* (Topic 230), for the presentation of restricted cash in the consolidated statement of cash flows. ASC 230 applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. ASC 230 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of period total amounts shown on the consolidated statements of cash flows. Accordingly, the consolidated statements of cash flows present a reconciliation of the changes in cash and cash equivalents and restricted cash.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value. At June 30, 2022 and 2021, these funds were invested in various types of accounts that include exchange-traded funds, common stocks, mutual funds, money market accounts, overlay investment portfolios and alternative investments. The investment of these funds are governed by an investment committee consisting of members of the board of directors and RHD management. Realized and unrealized gains or losses from the investments are reported on the consolidated statements of activities and changes in net assets.

Limited Use Investments

The Organization has established the SNPT to hold assets on behalf of participating consumers of certain programs. The use of these funds are restricted for the direct benefit of the individuals participating in the trust. The Organization has established a board of trustees to provide fiduciary oversight of the investments in the trust. The trust assets are investments in securities available-for-sale, which are reported at fair market value. Realized and unrealized gains or losses and income from the trust assets are included in the consolidated statements of activities and changes in net assets.

Accounts Receivable

Accounts receivable consist of amounts primarily due from federal, state and local governments as well as third party managed care organizations and are stated at the amount management expects to collect from balances outstanding at year end. Management has recorded an allowance for doubtful accounts based on their historical experience with accounts receivable collections.

Inventory

Inventory is recorded at the lower of cost, on a specific identification basis, or market (net realizable value) and consists largely of prescription and over-the-counter drugs used in the Organization's outpatient health centers. Inventory totaled \$182,036 and \$174,760 at June 30, 2022 and 2021, respectively, is reported as part of prepaid expenses and other current assets.

Property and Equipment, Net and Depreciation and Amortization

Property and equipment are recorded at cost. Provisions for depreciation and amortization are made over the estimated useful lives, ranging from 3 to 40 years, of the respective assets using the straight-line method. Maintenance and repairs are charged to expenses as incurred. A portion of capital assets have been purchased through grants and contracts. Such amounts received are included in support and revenue. Related expenditures are capitalized and depreciated over estimated lives when title to the related assets is held by the Organization.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment, Net and Depreciation and Amortization (Continued)

Under certain program-funded agreements, ownership of property and equipment acquired with grantor funds is vested with and may revert back to the grantor under certain circumstances. However, due to the nature of the programs and the long-term relationships of the Organization with the grantors, management believes that the consolidated financial statements of the Organization are more accurate by capitalizing these assets.

Investments in Companies

Investments in partnerships, limited liability companies and unconsolidated corporations are included in the accompanying consolidated financial statements using the equity and cost methods of accounting. The Organization had equity investments in companies that totaled \$70,000 and \$0 for the years ended June 30, 2022 and 2021, respectively. The balance is reported as part of other assets at June 30, 2022 and 2021.

Advances and Loans

Advances and loans consist of advances or loans receivable initiated by Murex and RHD to certain partnerships, companies and subsidiaries. These financing receivables are stated at the amount management expects to collect from balances outstanding at year end. Management has recorded an allowance for uncollectible advances and loans based on the specific identification of at-risk financing receivables. Management performs an at-risk assessment of each advance and loan on an annual basis. RHD advances and loans to Murex are maintained within the financial statements of each entity and eliminate in consolidation.

Refundable Advances

Refundable advances consist primarily of government grants received but not earned as of the date of the consolidated statements of financial position. Refundable advances will be earned as the program conditions are met.

Vacation Accrual

All eligible employees (including program employees) of RHD are able to carry over unused earned vacation time. Employees are able to use their vacation time earned according to the PTO plan year. At June 30, 2022 and 2021, RHD has accrued this unused vacation expense and related taxes and this liability is included in accrued payroll and related liabilities within the consolidated financial statements. A portion of the vacation accrual related to program employees will ultimately be charged to and reimbursed by cost reimbursed programs, resulting in an accrual of program revenue. This accrued revenue is recorded at June 30, 2022 and 2021 and is included in accounts receivable within the consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

RHD, PICL and NPHO are exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state and local laws. SNPT is a grantor trust and as such is exempt from federal, state and local income taxes. Under Internal Revenue Code Sections 671-678, all trust income is taxable to the grantors, which in this case are the members of the trust. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements related to these entities. RHD, PICL and NPHO are not private foundations. Murex and two of its subsidiaries are for-profit corporations and are subject to federal, state and local taxation. Within Murex are various entities organized as limited partnerships or limited liability companies. These entities are not subject to federal or state income taxes. Income or losses from these entities are reflected in the members'/partners' tax returns.

Use of Estimates

The preparation of consolidated 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 the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Financial Instruments

U.S. GAAP requires entities to disclose the estimated fair value of their financial instrument assets and liabilities. The Organization has identified the following as financial instruments, all of which have carrying values which approximate fair value: cash and cash equivalents, investments, limited use investments, accounts receivable, investments in and advances and loans to companies and long-term debt.

Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 presentation. These reclassifications have no effect of the previously reported changes in net assets.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of functional expenditures. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses (Continued)

Costs common to multiple functions have been allocated among the program services, management and general and fundraising categories based on time and effort measurements and other methods:

- Staff costs are allocated based on time and effort.
- Occupancy, depreciation and information technology costs are allocated based on square footage.

Management and general expenses include costs not identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Other operating expenditures included in the consolidated statements of activities relate to the operating expenses of the for-profit consolidated entities.

Noncontrolling Interest

Noncontrolling interest reflects the equity of the SNPT which is not owned by RHD or its subsidiaries.

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statements of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statements of activities and changes in net assets. This standard will be effective for the year ended June 30, 2023. The Organization is currently evaluating the effect that this new guidance will have on its financial statements and related disclosures.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

RHD's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

	June 30,	
	2022	2021
Cash	\$ 8,877,100	\$ 20,452,624
Investments	15,594,946	24,064,375
Net accounts receivable	55,928,749	37,776,145
Total financial assets available within one year	80,400,795	82,293,144
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(1,816,819)	(1,799,316)
Assets of RHD subsidiary, unavailable for use by RHD	(520,980)	(858,927)
Total financial assets available to management for general expenditure within one year	\$ 78,062,996	\$ 79,634,901

RHD's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and program expenditures in fiscal year 2023.

Liquidity Management

RHD has a policy authorized by the investment committee that provides guidance and oversight for the management of cash and cash equivalents, and investments. The policy provides that RHD maintain an adequate level of cash to meet on-going operational requirements. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of RHD, the time horizon of those needs and the Board of Directors' investment philosophy.

To help manage unanticipated liquidity needs, the RHD has a committed line of credit of \$22,000,000 subject to the limitation of the Organization's aged receivables and outstanding letters of credit of which approximately \$14,000,000 could be drawn upon at June 30, 2022.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 - PROMISES TO GIVE

Unconditional Promises to Give

RHD records unconditional promises to give when received. Total pledges receivable as of June 30, 2022 and 2021 were \$7,700 and \$0, respectively.

Conditional Promises to Give

Conditional promises to give are not recognized until the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2022 and 2021, RHD had \$0 and \$75,000, respectively, of unrecorded conditional promises to give from foundation grants which will be recognized when RHD can show evidence of satisfaction of specific conditions as set forth by the donor, which consist of specific programmatic objectives and/or a lease renewal.

At June 30, 2022, RHD had remaining available award balances on federal, state, and local government grants and contracts of approximately \$31,711,000. These award balances will be recognized as revenue and receivables when the related barriers are satisfied.

5 - INVESTMENTS

Investments, stated at fair value, are as follows:

	June 30, 2022	
	Cost	Fair Value
Cash and money market funds	\$ 139,567	\$ 139,567
Exchange-traded funds	919,969	876,894
Common stocks	1,616,195	1,933,590
Mutual funds	10,748,147	9,571,208
Overlay portfolios	3,143,207	2,818,299
Alternative investments	256,875	255,388
	<u>\$ 16,823,960</u>	<u>\$ 15,594,946</u>

	June 30, 2021	
	Cost	Fair Value
Cash and money market funds	\$ 32,675	\$ 32,675
Exchange-traded funds	2,385,642	2,816,357
Common stocks	1,539,236	2,273,825
Mutual funds	14,691,794	15,708,383
Overlay portfolios	2,740,644	3,233,135
	<u>\$ 21,389,991</u>	<u>\$ 24,064,375</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 - INVESTMENTS (Continued)

The following schedule summarizes the investment returns on the investments which are included in the consolidated statements of activities and changes in net assets:

	Year ended June 30,	
	2022	2021
Investment income	\$ 540,095	\$ 339,639
Net unrealized/realized (losses) gains	(4,431,107)	2,338,959
	\$ (3,891,012)	\$ 2,678,598

Investment income is included interest and miscellaneous income within the consolidated statement of activities and changes in net assets.

6 - LIMITED USE INVESTMENTS

Investments of SNPT, stated at fair value, are as follows:

	June 30, 2022	
	Cost	Fair Value
Government bonds	\$ 766,604	\$ 673,222
Mutual funds	157,717	155,555
Money market funds	21,876	21,876
	\$ 946,197	\$ 850,653

	June 30, 2021	
	Cost	Fair Value
Government bonds	\$ 570,781	\$ 595,131
Mutual funds	150,811	187,357
Money market funds	1,690	1,690
	\$ 723,282	\$ 784,178

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - LIMITED USE INVESTMENTS (Continued)

The following schedule summarizes the investment returns on the limited use investments:

	Year ended June 30,	
	2022	2021
Investment income, net	\$ 1,770	\$ 1,273
Unrealized/realized (losses) gains	(164,226)	56,042
	<u>\$ (162,456)</u>	<u>\$ 57,315</u>

Investment income is included interest and miscellaneous income within the consolidated statement of activities and changes in net assets.

7 - FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures. U.S. GAAP discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect management's own assumptions.

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, as applicable. There have been no changes in the methodologies.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 - FAIR VALUE MEASUREMENTS (Continued)

Cash and Money Market Funds - Valued at the quoted net asset values of the shares held by the Organization at year-end.

Common Stocks - Valued at the daily closing price as reported by the corporations which are registered with the Securities and Exchange Commission. The common stocks held by the Organization are deemed to be actively traded.

Mutual Funds and Exchange-Traded Funds - Valued at the daily closing price as reported by the fund. Mutual funds and exchange-traded funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Government Bonds - Valued at the closing price reported for similar bonds traded on the secondary market.

Overlay Portfolio Investments - Valued at NAV provided by the portfolio manager based on the NAV per share as reported by the investee as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the portfolio less its liabilities. The objective of the portfolios is to diversify RHD's overall investment strategy, risk and returns. The portfolio investments invest in a diversified array of equity and fixed income securities and other financial instruments, including derivatives. The investments include issuers located both within and outside the United States.

Alternative Investments – Net asset values provided by limited partnership investees are based on the NAV per share as reported by the investee as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 - FAIR VALUE MEASUREMENTS (Continued)

The Organization's investments and limited use investments are reported at fair value in the accompanying consolidated financial statements as follows:

	Fair Value at June 30, 2022		
	Total	Level 1	Level 2
Cash and money market funds	\$ 161,443	\$ 161,443	\$ -
Exchange-traded Funds	876,894	876,894	-
Government bonds	673,222	-	673,222
Common stocks	1,933,590	1,933,590	-
Mutual funds	9,726,763	9,726,763	-
Total investment in the fair value hierarchy	13,371,912	12,698,690	673,222
Investment reported at net asset values as a practical expedient (a)			
Overlay portfolio investments	2,818,299	-	-
Alternative investments	255,388	-	-
Total investments at net asset value	3,073,687	-	-
Total investment assets at fair value	\$ 16,445,599	\$ 12,698,690	\$ 673,222

For the year ended June 30, 2022, the Organization did not have any investments valued under the Level 3 inputs.

	Fair Value at June 30, 2021		
	Total	Level 1	Level 2
Cash and money market funds	\$ 34,365	\$ 34,365	\$ -
Exchange-traded Funds	2,816,357	2,816,357	-
Government bonds	595,131	-	595,131
Common stocks	2,273,825	2,273,825	-
Mutual funds	15,895,740	15,895,740	-
Total investment in the fair value hierarchy	21,615,418	21,020,287	595,131
Overlay portfolio investments reported at net asset value as a practical expedient (a)	3,233,135	-	-
Total investment assets at fair value	\$ 24,848,553	\$ 21,020,287	\$ 595,131

For the year ended June 30, 2021, the Organization did not have any investments valued under the Level 3 inputs.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 - FAIR VALUE MEASUREMENTS (Continued)

(a) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The net asset value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position. These investments are presented at fair value and can be redeemed daily with no required notice period at June 30, 2022 and 2021. Total unfunded commitments as of June 30, 2022 were \$493,125.

8 - PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment (at cost) and accumulated depreciation and amortization:

	June 30,	
	2022	2021
Real estate and improvements	\$ 30,282,451	\$ 28,710,623
Leasehold improvements	20,685,994	19,659,694
Furniture and fixtures	2,111,414	2,083,002
Computer equipment and software	9,165,903	9,326,536
Automobiles	5,063,158	5,653,227
	67,308,920	65,433,082
Less accumulated depreciation and amortization	(52,680,259)	(49,077,699)
	\$ 14,628,661	\$ 16,355,383

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Program	\$ 2,058,204	\$ 2,027,120
Management and general	1,318,926	714,856
Other operating	212,352	232,877
	\$ 3,589,482	\$ 2,974,853

9 - ADVANCES AND LOANS

The Organization has made loans and advances to certain partnerships and companies located in distressed areas of Philadelphia, Pennsylvania. These entities adhere to certain principles, including a minimum level of hiring local people from welfare, a minimum wage in excess of the applicable minimum wage, and the sharing of profits with the employees.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 - ADVANCES AND LOANS (Continued)

These advances and loans have interest rates that range from 0% to 8% and varying payment terms ranging from amounts due on demand to defined payments through April 2040. Some advances which are due on demand are classified as long-term as it is not the intention of the Organization to call these advances for payment during the fiscal year ending June 30, 2022.

The nature of the significant advances and loans are as follows:

	June 30, 2022		
	Balance	Allowance	Net
Advances to companies	\$ 43,844	\$ (17,343)	\$ 26,501
Mortgage note receivables	111,705	-	111,705
	155,549	(17,343)	138,206
Less current portion	21,549	(17,343)	4,206
	\$ 134,000	\$ -	\$ 134,000

	June 30, 2021		
	Balance	Allowance	Net
Advances to companies	\$ 17,343	\$ (17,343)	\$ -
Mortgage note receivables	114,343	-	114,343
	131,686	(17,343)	114,343
Less current portion	21,322	(17,343)	3,979
	\$ 110,364	\$ -	\$ 110,364

Allowances are determined based on the Organization's assessment of the creditworthiness of the companies.

10 - DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS

Murex has recorded a net deferred income tax asset resulting from net operating loss carryforwards and allowances created against advances and loans to investees. As of June 30, 2022 and 2021, management has created a valuation allowance to account for the uncertainty that a portion of the deferred tax asset would be utilized.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 - DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS

(Continued)

The tax effects of temporary differences and carryforwards that give rise to deferred income tax assets consist of the following:

	June 30,	
	2022	2021
Net operating loss carryforwards	\$ 458,630	\$ 459,411
Allowance on advances and loans to investees	9,934	9,934
Deferred income tax assets	468,564	469,345
Valuation allowance	(468,564)	(469,345)
	\$ -	\$ -

Murex has net operating loss carryforwards of approximately \$2,185,000 as of June 30, 2022 which are available to offset future federal taxable income. Under current federal tax law, these net operating loss carryforwards will be carried forward indefinitely.

Provisions for income tax expenses are included in other operating expenditures on the consolidated statements of activities and consist of the following components:

	June 30,	
	2022	2021
Deferred income tax expense	\$ 781	\$ 3,042
Change in valuation allowance	(781)	(3,042)
	\$ -	\$ -

11 - LINE OF CREDIT

At June 30, 2022 and 2021, RHD had available a line of credit with a bank in the amount of \$22,000,000 subject to the limitation of aged accounts receivable and outstanding letters of credit. Related borrowings incur interest at the Adjusted Prime Market Index Rate for June 30, 2022 and one-month LIBOR plus 2.5% for June 30, 2021. The effective rate at June 30, 2022 and 2021 was 4.25% and 3.00%, respectively. This line expires in June 2023 and is collateralized by accounts receivable and certain other assets of RHD.

As of June 30, 2022 and 2021, there was no outstanding balance on this line. This line requires RHD to maintain a defined ratio of debt service and expendable financial resources to debt ratio. RHD was obligated under outstanding letters of credit of \$6,913,651 and \$6,568,266 as of June 30, 2022 and 2021, respectively. The available line of credit was approximately \$14,000,000 as of June 30, 2022.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 - LONG-TERM DEBT

Long-term debt consists of the following:

	June 30,	
	2022	2021
RHD		
Mortgage notes, financial institutions and state authorities, payable in monthly installments ranging from \$1,427 to \$21,001, mostly including interest ranging from 3.4% to 6.63%, collateralized by various properties, maturing at various times through December 2040. There is no federal funding related to these loans.	\$ 3,777,000	\$ 4,079,018
Murex		
Mortgage notes (related to Taunton Run), payable in monthly installments ranging from \$0 to \$23,602, mostly including interest ranging from 1% to 7.1%, collateralized by rental property and equipment, maturing at various times from 2027 through 2028.	2,804,548	2,963,790
	6,581,548	7,042,808
Less current portion	(487,994)	(461,263)
Long-term portion	\$ 6,093,554	\$ 6,581,545

Maturities of long-term debt over the next five years and thereafter are as follows:

Year Ending June 30,	
2023	\$ 487,994
2024	495,757
2025	523,267
2026	552,292
2027	883,070
Thereafter	3,639,168
Total	\$ 6,581,548

Interest expense for the years ended June 30, 2022 and 2021 was \$340,922 and \$347,710, respectively, which is included as travel and miscellaneous expense on the consolidated statements of functional expenditures.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 - LEASE COMMITMENTS

Operating Leases

RHD leases various buildings and equipment under leasing arrangements expiring through 2039. These leases are accounted for as operating leases. Generally, leases with terms beyond one year contain defunding clauses which allow RHD to terminate a lease, within 90 days of the loss of government funding. Some of these leases have escalation clauses for future lease payments. These leases are being accounted for on the straight-line basis with a deferred rent obligation of \$1,051,580 and \$957,884 included in the consolidated financial statements at June 30, 2022 and 2021, respectively. The current portion of this liability is \$230,650 and \$116,098, respectively, and has been included in accounts payable and accrued expenses.

Future minimum annual rental payments required under lease arrangements are as follows:

Year Ending June 30,	
2023	\$ 10,992,149
2024	7,587,966
2025	5,246,811
2026	4,412,030
2027	2,343,155
Thereafter	5,481,911
Total	\$ 36,064,022

RHD also maintains numerous property leases with terms of up to one year which are not included in the above schedule. Rent expense for buildings, included within Occupancy expense on the Consolidated Statement of Functional Expenditures, for the years ended June 30, 2022 and 2021 totaled \$15,638,518 and \$14,541,577, respectively. Total equipment rental expense, included within Small equipment and maintenance expense on the Consolidated Statement of Functional Expenditures, incurred for the years ended June 30, 2022 and 2021 was \$1,933,950 and \$2,018,786, respectively.

14 - SELF-INSURANCE

RHD self-insures for workers compensation claims under a large deductible insurance program. Excess and other insurance policies are maintained with respect to the various other exposures, and all claims are handled by third-party administrators. Included in accounts payable and accrued expenses at June 30, 2022 and 2021 is approximately \$5,600,000 and \$6,176,000, respectively, for claims incurred but not reported for all self-insured retentions, which represents an estimate by management. The ultimate cost, however, will depend on the magnitude and extent of claims incurred but not reported.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 - SELF-INSURANCE (Continued)

RHD is also self-insured for unemployment claims in certain states, and therefore is responsible for paying actual unemployment claims as they are incurred. As a result, approximately \$2,700,000 and \$3,700,000 is included in accrued payroll and related liabilities as of June 30, 2022 and 2021, respectively, as a reserve for potential future unemployment claims. This is an estimate by management and the ultimate cost will depend on the extent of future claims.

15 - RETIREMENT PLANS

Deferred Compensation Plan

RHD has implemented a non-qualified deferred compensation plan in accordance with Internal Revenue Service Code Section 457. In order to receive a payment under this plan, an employee must have met three requirements: worked full-time for RHD for 25 years, have attained the age of 65, and have fully retired. The payments will commence upon the employee's retirement from RHD. The payments are based on the employee's annual salary that is in effect on the date all eligibility criteria are met. To the extent the corporate resources can support it; the payments will be paid over six years in six equal annual installments. At June 30, 2022 and 2021, the liability amount recorded related to this benefit is \$823,061 and \$808,448, respectively. The current portion of this liability is \$163,383 and \$116,504, respectively, and has been included in accrued payroll and related liabilities.

Medical Retirement Plan

RHD has implemented a non-qualified medical retirement plan. In order to receive a payment under this plan, an employee must have met three requirements: worked full-time for RHD for 10 years, attained the age of 65, and have fully retired. The benefit amount for eligible expenditures is \$2,100 per year based on the number of years of service and is paid over the course of 2 to 10 years to the extent the corporate resources can support the payments. At June 30, 2022 and 2021, the liability amount recorded related to this benefit is \$94,904 and \$95,234, respectively, has been included in accrued payroll and related liabilities.

Pension Plan

RHD maintains a 403(b) plan for the benefit of its employees. Employee participation is voluntary and contributions by the employees are pursuant to salary reduction. RHD does not match employee contributions but can elect to make employer contributions to benefit participating employees. During the years ended June 30, 2022 and 2021, RHD has accrued \$402,584 and \$2,216,450, respectively, in employer contributions for employees and has been included in accrued payroll and related liabilities.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	June 30,	
	2022	2021
Programmatic restrictions		
New Beginnings Programs	\$ 42,148	\$ 38,275
Behavioral Health	424,369	468,912
Healthcare	288,714	295,176
Intellectual Developmental Disability	657,127	665,063
Other	396,761	331,890
Time and purpose restrictions	7,700	-
	<u>\$ 1,816,819</u>	<u>\$ 1,799,316</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the expiration of a time restriction or by occurrence of other events specified by donors.

	June 30,	
	2022	2021
Purpose restrictions accomplished		
New Beginnings Programs	\$ 10,634	\$ 95,006
Behavioral Health	217,997	115,211
Healthcare	177,463	195,348
Intellectual Developmental Disability	160,798	9,650
Other	73,919	135,368
Total	<u>\$ 640,811</u>	<u>\$ 550,583</u>

17 - SUPPORT AND REVENUE

Net Patient Services Revenue

Net patient services revenue includes a variety of services mainly covering intellectual or developmental disabilities, behavioral health and healthcare services.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17 - SUPPORT AND REVENUE (Continued)

Net Patient Services Revenue (Continued)

The composition of net patient service revenue based on services are as follows:

	Year ended June 30,	
	2022	2021
Medicaid	\$ 110,739,664	\$ 107,485,496
Managed care	54,280,790	31,825,745
Patient/client fees	12,054,755	11,319,604
Pharmacy	11,256,131	10,958,445
Total net patient services	\$ 188,331,340	\$ 161,589,290

A breakdown of support and revenue both with and without donor restrictions by geographic region for RHD only is as follows:

	Year ended June 30,	
	2022	2021
Connecticut	\$ 9,785,090	\$ 9,365,695
Delaware	23,840,074	21,955,362
Florida	515,394	495,122
Iowa	2,457,725	3,096,919
Louisiana	6,376,832	7,919,627
Massachusetts	11,476,323	9,731,282
Missouri	5,339,236	4,509,428
Nebraska	1,812,282	1,740,181
New Jersey	4,669,039	4,693,466
North Carolina	2,674,673	2,520,283
Pennsylvania	211,916,244	204,341,495
Rhode Island	11,834	96,553
South Dakota	8,620,467	6,271,606
Tennessee	70,473	-
Total	\$ 289,565,686	\$ 276,737,019

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 - INKIND CONTRIBUTIONS

RHD receives significant contributions of professional services, and space. Due to various factors, the amount of donated services and space may vary from year to year. Non-cash contributions and offsetting expenses have been recognized in the accompanying financial statements:

	Year ended June 30,	
	2022	2021
Donated services	\$ 69,218	\$ 70,918
Donated space	806,566	805,485
Total donated services and space	\$ 875,784	\$ 876,403

19 - CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and receivables from governmental and other agencies. The receivables from governmental agencies are primarily obligations of the federal and various state governments, the City of Philadelphia and various counties. In addition, there are accounts receivable from third party managed care organizations that reimburse the Organization on behalf of governmental agencies.

A portion of the Organization's assets are invested in investment securities. Investment securities are exposed to various risks such as interest rate market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the consolidated financial statements.

Programs operated by the Organization are primarily funded by various governmental agencies. The ability of the Organization to maintain its overhead structure and meet future financial commitments is dependent on the continued funding of these programs.

The Organization maintains cash balances at financial institutions located in various states. Accounts at an institution may, at times, exceed the federally insured limits of \$250,000. As of June 30, 2022, approximately \$4,983,000 of cash balances exceeded insured limits.

Litigation

The Organization is currently defending itself in several ongoing lawsuits. All estimated costs relating to these actions have been included in accrued expenses (see Note 14) or are covered under existing insurance policies.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20 - CONSOLIDATION OF VARIABLE INTEREST ENTITIES

A variable interest entity ("VIE") is consolidated if the VIE has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the ability to control the entity's activities. SNPT is the only VIE within these consolidated financial statements and was established to hold and invest assets on behalf of participating consumers of certain programs.

RHD is the primary beneficiary of SNPT based on results of a qualitative assessment that RHD has the power to direct the activities that most significantly impact SNPT's economic performance.

Assets, liabilities and capital related to this VIE included in the consolidated statements of financial position (before eliminations) are as follows:

	June 30,	
	2022	2021
Limited use investments	\$ 850,653	\$ 784,178
Equity	(850,653)	(784,178)
	\$ -	\$ -

21 - UNCERTAIN TAX POSITIONS

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization's status as a not-for-profit entity. Management believes RHD, PICL and NPHO met the requirements to maintain their tax-exempt statuses and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying consolidated financial statements. Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying consolidated financial statements related to Murex, as well as its related for-profit entities.

22 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through January 26, 2023, the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	Resources for Human Development, Inc.	Other Entities			Eliminations	Total
		Murex Corporation	PICL	NPHO & SNPT		
ASSETS						
Current assets						
Cash and cash equivalents	\$ 8,537,845	\$ 154,977	\$ 184,278	\$ -	\$ -	\$ 8,877,100
Limited use cash and cash equivalents	1,368,822	342,725	-	-	-	1,711,547
Investments	15,594,946	-	-	-	-	15,594,946
Limited use investments	-	-	-	850,653	-	850,653
Accounts receivable, net of allowance for doubtful accounts of \$9,322,560	55,677,198	2,305	179,420	-	69,826	55,928,749
Advances and loans, current portion and allowance for uncollectible advances and loans of \$17,343	-	4,206	-	-	-	4,206
Prepaid expenses and other current assets	1,898,706	17,104	-	-	-	1,915,810
Total current assets	83,077,517	521,317	363,698	850,653	69,826	84,883,011
Property and equipment, net	11,138,202	3,434,970	55,489	-	-	14,628,661
Advances and loans, net of current portion	431,106	107,499	-	-	(404,605)	134,000
Other assets	2,046,669	126,212	-	-	-	2,172,881
Total assets	\$ 96,693,494	\$ 4,189,998	\$ 419,187	\$ 850,653	\$ (334,779)	\$ 101,818,553

(Continued)

See Independent Auditors' Report on supplementary information and selected notes to supplementary information.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	Resources for Human Development, Inc.	Other Entities			Eliminations	Total
		Murex Corporation	PICL	NPHO & SNPT		
LIABILITIES AND NET ASSETS						
Current liabilities						
Long-term debt, current portion	\$ 317,072	\$ 170,922	\$ -	\$ -	\$ -	\$ 487,994
Accounts payable and accrued expenses	13,771,806	371,255	20	-	-	14,143,081
Accrued payroll and related liabilities, current portion	25,595,847	-	-	-	-	25,595,847
Refundable advances, current portion	27,635,311	3,719	-	-	-	27,639,030
Due to consumers	1,368,821	-	-	-	-	1,368,821
Total current liabilities	68,688,857	545,896	20	-	-	69,234,773
Long-term liabilities						
Long-term debt, net of current portion	3,459,928	2,633,626	-	-	-	6,093,554
Refundable advances, net of current portion	958,336	-	44,148	-	-	1,002,484
Deferred rent obligation, net of current portion	820,930	-	-	-	-	820,930
Retirement plans, net of current portion	659,679	-	-	-	-	659,679
Other	-	2,197,664	320,730	-	(2,518,394)	-
Total liabilities	74,587,730	5,377,186	364,898	-	(2,518,394)	77,811,420
Stockholders' equity						
Common stock	-	100	-	-	(100)	-
Additional paid in capital	-	608,330	-	-	(608,330)	-
Accumulated deficit	-	(1,795,618)	-	-	1,795,618	-
Net assets						
Without donor restrictions	20,288,945	-	54,289	-	996,427	21,339,661
With donor restrictions	1,816,819	-	-	-	-	1,816,819
Total net assets before noncontrolling interests	22,105,764	(1,187,188)	54,289	-	2,183,615	23,156,480
Noncontrolling interests	-	-	-	850,653	-	850,653
Total net assets	22,105,764	(1,187,188)	54,289	850,653	2,183,615	24,007,133
Total liabilities and net assets	\$ 96,693,494	\$ 4,189,998	\$ 419,187	\$ 850,653	\$ (334,779)	\$ 101,818,553

See Independent Auditors' Report on supplementary information and selected notes to supplementary information.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Resources for Human Development, Inc.			Other Entities				Total
	Operating	Equipment	Total	Murex Corporation	PICL	NPHO & SNPT	Eliminations	
Changes in net assets without donor restrictions								
Support and revenue								
Net patient services	\$ 188,277,569	\$ -	\$ 188,277,569	\$ -	\$ 53,771	\$ -	\$ -	\$ 188,331,340
Government grants	100,344,848	944,059	101,288,907	-	1,013,367	-	-	102,302,274
Grants and contributions (non-government)	443,490	-	443,490	-	-	-	-	443,490
Inkind contributions	875,784	-	875,784	-	-	-	-	875,784
Interest and miscellaneous	2,452,729	-	2,452,729	983,849	-	1,770	(183,300)	3,255,048
Total support and revenue without donor restrictions before net assets released from restrictions	292,394,420	944,059	293,338,479	983,849	1,067,138	1,770	(183,300)	295,207,936
Net assets released from restrictions	640,811	-	640,811	-	-	-	-	640,811
Total support, revenue and other without donor restrictions	293,035,231	944,059	293,979,290	983,849	1,067,138	1,770	(183,300)	295,848,747
Expenditures								
Program	256,062,085	1,422,492	257,484,577	-	1,065,593	-	(183,300)	258,366,870
Management and general	34,959,563	-	34,959,563	-	-	-	-	34,959,563
Fundraising	474,628	-	474,628	-	-	-	-	474,628
Other operating	-	-	-	964,790	-	-	-	964,790
Total expenditures	291,496,276	1,422,492	292,918,768	964,790	1,065,593	-	(183,300)	294,765,851
Changes in net assets from operations without donor restrictions before other changes	1,538,955	(478,433)	1,060,522	19,059	1,545	1,770	-	1,082,896
Other changes								
Net realized and unrealized losses on investments	(4,431,107)	-	(4,431,107)	-	-	(164,226)	-	(4,595,333)
Changes in net assets without donor restrictions	(2,892,152)	(478,433)	(3,370,585)	19,059	1,545	(162,456)	-	(3,512,437)
Changes in net assets with donor restrictions								
Contributions	658,314	-	658,314	-	-	-	-	658,314
Net assets released from restrictions	(640,811)	-	(640,811)	-	-	-	-	(640,811)
Changes in net assets with donor restrictions	17,503	-	17,503	-	-	-	-	17,503
Changes in total net assets	(2,874,649)	(478,433)	(3,353,082)	19,059	1,545	(162,456)	-	(3,494,934)
Noncontrolling interest								
Less changes in net assets attributable to noncontrolling interest	-	-	-	-	-	162,456	-	162,456
Changes in total net assets of RHD and Subsidiaries, excluding noncontrolling interest	\$ (2,874,649)	\$ (478,433)	\$ (3,353,082)	\$ 19,059	\$ 1,545	\$ -	\$ -	\$ (3,332,478)

See Independent Auditors' Report on supplementary information and selected notes to supplementary information.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

	Resources for Human Development, Inc.			Other Entities				Total
	Operating	Equipment	Total	Murex Corporation	PICL	NPHO & SNPT	Eliminations	
Net assets without donor restrictions, beginning	\$ 17,992,613	\$ 5,666,917	\$ 23,659,530	\$ (1,206,247)	\$ 52,744	\$ 784,178	\$ 2,183,615	\$ 25,473,820
Net assets acquired in acquisition	-	-	-	-	-	-	-	-
Changes in net assets without donor restrictions	(2,892,152)	(478,433)	(3,370,585)	19,059	1,545	(162,456)	-	(3,512,437)
Contributions	-	-	-	-	-	267,794	-	267,794
Distributions	-	-	-	-	-	(38,863)	-	(38,863)
Total net assets without donor restrictions, ending	15,100,461	5,188,484	20,288,945	(1,187,188)	54,289	850,653	2,183,615	22,190,314
Net assets with donor restrictions, beginning	1,799,316	-	1,799,316	-	-	-	-	1,799,316
Changes in net assets with donor restrictions	17,503	-	17,503	-	-	-	-	17,503
Total net assets with donor restrictions, ending	1,816,819	-	1,816,819	-	-	-	-	1,816,819
Total net assets, end of year	\$ 16,917,280	\$ 5,188,484	\$ 22,105,764	\$ (1,187,188)	\$ 54,289	\$ 850,653	\$ 2,183,615	\$ 24,007,133

See Independent Auditors' Report on supplementary information and selected notes to supplementary information.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

SELECTED NOTES TO SUPPLEMENTARY INFORMATION

1 - CONSOLIDATING FINANCIAL STATEMENTS, BASIS OF PRESENTATION

Resources for Human Development, Inc.

Operating

The Operating column reflects the operating activities of RHD, excluding activities associated with the acquisition and depreciation of property and equipment funded directly by governmental contracts (equipment column).

Equipment

The related revenue and depreciation of the property and equipment utilized within some RHD programs is reflected in the Equipment column. The cost of the property and equipment is included in the program's budgets and is typically funded directly by governmental contracts. Expenditures reflected in the Equipment column represent the depreciation on this property and equipment.

Net assets reflected on the consolidating statements of changes in net assets will be utilized to offset depreciation in future years.

Other Entities

As discussed in Note 2 in the notes to consolidated financial statements, 100% of Murex Corporation is owned by RHD. In addition, RHD has control of two related not-for-profit organizations, Pennsylvania Institute for Community Living, Inc. ("PICL") and The Non-Profit Housing Corporation of Pennsylvania ("NPHO"), which is dormant as of June 30, 2020, as well as one trust, The RHD Special Needs Pooled Trust ("SNPT"). The activity for these entities is reflected in the consolidating financial statements. All activity between these entities has been eliminated and the eliminated activity is reflected in the eliminations column on the consolidating financial statements.

The following entities have been consolidated with Murex Corporation and are reflected in the consolidating financial statements: Murex TRS, Inc. and TRS, LLP.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATE OF LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2022

Chief Executive Officer Names: Marco Giordano

Purpose		
Salary	\$	350,834
Benefits-insurance		28,616
Benefits-retirement		-
Deferred compensation (contributions made by the agency)		-
Benefits- Payroll taxes		14,275
Car allowance		-
Vehicle provided by government		-
Cell phone		639
Dues		-
Vehicle rental		-
Per diem		-
Reimbursements		-
Travel		181
Registration fees		-
Conference travel		3,280
Housing		-
Unvouchered expenses (example: travel advances, etc.)		-
Special meals		-
Other (including payments made by other parties on behalf of the agency head)		213
Total	\$	398,038

Amounts on this schedule do not include the accrual for vacation as discussed in footnote 2 to the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors and Officers
Resources for Human Development, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Resources for Human Development, Inc. ("RHD") (a nonprofit organization) and Subsidiaries ("the Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, changes in net assets, functional expenditures, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 26, 2023.

Report on Internal Control over Financial Reporting

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

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

(Continued)

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Philadelphia, Pennsylvania
January 26, 2023

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

Board of Directors and Officers
Resources for Human Development, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited Resources for Human Development, Inc. ("RHD") and Subsidiaries' ("the Organization") compliance with the types of compliance requirements described as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of RHD's major federal programs for the year ended June 30, 2022. RHD's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, RHD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis of Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

(Continued)

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RHD's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of RHD's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of RHD's internal control over compliance. Accordingly, no such opinion is expressed.

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

(Continued)

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Philadelphia, Pennsylvania
January 26, 2023

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
Federal Financial Assistance				
<u>U.S. Department of Health and Human Services</u>				
Health Center Cluster	93.527	H80CS00718-19	09/01/02 - 03/31/22	\$ 314,264
Health Center Cluster	93.224	H80CS00718-20	04/01/18 - 03/31/22	778,188
Health Center Cluster	93.527	H80CS00718-20	04/01/18 - 03/31/22	2,107,194
Health Center Cluster	93.224	H80CS00718-21	04/01/18 - 03/31/22	231,155
Health Center Cluster	93.527	H80CS00718-21	04/01/18 - 03/31/22	643,771
Expand CCBHC Services	93.829	1H79SM083093-01	05/01/20 - 04/30/22	476,973
American Rescue Plan Act Funding for Health Centers	93.224	H8FCS41323-01	04/01/21 - 03/31/23	2,473,812
Health Center - Expanded Capacity for Testing (ECT)	93.224	H8ECS38901-01	05/01/20 - 03/31/22	30,850
NP Waivers	93.914	NP Waivers	07/01/21 - 06/30/22	24,000
Provider Relief Funds	93.498	Phase 1 and 2	07/01/20 - 12/31/21	4,728,674
Pass-through State of Delaware				
Assertive Community Treatment	93.958	21774	07/01/16 - 12/31/21	5,236
CMHBG PEER	93.958	FY21-CMHBG-PEER	07/01/21 - 06/30/22	34,433
Pass-through State of Nebraska				
RHD Nebraska	93.778	N/A	07/01/21 - 06/30/22	855,121
Pass-through Pennsylvania Department of Human Services				
Montgomery County - MH and D&A (Various)	93.959	FFS/CR	07/01/21 - 06/30/22	62,109
Montgomery County - MH and D&A (Various)	93.788	FFS/CR	07/01/21 - 06/30/22	28,079
Pass-through Montgomery County Department of Human Services				
Montgomery County Department of BH/DD	93.958	2201PASOSR / SM010044-22	07/01/21 - 06/30/22	286,774
Montgomery County Department of BH/DD	93.667	2201PASOSR / SM010044-22	07/01/21 - 06/30/22	438,853
Pass-through Philadelphia Department of Behavioral Health and Intellectual Disability Services				
MH Base Unitary	93.150	2120005-01	07/01/21 - 06/30/22	264,075

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
Pass-through Philadelphia Office of Homeless Services				
Rapid Rehousing	93.667	2120071	07/01/21 - 06/30/21	197,703
Woodstock Family Center	93.667	2020113	07/01/19 - 06/30/22	183,501
Pass-through Center for Disease Control and Prevention				
City of Philadelphia Department of Public Health				
AIDS Activities Coordinating Office				
Family Practice and Counseling Network	93.914	RW2411	03/01/22 - 02/28/23	18,143
Family Practice and Counseling Network	93.914	RW1411	03/01/21 - 02/28/22	37,431
Family Practice and Counseling Network	93.914	RW2418	03/01/22 - 02/28/23	20,648
Family Practice and Counseling Network	93.914	RW1418	03/01/22 - 02/28/22	42,645
Pass-through Sixth Judicial District Department of Correctional Services				
RHD Iowa	93.243	T108153	07/01/21 - 06/30/22	125,629
Pass-through Philadelphia Youth Network				
Workready	93.558	21216/S144	02/15/21 - 09/30/21	6,930
Workready	93.558	22081/WRS46	01/01/22 - 06/30/22	4,840
Pass-through Access Matters				
Family Practice and Counseling Network	93.217	213901	04/01/21 - 03/31/22	468,760
Family Practice and Counseling Network	93.667	213901	04/01/21 - 03/31/22	10,156
Family Practice and Counseling Network	93.994	213901	04/01/21 - 03/31/22	717
Family Practice and Counseling Network	93.994	213010	04/01/21 - 03/31/22	32,088
Family Practice and Counseling Network	93.974	SUD2108	09/30/20 - 09/29/22	13,416
Pass-through Monroe County				
RHD Street2Feet	93.569	CSBG Cares	04/01/20 - 09/30/22	39,682
Pass-through Lehigh County Human Services				
Lehigh County MH	93.667	20-MHID-261	07/01/21 - 06/30/22	40,470
Lehigh County MH	93.958	20-MHID-261	07/01/21 - 06/30/22	289,155

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
Pass-through Pennsylvania Association of Community Health Centers Family Practice and Counseling Network	93.778	Pennie	09/01/21 - 08/31/22	30,714
Pass-through Service Access & Management, Inc. PA Power	93.958	H0046 - HW	07/01/21 - 06/30/22	9,396
Pass-through Thomas Jefferson University MH	93.243	080-29000-G34801	10/01/20 - 06/30/22	25,470
Total U.S. Department of Health and Human Services				15,381,055

U.S. Department of Housing and Urban Development

Crossroads	14.267	PA0211L3T092013	07/01/21 - 06/30/22	198,478
Crossroads	14.267	PA0205L3T091912	10/01/20 - 09/30/21	50,958
Crossroads	14.267	PA0205L3T092013	10/01/21 - 09/30/22	147,445
Crossroads	14.267	PA0206L3T091912	01/01/21 - 12/31/21	159,354
Crossroads	14.267	PA0206L3T092013	01/01/22 - 12/31/22	145,281
Crossroads	14.267	PA0449L3T092009	03/01/21 - 02/28/22	106,813
Crossroads	14.267	PA0449L3T092110	03/01/22 - 02/28/23	56,416
Pass-through 1260 Housing Development Corporation RHD Mainstream	14.267	PA0071L3T001609	07/01/21 - 06/30/22	90,736
Pass-through Unity of Greater New Orleans CoC program	14.267	LA0086L6H031912	07/01/21 - 06/30/22	32,505
Pass-through Montgomery County Department of Housing and Community Development				
Coordinated Homeless Outreach Center - Shelter Ops	14.218	BC1-19-03-204	10/01/21 - 09/30/22	171,644
Coordinated Homeless Outreach Center - Shelter Ops	14.218	B-21-UC-42-0005	10/01/20 - 09/30/21	21,271
Coordinated Homeless Outreach Center - Shelter Ops	14.218	B-21-UC-42-0005	10/01/21 - 09/30/22	70,896

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
Pass-through Philadelphia Division of Housing and Community Development HOME - Families in Transition	14.239	2120187	07/01/21 - 06/30/22	229,825
Pass-through Philadelphia Office of Homeless Services Fernwood	14.231	2220715	12/01/21 - 11/30/22	497,088
COVID-19 Prevention Site	14.231	2120494	07/01/21 - 02/28/22	181,113
Rapid Rehousing	14.231	2120519	01/01/21 - 12/31/21	299,049
Rapid Rehousing	14.231	2120445	07/01/21 - 06/30/22	290,639
Pass-through Monroe County Crossroads	14.231	ESG2020	07/24/20 - 01/24/22	32,233
Crossroads	14.231	ESG2020	10/07/21 - 04/06/23	37,344
Crossroads	14.231	ESG-CV	07/08/20 - 06/30/22	97,014
Total U.S. Department of Housing and Urban Development				2,916,102
<u>U.S. Department of Homeland Security</u>				
Pass-through United Way Emergency Food and Shelter Program Shelter & Safe Haven Peer Services	97.024	729400-030	01/01/20 - 10/31/21	33,304
Total U.S. Department of Homeland Security				33,304
<u>U.S. Department of Treasury</u>				
Pass-through Northampton County Dept. of Human Services Healthcare Northampton County -MH/EI/DP	21.019	20-619	07/01/21 - 06/30/22	225,230
Total U.S. Department of Treasury				225,230
Total Federal Financial Assistance				\$ 18,555,691

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Summary of Federal Financial Assistance by Assistance Listing Number	2022
	Expenditures
CDBG - Entitlement Grants Cluster	
14.218 - Community Development Block Grants/Entitlement Grants	\$ 263,811
14.231 - Emergency Solutions Grant Program	1,434,480
14.239 - Home Investment Partnerships Program	229,825
14.267 - Continuum of Care Program	987,986
21.019 - Coronavirus Relief Fund	225,230
93.150 - Projects for Assistance in Transition from Homelessness (PATH)	264,075
93.217 - Family Planning Services	468,760
Health Center Program Cluster	
93.224 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	3,514,005
93.527 - Grants for New and Expanded Services under the Health Center Program	<u>3,065,229</u>
93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	151,099
93.498 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	4,728,674
93.558 - Temporary Assistance for Needy Families	11,770
93.569 - Community Services Block Grant	39,682
93.667 - Social Services Block Grant	870,683
93.778 - Medical Assistance Program	885,835
93.788 - Opioid STR	28,079
93.829 - Section 223 Demonstration Programs to Improve Community Mental Health Services	476,973
93.914 - HIV Emergency Relief Project Grants	142,867
93.958 - Block Grants for Community Mental Health Services	624,994
93.959 - Block Grants for Prevention and Treatment of Substance Abuse	62,109
93.974 - Family Planning Service Delivery Improvement Research Grants	13,416
93.994 - Maternal and Child Health Services Block Grant to the States	32,805
97.024 - Emergency Food and Shelter National Board Program	33,304
	<u>\$ 18,555,691</u>

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
State Financial Assistance				
<u>Connecticut</u>				
Department of Developmental Services				
CT - Day and Residential programs	N/A	21DDS0102RD	07/01/21 - 06/30/24	\$ 9,222,822
Total Connecticut				9,222,822
<u>Delaware</u>				
Department of Health and Social Services				
Assertive Community Treatment - Kent County	N/A	21778	07/01/16 - 12/31/21	347,261
Assertive Community Treatment - New Castle County	N/A	21774	07/01/16 - 12/31/21	518,373
Intensive Case Management Services - Sussex County	N/A	21879	07/01/17 - 12/31/21	794,287
Choices, Mainstay	N/A	HSS-19-002	10/01/19 - 06/30/22	265,279
Group Home Services (Grubb, Montrose, Brandywine Hills, and Jefferson)	N/A	FY22-SF-RHD-GH	07/01/21 - 06/30/22	1,781,297
Total Delaware				3,706,497
<u>Iowa</u>				
Mental Health /Disability Services of the East Central Region	N/A	10990	07/01/21 - 06/30/22	17,277
Total Iowa				17,277
<u>Louisiana</u>				
Pass-through Jefferson Parish Human Service Authority				
Hospital Transition Program	N/A	BH-15-21	07/01/20 - 12/31/21	35,751
Hospital Transition Program	N/A	BH-110-22	01/01/22 - 12/31/22	36,377
Hospital Transition Program	N/A	BH-46-21	01/01/21 - 12/31/21	4,650
Total Louisiana				76,778
<u>Massachusetts</u>				
Department of Developmental Services				
Individual Support	N/A	16661060S361DDS3798H	07/01/21 - 06/30/22	5,095
Individual Support	N/A	176610667084DDS3780C	07/01/21 - 06/30/22	118,906
Outside the Lines	N/A	INTF2038B008DDS3163H	07/01/21 - 06/30/22	12,538
Outside the Lines	N/A	INTF2038C008DDS3163H	07/01/21 - 06/30/22	40,328

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
Outside the Lines	N/A	INTF2038D008DDS3163H	07/01/21 - 06/30/22	18,459
Outside the Lines	N/A	INTF2059D712DDS3163H	07/01/21 - 06/30/22	13,918
Outside the Lines	N/A	INTF2061B175DDS3163H	07/01/21 - 06/30/22	34,291
Outside the Lines	N/A	INTF2061C230DDS3163H	07/01/21 - 06/30/22	115,464
Outside the Lines	N/A	INTF2061D303DDS3163H	07/01/21 - 06/30/22	77,963
Outside the Lines	N/A	INTF2061TA26DDS3196T	07/01/21 - 06/30/22	60,160
Residential Services - Occupancy	N/A	14661061L206DDS3753M	07/01/21 - 06/30/22	209,525
Residential Services - Occupancy	N/A	14662062L232DDS3753M	07/01/21 - 06/30/22	341,047
Residential Services - Operations	N/A	14661061R206DDS3153D	07/01/21 - 06/30/22	2,553,209
Residential Services - Operations	N/A	14662062R232DDS3153D	07/01/21 - 06/30/22	5,744,895
Urban Youth	N/A	INTF21612112DDS3228C	07/01/21 - 06/30/22	53,421
Urban Youth	N/A	16661060S361DDS3798H	07/01/21 - 06/30/22	736,099
Urban Youth	N/A	176610667084DDS3780C	07/01/21 - 06/30/22	500
Urban Youth	N/A	220105ALTRDAYSERVS01	07/01/21 - 06/30/22	279,628
Urban Youth	N/A	220105ARPAALTRNEWPT1	07/01/21 - 06/30/22	238,072
Urban Youth	N/A	220105ARPAALTRNEWPT2	07/01/21 - 06/30/22	112,030
Urban Youth	N/A	220105CBDSLEVELEHJAN	07/01/21 - 06/30/22	1,218
Commission for the Blind				
Outside the Lines	N/A	7000CTMCBCBDS002A014	07/01/21 - 06/30/22	9
Total Massachusetts				10,766,775
Nebraska				
Division of Developmental Disabilities	N/A	N/A	07/01/21 - 06/30/22	771,203
Total Nebraska				771,203
New Jersey				
Department of Human Services				
Division of Mental Health Services - SALT & RIST	N/A	30415	07/01/21 - 06/30/22	2,906,422
Division of Addiction Services - Supportive Housing	N/A	20-623-ADA-0	07/01/21 - 06/30/22	562,644
Total New Jersey				3,469,066

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
<u>Pennsylvania</u>				
Pennsylvania Office of Vocational Rehabilitation				
Allies	N/A	N/A	07/01/21 - 06/30/22	156,111
Total Pennsylvania Office of Vocational Rehabilitation				156,111
Pennsylvania Department of Human Services				
Pass-through Philadelphia Department of Behavioral Health and Intellectual Disability Services				
Mental Health Base Unitary	N/A	2120005-01	07/01/21 - 06/30/22	21,040,934
Early Intervention	N/A	21-20006	07/01/21 - 06/30/22	166,417
				21,207,351
Pass-through Philadelphia Department of Behavioral Health and Intellectual Disability Services				
City of Philadelphia MR Base	N/A	21-20004-01	07/01/21 - 06/30/22	94,160
				94,160
Pass-through Philadelphia Office of Homeless Services				
Fernwood	N/A	1920160-02	07/01/19 - 06/30/22	1,090,997
				1,090,997
Pass-through Access Matters				
Family Practice Counseling Network	N/A	213901	07/01/21 - 06/30/22	3,615
				3,615
Pass-through Pocono Mountains United Way				
Crossroads	N/A	N/A	11/01/20 - 12/31/21	14,548
				14,548
Pass-through various counties				
Allegheny County	N/A	249061	07/01/21 - 06/30/22	1,699,476
Beaver County - Behavioral Health	N/A	111821-32	07/01/21 - 06/30/22	44,177
Bucks County D&A Halfway House	N/A	N/A	07/01/21 - 06/30/22	366,071

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
Bucks County LTSR	N/A	33-08/18	07/01/21 - 06/30/22	1,667,835
Carbon Monroe Pike - Department of MH	N/A	N/A	07/01/21 - 06/30/22	982,361
Carbon Monroe Pike Health Choices	N/A	N/A	07/01/18 - 12/31/21	503,036
Carbon Monroe Pike Health Choices	N/A	N/A	01/01/22 - 12/31/24	282,137
Carbon Monroe Pike Health Choices	N/A	N/A	07/01/16 - 06/30/22	77,225
Carbon Monroe Pike Health Choices	N/A	N/A	08/24/21 - 05/31/22	11,502
Chester County - MH Residential	N/A	22-20637-1	07/01/21 - 06/30/22	2,962,668
Chester County - MH	N/A	22-20641-1	07/01/21 - 06/30/22	1,312,746
Lehigh County - MH	N/A	21-MHID-261	07/01/21 - 06/30/22	664,718
Monroe County - MH	N/A	SFPP 21-22	07/01/21 - 06/30/22	15,100
Monroe County - MH	N/A	CSBG-2022	01/01/22 - 12/31/22	7,583
Montgomery County - MH/MR (RSS/CCW)	N/A	C20-364	07/01/21 - 06/30/22	207,364
Montgomery County Department of BH/DD	N/A	RFP 19-36	07/01/21 - 06/30/22	14,582
Montgomery County Department of BH/DD	N/A	2201PASOSR / SM010044-22	07/01/21 - 06/30/22	6,519,745
Montgomery County Department of BH/DD	N/A	FFS/CR	07/01/21 - 06/30/22	51,549
Northampton County	N/A	20-1020	07/01/21 - 06/30/22	105,289
Northampton County - MH/EI/DP	N/A	20-619	07/01/21 - 06/30/22	2,197,044
Total Pennsylvania Department of Human Services				19,692,208
Total Pennsylvania Department of Human Services				42,102,879
Pennsylvania counties				
Montgomery County Adult Probation & Parole Department	N/A	N/A	09/01/18 - 06/30/22	558,771
Montgomery County - MH/MR (RSS/CCW)	N/A	C20-364	07/01/21 - 06/30/22	5,164
Montgomery County Department of BH/DD	N/A	2201PASOSR / SM010044-22	07/01/21 - 06/30/22	161,469
Montgomery County Department of BH/DD	N/A	FFS/CR	07/01/21 - 06/30/22	98,251
Northampton County - MH/EI/DP	N/A	20-619	07/01/21 - 06/30/22	44,651
Total Pennsylvania Counties				868,306
Total Pennsylvania				43,127,296
Total State Financial Assistance				\$ 71,157,714

(Continued)

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2022 Expenditures
City Financial Assistance				
Philadelphia Office of Homeless Services				
Woodstock Family Center	N/A	2020113	07/01/19 - 06/30/22	\$ 1,298,733
Fernwood	N/A	1920160-02	07/01/19 - 06/30/22	38,750
COVID-19 Prevention Site	N/A	2120494	07/01/21 - 02/28/22	1,457,920
Housing SMART	N/A	2120246	07/01/21 - 06/30/22	386,444
Pennsylvania Coordinated Medication Assisted Treatment	N/A	2020588	07/01/21 - 10/31/22	131,250
COVID-19 Recovery Isolation Site		2220627	02/01/22 - 06/30/22	245,338
Philadelphia Department of Public Health				
Pass-through Health Federation				
Family Practice Counseling Network	N/A	CDC 1817	09/30/18 - 09/30/23	5,000
Department of Behavioral Health and Intellectual Disability Services				
MH Base Unitary	N/A	21-20005	07/01/21 - 06/30/22	97,403
Early Intervention Unitary	N/A	21-20006	07/01/21 - 06/30/22	18,491
Total City Financial Assistance				\$ 3,679,329
Total Federal, State And City Financial Assistance				\$ 93,392,734

See Independent Auditors' Report and notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

1 - GENERAL INFORMATION

The accompanying schedule of expenditures of federal, state and city awards presents activities in all federal, state and city award programs of Resources for Human Development, Inc. All financial assistance received directly from federal agencies, as well as financial assistance passed through other governmental agencies or not-for-profit organizations, is included on the schedule.

The Organization has reported Provider Relief Funds (“PRF”) expenditures of \$4,728,674 and \$450,070 for the years ended June 30, 2022 and 2021, respectively, on the schedule of expenditures of federal, state and city awards (“SEFA”). Of these expenditures, \$2,020,781 and \$2,707,893 were included as revenue in the statement of activities during the years ended June 30, 2022 and 2021, respectively. In accordance with the guidance in the U.S. Department of Health and Human Services (“HHS”) updates (dated July 15, 2021), to the PRF Frequently Asked Questions, the correlating expenditures should be reported on the SEFA based on the information reported in the PRF Reporting Portal as opposed to when it is recorded as revenue in the consolidated financial statements.

2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal, state and city awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to funding agencies because those reports may be submitted on either a cash or modified cash basis of accounting.

3 - RELATIONSHIP TO BASIC CONSOLIDATED FINANCIAL STATEMENTS

Federal, state and city award expenditures are reported on the consolidated statement of functional expenditures as program costs. However, expenditures in the schedule of expenditures of federal, state and city awards for certain programs which have incurred deficits have been limited to the related contracted amount. In addition, for certain programs, the expenditures reported in the basic consolidated financial statements may differ from the expenditures reported in the schedule of expenditures of federal, state and city awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal, state and city financial assistance.

As further discussed in footnote 2 to the basic consolidated financial statements, the Organization has a policy which allows the carryover of unused vacation time for program employees. This schedule does not reflect the accrual for these expenditures.

4 - INDIRECT COST RATE

The Organization did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

LATE REPORT FINDING 2022-001

Criteria: Local auditee reports that include a Single Audit report must be submitted to the Louisiana Legislative Auditor (“LLA”) within six months of the local auditee’s fiscal year end.

Condition: RHD’s audit report was due to the LLA by December 31, 2022; six months after their fiscal year end; RHD did not submit their audit report within the required time frame.

Cause: RHD experienced a delay in closing the year end books and records which resulted in delayed financial statement reporting.

Effect: The late submission of the audit report resulted in a late report finding.

Recommendation: We recommend RHD continue to streamline year end close processes and internal reporting deadlines to allow management to prepare and review financial statements in a timely method in order to meet required deadlines.

Views of responsible officials: As a national non-profit organization providing services through more than 160 different governmental contracts with over 50 different funders, the audit submission due date was a challenge for the organization to meet this year.

RHD exceeds the federal funding threshold and therefore require a uniform guidance audit which requires a voluminous amount of compliance testing which takes a significant amount of time to accomplish. This process includes the sampling and selection of thousands of transactions for which documentation must be provided and audited. In addition, many of RHD’s funders require supplemental reporting that is included in the audited financial statements. As a result of the above and considering the time needed to close the books at year-end prior to the above beginning, it has been a challenge to accomplish this in time for a December 31 submission.

However, recognizing this challenge RHD has realigned its fiscal department to provide additional resources. This realignment will allow the departments to focus specifically on year-end processes, the uniform guidance audit and the preparation of the consolidated financial statements

Management will also re-evaluate the audit calendar, and establish timelines and deadlines that will assure timely completion of the financial statements

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RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section III – Federal Awards Findings and Questioned Costs

No federal award findings and questioned costs noted.

Section IV – Prior Year Findings

Finding 2021-001

Summary: During the fiscal year ended June 30, 2021, credit card transactions selected for testing did not have supporting receipts uploaded timely or were not approved in a timely manner. The approval of the credit card charges is not required in order for either the credit card vendor to be paid or the expense to be recorded to the general ledger. As such, various credit card transactions throughout the year were incurred, paid for, posted to the general ledger but never approved, as required by the RHD policy. Credit card users could be spending program funds on expenses that are not allowed under RHD guidelines or applicable state/federal guidelines, resulting in potential unallowable expenses to be incurred. This was repeat audit finding since fiscal year ended June 30, 2019.

Status: During the fiscal year ended June 30, 2022, RHD management required mandatory annual training for all credit card holders regarding RHD’s policies on the importance of retaining documentation and for timely submission of receipts for approval. RHD management improved the process to monitor that all credit card approvers are following the RHD policy and that transactions are approved timely and prior to payment.

Finding 2021-002

Summary: During the fiscal year ended June 30, 2021, consumer fund cash account bank reconciliations were not being reconciled in a timely manner. At the end of the fiscal year, the consumer fund bank account reconciliations were incomplete. Specifically, they contained numerous amounts of unreconciled differences. An unreconciled difference can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation.

Status: During the fiscal year ended June 30, 2022, RHD performed timely reconciliations with minimal reconciling items.

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Section IV – Prior Year Findings (Continued)

Finding 2021-003

Summary: During the fiscal year ended June 30, 2021, credit card transactions selected for testing did not have supporting receipts uploaded timely or were not approved in a timely manner. The approval of the credit card charges is not required in order for either the credit card vendor to be paid or the expense to be recorded to the general ledger. As such, various credit card transactions throughout the year were incurred, paid for, posted to the general ledger but never approved, as required by the RHD policy. Credit card users could be spending program funds on expenses that are not allowed under RHD guidelines or applicable state/federal guidelines, resulting in potential unallowable expenses to be incurred. This was a repeat audit finding since the fiscal year ended June 30, 2019.

Status: During the fiscal year ended June 30, 2022, RHD management required mandatory annual training for all credit card holders regarding RHD's policies on the importance of retaining documentation and for timely submission of receipts for approval. RHD management improved the process to monitor that all credit card approvers are following the RHD policy and that transactions are approved timely and prior to payment.