

**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, 2018 AND 2017**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**FRIEDMAN LLP<sup>®</sup>**

ACCOUNTANTS AND ADVISORS

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

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## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

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## INDEPENDENT AUDITORS' REPORT

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

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, 2018 and 2017, and the related consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets, changes in net assets, functional expenditures, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the 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 control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

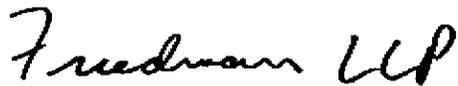
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Resources for Human Development, Inc. and Subsidiaries as of June 30, 2018 and 2017, 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of Resources for Human Development, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Resources for Human Development, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Resources for Human Development, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania

December 19, 2018

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,489,358	\$ 2,574,878
Limited use cash and cash equivalents	1,782,292	1,821,981
Investments	5,789,650	4,919,817
Limited use investments	600,754	766,334
Accounts receivable, net of allowance for doubtful accounts of \$4,568,291 for 2018 and \$4,142,085 for 2017	37,182,744	36,811,121
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$147,810 for 2018 and \$154,410 for 2017	3,240	38,240
Prepaid expenses and other current assets	3,191,420	3,214,562
<b>Total current assets</b>	<b>54,039,458</b>	<b>50,146,933</b>
Property and equipment, net	18,616,095	23,072,394
Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$9,303 for 2018 and \$53,615 for 2017	163,383	166,445
Other assets	712,555	1,579,454
<b>Total assets</b>	<b>\$ 73,531,491</b>	<b>\$ 74,965,226</b>

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Long-term debt, current portion	\$ 2,194,139	\$ 2,183,917
Accounts payable and accrued expenses	13,505,017	14,214,759
Accrued payroll and related liabilities	16,335,185	17,101,453
Deferred revenue	5,495,428	5,895,743
Contract advances, current portion	2,931,044	616,730
Due to consumers	1,077,234	1,128,728
<b>Total current liabilities</b>	<b>41,538,047</b>	<b>41,141,330</b>
<b>Long-term liabilities</b>		
Long-term debt, net of current portion	9,157,934	12,850,698
Contract advances, net of current portion	788,971	203,244
Deferred rent obligation, net of current portion	331,657	468,067
Deferred credits, net of current portion	-	27,000
Retirement plans, net of current portion	475,606	306,350
<b>Total liabilities</b>	<b>52,292,215</b>	<b>54,996,689</b>
<b>Net assets</b>		
Unrestricted	17,630,251	16,077,191
Temporarily restricted	3,008,271	3,125,012
<b>Total net assets before noncontrolling interest</b>	<b>20,638,522</b>	<b>19,202,203</b>
Noncontrolling interest	600,754	766,334
<b>Total net assets</b>	<b>21,239,276</b>	<b>19,968,537</b>
<b>Total liabilities and net assets</b>	<b>\$ 73,531,491</b>	<b>\$ 74,965,226</b>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES  
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS**

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Support, revenue and other</b>		
Support and revenue		
Federal	\$ 5,482,262	\$ 5,992,355
Medicaid	103,639,185	110,813,021
Managed care	53,750,447	53,716,065
City of Philadelphia, PA	20,622,568	20,995,868
Montgomery County, PA	8,915,487	8,227,591
Other state and local	39,849,121	41,088,249
Patients/clients fees	13,519,175	12,131,573
Other fees and sales	6,757,897	7,847,674
Grants and donations	308,981	214,720
Interest and miscellaneous	3,810,080	2,442,818
Total unrestricted support and revenue	256,655,203	263,469,934
Net assets released from temporary restrictions	2,722,621	2,336,835
<b>Total unrestricted support, revenue and other</b>	<b>259,377,824</b>	<b>265,806,769</b>
<b>Expenditures</b>		
Program	223,696,368	229,973,525
Management and general	31,767,995	31,943,548
Fundraising	559,730	545,515
Other operating	1,791,986	3,512,274
Total expenditures	257,816,079	265,974,862
<b>Income (loss) from operations</b>	<b>1,561,745</b>	<b>(168,093)</b>
<b>Other changes in unrestricted net assets</b>		
Equity in net loss of investments	(29,192)	(11,361)
Change in fair value of interest rate swap	-	60,177
<b>Total other changes in unrestricted net assets</b>	<b>(29,192)</b>	<b>48,816</b>
<b>Changes in unrestricted net assets before noncontrolling interest</b>	<b>1,532,553</b>	<b>(119,277)</b>
Noncontrolling interest in net loss of investments	20,507	23,918
<b>Changes in unrestricted net assets</b>	<b>\$ 1,553,060</b>	<b>\$ (95,359)</b>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Unrestricted net assets</b>		
Total unrestricted support and revenue	\$ 256,655,203	\$ 264,775,541
Net assets released from temporary restrictions	2,722,621	1,031,228
Total expenditures	(257,816,079)	(265,974,862)
Equity in net loss of investments	(29,192)	(11,361)
Changes in fair value of interest rate swap	-	60,177
Noncontrolling interest in net loss of investments	20,507	23,918
Changes in unrestricted net assets	1,553,060	(95,359)
<b>Temporarily restricted net assets</b>		
Contributions	2,605,880	2,502,822
Net assets released from temporary restrictions	(2,722,621)	(2,336,835)
Changes in temporarily restricted net assets	(116,741)	165,987
<b>Changes in total net assets before noncontrolling interest</b>	<b>1,436,319</b>	<b>70,628</b>
<b>Noncontrolling interest</b>		
Net investment loss	(20,507)	(23,918)
Contributions, SNPT	38,355	57,207
Distributions, SNPT	(183,428)	(70,948)
Changes in noncontrolling interest	(165,580)	(37,659)
Change in total net assets	1,270,739	32,969
Total net assets, beginning of year	19,968,537	19,935,568
<b>Total net assets, end of year</b>	<b>\$ 21,239,276</b>	<b>\$ 19,968,537</b>

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2018

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
LOWER MERION COUNSELING AND MOBILE SERVICES	\$ 2,191,956	\$ 444,544	\$ 999,370	\$ 280,754	\$ 68,082	\$ 19,645	\$ 53,026	\$ 26,743	\$ 113,138	\$ 76,479	\$ 4,273,737
CONSULTANTS IN CONTEXT	243,231	46,167	49,525	24,958	7,575	10,332	13,299	9,691	13,833	10,902	429,513
NEW FOUNDATIONS/WELLSPRINGS	719,237	172,879	45,277	362,284	38,479	3,195	88,373	8,316	115,057	4,467	1,557,564
NEW OPTIONS	909,452	226,601	14,062	131,810	24,016	2,139	91,114	11,955	78,736	156,692	1,646,577
POSITIVE RESOLUTIONS	480,176	121,609	36,711	184,928	33,097	11,242	127,594	21,568	101,726	13,109	1,131,760
COORDINATED HOMELESS OUTREACH CENTER	661,271	165,971	1,797	95,643	19,237	788	139,402	21,457	44,614	7,295	1,157,475
CRITICAL TIME INTERVENTION	375,983	71,979	-	30,760	15,986	1,252	10,853	13,957	21,311	2,755	544,836
RISE ABOVE	493,520	86,269	245,793	55,570	10,372	2,720	11,061	10,649	6,915	-	922,869
MONTGOMERY COUNTY RECOVERY CENTER	1,198,475	258,937	120,164	153,258	23,193	15,123	96,569	33,605	32,456	7,360	1,939,140
WOMANSPACE ARDMORE	303,163	62,130	7,229	24,810	5,528	947	50,956	6,111	22,440	6,330	489,644
FAMILY HOUSE NORRISTOWN	346,653	72,227	46,494	26,345	11,554	431	46,582	4,452	33,276	11,244	599,258
NOVA II	35,378	10,143	-	7,299	900	-	1,803	44	1,150	-	56,717
WOMANSPACE PHILADELPHIA	354,744	77,980	24,234	37,626	6,294	1,796	38,792	7,951	26,218	1,982	577,617
FAMILY HOUSE PHILADELPHIA	411,780	101,935	20,410	116,855	6,474	120	51,088	3,063	47,631	4,100	763,456
MORRIS HOUSE	323,113	75,658	3,861	19,505	8,565	2,989	57,721	3,170	45,335	2,424	542,341
BEHAVIORIAL HEALTH SERVICES CITY OF PHILA.	8,613,316	2,050,450	268,914	1,904,900	231,502	37,440	1,033,960	127,927	533,926	76,444	14,878,779
NOVA III	777,750	186,497	72,776	174,065	14,976	611	101,995	6,343	46,552	8,209	1,389,774
TEAM ARRIVE	577,431	128,156	-	80,737	45,553	2,036	15,112	19,058	39,914	-	907,997
FASST/CONNECTIONS	1,364,151	290,019	67,159	89,613	45,026	3,164	33,730	85,023	17,173	-	1,995,058
PENNSYLVANIA IDD	35,675,583	9,038,159	2,562,223	4,651,539	659,400	99,861	1,871,901	905,159	2,949,251	689,405	59,102,481
EARLY INTERVENTION	167,026	43,501	298,961	9,512	4,200	798	3,206	1,052	5,304	-	533,560
RSS BASE	36,380	8,327	955	5,628	-	-	1,954	50	6,738	4,093	64,125
ADESHA VILLAGE- Department Of Autism	75,001	17,673	17,480	20,794	3,631	-	4,994	111	18,793	4,295	162,772
RHD BRIDGES	602,097	183,698	16,397	121,169	20,265	1,236	41,971	3,839	28,681	3,202	1,022,555
RHD ALLIES	360,340	112,429	516	38,532	20,460	3,523	9,132	14,578	21,719	-	581,229
CORE	698,945	206,171	79,114	178,547	3,117	4,128	111,755	8,953	30,259	8,380	1,329,369
SALT CHESTER COUNTY	282,397	71,357	52,727	67,338	13,066	2,665	49,111	6,523	20,975	-	566,159
LTSR	-	-	2,825	9,145	-	-	-	87	1,890	154,400	168,347
HEALING AJAX	75,494	16,401	9,650	6,084	3,043	40	2,539	1,617	694	-	115,562
CHILDRENS PROGRAMS											
CIRT	130,790	31,626	41,801	3,387	773	40	253	1,334	346	-	210,350
COSP	2,130,552	316,384	709,249	41,197	8,081	841	15,330	7,201	27,205	-	3,256,040
High Fidelity Wrap Around	375,216	78,073	-	26,427	9,533	40	5,237	19,354	9,377	-	523,257
Mastery	475,364	106,316	7,710	7,377	356	1,410	7,942	1,002	3,359	-	610,836
North E3 Center	9,091	831	-	1,266	362	-	427	372	-	-	12,349
School Therapeutic Services	2,301,640	462,574	328,784	41,372	20,292	62	12,263	2,449	26,187	-	3,195,623
CSSP - Children's Special Services	6,578	651	-	-	-	-	18	-	-	-	7,247
Stepping Stones	865,387	225,722	217,268	351,944	13,316	2,267	72,805	4,981	28,897	-	1,782,587
MAINSTREAM	81,954	20,553	-	1,485	-	35	24,360	20,637	4,879	-	153,903
FAMILIES IN TRANSITION	120,649	20,565	680	233,232	7,600	-	4,963	2,237	3,726	-	393,652
PROJECT ADVANTAGE	303,768	89,285	2,403	72,426	7,634	9	21,167	449	19,264	5,375	521,780
NEW START 1 & 2	1,030,456	243,659	73,960	202,972	14,124	2,334	146,945	13,444	79,475	9,977	1,817,346
FERNWOOD	893,834	219,385	10,494	16,519	20,375	2,997	35,120	3,674	93,230	4,907	1,300,535
WOODSTOCK SHELTER	885,057	214,989	6,361	16,520	15,971	535	57,825	1,512	15,757	1,665	1,216,192
BUCKS COUNTY HALFWAY HOUSE	3,195	463	9,463	-	-	-	-	-	-	-	13,121

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2018

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
<b>NORTHEAST PENNSYLVANIA (excludes IDD)</b>											
Hope House	438,199	109,293	61,805	41,064	7,588	2,094	27,199	1,615	27,966	48	716,871
New Perspectives - Residential	870,189	204,218	73,915	67,172	18,100	3,926	40,672	4,147	65,416	31,372	1,379,127
New Perspectives - CIT	16,328	2,844	-	240	-	-	-	-	12,412	-	31,824
Crossroads Flex Housing Fund	33,776	10,698	-	151,030	5,713	-	341,588	5,971	46,201	-	594,977
Lehigh County Medical Mobile	22,106	5,370	-	104,007	19	-	436	259	6,282	-	138,479
Lehigh Valley ACT & ICM	2,194,217	490,050	646,600	191,315	53,201	10,001	33,677	171,549	99,278	26,146	3,916,034
Clover Hill Circle	266,411	68,910	1,027	27,896	7,280	3,714	15,909	1,633	20,255	10,030	423,065
Power	349,363	68,604	1,384	37,618	13,995	3,017	6,448	14,506	24,026	1,468	520,429
Fair Weather Lodge	354,646	77,411	4,886	120,270	13,474	406	131,649	14,390	36,759	19,789	773,680
LV Housing Support	9,006	1,835	250	185,085	42	-	882	5,308	725	-	203,133
Crossroads Community Services	212,811	48,846	858	49,283	12,614	1,178	4,348	5,462	13,971	12,044	361,415
Crossroads ESG - Day Program	98,655	25,446	-	26,234	5,870	-	19,716	1,689	9,468	-	187,078
Crossroads Individual	63,113	19,495	80	262,144	4,167	-	2,164	1,736	16,975	5,479	375,353
Crossroads Supportive Family Housing	74,872	17,329	-	250,147	2,488	-	788	2,060	24,697	4,843	377,224
Crossroads Housing	10,362	3,270	-	13,661	-	-	-	6	-	-	27,299
Hope Springs - Lehigh County	306,361	78,201	8,324	37,557	6,387	1,469	25,600	2,735	26,636	44	493,314
Hope Springs - Northampton County	419,732	118,034	39,487	47,911	8,385	1,784	41,995	3,166	30,890	48	711,432
<b>CONNECTICUT</b>	<b>4,854,590</b>	<b>1,395,228</b>	<b>104,549</b>	<b>557,457</b>	<b>56,640</b>	<b>9,279</b>	<b>243,898</b>	<b>225,806</b>	<b>537,815</b>	<b>162,629</b>	<b>8,147,891</b>
<b>DELAWARE</b>											
Passages	798,098	154,579	53,178	124,096	5,218	6,617	95,256	17,781	40,911	6,161	1,301,895
ACT/ICM	2,510,596	510,905	604,459	279,916	90,851	3,709	179,062	209,983	48,632	5,761	4,443,874
Choices	855,034	224,462	13,594	63,821	11,305	712	98,465	4,364	35,180	-	1,306,937
Mainstay	2,893,538	700,396	8,637	335,334	74,903	14,306	225,943	35,468	165,444	-	4,453,969
Mental Health Group Homes	546,440	114,607	26,039	62,050	3,413	4,819	54,803	6,340	27,427	371	846,309
<b>FLORIDA</b>											
Defuniak Springs	264,954	80,916	612	32,456	6,383	2,430	22,338	1,913	30,517	-	442,519
Jacksonville	673,430	146,568	-	55,439	8,783	2,470	55,746	18,736	35,600	5,920	1,002,692
Volusia	282,093	65,547	14,394	33,566	6,267	1,135	44,403	17,133	33,393	9,080	507,011
<b>IOWA</b>											
Cross ACT	336,092	62,292	147,946	112,177	16,775	170	21,564	7,940	45,925	-	750,881
Waterloo ACT	400,939	79,869	148,600	20,167	18,890	346	15,891	11,324	35,359	6,044	737,429
RIST SUPPORTIVE HOUSING	355,367	69,617	2,875	209,214	14,631	800	12,254	6,599	36,941	-	708,298
<b>LOUISIANA</b>											
Pathways	138,497	42,112	-	65,170	7,408	-	6,809	2,223	10,625	4,846	277,690
ACT Team 1 & 2	1,021,900	282,839	469,371	57,259	25,645	360	13,769	62,007	31,262	6,610	1,971,022
Shelter Plus Care	-	-	-	58,500	-	-	-	-	-	-	58,500
Metropolitan ACT 1 & 2	1,137,216	269,290	290,747	77,335	24,986	4,510	14,962	46,471	32,462	2,819	1,900,798
Mobile Crisis	440,395	102,182	103,102	14,490	11,488	-	1,480	8,038	8,799	-	689,974
Metro Crisis	695,191	174,491	153,779	7,024	16,349	5,707	6,159	6,194	11,317	1,862	1,078,073
Homeless Outreach	25,965	5,532	-	64	681	-	-	-	1,438	621	34,301
<b>MASSACHUSETTS</b>	<b>4,507,861</b>	<b>1,309,247</b>	<b>148,522</b>	<b>989,010</b>	<b>61,876</b>	<b>11,923</b>	<b>350,964</b>	<b>80,813</b>	<b>169,902</b>	<b>81,629</b>	<b>7,711,747</b>
<b>MISSOURI</b>											
St. Louis	3,104,959	832,380	5,279	471,488	22,195	4,193	141,194	171,199	132,945	38,086	4,923,918
Kansas City	1,490,100	388,893	23,347	338,371	28,078	5,631	61,877	118,977	36,157	48,071	2,539,502
<b>NEBRASKA</b>											
Lincoln	1,397,091	376,009	353,658	248,773	32,862	1,565	36,607	14,097	116,970	21,400	2,599,032
Omaha	1,008,578	256,483	281,109	137,810	25,021	2,015	23,416	19,183	77,830	21,654	1,853,099

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2018

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
<b>NEW JERSEY</b>											
Supported Adult-Passaic	351,187	86,405	-	99,902	23,047	453	33,102	10,043	70,777	2,389	677,305
Supported Adult/RIST -Ocean	1,094,806	229,884	8,915	131,887	39,536	5,028	77,599	35,611	132,979	4,724	1,760,969
Supported Adult -Tri-County	478,100	113,458	1,000	61,219	14,491	2,259	7,242	23,767	63,531	-	765,067
Camden Housing Program	274,296	71,935	-	50,701	14,461	1,910	29,136	2,550	33,825	-	478,814
Camden Mainstay	500,429	107,456	1,960	16,661	8,757	2,737	6,592	3,578	29,501	-	677,671
<b>NORTH CAROLINA</b>											
Enhance Supportive Housing Residential	244,737	57,762	62,659	295,690	11,849	6,206	42,233	4,532	21,198	11,782	758,648
	883,203	248,253	11,118	296,453	30,195	12,244	84,189	25,696	57,518	19,556	1,668,425
<b>RHODE ISLAND</b>	2,187,793	744,979	35,736	222,248	10,633	1,097	45,563	122,786	102,714	10,168	3,483,717
<b>SOUTH DAKOTA</b>											
SHARED LIVING	495,124	118,150	80,755	48,784	21,560	7,741	24,261	30,968	44,424	-	871,767
CASE MANAGEMENT	595,538	138,375	1,502	5,840	23,284	2,557	15,195	72,380	11,724	4,890	871,285
<b>TENNESSEE</b>											
NASHVILLE	2,404,323	650,507	49,805	117,087	64,660	3,091	80,387	54,316	181,555	52,339	3,658,070
MEMPHIS	2,519,535	700,939	74,901	84,062	24,102	3,487	60,354	27,204	180,192	53,166	3,727,942
<b>VIRGINIA</b>											
Specialized Treatment Services	252	27	-	560	50	575	-	2,931	255	-	4,650
<b>FAMILY PRACTICE AND COUNSELING NETWORK</b>	9,893,148	2,395,978	6,176,034	1,214,061	167,919	97,551	2,701,618	693,418	343,958	170,836	23,854,521
POINT TO POINT	1,162,498	254,340	44,758	89,797	45,288	1,703	19,590	459,222	248,227	92,338	2,417,761
NEW BEGINNINGS	632,771	119,494	556,906	54,536	30,154	5,130	303,439	52,781	19,955	-	1,775,166
FUTURE SEARCH	16,177	1,634	7,795	225	2,363	250	6,762	10,100	-	-	45,306
HIGH STREET	-	-	-	-	-	-	11,643	62	97,000	-	108,705
MISCELLANEOUS	1,683	700	158,968	10,868	102	942	5,087	78,975	1,161	1,200	259,686
<b>Grand Totals</b>	<b>127,182,245</b>	<b>31,413,517</b>	<b>17,538,022</b>	<b>18,690,334</b>	<b>2,724,430</b>	<b>504,038</b>	<b>10,538,171</b>	<b>4,481,439</b>	<b>8,542,709</b>	<b>2,233,754</b>	<b>223,848,659</b>
Property and equipment capitalized	-	-	-	-	-	-	-	-	-	(518,994)	(518,994)
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	802,532	802,532
Long term debt principal payments made	-	-	-	(97,338)	-	-	-	-	-	-	(97,338)
Interunit charges and other activity	-	-	-	(73,223)	-	(11,837)	(4,594)	(250)	(840)	-	(90,744)
Vacation accrual	(4,029)	(11,753)	-	-	-	-	-	-	-	-	(15,782)
Elimination of program fundraising costs	(158,193)	(29,874)	-	-	(7,538)	-	-	-	-	-	(195,605)
Other consolidation entities	-	-	-	31,019	-	-	-	-	-	-	31,019
Elimination of consolidated activity	-	-	(38,277)	(4,521)	(23)	-	(11,643)	(62)	(12,853)	-	(67,379)
<b>Total Program</b>	<b>\$ 127,020,023</b>	<b>\$ 31,371,890</b>	<b>\$ 17,499,745</b>	<b>\$ 18,546,271</b>	<b>\$ 2,716,869</b>	<b>\$ 492,201</b>	<b>\$ 10,521,934</b>	<b>\$ 4,481,127</b>	<b>\$ 8,529,016</b>	<b>\$ 2,517,292</b>	<b>\$ 223,696,368</b>
<b>Management and General</b>	<b>17,382,963</b>	<b>3,647,413</b>	<b>1,422,054</b>	<b>1,751,878</b>	<b>543,942</b>	<b>135,152</b>	<b>404,698</b>	<b>1,059,877</b>	<b>3,165,453</b>	<b>2,412,570</b>	<b>31,926,000</b>
Interunit charges and other activity	(36,377)	(7,027)	-	(46,445)	(1,200)	(80)	(3,095)	(21,168)	(720)	-	(116,112)
Elimination of admin fundraising costs	(199,387)	(41,725)	(19,742)	-	(11,727)	(99)	(69,827)	(19,446)	(2,171)	-	(364,124)
Other consolidated entities	-	-	-	-	-	-	-	17,069	-	-	17,069
Elimination of consolidated activity	-	-	-	-	-	-	-	305,162	-	-	305,162
<b>Total Management and General</b>	<b>\$ 17,147,199</b>	<b>\$ 3,598,661</b>	<b>\$ 1,402,312</b>	<b>\$ 1,705,433</b>	<b>\$ 531,015</b>	<b>\$ 134,973</b>	<b>\$ 331,776</b>	<b>\$ 1,341,494</b>	<b>\$ 3,162,562</b>	<b>\$ 2,412,570</b>	<b>\$ 31,767,995</b>
<b>Fundraising</b>	<b>\$ 357,580</b>	<b>\$ 71,599</b>	<b>\$ 19,742</b>	<b>\$ -</b>	<b>\$ 19,265</b>	<b>\$ 99</b>	<b>\$ 69,827</b>	<b>\$ 19,447</b>	<b>\$ 2,171</b>	<b>\$ -</b>	<b>\$ 559,730</b>

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2017

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
LOWER MERION COUNSELING SERVICES	\$ 1,333,194	\$ 271,950	\$ 602,545	\$ 213,074	\$ 56,731	\$ 8,641	\$ 37,526	\$ 26,264	\$ 89,387	\$ 5,955	\$ 2,645,267
CONSULTANTS IN CONTEXT	236,131	51,159	61,752	25,872	7,738	15,766	7,375	9,123	9,966	-	424,882
NEW FOUNDATIONS/WELLSPRINGS	841,725	208,708	28,545	401,340	34,787	2,610	77,390	7,664	81,247	4,467	1,688,483
NEW OPTIONS	512,069	145,799	26,272	133,384	18,709	3,236	85,302	3,642	64,003	6,379	998,795
POSITIVE RESOLUTIONS	886,448	237,099	15,512	188,120	34,742	11,377	110,652	15,333	116,904	45,632	1,661,819
COORDINATED HOMELESS OUTREACH CENTER	773,591	220,390	3,735	75,742	16,815	217	113,715	12,638	66,726	216,608	1,500,177
CRITICAL TIME INTERVENTION	357,922	85,449	15	33,035	15,852	4,634	7,733	10,609	23,875	3,006	542,130
RISE ABOVE	430,808	85,243	273,415	71,832	14,974	1,954	14,825	6,553	17,826	-	917,430
MONTGOMERY COUNTY METHADONE CENTER	953,837	199,512	108,420	130,013	18,754	3,708	94,879	28,695	63,236	1,616	1,602,670
WOMANSPACE ARDMORE	269,680	59,892	17,608	22,875	3,887	1,220	45,091	3,211	20,529	3,817	447,810
FAMILY HOUSE NORRISTOWN	397,704	105,927	42,983	34,817	10,054	912	42,879	3,244	70,847	9,598	718,965
NOVA II	29,014	10,289	276	7,976	2,948	2	11,671	44	2,730	638	65,588
WOMANSPACE PHILADELPHIA	372,601	84,242	25,338	38,787	4,943	3,064	47,172	6,334	32,644	1,982	617,107
FAMILY HOUSE PHILADELPHIA	455,532	114,695	21,565	98,722	7,129	822	47,906	1,214	48,550	4,100	800,235
MORRIS HOUSE	350,733	84,707	6,450	18,892	9,392	1,864	45,948	4,670	40,025	27,075	589,756
BEHAVIORIAL HEALTH SERVICES CITY OF PHILA.	8,857,450	2,254,138	132,705	1,758,277	256,035	85,032	1,040,019	107,479	430,225	94,788	15,016,148
NOVA III	871,932	217,827	45,906	226,813	15,046	2,151	77,898	17,934	53,796	11,255	1,540,558
TEAM ARRIVE	692,710	165,111	295	79,510	66,620	2,083	22,063	28,911	11,479	-	1,068,782
FASST/CONNECTIONS	1,410,320	343,999	62,912	94,244	47,172	5,838	48,737	77,679	37,258	-	2,128,159
PENNSYLVANIA IDD	33,719,393	9,442,747	2,146,982	4,463,265	643,008	86,562	1,923,066	930,108	2,551,007	759,347	56,665,485
EARLY INTERVENTION	177,247	47,227	399,294	10,938	4,445	1,155	5,680	1,289	5,575	-	652,850
RSS BASE	38,115	9,136	330	7,995	614	-	563	10	7,401	4,093	68,257
ADESHA VILLAGE -Department of Autism	78,630	19,557	28,333	18,722	3,967	214	7,639	1,084	15,154	4,274	177,574
SPECIALIZED TREATMENT SERVICES PA	17,355	2,937	7,200	243	-	-	563	195	-	-	28,493
RHD BRIDGES	595,917	177,311	5,551	119,369	20,968	2,004	45,749	4,052	33,390	3,202	1,007,513
RHD ALLIES	326,184	92,224	375	38,145	14,027	4,319	7,629	10,085	32,831	23,710	549,529
CORE	736,569	207,117	65,550	175,189	5,804	10,705	126,078	6,653	21,797	8,380	1,363,842
SALT CHESTER COUNTY	242,176	68,081	8,757	47,747	9,343	7,198	23,853	3,828	17,299	203	428,485
HEALING AJAX	119,157	24,098	12,986	6,935	10,152	35	1,829	1,638	116	-	176,946
CHILDRENS PROGRAMS											
CIRT	88,838	19,715	9,980	2,900	971	35	3,250	1,198	201	-	127,088
COSP	1,944,111	311,026	668,414	39,068	9,128	2,671	17,423	8,161	47,815	-	3,047,817
High Fidelity Wrap Around	383,918	87,983	-	26,616	9,675	1,573	6,232	20,113	3,431	-	539,541
Mastery	635,983	132,666	51,845	8,537	2,276	6,009	10,153	942	2,618	-	851,029
North E3 Center	3,455	868	4,992	822	383	-	1,629	165	-	-	12,314
School Therapeutic Services	2,057,823	461,752	720,624	40,258	18,967	754	9,493	2,571	52,593	-	3,364,835
Stepping Stones	851,738	235,177	186,865	323,334	19,979	11,346	58,526	3,728	23,280	-	1,713,973
SUPPORTED ADULT-HUD	1,624	361	-	95,644	-	-	-	-	(150)	-	97,479
MAINSTREAM	103,629	27,954	-	1,876	-	-	54,257	14,031	3,850	-	205,597
FAMILIES IN TRANSITION	107,606	19,960	-	212,880	2,728	140	4,508	3,199	4,097	-	355,118
PROJECT ADVANTAGE	338,713	110,625	7,544	81,573	12,413	1,649	35,016	814	14,870	4,309	607,526
NEW START 1 & 2	1,073,193	276,137	55,679	189,118	18,092	2,458	142,991	9,439	92,254	4,262	1,863,623
FERNWOOD	796,490	221,242	2,237	16,650	28,214	3,656	31,331	4,820	46,351	4,907	1,155,898
WOODSTOCK SHELTER	887,920	248,263	18,454	19,933	15,837	2,595	46,352	2,231	25,343	3,995	1,270,923
BUCKS COUNTY HALFWAY HOUSE	1,781	290	11,145	-	48	-	-	1,150	-	-	14,414
NORTHEAST PENNSYLVANIA (excludes IDD)											
Hope House	447,577	120,611	46,605	38,210	8,554	2,536	31,148	1,935	28,416	115	725,707
New Perspectives - Residential	900,247	222,750	73,374	39,640	16,794	1,930	35,808	5,116	60,653	224	1,356,536

See notes to consolidated financial statements.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES**  
**YEAR ENDED JUNE 30, 2017**

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
New Perspectives - CIT	13,758	3,636	-	305	-	-	-	10	9,876	-	27,585
Crossroads Flex Housing Fund	32,752	12,837	7,877	95,547	15	-	338,483	6,417	42,234	-	536,162
Lehigh County Medical Mobile	11,990	2,976	280	98,384	84	-	184	73	5,604	-	119,575
Lehigh Valley ACT & ICM	2,269,269	559,573	608,894	187,654	57,654	47,407	36,562	169,607	87,047	26,247	4,049,914
Clover Hill Circle	270,075	84,833	643	28,961	7,677	2,215	2,834	13,377	2,834	64	429,401
Power	261,083	68,644	44	34,839	12,354	4,479	10,343	7,597	19,976	4,376	423,735
Fair Weather Lodge	345,690	93,593	3,769	139,814	20,624	1,261	129,949	14,248	46,532	4,643	800,123
LV Housing Support	7,417	1,500	-	174,654	1,862	-	1,688	5,507	-	-	192,628
Crossroads Community Services	216,192	54,344	23,164	35,526	12,813	1,897	3,347	6,159	20,367	5,966	379,775
Crossroads ESG - Day Program	94,274	30,317	-	21,043	6,573	203	11,018	1,018	5,550	-	169,996
Crossroads Individual	78,117	22,305	2,231	258,876	5,145	-	3,164	1,054	15,076	6,342	392,310
Crossroads Supportive Family Housing	92,289	21,166	1,429	261,095	3,086	-	1,036	2,675	13,829	5,750	402,355
Crossroads Housing	18,579	5,164	-	51,974	33	-	4	-	916	-	76,670
Hope Springs - Lehigh County	310,997	89,114	16,326	36,418	8,472	600	27,496	4,219	26,999	96	520,737
Hope Springs - Northampton County	406,464	117,862	24,502	47,759	10,777	1,069	42,358	6,991	37,273	121	695,176
<b>CONNECTICUT</b>	<b>4,910,816</b>	<b>1,430,027</b>	<b>231,776</b>	<b>562,849</b>	<b>56,146</b>	<b>12,157</b>	<b>231,456</b>	<b>222,255</b>	<b>586,075</b>	<b>92,970</b>	<b>8,336,527</b>
<b>DELAWARE</b>											
Brandywine Hills	386,177	73,621	25,539	77,358	3,046	5,055	46,819	9,646	29,510	1,884	658,655
Passages	884,836	186,096	57,480	118,603	7,650	12,528	109,426	20,601	52,137	10,615	1,459,972
ACT/ICM	2,474,492	542,549	706,832	285,419	76,423	7,018	207,628	191,788	102,219	17,126	4,611,494
Choices	808,256	230,551	14,171	89,733	12,804	925	82,201	3,339	39,364	-	1,281,344
Mainstay	2,107,410	568,945	4,160	244,438	66,351	18,924	167,285	32,144	158,297	-	3,367,954
Mainstay - Philadelphia	19,939	4,767	25	579	108	-	-	4	386	-	25,808
<b>FLORIDA</b>											
Defuniak Springs	287,215	90,641	630	32,229	6,675	1,175	20,893	1,635	22,049	1,233	464,375
Jacksonville	1,831,972	515,929	3,537	211,440	23,834	9,708	149,846	11,382	110,672	28,421	2,896,741
Volusia	797,730	233,752	77,575	98,033	20,486	6,310	93,893	13,266	77,991	26,696	1,445,732
<b>IOWA</b>											
CROSS	65,877	10,318	16,020	12,458	8,804	596	7,345	12,087	51,074	-	184,579
ACT	219,943	40,679	70,137	39,013	20,029	786	19,102	10,192	52,567	3,022	475,470
RIST SUPPORTIVE HOUSING	379,517	114,642	-	237,670	20,548	640	26,365	12,620	57,711	-	849,713
<b>LOUISIANA</b>											
Pathways	127,165	38,786	-	61,338	7,883	-	7,463	2,843	12,321	4,846	262,645
ACT Team 1 & 2	986,514	269,328	303,494	59,031	25,351	2,856	8,543	53,859	39,010	17,778	1,765,764
Shelter Plus Care	-	-	-	69,276	30	-	-	-	-	-	69,306
Metropolitan ACT 1&2	1,136,775	282,874	242,068	76,037	26,219	3,683	12,973	49,315	36,318	3,759	1,870,021
Mobile Crisis	396,599	94,096	100,218	14,681	11,992	-	1,954	5,458	10,113	-	635,111
Metro Crisis	635,762	158,005	142,047	15,033	16,486	5,359	13,332	4,212	15,045	3,326	1,008,607
Homeless Outreach	74,566	22,925	-	955	1,990	-	881	24	7,341	2,483	111,165
New Hope	258,878	66,731	36,771	44,458	5,639	150	15,953	1,113	5,607	475	435,775
<b>MASSACHUSETTS</b>	<b>4,616,769</b>	<b>1,263,573</b>	<b>62,538</b>	<b>992,881</b>	<b>58,608</b>	<b>10,702</b>	<b>393,509</b>	<b>83,354</b>	<b>181,990</b>	<b>62,815</b>	<b>7,726,739</b>
<b>MISSOURI</b>											
St. Louis	3,183,558	947,335	5,771	446,515	38,702	7,460	159,434	138,330	229,045	38,381	5,194,531
Kansas City	1,576,204	444,707	5,269	314,507	29,335	3,090	51,253	141,356	41,728	31,252	2,638,701
<b>NEBRASKA</b>											
Lincoln	3,839,316	1,111,110	292,589	587,519	83,727	3,657	178,639	52,348	87,459	37,592	6,273,956
Omaha	2,209,504	635,253	182,148	334,710	68,085	2,470	99,238	40,728	187,556	28,435	3,788,127
<b>NEW JERSEY</b>											
Supported Adult-Passaic	462,487	109,992	5,279	116,421	19,599	197	54,045	10,420	77,921	2,389	858,750
Supported Adult/RIST-Ocean	1,435,418	344,410	36,120	164,211	45,749	5,194	74,470	35,474	241,787	12,322	2,395,155
Supported Adult-Tri-County	440,211	99,124	17,202	75,466	18,168	3,413	27,319	3,730	85,310	-	769,943
Camden Housing Program	295,792	80,875	-	58,226	14,076	3,053	25,344	3,568	28,369	-	509,303
Camden Mainstay	481,015	115,580	2,870	18,171	8,056	2,773	11,697	4,254	36,206	-	680,622

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RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2017

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
<b>NORTH CAROLINA</b>											
Enhanced Supportive Housing	319,360	84,110	63,396	419,228	14,595	7,321	70,505	5,628	20,510	11,782	1,016,435
Residential	943,381	306,801	10,587	283,462	33,077	11,541	84,558	27,450	55,410	20,644	1,776,911
<b>RHODE ISLAND</b>	2,079,532	674,548	10,017	195,393	10,201	509	40,888	165,378	78,184	8,352	3,263,002
<b>SOUTH DAKOTA</b>											
SHARED LIVING	5,077	539	-	-	3,375	-	697	6,151	15,055	-	30,894
CASE MANAGEMENT	503,889	129,165	726	6,798	23,791	983	18,614	69,914	9,724	4,890	768,494
<b>TENNESSEE</b>											
NASHVILLE	3,022,595	880,157	26,455	112,418	59,213	3,418	32,990	121,897	216,606	69,822	4,545,571
MEMPHIS	3,033,959	931,730	9,343	101,118	26,225	8,546	57,901	48,874	197,334	70,442	4,485,472
<b>VIRGINIA</b>											
Specialized Treatment Services	146,251	32,039	8,172	15,901	2,517	-	2,113	511	6,522	6,168	220,194
Rise Above	38,289	9,626	-	418	1,263	-	561	40	-	-	50,197
<b>FAMILY PRACTICE AND COUNSELING NETWORK</b>											
POINT TO POINT	9,804,146	2,225,190	5,677,634	1,236,607	201,447	111,047	2,495,430	643,185	336,877	158,959	22,890,522
NEW BEGINNINGS	959,570	237,540	48,409	92,564	51,864	1,390	17,180	349,359	210,741	82,758	2,051,375
FUTURE SEARCH	460,966	110,767	592,565	25,755	27,096	6,330	208,145	37,087	18,397	-	1,487,108
ENDOW-A-HOME	16,893	1,913	3,252	711	2,019	16,454	7,927	3,351	-	-	52,520
HIGH STREET	28,556	4,269	3,323	59,931	116	147	201	84,140	32,053	15,877	228,613
MISCELLANEOUS	-	-	-	4	112	-	269	758,201	10,078	-	768,664
	38,983	10,707	3,825	191,965	(116)	1,351	10,427	174,006	4,595	16,347	452,090
<b>Grand Totals</b>	<b>129,869,896</b>	<b>34,468,137</b>	<b>15,798,494</b>	<b>19,353,312</b>	<b>2,925,278</b>	<b>662,722</b>	<b>10,580,613</b>	<b>5,304,722</b>	<b>8,591,365</b>	<b>2,205,403</b>	<b>229,759,942</b>
Property and equipment capitalized	-	-	-	-	-	-	-	-	-	(303,474)	(303,474)
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	1,076,569	1,076,569
Long term debt principal payments made	-	-	-	(90,073)	-	-	-	-	-	-	(90,073)
Interunit charges and other activity	-	-	4,223	(96,447)	(300)	(20,310)	(7,616)	(425)	(4,680)	-	(125,555)
Vacation accrual	(52,485)	14,863	-	-	-	-	-	-	-	-	(37,622)
Elimination of program fundraising costs	(115,242)	(26,805)	-	-	(6,774)	-	-	-	-	-	(148,821)
Other consolidated entities	-	-	-	120,225	-	-	-	350	-	-	120,575
Elimination of consolidated activity	-	-	(120,114)	(108,004)	(112)	-	(269)	(39,439)	(10,078)	-	(278,016)
<b>Total Program</b>	<b>\$ 129,702,169</b>	<b>\$ 34,456,195</b>	<b>\$ 15,682,603</b>	<b>\$ 19,179,013</b>	<b>\$ 2,918,092</b>	<b>\$ 642,412</b>	<b>\$ 10,572,728</b>	<b>\$ 5,265,208</b>	<b>\$ 8,576,607</b>	<b>\$ 2,978,498</b>	<b>\$ 229,973,525</b>
<b>Management and General</b>	<b>\$ 18,376,864</b>	<b>\$ 3,856,085</b>	<b>\$ 1,785,329</b>	<b>\$ 1,924,508</b>	<b>\$ 737,617</b>	<b>\$ 203,622</b>	<b>\$ 541,638</b>	<b>\$ 747,425</b>	<b>\$ 2,188,073</b>	<b>\$ 1,777,626</b>	<b>\$ 32,138,787</b>
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	175,212	175,212
Elimination of admin fundraising costs	(236,816)	(49,233)	(8,170)	(227)	(4,433)	(921)	(74,547)	(18,759)	(3,588)	-	(396,694)
Other consolidated entities	-	-	-	-	-	-	-	59,571	-	-	59,571
Elimination of consolidated activity	-	-	-	-	-	-	-	(33,328)	-	-	(33,328)
<b>Total Management and General</b>	<b>\$ 18,140,048</b>	<b>\$ 3,806,852</b>	<b>\$ 1,777,159</b>	<b>\$ 1,924,281</b>	<b>\$ 733,184</b>	<b>\$ 202,701</b>	<b>\$ 467,091</b>	<b>\$ 754,909</b>	<b>\$ 2,184,485</b>	<b>\$ 1,952,838</b>	<b>\$ 31,943,548</b>
<b>Fundraising</b>	<b>\$ 352,058</b>	<b>\$ 76,038</b>	<b>\$ 8,170</b>	<b>\$ 227</b>	<b>\$ 11,207</b>	<b>\$ 921</b>	<b>\$ 74,547</b>	<b>\$ 18,759</b>	<b>\$ 3,588</b>	<b>\$ -</b>	<b>\$ 545,515</b>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Changes in total net assets before noncontrolling interests	\$ 1,436,319	\$ 70,628
Adjustments to reconcile changes in total net assets before noncontrolling interests to net cash provided by operating activities		
Noncontrolling interests in net income of investments	(20,507)	(23,918)
Gain on sale/disposition of property and equipment	(170,866)	(1,006,608)
Net realized and unrealized losses on limited use investments	16,792	17,683
Net realized and unrealized gains on investments	(401,108)	(297,768)
Net increase in allowances for doubtful accounts and uncollectible advances and loans	375,294	711,533
Depreciation and amortization	5,156,106	5,218,793
Debt forgiveness	(1,340,106)	-
Equity in net losses of investments	29,192	11,361
Deferred credit forgiveness	(30,000)	(3,000)
Change in fair value of interest rate swap	-	(60,177)
Change in deferred tax asset	1,328,490	578,439
Change in valuation allowance on deferred tax asset	(581,121)	(578,439)
Changes in operating assets and liabilities		
Limited use cash (escrow)	(11,805)	(39,041)
Accounts receivable	(797,828)	(1,697,430)
Prepaid expenses and other current assets	23,143	(424,206)
Other assets	90,334	(135,609)
Accounts payable and accrued expenses	(706,740)	1,487,608
Accrued payroll and related liabilities	(766,268)	(1,623,981)
Deferred revenue	(400,315)	2,297,173
Contract advances	2,900,041	551,447
Deferred rent obligation	(136,410)	126,195
Retirement plans	169,256	144,452
Other liabilities	-	(714)
Net cash provided by operating activities	6,161,893	5,324,421
<b>Cash flows from investing activities</b>		
Acquisitions of property and equipment	(1,751,961)	(2,844,633)
Proceeds from sale of property and equipment	1,223,019	1,708,815
Proceeds from sale of SQA assets	-	291,745
Net issuance of note receivable	-	(492,878)
Purchases of investments	(1,229,002)	(1,550,051)
Proceeds from sale of investments	760,277	473,105
Purchases of limited use investments	(371,655)	(1,287,679)
Proceeds from sale of limited use investments	520,443	1,307,655
Net collection of advances and loans	88,974	15,417
Net cash used in investing activities	(759,905)	(2,378,504)

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from financing activities</b>		
Principal borrowings on long-term debt	530,744	3,843,364
Principal payments on long-term debt	(2,873,179)	(5,521,934)
Payment on interest rate swap	-	(19,000)
Contributed capital from noncontrolling interest	38,355	57,207
Distributions to noncontrolling interest	(183,428)	(70,948)
Net cash used in financing activities	(2,487,508)	(1,711,311)
<b>Net increase in cash and cash equivalents</b>	<b>2,914,480</b>	<b>1,234,606</b>
Cash and cash equivalents, beginning of year	2,574,878	1,340,272
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,489,358</b>	<b>\$ 2,574,878</b>

#### **SUPPLEMENTAL CASH FLOW DISCLOSURE**

Cash paid for interest	\$ 676,437	\$ 729,319
Taxes paid	\$ 20,833	\$ 283

#### **SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

Debt incurred for the acquisition of property and equipment	\$ -	\$ 502,951
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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, 2018, RHD oversees and supports more than 160 locally-managed programs in 14 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 these 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 Investments was designed to assist businesses which provide quality low-moderate income jobs that lead to sustainable improvements in distressed communities, primarily by providing capital, investment funding and technical assistance. As of June 30, 2018, this entity has minimal activity. Through Murex, the Organization has invested in various special purpose entities. These investments include SQA a “closed-door” pharmacy dedicated to providing high quality pharmaceutical services; High Street Manor Associates which provided housing and case management services to those affected with HIV; and Taunton Run which is a senior living facility located in New Jersey. As of December 31, 2017, SQA and SQ ceased operations. As of August 2017, High Street ceased operations.

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Presentation**

The accompanying consolidated financial statements include the accounts of RHD, its for-profit subsidiaries, Murex Corporation (Murex) (100% owned by RHD) and Murex Investments, Inc. (Murex Investments) (93% owned by RHD), as well as two related not-for-profit organizations which RHD controls, The SQ Foundation (SQ) and The Non-Profit Housing Corporation of Pennsylvania (NPHO), and one trust which is consolidated as a variable interest entity, the RHD Special Needs Pooled Trust (SNPT) (collectively referred to hereafter as “the Organization”). The following entities have been consolidated with Murex and are reflected in the consolidated financial statements: SQA Pharmacy, LLC, Murex High Street, Inc., High Street Manor Associates, LP (High Street), Murex TRS, Inc. and TRS, LLP (Taunton Run). As of December 31, 2017, SQA and SQ ceased operations. As of August 2017, High Street and Murex High Street, Inc. ceased operations.

## 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.

SNPT has been consolidated with the Organization under the requirements of the Financial Accounting Standards Board Accounting Standards Codification. SNPT is a variable interest entity in which RHD is the primary beneficiary. See Note 19 for additional information.

Other operating expenditures included in the consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets relate to the operating expenses of the for-profit consolidated entities.

Accounting principles generally accepted in the United States of America require not-for-profit organizations to distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets.

Donated space, goods and certain services are required to be reported at their fair market value in the year that they are contributed. The Organization records in-kind income and expenses for reporting to its funding sources in accordance with the associated contract requirements. The contract requirements for reporting donated space, goods and services differ from generally accepted accounting principles. As such, only a portion of the amounts reported to funding sources have been recorded as donated space, goods and services in the accompanying consolidated financial statements. In-kind revenue and expense for the years ended June 30, 2018 and 2017 was \$898,481 and \$864,039, respectively.

##### **Revenue and Support**

Revenue is recognized as services are provided based on contracted or established reimbursement rates. Some reimbursement rates are negotiated with payers and can be based on actual costs. Support from government contracts and grants, including overhead allowance, is generally recognized as the related expenses are incurred. The Organization has contracts and grants with various agencies of the federal, state and local governments, and departments of the City of Philadelphia.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Net Assets**

Net assets are categorized according to externally (donor) imposed restrictions. A description of the net asset categories is as follows:

*Unrestricted net assets* – are those assets that are available for the support of operations and whose use is not externally restricted.

*Temporarily restricted net assets* – are those assets whose use by the Organization has been limited by donors to a specific time period or purpose.

*Permanently restricted net assets* – are those assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor that can be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets as of June 30, 2018 and 2017.

Restricted contributions received whose restrictions are for the purchase of property and equipment are released at a rate of the related depreciation of the property and equipment purchased.

##### **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.

##### **Cash and Cash Equivalents**

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

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **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, 2018 and 2017, the consumer funds cash and cash equivalents totaled \$1,077,234 and \$1,128,728, 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, 2018 and 2017, this escrow account was \$705,058 and \$693,253, respectively.

##### **Investments**

Investments are stated at fair value and consist of RHD funds held for investment. At June 30, 2018 and 2017 these funds were invested in various types of accounts that include cash, fixed income, common stock, mutual funds and money market accounts and classified as short-term. The investment of these funds is 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 included in the consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted 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 is 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 unrestricted revenues, expenditures and other changes in unrestricted 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.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **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 is reported as part of prepaid expenses and other current assets at June 30, 2018 and 2017.

##### **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.

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 feels that the consolidated financial statements of the Organization are more accurate by capitalizing these assets.

##### **Advances and Loans**

Advances and loans consist of advances or loans receivables initiated by Murex, Murex Investments 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 and Murex Investments are maintained within the financial statements of each entity and eliminate in consolidation.

##### **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. At June 30, 2018 and 2017, the Organization had equity investments in companies that total \$0 and \$29,192, respectively. This balance is reported as part of other assets at June 30, 2018 and 2017.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Vacation Accrual**

All eligible employees (including program employees) of the Organization are able to carry over unused earned vacation time. Employees are able to use vacation time earned as of June 30<sup>th</sup> according to the PTO Plan Year. At June 30, 2018 and 2017, \$3,215,287 and \$3,231,069, respectively, of program vacation expenses and related taxes are included in accrued payroll and related liabilities. 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 of \$596,530 and \$704,538 at June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017, there is \$2,618,757 and \$2,526,531, respectively, of program vacation expense accrued for which no revenue or receivable was recorded as these amounts were incurred under fee-for-service contracts. In addition, at June 30, 2018 and 2017, \$876,479 and \$890,590, respectively, of administrative vacation expenses and related taxes are also included in accrued payroll and related liabilities.

##### **Deferred Revenue**

Deferred revenue consists primarily of program revenues received but not earned as of the date of the consolidated statements of financial position. Deferred revenues will be earned as the program conditions are met.

##### **Derivative Instruments**

Part of the Organization's interest rate risk management strategy was to stabilize cash flow requirements by maintaining interest rate swap contracts to convert certain variable-rate debt to a fixed rate. Interest rate swap contracts designated and qualifying as hedges against future cash flows were reported at fair value. The gain or loss on the hedges was reflected in consolidated changes in unrestricted net assets. As of June 30, 2017, the swap was cancelled.

##### **Tax Status**

RHD, SQ, 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. Murex, Murex Investments and two of their 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.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America 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**

Generally accepted accounting principles require entities to disclose the estimated fair value of their financial instrument assets and liabilities. In addition to the derivative instruments identified above, 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 to companies and long-term debt.

##### **Noncontrolling Interest**

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

##### **Reclassifications**

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 consolidated financial statement presentation. These reclassifications did not result in any changes to previously reported net assets.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3 - PROMISES TO GIVE**

**Unconditional Promises to Give**

The Organization records unconditional promises to give when received. Contributions were received with multiple year payment terms. These receivables were recorded at their present value using a discount rate of 3.25%.

	Year Ended June 30,	
	2018	2017
Gross unconditional promises to give	\$ 296,242	\$ 404,331
Less unamortized discount	(2,508)	(5,937)
	<u>\$ 293,734</u>	<u>\$ 398,394</u>
Amounts due		
Within one year	\$ 226,242	\$ 274,331
Within two to five years	67,492	124,063
	<u>\$ 293,734</u>	<u>\$ 398,394</u>

The current portion of this receivable is reported as part of accounts receivable at June 30, 2018 and 2017, with the remaining balance reported as other assets in the consolidated statements of financial position.

**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, 2018 and 2017, RHD had \$20,000 of unrecorded conditional promises to give which will be recognized when the Organization 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4 - INVESTMENTS**

Investments, stated at fair value, are as follows:

	June 30, 2018	
	Cost	Fair Value
Cash and money market funds	\$ 511,704	\$ 511,704
Fixed income securities	1,327,350	1,294,528
Common stock	862,965	1,017,428
Mutual funds	2,625,435	2,965,990
	<b>\$ 5,327,454</b>	<b>\$ 5,789,650</b>

	June 30, 2017	
	Cost	Fair Value
Cash and money market funds	\$ 1,001,662	\$ 1,001,662
Fixed income securities	1,090,449	1,099,724
Common stock	673,165	774,994
Mutual funds	1,843,779	2,043,437
	<b>\$ 4,609,055</b>	<b>\$ 4,919,817</b>

The following schedule summarizes the investment returns on the above investments:

	Year ended June 30,	
	2018	2017
Investment income	\$ 177,280	\$ 91,798
Unrealized/realized gains	401,108	369,316
	<b>\$ 578,388</b>	<b>\$ 461,114</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5 - LIMITED USE INVESTMENTS**

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

	June 30, 2018	
	Cost	Fair Value
Fixed income securities	\$ 625,600	\$ 598,949
Money market funds	1,805	1,805
	\$ 627,405	\$ 600,754

	June 30, 2017	
	Cost	Fair Value
Fixed income securities	\$ 701,430	\$ 685,549
Money market funds	80,785	80,785
	\$ 782,215	\$ 766,334

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

	Year ended June 30,	
	2018	2017
Investment income	\$ 13,354	\$ 15,456
Unrealized/realized losses	(16,792)	(17,683)
	\$ (3,438)	\$ (2,227)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**6 - PROPERTY AND EQUIPMENT, NET**

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

	June 30,	
	2018	2017
Real estate and improvements	\$ 23,855,527	\$ 24,980,498
Leasehold improvements	17,590,351	18,252,390
Furniture and fixtures	2,040,639	2,483,195
Computer equipment and software	8,070,108	7,696,070
Automobiles	9,289,066	11,171,859
	60,845,691	64,584,012
Less accumulated depreciation and amortization	42,229,596	41,511,618
	\$ 18,616,095	\$ 23,072,394

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Program	\$ 2,517,292	\$ 2,976,746
Management and general	2,412,570	1,952,838
Other operating	226,244	289,209
	\$ 5,156,106	\$ 5,218,793

**7 - ADVANCES AND LOANS**

The Organization through its for-profit subsidiaries, Murex and Murex Investments, has made loans and advances to certain partnerships and companies. In addition, the Organization, through its subsidiary, Murex Investments, has made loans to certain companies in which it has an equity interest. Murex and Murex Investments invest in certain companies located in distressed areas of Philadelphia, Pennsylvania. Its investees 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.

The major sources of funds for investing in and lending to these companies were restricted grants and donations. The investments in these companies are accounted for using the equity method of accounting.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7 - 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, 2019.

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

	June 30, 2018		
	Balance	Allowance	Net
Advances to affiliates	\$ 177,873	\$ (137,073)	\$ 40,800
Advances to companies	20,040	(20,040)	-
Mortgage note receivables	125,823	-	125,823
	323,736	(157,113)	166,623
Less current portion	151,050	(147,810)	3,240
	\$ 172,686	\$ (9,303)	\$ 163,383

	June 30, 2017		
	Balance	Allowance	Net
Advances to affiliates	\$ 192,694	\$ (152,169)	\$ 40,525
Advances to companies	90,856	(55,856)	35,000
Mortgage note receivables	129,160	-	129,160
	412,710	(208,025)	204,685
Less current portion	192,650	(154,410)	38,240
	\$ 220,060	\$ (53,615)	\$ 166,445

Allowances are determined based on the Organization's assessment of the creditworthiness of the companies. Changes in the allowance for doubtful advances and loans are as follows:

	Year ended June 30,	
	2018	2017
Beginning balance	\$ 208,025	\$ 199,079
Written off	(43,662)	-
Recovered	(7,250)	(6,150)
Provision	-	15,096
Ending balance	\$ 157,113	\$ 208,025

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8 - DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS**

Murex Investments and Murex have recorded a net deferred income tax asset resulting from net operating loss carryforwards, unrealized gains and losses on investments, and allowances created against advances and loans to investees. The Tax Cuts and Jobs Act was enacted on December 22, 2017. The Act reduced the U.S. federal corporate rate from 35% to 21%. As a result, the deferred tax assets and liabilities have been adjusted as of June 30, 2018 to the new rate. The effect of this rate change resulted in a decrease in the deferred tax asset and related valuation allowance of approximately \$300,000. As of June 30, 2018 and 2017, management has created a valuation allowance to account for the uncertainty that a portion of the deferred tax asset would be utilized.

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

	June 30,	
	2018	2017
Net operating loss carryforwards	\$ 785,396	\$ 1,798,336
Allowance on advances and loans to investees	46,815	362,365
Deferred income tax assets	832,211	2,160,701
Valuation allowance	(832,211)	(1,413,332)
	\$ -	\$ 747,369

Deferred income tax assets are included in other assets in the consolidated statements of financial position.

Murex Investments has net operating loss carryforwards of approximately \$1,500,000 as of June 30, 2018 which are available to offset future federal taxable income. These carryforwards will begin to expire in 2024.

Murex has net operating loss carryforwards of approximately \$1,900,000 as of June 30, 2018 which are available to offset future federal taxable income. These carryforwards will begin to expire in 2030.

Provisions for income tax expenses are included in other operating expenditures on the consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets and consist of the following components:

	2018	2017
Deferred income tax expense	\$ (1,328,490)	\$ (578,439)
Change in valuation allowance	581,121	578,439
	\$ (747,369)	\$ -

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9 - LINE OF CREDIT**

At June 30, 2018 and 2017, the Organization had available a line of credit with a bank in the amount of \$22,000,000. Related borrowings incur interest at the one-month LIBOR plus 2.5%. The effective rate at June 30, 2018 and 2017 was 4.59% and 3.73%, respectively. This line is collateralized by accounts receivable and other assets of the Organization. As of June 30, 2018 and 2017, there was no outstanding balance on this line.

The Organization was obligated under outstanding letters of credit of \$6,925,000 for both years ending June 30, 2018 and 2017.

**10 - LONG-TERM DEBT**

Long-term debt consists of the following:

	June 30,	
	2018	2017
<b>RHD</b>		
Mortgage notes, payable in monthly installments ranging from \$0 to \$7,559, mostly including interest ranging from 1.0% to 6.63%, collateralized by various properties, maturing at various times through December 2040.	\$ 4,985,449	\$ 5,264,947
Note payable, interest and principal due monthly, interest at a fixed rate of 3.75% through 2020, collateralized by accounts receivable and other assets.	2,777,938	3,789,544
Note payable, interest and principal due monthly, interest at fixed rates ranging from 3% to 6% through 2024. This note was paid off during August 2017.	-	547,911
Note payable, principal due monthly with no interest through 2019.	209,547	362,049

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**10 - LONG-TERM DEBT** (Continued)

	June 30,	
	2018	2017
<b>Murex</b>		
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.	3,379,139	3,494,419
Mortgage notes (related to High Street), payable in monthly installments ranging from \$0 to \$2,672, mostly including interest ranging from 1% to 6.5%, collateralized by income producing assets, maturing at various times from 2021 through 2035. This note was paid off in June 2018.	-	579,459
<b>Murex Investments</b>		
Notes payable, interest due semi-annually based on the participating percentage of operating distributions received from a related entity, outstanding principal due on March 24, 2017, collateralized by a participating interest in the investment in a related entity. These notes were cancelled in June 2018.	-	996,286
	11,352,073	15,034,615
Less current portion	2,194,139	2,183,917
Long-term portion	\$ 9,157,934	\$ 12,850,698

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**10 - LONG-TERM DEBT** (Continued)

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

<u>Year Ending June 30,</u>	
2019	\$ 2,194,139
2020	2,038,674
2021	1,792,684
2022	486,845
2023	297,410
Thereafter	4,542,321
<u>Total</u>	<u>\$ 11,352,073</u>

Interest expense for the years ended June 30, 2018 and 2017 was \$693,441 and \$723,079, respectively.

**11 - DEFERRED CREDITS**

The Organization has received grants/loans from various governmental agencies for acquiring and/or rehabilitating properties for specified purposes. If the conditions of this loan agreement are met, this balance will be forgiven over a period of 30 years. The loan bears no interest except in the event of default. No interest has been accrued because it is the intention of the Organization to comply with all related conditions. During year ended June 30, 2018, this credit was forgiven in full. The current portion of this liability was reported as part of accounts payable and accrued expenses at June 30, 2017. The deferred credit balance is as follows:

	<u>2018</u>	<u>2017</u>
First Trust Savings (originated June 1998 to be forgiven at the rate of \$3,000 per year over a 30-year period ending June 2027).	\$ -	\$ 30,000

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 12 - LEASE COMMITMENTS

##### Operating Leases

The Organization leases various buildings and equipment under leasing arrangements expiring through 2027. These leases are accounted for as operating leases. Generally, leases with terms beyond one year contain defunding clauses which allow the Organization 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 \$523,468 and \$532,260 included in the consolidated financial statements at June 30, 2018 and 2017, respectively. The current portion of this liability is \$191,811 and \$64,193, 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,	
2019	\$ 10,058,798
2020	6,057,751
2021	4,129,694
2022	3,142,189
2023	2,811,542
Thereafter	7,573,125
<b>Total</b>	<b>\$ 33,773,099</b>

The Organization also maintains numerous property leases with terms of up to one year which are not included in the above schedule. Rent expense for the years ended June 30, 2018 and 2017 totaled \$12,908,922 and \$13,495,426, respectively. Total equipment rental expense incurred for the years ended June 30, 2018 and 2017 was \$1,231,871 and \$853,478, respectively.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 13 - SELF-INSURANCE

The Organization 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, 2018 and 2017 is approximately \$5,370,000 and \$5,775,000, respectively, for future claims for all self-insured retentions, which represents an estimate by management. The ultimate cost, however, will depend on the magnitude and extent of future claims.

The Organization 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 \$4,345,000 and \$4,704,000 is included in accrued payroll and related liabilities as of June 30, 2018 and 2017, respectively, as a reserve for potential future unemployment claims. This also is an estimate by management and the ultimate cost will depend on the extent of future claims.

#### 14 - 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 is 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, 2018 and 2017, the liability amount recorded related to this benefit is \$505,107 and \$341,006, respectively. The current portion of this liability is \$29,501 and \$34,656, 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, 2018 and 2017, the current liability amount recorded related to this benefit is \$65,308 and \$92,471, respectively has been included in accrued payroll and related liabilities.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 14 - RETIREMENT PLANS (Continued)

##### **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, 2018 and 2017, RHD has accrued \$180,140 and \$0, respectively, in employer contributions for the employees of one of its programs.

##### **Retirement Advantage Plan**

The Retirement Advantage Plan was a retirement plan offered during fiscal year 2016 designed to support RHD staff considering retirement. This plan was offered for a limited time. In order to receive a payment under this plan, an employee must have met three requirements: worked full-time for RHD for at least 8 years, have attained the age of 64 by December 1, 2016, and have communicated the decision to participate in the plan by June 24, 2016. The payments commenced upon the employee's retirement from RHD. The payments were based on the employee's annual salary that was in effect on the lesser date of retirement or June 1, 2017. These payments were paid based on the number of years of service, not to exceed 9 months. In lieu of the monthly payments, the employee could choose to have RHD make lump sum cash contributions into a 403(b) account. During the year ended June 30, 2017, the liability amount recorded related to this benefit was \$50,807 and was fully paid during the fiscal year ended June 30, 2018.

#### 15 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following:

	June 30,	
	2018	2017
Purchase of property and equipment and related depreciation	\$ 5,468	\$ 154,775
Programmatic purpose	2,709,070	2,571,843
Time restrictions	293,733	398,394
	<u>\$ 3,008,271</u>	<u>\$ 3,125,012</u>

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 16 - SUPPORT AND REVENUE

A breakdown of both unrestricted and restricted support and revenue by geographic region for RHD is as follows:

	Year ended June 30,	
	2018	2017
Connecticut	\$ 8,463,791	\$ 8,306,025
Delaware	13,936,625	12,812,081
Florida	2,084,383	5,166,454
Iowa	2,579,462	1,762,401
Louisiana	7,306,182	7,699,072
Massachusetts	8,971,961	8,851,864
Missouri	8,490,168	9,401,821
Nebraska	3,460,168	9,515,398
New Jersey	5,089,906	5,905,211
North Carolina	2,898,364	3,245,256
Pennsylvania	179,861,542	175,336,417
Rhode Island	3,762,272	3,458,416
South Dakota	1,825,602	732,979
Tennessee	7,476,622	9,773,559
Virginia	16,663	269,790
Total	\$ 256,223,711	\$ 262,236,744

#### 17 - CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES

##### Credit Risks

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, 2018, approximately \$6,100,000 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 or are covered under existing insurance policies.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 18 - FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles in the United States of America (“GAAP”) defines fair value, provides guidance for measuring fair value and requires certain disclosures. 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). 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.

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

*Bond Funds* - Valued based on the net asset values (“NAV”) of units held by the Organization at year-end. Although the bonds are not available in an active market, the NAV of the units are approximated based on the quoted prices of the underlying investments that are traded in an active market.

*Common Stock* - Valued at the daily closing price as reported by the corporations which are registered with the Securities and Exchange Commission. These corporations are required to publish their daily net asset value (“NAV”) and to transact at that price. The common stocks held by the Organization are deemed to be actively traded.

*Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**18 - FAIR VALUE MEASUREMENTS (Continued)**

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

	Fair Value at June 30, 2018		
	Total	Level 1	Level 2
Cash and Money Market Funds	\$ 513,509	\$ 513,509	\$ -
Fixed Income			
AAAB Bond	598,949	-	598,949
Intermediate –Term Bond	646,804	-	646,804
World Bond	647,723	-	647,723
Common Stock			
Basic Materials	9,427	9,427	-
Consumer Goods	205,353	205,353	-
Financial	175,403	175,403	-
Healthcare	120,627	120,627	-
Industrial Goods	70,926	70,926	-
Real Estate	44,741	44,741	-
Services	34,613	34,613	-
Technology	264,647	264,647	-
Utilities	91,691	91,691	-
Mutual Funds			
Diversified Emerging Markets	44,283	44,283	-
Dynamic Allocation	1,330,018	1,330,018	-
Foreign Large Blend	509,198	509,198	-
Foreign Small Blend	95,631	95,631	-
Large Growth	505,690	505,690	-
Mid-Cap Growth	49,195	49,195	-
Small Growth	191,099	191,099	-
Small Value Blend	240,877	240,877	-
	<b>\$ 6,390,404</b>	<b>\$ 4,496,928</b>	<b>\$ 1,893,476</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**18 - FAIR VALUE MEASUREMENTS (Continued)**

Fair Value at June 30, 2017			
	Total	Level 1	Level 2
Cash and Money Market Funds	\$ 1,082,447	\$ 1,082,447	\$ -
Fixed Income			
AAAB Bond	685,549	-	685,549
Global High Yield Fixed Income	147,949	-	147,949
Intermediate –Term Bond	469,745	-	469,745
World Bond	482,030	-	482,030
Common Stock			
Basic Materials	38,248	38,248	-
Consumer Goods	102,439	102,439	-
Financial	147,610	147,610	-
Healthcare	113,255	113,255	-
Industrial Goods	45,373	45,373	-
Services	152,265	152,265	-
Technology	141,848	141,848	-
Utilities	33,956	33,956	-
Mutual Funds			
Diversified Emerging Markets	42,748	42,748	-
Dynamic Allocation	1,101,428	1,101,428	-
Foreign Large Blend	312,729	312,729	-
Foreign Small Blend	55,319	55,319	-
Large Growth	156,167	156,167	-
Mid-Cap Growth	37,819	37,819	-
Mid-Cap Value	35,043	35,043	-
Small Growth	141,064	141,064	-
Small Value Blend	161,120	161,120	-
	\$ 5,686,151	\$ 3,900,878	\$ 1,785,273

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 19 - 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.

The Organization is the primary beneficiary of SNPT based on results of a qualitative assessment that the Organization 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,	
	2018	2017
Limited use investments	\$ 600,754	\$ 766,334
Equity	(600,754)	(766,334)
	\$ -	\$ -

#### 20 - 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, SQ Foundation and NPHO met the requirements to maintain its tax-exempt status 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 Investments and Murex, as well as its related for-profit entities.

#### 21 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 19, 2018, the date on which the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

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

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2018**

	Resources for Human Development, Inc.	Other Entities			Eliminations	Total
		Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 5,372,267	\$ 109,173	\$ 7,918	\$ -	\$ -	\$ 5,489,358
Limited use cash and cash equivalents	1,077,234	705,058	-	-	-	1,782,292
Investments	5,789,650	-	-	-	-	5,789,650
Limited use investments	-	-	-	600,754	-	600,754
Accounts receivable, net of allowance for doubtful accounts of \$4,568,291	37,183,220	-	-	-	(476)	37,182,744
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$147,810	-	3,240	-	-	-	3,240
Prepaid expenses and other current assets	3,175,752	15,668	-	-	-	3,191,420
<b>Total current assets</b>	<b>52,598,123</b>	<b>833,139</b>	<b>7,918</b>	<b>600,754</b>	<b>(476)</b>	<b>54,039,458</b>
Property and equipment, net	14,988,517	3,627,578	-	-	-	18,616,095
Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$9,303	538,223	122,583	40,800	-	(538,223)	163,383
Other assets	159,211	553,344	-	-	-	712,555
<b>Total assets</b>	<b>\$ 68,284,074</b>	<b>\$ 5,136,644</b>	<b>\$ 48,718</b>	<b>\$ 600,754</b>	<b>\$ (538,699)</b>	<b>\$ 73,531,491</b>

See independent auditors' report on supplementary information and selected notes to supplementary information.

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

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

**JUNE 30, 2018**

	Resources for Human Development, Inc.	Other Entities			Eliminations	Total
		Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities</b>						
Long-term debt, current portion	\$ 2,065,366	\$ 128,773	\$ -	\$ -	\$ -	\$ 2,194,139
Accounts payable and accrued expenses	13,214,761	307,536	-	-	(17,280)	13,505,017
Accrued payroll and related liabilities	16,335,185	-	-	-	-	16,335,185
Deferred revenue	5,492,150	3,278	-	-	-	5,495,428
Contract advances, current portion	2,931,044	-	-	-	-	2,931,044
Due to consumer clients	1,077,234	-	-	-	-	1,077,234
Total current liabilities	41,115,740	439,587	-	-	(17,280)	41,538,047
<b>Long-term liabilities</b>						
Long-term debt, net of current portion	5,907,568	3,250,366	-	-	-	9,157,934
Contract advances, net of current portion	788,971	-	-	-	-	788,971
Deferred rent obligation, net of current portion	331,657	-	-	-	-	331,657
Retirement plans, net of current portion	475,606	-	-	-	-	475,606
Other	-	2,776,729	119,949	-	(2,896,678)	-
Total liabilities	48,619,542	6,466,682	119,949	-	(2,913,958)	52,292,215
<b>Stockholders' equity</b>						
Common stock	-	100	-	-	(100)	-
Additional paid in capital	-	608,330	4,406,010	-	(5,014,340)	-
Accumulated deficit	-	(1,938,468)	(4,477,241)	-	6,415,709	-
<b>Net assets</b>						
Unrestricted	16,656,261	-	-	-	973,990	17,630,251
Temporarily restricted	3,008,271	-	-	-	-	3,008,271
Total net assets before noncontrolling interests	19,664,532	(1,330,038)	(71,231)	-	2,375,259	20,638,522
Noncontrolling interests	-	-	-	600,754	-	600,754
Total net assets	19,664,532	(1,330,038)	(71,231)	600,754	2,375,259	21,239,276
<b>Total liabilities and net assets</b>	<b>\$ 68,284,074</b>	<b>\$ 5,136,644</b>	<b>\$ 48,718</b>	<b>\$ 600,754</b>	<b>\$ (538,699)</b>	<b>\$ 73,531,491</b>

See independent auditors' report on supplementary information and selected notes to supplementary information.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES**  
**AND OTHER CHANGES IN UNRESTRICTED NET ASSETS**

**YEAR ENDED JUNE 30, 2018**

	Resources for Human Development, Inc.			Other Entities			Eliminations	Total
	Operating	Equipment	Total	Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>Support, revenue and other</b>								
Support and revenue								
Federal	\$ 5,482,262	\$ -	\$ 5,482,262	\$ -	\$ -	\$ -	\$ -	\$ 5,482,262
Medicaid	103,639,185	-	103,639,185	-	-	-	-	103,639,185
Managed care	53,750,447	-	53,750,447	-	-	-	-	53,750,447
City of Philadelphia, PA	20,618,047	-	20,618,047	-	-	4,521	-	20,622,568
Montgomery County, PA	8,915,487	-	8,915,487	-	-	-	-	8,915,487
Other state and local	39,330,127	518,994	39,849,121	-	-	-	-	39,849,121
Patient/client fees	13,519,175	-	13,519,175	-	-	-	-	13,519,175
Other fees and sales	5,857,384	-	5,857,384	922,399	-	15,097	(36,983)	6,757,897
Grants and donations	308,981	-	308,981	-	-	-	-	308,981
Interest and miscellaneous	1,706,934	-	1,706,934	236,845	1,869,739	(3,438)	-	3,810,080
<b>Total unrestricted support and revenue</b>	<b>253,128,029</b>	<b>518,994</b>	<b>253,647,023</b>	<b>1,159,244</b>	<b>1,869,739</b>	<b>16,180</b>	<b>(36,983)</b>	<b>256,655,203</b>
Net assets released from temporary restrictions	2,722,621	-	2,722,621	-	-	-	-	2,722,621
<b>Total unrestricted support, revenue and other</b>	<b>255,850,650</b>	<b>518,994</b>	<b>256,369,644</b>	<b>1,159,244</b>	<b>1,869,739</b>	<b>16,180</b>	<b>(36,983)</b>	<b>259,377,824</b>
<b>Expenditures</b>								
Program	223,035,300	697,428	223,732,728	-	-	31,019	(67,379)	223,696,368
Management and general	31,445,764	-	31,445,764	-	-	17,069	305,162	31,767,995
Fundraising	559,730	-	559,730	-	-	-	-	559,730
Other operating	-	-	-	1,024,909	753,962	-	13,115	1,791,986
<b>Total expenditures</b>	<b>255,040,794</b>	<b>697,428</b>	<b>255,738,222</b>	<b>1,024,909</b>	<b>753,962</b>	<b>48,088</b>	<b>250,898</b>	<b>257,816,079</b>
<b>Income (loss) from operations</b>	<b>809,856</b>	<b>(178,434)</b>	<b>631,422</b>	<b>134,335</b>	<b>1,115,777</b>	<b>(31,908)</b>	<b>(287,881)</b>	<b>1,561,745</b>
<b>Other changes in unrestricted net assets</b>								
Equity in net loss of investments	(29,192)	-	(29,192)	-	-	-	-	(29,192)
<b>Changes in unrestricted net assets before noncontrolling interest</b>	<b>780,664</b>	<b>(178,434)</b>	<b>602,230</b>	<b>134,335</b>	<b>1,115,777</b>	<b>(31,908)</b>	<b>(287,881)</b>	<b>1,532,553</b>
Noncontrolling interest in net income of investments	-	-	-	-	-	20,507	-	20,507
<b>Changes in unrestricted net assets</b>	<b>\$ 780,664</b>	<b>\$ (178,434)</b>	<b>\$ 602,230</b>	<b>\$ 134,335</b>	<b>\$ 1,115,777</b>	<b>\$ (11,401)</b>	<b>\$ (287,881)</b>	<b>\$ 1,553,060</b>

See independent auditors' report on supplementary information and selected notes to supplementary information.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018

	Resources for Human Development, Inc.			Other Entities			Eliminations	Total
	Operating	Equipment	Total	Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>Unrestricted net assets</b>								
Total unrestricted support and revenue	\$ 253,128,029	\$ 518,994	\$ 253,647,023	\$ 1,159,244	\$ 1,869,739	\$ 16,180	\$ (36,983)	\$ 256,655,203
Net assets released from temporary restrictions	2,722,621	-	2,722,621	-	-	-	-	2,722,621
Total expenditures	(255,040,794)	(697,428)	(255,738,222)	(1,024,909)	(753,962)	(48,088)	(250,898)	(257,816,079)
Equity in net loss of investments	(29,192)	-	(29,192)	-	-	-	-	(29,192)
Noncontrolling interest in net income of investments	-	-	-	-	-	20,507	-	20,507
Changes in unrestricted net assets	780,664	(178,434)	602,230	134,335	1,115,777	(11,401)	(287,881)	1,553,060
<b>Temporarily restricted net assets</b>								
Contributions	2,605,880	-	2,605,880	-	-	-	-	2,605,880
Net assets released from temporary restrictions	(2,722,621)	-	(2,722,621)	-	-	-	-	(2,722,621)
Changes in temporarily restricted net assets	(116,741)	-	(116,741)	-	-	-	-	(116,741)
<b>Changes in total net assets before noncontrolling interest</b>								
	663,923	(178,434)	485,489	134,335	1,115,777	(11,401)	(287,881)	1,436,319
<b>Noncontrolling interest</b>								
Net investment loss	-	-	-	-	-	(20,507)	-	(20,507)
Contributions	-	-	-	-	-	38,355	-	38,355
Distributions	-	-	-	-	-	(183,428)	-	(183,428)
Changes in noncontrolling interest	-	-	-	-	-	(165,580)	-	(165,580)
Change in total net assets	663,923	(178,434)	485,489	134,335	1,115,777	(176,981)	(287,881)	1,270,739
Total net assets, beginning of year	16,377,415	2,801,628	19,179,043	(1,464,373)	(1,187,008)	777,735	2,663,140	19,968,537
<b>Total net assets, end of year</b>	\$ 17,041,338	\$ 2,623,194	\$ 19,664,532	\$ (1,330,038)	\$ (71,231)	\$ 600,754	\$ 2,375,259	\$ 21,239,276

See independent auditors' report on supplementary information and selected notes to supplementary information.

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of Resources for Human Development, Inc. and Subsidiaries as of and for the year ended June 30, 2018, and our report thereon dated December 19, 2018, which contained an unmodified opinion on those consolidated financial statements, appears on page 2. Our audit was performed 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, changes in net assets, and cash flows of the individual companies and is not a required part of the consolidated statements. The accompanying information on page 43 is also presented for purposes of additional analysis and is not required part of the basic consolidated statements. The schedule on page 43 includes only information of Resources for Human Development, Inc. and not its subsidiaries. All supplementary 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 underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplementary information, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



Philadelphia, Pennsylvania  
December 19, 2018

## 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 and 93% of Murex Investments, Inc. are owned by RHD. In addition, RHD has control of two related not-for-profit organizations, The Non-Profit Housing Corporation of Pennsylvania, which is dormant as of June 30, 2018 and The SQ Foundation which ceased operations as of December 31, 2017, as well as one trust, The RHD Special Needs Pooled Trust. 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 High Street, Inc. , which ceased operations in August 2017, High Street Manor Associates, LP, which ceased operations in August 2017, 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, 2018**

**Chief Executive Officer Name: Dyann Roth & Marco Giordano**

<b>Purpose</b>		
Salary	\$	197,107
Benefits-insurance		18,036
Benefits-retirement		-
Deferred compensation		-
Benefits-payroll taxes		13,482
Car allowance		-
Vehicle provided by government		-
Cell phone		391
Dues		-
Vehicle rental		-
Per diem		-
Reimbursements		-
Travel		5,489
Registration fees		-
Conference travel		1,955
Housing		-
Unvouchered expenses		-
Special meals		-
Other (including payments made by other parties on behalf of the agency head)		-
<b>Total</b>	<b>\$</b>	<b>236,460</b>

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 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, 2018, and the related consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets, 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 December 19, 2018.

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RHD's 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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Philadelphia, Pennsylvania  
December 19, 2018

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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**

We have audited Resources for Human Development, Inc. ("RHD") and Subsidiaries' (the Organization) compliance with the types of compliance requirements described 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, 2018. RHD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of RHD's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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) and the City of Philadelphia Subrecipient Audit Guide. Those standards, the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RHD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RHD's compliance.

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

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, 2018.

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

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

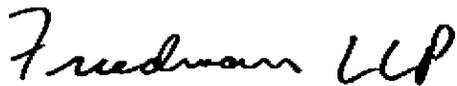
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the consolidated financial statements of Resources for Human Development, Inc. and Subsidiaries as of and for the year ended June 30, 2018, and have issued our report thereon dated December 19, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying RHD schedule of expenditures of federal, state and city awards is presented for purposes of additional analysis as required by the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide 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 schedule of expenditures of federal, state and city awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Philadelphia, Pennsylvania  
December 19, 2018

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b>Federal Financial Assistance</b>				
<b><u>U.S. Department of Health and Human Services</u></b>				
Health Center Cluster	93.224	H80 CS 00718	04/01/14 - 03/31/19	\$ 1,777,862
Health Center Cluster	93.527	H80 CS 00718	04/01/14 - 03/31/19	1,995,613
Nurse Education, Practice, Quality, and Retention	93.359	UD7 HP 29870	07/01/16 - 06/30/18	462,268
Pass-through State of Delaware				
Assertive Community Treatment	93.958	21774	07/01/16 - 12/31/18	5,968
Intensive Case Management	93.958	021879	07/01/16 - 12/31/18	81,583
Pass-through State of Nebraska				
Division of Developmental Disabilities	93.778	N/A	07/01/17 - 06/30/18	1,834,652
Pass-through Rhode Island				
Division of Developmental Disabilities	93.778	RH54940	07/01/17 - 06/30/18	1,644,223
Pass-through Allegheny County				
CORE	93.788	209453	07/01/17 - 06/30/18	22,289

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
Pass-through Bucks County Drug and Alcohol Commission Womanspace Ardmore	93.959	N/A	07/01/17 - 06/30/18	14,529
Pass-through Pennsylvania Department of Human Services				
Montgomery County - MH and D&A (Various)	93.959	4100070752	07/01/17 - 06/30/18	301,343
Montgomery County - MH and D&A (Various)	93.788	4100070752	07/01/17 - 06/30/18	121,328
Montgomery County - MH and D&A (Various)	93.958	SM010044-17	07/01/17 - 06/30/18	238
Montgomery County - IDD	93.667	1701PASOSR	07/01/17 - 09/30/18	11,907
Montgomery County - IDD	93.667	1801PASOSR	09/30/17 - 06/30/18	16,443
Pass-through Philadelphia Office of Behavioral Health/Intellectual Disability				
MH Base Unitary	93.150	17-20075	07/01/17 - 06/30/18	264,408
Early Intervention	93.778	17-20073	07/01/17 - 06/30/18	2,570
Pass-through Philadelphia Office of Homeless Services				
Rapid Rehousing	93.667	1520168-04	07/01/17 - 06/30/18	111,145
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	RW8411	03/01/18 - 02/28/19	21,405
Family Practice and Counseling Network	93.940	CPB7035	01/01/17 - 12/31/17	33,748

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
Family Practice and Counseling Network	93.914	R7411	03/01/17 - 02/28/18	35,564
Pass-through Drexel University				
Family Practice and Counseling Network	93.243	1H79T1026326-01	09/30/15 - 09/29/17	4,313
Pass-through Philadelphia Youth Network				
Workready	93.558	10621	02/15/17 - 09/30/17	6,422
Workready	93.558	18150	02/15/18 - 09/30/18	5,784
Pass-through Access Matters				
Family Practice and Counseling Network	93.994	173010	07/01/16 - 06/30/17	1,091
Family Practice and Counseling Network	93.940	173010	07/01/16 - 06/30/17	2,358
Family Practice and Counseling Network	93.217	173010	07/01/16 - 06/30/17	20
Family Practice and Counseling Network	93.667	173901	07/01/16 - 06/30/17	5,987
Family Practice and Counseling Network	93.994	173901	07/01/16 - 06/30/17	1,615
Family Practice and Counseling Network	93.217	173901	07/01/16 - 06/30/17	23,124
Family Practice and Counseling Network	93.217	183901	07/01/17 - 06/30/18	157,832
Family Practice and Counseling Network	93.217	183010	07/01/17 - 06/30/18	184
Family Practice and Counseling Network	93.940	183010	07/01/17 - 06/30/18	17,645
Family Practice and Counseling Network	93.994	183010	07/01/17 - 06/30/18	15,353
Family Practice and Counseling Network	93.977	173901	07/01/16 - 06/30/17	1,104

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
Pass-through Philadelphia Works				
RHD Shared Services	93.558	PW18-080	09/15/17 - 06/30/18	174,659
<b>Total U.S. Department of Health and Human Services</b>				<b>9,176,577</b>
 <b><u>U.S. Department of Housing and Urban Development</u></b>				
Crossroads	14.267	PA0205L3T091508	10/01/16 - 09/30/17	81,121
Crossroads	14.267	PA0205L3T091609	10/01/17 - 09/30/18	157,907
Crossroads	14.267	PA0708L3T091501	01/01/17 - 12/31/17	47,695
Crossroads	14.267	PA0614L3T091605	02/01/17 - 01/31/18	24,037
Crossroads	14.267	PA0206L3T091508	01/01/17 - 12/31/17	159,555
Crossroads	14.267	PA0206L3T091609	01/01/18 - 12/31/18	173,782
Crossroads	14.267	PA0708L3T091602	01/01/18 - 12/31/18	47,547
Crossroads	14.267	PA0449L3T091605	03/01/17 - 02/28/18	62,882
Crossroads	14.267	PA0449L3T091706	03/01/18 - 02/28/19	40,872
Project Advantage	14.267	PA0068L3T001609	07/01/17 - 06/30/18	249,528
LVACT	14.267	PA0211L3T091609	07/01/17 - 06/30/18	180,550
Pass-through 1260 Housing Development Corporation				
SHP 94	14.235	PA0071L3T001609	03/01/17 - 06/30/18	160,908

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
Pass-through Louisiana - Jefferson Parish LA Homeless Outreach Program	14.231	E-15-UC-22-0001	11/01/15 - 10/31/16	11,557
Pass-through Unity of Greater New Orleans LA Homeless Outreach Program	14.267	LA0063L6H031508	10/01/16 - 09/30/17	15,217
CoC Program	14.267	LA0086L6H031609	07/01/17 - 06/30/18	58,500
Pass-through Montgomery County Department of Housing and Community Development				
Coordinated Homeless Outreach Center - Shelter Ops	14.218	B-16-UC-42-0005	10/01/16 - 09/30/17	24,834
Coordinated Homeless Outreach Center - Shelter Ops	14.218	N/A	10/01/17 - 09/30/18	56,987
RSS Coles Boulevard	14.239	M-15-UC-42-0212	10/01/15 - 09/30/19	27,458
Pass-through Montgomery County Department of Behavioral Health and Developmental Disabilities				
Coordinated Homeless Outreach Center - Shelter Ops	14.267	PA0127L3T041508	07/01/16 - 06/30/17	610
Coordinated Homeless Outreach Center - Shelter Ops	14.267	PA0127L3T041609	07/01/17 - 06/30/18	276,509
Pass-through Philadelphia Office of Housing and Community Development				
HOME - Families in Transition	14.239	1820018	07/01/17 - 06/30/18	183,368

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
Pass-through Philadelphia Office of Homeless Services Fernwood Winter Initiative	14.231	1820344	07/01/17 - 06/30/18	383,948
Pass-through Township of Lower Merion CDBG -LMCS	14.218	B-17-MC-42-0011	07/01/17 -06/30/18	14,748
Pass-through Monroe County Crossroads	14.231	C000062452	01/14/16 - 07/14/17	163,975
<b>Total U.S. Department of Housing and Urban Development</b>				<b>2,604,095</b>
 <b><u>U.S. Department of Education</u></b>				
Pass-through State of Connecticut Department of Social Services RHD Connecticut	84.126	101004663A1	02/21/17 - 05/21/17	909
Pass-through State of Delaware Division of Vocational Rehabilitation Employment Coordinator	84.187	N/A	11/01/15 - 09/30/17	3,874
Pass-through State of Rhode Island Office of Rehabilitation Services RHD Rhode Island	84.126A	N/A	07/01/17 - 06/30/18	26,550
<b>Total U.S. Department of Education</b>				<b>31,333</b>

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b><u>U.S. Department of Homeland Security</u></b>				
Pass-through United Way				
Emergency Food and Shelter Program				
La Casa	97.024	731000-082	11/01/15 - 12/31/16	50,500
<b>Total U.S. Department of Homeland Security</b>				<b>50,500</b>
<b><u>U.S. Department of Justice</u></b>				
Pass-through Jefferson Parish				
LA Coroner	16.575	N/A	01/01/16 - 6/30/17	21,338
<b>Total U.S. Department of Justice</b>				<b>21,338</b>
<b>Total Federal Financial Assistance</b>				<b>\$ 11,883,843</b>

See independent auditor's 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, 2018**

**Summary of Federal Financial Assistance by CFDA**

14.218 - Community Development Block Grants / Entitlement Grants	\$ 96,569
14.231 - Emergency Shelter Grants Program	559,480
14.235 - Supportive Housing Program	160,908
14.239 - HOME Investment Partnerships Program	210,826
14.267 - Continuum of Care Program	1,576,312
16.575 - Crime Victim Assistance	21,338
84.126 - Rehabilitation Services Vocational Rehabilitation Grants to States	909
84.126A - Rehabilitation Services Vocational Rehabilitation Grants to States	26,550
84.187 - Supported Employment Services for Individuals with the Most Significant Disabilities	3,874
93.150 - Projects for Assistance in Transition from Homelessness (PATH)	264,408
93.217 - Family Planning Services	181,160
93.224 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	1,777,862
93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	4,313
93.359 - Nurse Education, Practice Quality and Retention Grants	462,268
93.527 - Grants for New and Expanded Services under the Health Center Program	1,995,613
93.558 - Temporary Assistance for Needy Families	186,865
93.667 - Social Services Block Grant	145,482
93.778 - Medical Assistance Program	3,481,445
93.788 - Opioid STR	143,617
93.914 - HIV Emergency Relief Project Grants	56,969
93.940 - HIV Prevention Activities Health Department Based	53,751
93.958 - Block Grants for Community Mental Health Services	87,789
93.959 - Block Grants for Prevention and Treatment of Substance Abuse	315,872
93.977- Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,104
93.994 - Maternal and Child Health Services Block Grant to the States	18,059
97.024 - Emergency Food and Shelter National Board Program	50,500
	<b>\$ 11,883,843</b>

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b>State/County Financial Assistance</b>				
<b><u>Connecticut</u></b>				
Department of Developmental Services CT - Day and Residential programs	N/A	13DDS0254RD	07/01/17 - 06/30/20	\$ 7,623,029
Department of Social Services RHD Connecticut	N/A	H126A160007	7/1/17 - 06/30/18	199
<b>Total Connecticut</b>				<b>7,623,228</b>
<b><u>Delaware</u></b>				
Department of Health and Social Services				
Assertive Community Treatment - Kent County	N/A	021778	07/01/16 - 12/31/18	478,869
Assertive Community Treatment - New Castle County	N/A	021774	07/01/16 - 12/31/18	590,863
Assertive Community Treatment - Kent County	N/A	021777	07/01/16 - 12/31/18	469,636
Intensive Case Management Services - Sussex County	N/A	21879	07/01/16 - 12/31/18	462,305
Choices, Mainstay	N/A	022962-00-00	07/01/17 - 06/30/18	339,126
Passages	N/A	21847	07/01/17 - 06/30/18	402,072
Passages	N/A	21846	07/01/17 - 06/30/18	303,744
Brandywine Hills	N/A	21848	07/01/17 - 06/30/18	638,860

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
Division of Vocational Rehabilitation Employment Coordinator	N/A	N/A	11/01/15 - 09/30/17	34,743
<b>Total Delaware</b>				<b>3,720,218</b>
<b><u>Iowa</u></b>				
Mental Health /Disability Services of the East Central Region	N/A	N/A	07/01/15 - 06/30/18	751,647
County Rural Offices of Social Services (CROSS) Region	N/A	N/A	08/01/16 - 06/30/18	696,886
County Social Services	N/A	N/A	09/01/16 - 06/30/19	692,726
<b>Total Iowa</b>				<b>2,141,259</b>
<b><u>Louisiana</u></b>				
Pass-through Jefferson Parish Human Service Authority Court Liaison	N/A	N/A	08/01/17 - 06/23/18	366,949
<b>Total Louisiana</b>				<b>366,949</b>
<b><u>Massachusetts</u></b>				
Department of Developmental Services Individual Support	N/A	Various	07/01/17 - 06/30/18	622,463
Outside the Lines	N/A	Various	07/01/17 - 06/30/18	539,987
Residential Services - Occupancy	N/A	Various	07/01/17 - 06/30/18	538,046
Residential Services - Operations	N/A	Various	07/01/17 - 06/30/18	6,598,007
Urban Youth	N/A	Various	07/01/17 - 06/30/18	54,944

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
Public Partnerships	N/A	N/A	10/01/16 - 09/30/17	12,464
Commission for the Blind Outside the Lines	N/A	Various	07/01/16 - 06/30/17	4,064
<b>Total Massachusetts</b>				<b>8,369,975</b>
<b><u>Missouri</u></b>				
Developmental Disability Services of Jackson County EITAS	N/A	N/A	01/01/17 - 12/31/17	58,434
<b>Total Missouri</b>				<b>58,434</b>
<b><u>Nebraska</u></b>				
Division of Developmental Disabilities	N/A	N/A	07/01/17 - 06/30/18	1,668,264
<b>Total Nebraska</b>				<b>1,668,264</b>
<b><u>New Jersey</u></b>				
Department of Human Services Division of Mental Health Services -SALT & RIST	N/A	30415F	07/01/17 - 06/30/18	3,174,434
Division of Addiction Services -Supportive Housing	N/A	18-623-ADA-0	07/01/17 - 06/30/18	549,833
<b>Total New Jersey</b>				<b>3,724,267</b>

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b><u>Pennsylvania</u></b>				
Pennsylvania Office Of Vocational Rehabilitation Allies	N/A	N/A	07/01/17 - 06/30/18	10,056
Pennsylvania Department of Health Family Practice Counseling Network	N/A	4100070604	10/01/15 - 06/30/17	116,793
Pennsylvania Department of Military and Veteran Affairs Healing Ajax	N/A	4100069876	06/01/15 - 05/31/17	22,560
Pennsylvania Department of Human Services Pass-through Philadelphia Office of Behavioral Health / Intellectual Disability Services				
Mental Health Base Unitary	N/A	17-20075	07/01/17 - 06/30/18	16,297,779
Early Intervention	N/A	17-20075	07/01/17 - 06/30/18	228,712
				16,526,491
Pass-through Philadelphia Office of Homeless Services				
Fernwood	N/A	1520192-04	07/01/17 - 06/30/18	117,675
Woodstock Family Center	N/A	1520206-04	07/01/17 - 06/30/18	167,025
				284,700

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b><u>Pennsylvania (Continued)</u></b>				
Pass-through Access Matters				
Family Practice Counseling Network	N/A	173901	07/01/16 - 06/30/17	950
Family Practice Counseling Network	N/A	183901	07/01/17 - 06/30/18	14,359
				15,309
Pass-through various counties				
Allegheny County	N/A	209453	07/01/17 - 06/30/18	1,134,843
Bucks County	N/A	N/A	07/01/16 - 12/31/19	15,095
Carbon Monroe Pike - Dept of MH	N/A	N/A	07/01/17 - 06/30/18	1,048,278
Carbon Monroe Pike - Health Choices	N/A	N/A	07/01/15 - 06/30/18	616,742
Carbon Monroe Pike - Health Choices	N/A	N/A	09/01/16 - 12/31/20	69,221
Chester County - MH	N/A	17823	07/01/17 - 06/30/18	642,098
Chester County - D&A	N/A	N/A	07/01/16 - 06/30/17	16,366
Lehigh County - MH	N/A	16-MHID-261	07/01/16 - 06/30/17	1,041,699
Montgomery County - MH/MR (RSS/LMVTC)	N/A	N/A	09/15/17 - 06/30/18	264,099
Montgomery County - MH/MR and D&A (Various)	N/A	N/A	07/01/16 - 06/30/17	23,940
Montgomery County - Dept of BH/DD	N/A	N/A	07/01/16 - 06/30/17	212,198
Montgomery County - Dept of BH/DD	N/A	N/A	07/01/15 - 12/31/18	23,825
Montgomery County - Dept of BH/DD	N/A	N/A	07/26/16 - 12/31/18	81,167
Montgomery County - Dept of BH/DD	N/A	N/A	07/01/17 - 06/30/18	6,186,557
Montgomery County - Dept of BH/DD	N/A	N/A	07/01/17 - 06/30/18	312,321
Montgomery County - Dept of BH/DD	N/A	N/A	07/01/17 - 06/30/18	156,766

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b><u>Pennsylvania (Continued)</u></b>				
Pass-through various counties (continued)				
Northampton County	N/A	2016-1020	07/01/17 - 06/30/18	376,464
Northampton County - MH/EI/DP	N/A	N/A	07/01/17 - 06/30/18	1,982,099
				14,203,778
<b>Total Pennsylvania Department of Human Services</b>				<b>31,030,278</b>
Pennsylvania counties				
Montgomery County Adult Probation & Parole Department	N/A	N/A	01/01/15 - 06/30/18	396,857
Montgomery County MCCF	N/A	N/A	01/01/15 - 12/31/18	32,000
Montgomery County Dept of BH/DD	N/A	N/A	07/01/17 - 06/30/18	5,968
Montgomery County Dept of BH/DD	N/A	N/A	07/01/17 - 06/30/18	74,108
Montgomery County Dept of BH/DD	N/A	N/A	07/01/17 - 06/30/18	2,508
Montgomery County - MH/MR and D&A (Various)	N/A	N/A	07/01/16 - 06/30/17	248
Montgomery County - MH/MR and D&A (Various)	N/A	N/A	07/01/16 - 06/30/17	-
Montgomery County Adult Probation & Parole Department	N/A	N/A	08/01/17 - 12/31/18	-
Northampton County	N/A	N/A	07/01/17 - 06/30/18	40,451
School District of Philadelphia	N/A	N/A	07/01/17 - 06/30/18	216,000
Service Access & Management Inc.	N/A	N/A	07/01/17 - 06/30/18	16,794
Human Services Administration Organization	N/A	N/A	07/01/17 - 06/30/18	4,261
<b>Total Pennsylvania Counties</b>				<b>789,195</b>
<b>Total Pennsylvania</b>				<b>31,968,882</b>

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b><u>Rhode Island</u></b>				
Division of Developmental Disabilities	N/A	N/A	07/01/17 - 06/30/18	1,561,838
<b>Total Rhode Island</b>				<b>1,561,838</b>
<b><u>South Dakota</u></b>				
South Dakota Department of Human Services	N/A	N/A	04/12/17 - 09/30/17	244,662
<b>Total South Dakota</b>				<b>244,662</b>
<b>Total State / County Financial Assistance</b>				<b>\$ 61,447,976</b>

See independent auditor's 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, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2018 Expenditures
<b>City Financial Assistance</b>				
<b>Philadelphia Office of Homeless Services</b>				
Rapid Rehousing	N/A	1520168-04	07/01/17 - 06/30/18	\$ 125,000
Woodstock Family Center	N/A	1520206-04	07/01/17 - 06/30/18	1,157,005
Fernwood	N/A	1520192-04	07/01/17 - 06/30/18	935,774
				2,217,779
<b>Philadelphia Department of Public Health</b>				
Office of Behavioral Health/Intellectual Disabilities				
MH Base Unitary	N/A	N/A	07/01/17 - 06/30/18	101,290
Early Intervention Unitary	N/A	N/A	07/01/17 - 06/30/18	25,698
				126,988
<b>Philadelphia Department of Public Health</b>				
AIDS Activities Coordinating Office				
Pass-through Access Matters				
Family Practice Counseling Network	N/A	173010	07/01/16 - 06/30/17	1,547
Family Practice Counseling Network	N/A	183010	07/01/17 - 06/30/18	16,440
				17,987
<b>Total City Financial Assistance</b>				<b>\$ 2,362,754</b>
<b>Total Federal, State And City Financial Assistance</b>				<b>\$ 75,694,573</b>

See independent auditor's 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.

**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 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**

No financial statement findings noted.

**Section III – Federal Awards Findings and Questioned Costs**

No federal awards findings and questioned costs noted.

**Section IV – Prior Year Findings**

None.