

**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, 2019 AND 2018**

**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, 2019 and 2018, and the related consolidated statements of activities, changes in net assets, functional expenditures, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### 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 controls 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United. 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, 2019 and 2018, 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.

### **Emphasis-of-Matter – Adoption of New Accounting Standard**

As discussed in Note 2 to the consolidated financial statements, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements of Not-for-profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively. Our opinion is not modified with respect to this matter.

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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Resources for Human Development, Inc. only schedule of expenditures of federal, state and city awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2020, 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.



Philadelphia, Pennsylvania  
February 12, 2020

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,071,326	\$ 5,489,358
Limited use cash and cash equivalents	1,703,732	1,782,292
Investments	6,649,835	5,789,650
Limited use investments	637,033	600,754
Accounts receivable, net of allowance for doubtful accounts of \$6,256,881 for 2019 and \$4,568,291 for 2018	35,737,064	37,182,744
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$8,390 for 2019 and \$147,810 for 2018	3,647	3,240
Prepaid expenses and other current assets	1,580,433	3,191,420
<b>Total current assets</b>	<b>56,383,070</b>	<b>54,039,458</b>
Property and equipment, net	18,127,052	18,616,095
Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$8,953 for 2019 and \$9,303 for 2018	118,705	163,383
Other assets	486,388	712,555
<b>Total assets</b>	<b>\$ 75,115,215</b>	<b>\$ 73,531,491</b>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Long-term debt, current portion	\$ 2,134,674	\$ 2,194,139
Accounts payable and accrued expenses	12,804,673	13,505,017
Accrued payroll and related liabilities	17,311,832	16,335,185
Deferred revenue	7,577,469	5,495,428
Contract advances, current portion	1,192,853	2,931,044
Due to consumers	974,139	1,077,234
Total current liabilities	41,995,640	41,538,047
<b>Long-term liabilities</b>		
Long-term debt, net of current portion	7,119,261	9,157,934
Contract advances, net of current portion	204,244	788,971
Deferred rent obligation, net of current portion	611,813	331,657
Retirement plans, net of current portion	666,009	475,606
Total liabilities	50,596,967	52,292,215
<b>Net assets</b>		
Without donor restrictions	21,089,107	17,630,251
With donor restrictions	2,792,108	3,008,271
Total net assets before noncontrolling interest	23,881,215	20,638,522
Noncontrolling interest	637,033	600,754
Total net assets	24,518,248	21,239,276
<b>Total liabilities and net assets</b>	<b>\$ 75,115,215</b>	<b>\$ 73,531,491</b>

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2019	2018
<b>Changes in net assets without donor restrictions</b>		
Support and revenue		
Federal	\$ 5,388,202	\$ 5,482,262
Medicaid	110,942,286	103,639,185
Managed care	57,642,506	53,750,447
City of Philadelphia, PA	21,302,603	20,622,568
Montgomery County, PA	8,670,173	8,915,487
Other state and local	41,537,882	39,849,121
Patients/clients fees	13,680,027	13,519,175
Other fees and sales	8,349,660	6,757,897
Grants and donations	607,264	308,981
Interest and miscellaneous	2,180,727	3,810,080
Total support and revenues without donor restrictions before net assets released from restrictions	270,301,330	256,655,203
Net assets released from restrictions	2,557,021	2,722,621
<b>Total support, revenue and other without donor restrictions</b>	<b>272,858,351</b>	<b>259,377,824</b>
<b>Expenditures</b>		
Program	235,860,540	223,696,368
Management and general	31,955,801	31,767,995
Fundraising	548,922	559,730
Other operating	1,009,538	1,791,986
Total expenditures	269,374,801	257,816,079
<b>Change from operations in net assets without donor restrictions</b>	<b>3,483,550</b>	<b>1,561,745</b>
<b>Other changes in net assets without donor restrictions</b>		
Equity in net loss of investments	-	(29,192)
<b>Changes in net assets without donor restrictions before noncontrolling interest</b>	<b>3,483,550</b>	<b>1,532,553</b>
Noncontrolling interest in net (income) loss on investments	(24,694)	20,507
<b>Changes in net assets without donor restrictions</b>	<b>3,458,856</b>	<b>1,553,060</b>
<b>Changes in net assets with donor restrictions</b>		
Contributions	2,340,858	2,605,880
Net assets released from restrictions	(2,557,021)	(2,722,621)
<b>Changes in net assets with donor restrictions</b>	<b>(216,163)</b>	<b>(116,741)</b>
<b>Changes in total net assets before noncontrolling interest</b>	<b>\$ 3,242,693</b>	<b>\$ 1,436,319</b>

See notes to consolidated financial statements.



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

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Noncontrolling interest</b>	<b>Total</b>
Balance at July 1, 2017	\$ 16,077,191	\$ 3,125,012	\$ 766,334	\$ 19,968,537
Changes in net assets	1,553,060	(116,741)	-	1,436,319
Net investment (loss), SNPT	-	-	(20,507)	(20,507)
Contributions, SNPT	-	-	38,355	38,355
Distributions, SNPT	-	-	(183,428)	(183,428)
<b>Balance at June 30, 2018</b>	<b>17,630,251</b>	<b>3,008,271</b>	<b>600,754</b>	<b>21,239,276</b>
Changes in net assets	3,458,856	(216,163)	-	3,242,693
Net investment income, SNPT	-	-	24,694	24,694
Contributions, SNPT	-	-	38,065	38,065
Distributions, SNPT	-	-	(26,480)	(26,480)
<b>Balance at June 30, 2019</b>	<b>\$ 21,089,107</b>	<b>\$ 2,792,108</b>	<b>\$ 637,033</b>	<b>\$ 24,518,248</b>

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2019

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT (DEPRECIATION)	TOTAL
LOWER MERION COUNSELING AND MOBILE SERVICES	\$ 2,219,153	\$ 476,908	\$ 1,328,916	\$ 312,080	\$ 40,427	\$ 26,514	\$ 28,030	\$ 19,553	\$ 75,522	\$ 134,664	\$ 4,661,767
CONSULTANTS IN CONTEXT	248,488	47,401	78,011	34,290	8,977	13,663	9,879	10,819	12,116	126	463,770
NEW FOUNDATIONS/WELLSPRINGS	670,685	152,436	42,529	342,840	18,199	5,658	97,476	6,332	106,427	23,167	1,465,749
NEW OPTIONS	1,002,519	232,869	7,116	146,513	17,732	7,945	83,989	5,954	54,503	7,252	1,566,392
POSITIVE RESOLUTIONS	507,348	125,775	16,165	188,832	37,218	9,878	128,956	17,761	76,910	40,982	1,149,825
COORDINATED HOMELESS OUTREACH CENTER	638,159	149,699	4,747	95,333	10,976	1,057	167,397	24,933	35,203	241,407	1,368,911
CRITICAL TIME INTERVENTION	390,858	83,543	-	40,755	15,146	1,295	12,268	13,043	25,625	26,994	609,527
RISE ABOVE	554,759	109,312	202,645	73,056	9,959	1,352	10,643	10,210	18,880	336	991,152
MONTGOMERY COUNTY RECOVERY CENTER	1,178,924	250,301	112,191	160,232	20,832	5,944	106,424	23,033	54,829	8,224	1,920,934
WOMANSPACE ARDMORE	308,835	61,391	5,494	23,191	3,883	1,725	50,286	6,995	20,175	9,133	491,108
FAMILY HOUSE NORRISTOWN	289,093	61,799	3,951	28,344	6,592	1,659	38,362	3,454	34,650	6,789	474,693
NOVA II	34,515	9,976	101	6,535	317	-	1,211	89	819	96	53,659
NEW START 1 & 2	1,114,200	245,638	76,594	214,444	14,039	10,532	156,725	11,481	124,752	219,517	2,187,922
WOMANSPACE PHILADELPHIA	384,218	83,605	32,841	40,121	7,045	3,784	70,388	6,702	46,330	11,493	686,527
FAMILY HOUSE PHILADELPHIA	536,695	127,709	30,578	179,599	8,298	1,386	62,383	4,535	97,306	3,814	1,052,303
MORRIS HOUSE	338,282	77,818	5,001	23,714	8,246	5,379	57,613	6,739	42,980	2,424	568,196
BEHAVIORAL HEALTH SERVICES CITY OF PHILA.	9,361,617	2,138,023	221,461	2,015,927	245,317	38,026	1,342,869	153,520	813,104	254,482	16,584,346
NOVA III	563,750	131,715	73,136	176,700	9,899	562	116,923	12,821	61,718	6,156	1,153,380
TEAM ARRIVE	628,698	135,786	-	75,101	42,474	1,617	17,181	22,456	20,883	-	944,196
FASST/CONNECTIONS	1,508,425	299,961	87,023	88,638	43,460	4,705	53,660	101,074	18,004	-	2,204,950
PENNSYLVANIA IDD	39,482,119	9,579,559	3,156,885	5,357,948	676,586	94,922	2,019,226	992,303	3,843,906	540,427	65,743,881
EARLY INTERVENTION	116,525	25,978	391,563	8,944	3,438	(2,600)	6,909	152	2,528	-	553,437
RSS BASE	41,064	12,461	270	3,122	20	-	117	15	8,947	682	66,698
ADESHA VILLAGE- Department of Autism	52,222	10,813	12,644	17,981	3,438	-	7,186	129	13,402	4,262	122,077
HEALING AJAX	86,397	17,474	650	5,987	2,866	-	679	1,354	987	-	116,394
CHILDRENS PROGRAMS											
CIRT	153,816	35,687	34,246	3,132	300	60	178	300	158	-	227,877
COSP	1,875,107	286,031	878,202	51,858	5,317	508	24,379	3,481	42,051	-	3,166,934
High Fidelity Wrap Around	362,131	70,182	500	27,297	9,968	1,699	4,445	19,627	4,223	-	500,072
Mastery	458,123	96,342	1,619	5,674	243	2,049	6,557	1,120	2,079	-	573,806
North E3 Center	6,465	584	-	-	255	-	1,546	168	-	-	9,018
School Therapeutic Services	2,397,848	458,131	441,284	39,977	18,474	339	21,810	4,474	38,876	-	3,421,213
CSSP - Children's Special Services	181,939	23,597	4,327	350	38	-	280	99	4,680	-	215,310
Stepping Stones	838,284	216,649	200,640	356,030	10,415	2,122	57,728	1,230	25,714	-	1,708,812
Youth Development & Career Readiness	41,499	4,830	-	-	224	-	1,287	3,052	-	-	50,892
MAINSTREAM	91,174	20,322	-	1,211	-	-	26,204	17,983	186	-	157,080
FAMILIES IN TRANSITION	111,952	20,478	214	347,712	8,075	40	3,056	346	1,894	-	493,767
PROJECT ADVANTAGE	304,464	88,030	870	68,047	6,542	77	25,341	708	21,513	5,589	521,181
FERNWOOD	783,809	197,299	1,463	15,432	13,788	2,232	38,117	4,329	48,763	3,680	1,108,912
WOODSTOCK SHELTER	914,898	220,968	3,860	29,148	17,854	708	57,107	2,856	39,278	-	1,286,677
BUCKS COUNTY HALFWAY HOUSE	1,453	214	5,965	-	18	-	-	-	-	-	7,650
SALT CHESTER COUNTY	389,342	92,439	61,309	95,015	19,027	2,141	79,604	12,989	40,498	-	792,364
NORTHEAST PENNSYLVANIA (excludes IDD)											
Hope House	486,657	118,315	58,605	31,358	5,608	636	28,159	725	26,643	-	756,706
New Perspectives - Residential	916,549	217,065	72,196	56,394	19,552	4,649	41,514	5,993	59,544	14,740	1,408,196
New Perspectives - CIT	10,813	1,288	-	242	-	-	44	-	13,853	-	26,240
Crossroads Flex Housing Fund	34,855	6,326	3,967	142,974	51	-	345,655	2,404	69,161	-	605,393
Lehigh County Medical Mobile	46,844	8,929	-	78,189	597	-	592	-	7,078	-	142,229

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2019

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT (DEPRECIATION)	TOTAL
Lehigh Valley ACT & ICM	2,170,067	448,749	626,181	199,307	46,390	17,929	28,702	154,959	103,529	19,645	3,815,458
Clover Hill Circle	277,559	62,622	766	22,920	7,552	2,959	16,136	2,163	22,843	7,692	423,212
Power	299,613	57,048	-	33,130	14,514	4,089	9,038	11,961	28,003	-	457,396
The Lodge	398,114	86,155	3,836	124,340	18,007	1,771	126,577	13,502	47,074	4,325	823,701
LV Housing Support	7,238	1,356	702	177,656	831	-	780	4,684	8,205	-	201,452
Crossroads Community Services	197,826	42,328	301	117,540	10,777	2,265	5,589	5,327	12,214	5,902	400,069
Crossroads ESG - Day Program	99,086	21,244	-	15,210	5,314	275	11,830	942	10,018	-	163,919
Crossroads Individual	61,513	15,016	325	273,558	1,903	-	1,062	80	15,927	4,844	374,228
Crossroads Supportive Family Housing	79,591	16,610	1,180	241,670	1,701	-	14	1,149	24,109	4,661	370,685
Crossroads Housing	26,563	4,839	-	6,864	-	-	10,710	20	-	-	48,996
Hope Springs - Lehigh County	328,999	84,866	7,248	31,014	7,030	580	27,518	3,247	39,113	-	529,615
Hope Springs - Northampton County	474,890	115,617	29,427	43,046	9,648	1,215	40,813	5,362	37,785	26,656	784,459
<b>WESTERN PENNSYLVANIA</b>											
RHD Bridges	672,785	217,740	16,460	122,677	23,060	2,645	40,869	6,036	37,353	3,202	1,142,827
RHD Allies	538,041	152,120	763	40,147	20,177	6,150	23,788	32,815	72,340	46,836	933,177
CORE	1,074,091	299,299	144,327	277,380	21,297	3,722	204,720	16,441	120,424	634,939	2,796,640
Glassport LTSR	17,116	3,936	125	11,742	241	29	40	122	19,341	1,240,542	1,293,234
Westmoreland ACT	156,017	32,936	87,521	29,724	14,788	1,889	6,347	5,488	28,670	25,813	389,193
Mobile Psych Rehab	6,006	1,134	-	16	550	-	683	14	941	24,535	33,879
<b>CONNECTICUT</b>	<b>5,194,318</b>	<b>1,465,009</b>	<b>68,788</b>	<b>536,128</b>	<b>54,551</b>	<b>18,031</b>	<b>227,153</b>	<b>217,027</b>	<b>518,189</b>	<b>222,873</b>	<b>8,522,067</b>
<b>DELAWARE</b>											
Passages	747,702	164,166	36,811	115,145	6,198	2,067	81,200	12,647	48,978	6,161	1,221,075
ACT/ICM	2,567,241	482,221	218,134	272,254	56,694	2,561	106,479	217,780	42,939	-	3,966,303
Choices	903,095	214,429	17,729	60,598	11,900	1,325	76,462	5,675	37,875	-	1,329,088
Mainstay	3,887,243	904,753	4,816	356,946	81,514	22,814	220,907	42,715	235,603	-	5,757,311
Mental Health Group Homes	681,054	134,386	30,945	85,768	5,417	3,599	90,522	10,508	72,558	-	1,114,757
<b>FLORIDA</b>											
Defuniak Springs	294,426	86,155	-	31,531	6,636	(510)	23,537	2,227	25,290	1,885	471,177
<b>IOWA</b>											
Cross ACT	530,529	103,207	147,447	179,074	17,588	3,297	28,462	20,908	56,555	-	1,087,067
Waterloo ACT	405,248	87,669	139,438	28,266	15,574	997	11,568	7,019	42,600	6,044	744,423
Cedar Rapids ACT	312,174	69,307	122,348	38,865	17,013	325	9,242	4,436	32,879	-	606,589
RIST SUPPORTIVE HOUSING	41,417	8,615	-	3,313	493	1,542	13,818	1,622	1,592	-	72,412
<b>LOUISIANA</b>											
Pathways	142,277	44,055	56	65,265	7,376	-	8,354	1,381	12,191	-	280,955
Jefferson Parrish ACT	1,129,854	326,024	475,966	57,776	30,146	3,740	16,260	87,767	33,231	-	2,160,764
Shelter Plus Care	-	-	-	38,793	-	-	-	-	-	-	38,793
Metropolitan ACT	1,300,018	313,697	214,356	77,419	25,500	4,649	21,904	59,681	35,821	-	2,053,045
Mobile Crisis	493,409	115,345	99,839	14,831	10,721	-	2,593	12,645	28,804	-	778,187
Metro Crisis	762,786	199,570	150,336	8,172	17,686	4,263	10,607	7,513	8,545	621	1,170,099
<b>MASSACHUSETTS</b>	<b>4,444,506</b>	<b>1,232,102</b>	<b>315,299</b>	<b>1,021,697</b>	<b>82,251</b>	<b>11,476</b>	<b>328,196</b>	<b>80,924</b>	<b>234,937</b>	<b>72,577</b>	<b>7,823,965</b>
<b>MISSOURI</b>											
St. Louis	2,678,301	681,496	224,983	460,107	21,716	1,969	132,547	25,638	116,804	30,950	4,374,511
Kansas City	1,498,903	354,818	126,069	420,638	30,425	7,287	74,441	42,580	54,148	45,716	2,655,025
<b>NEBRASKA</b>											
Lincoln	534,395	153,798	235,493	135,988	15,419	572	14,129	4,466	39,529	16,693	1,150,482

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES  
STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2019

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT (DEPRECIATION)	TOTAL
Omaha	495,466	128,514	488,659	55,467	11,917	865	18,134	15,064	46,566	15,457	1,276,109
<b>NEW JERSEY</b>											
Supported Adult-Passaic	358,995	81,288	-	65,759	20,199	-	37,190	8,608	58,728	2,389	633,156
Supported Adult-RIST -Ocean	1,012,602	214,529	42	136,169	32,161	5,800	96,855	48,253	133,159	4,724	1,684,294
Supported Adult -Tri-County	478,502	116,217	375	38,989	15,060	2,482	34,281	37,506	74,419	-	797,831
Camden Housing Program	300,051	74,778	-	57,085	9,050	2,557	28,238	2,543	21,487	-	495,789
Camden Mainstay	445,621	107,785	-	6,818	7,846	2,558	6,129	4,250	28,210	-	609,217
<b>NORTH CAROLINA</b>											
Enhance Supportive Housing Residential	214,347	50,571	63,881	301,446	8,905	588	43,427	6,037	22,376	5,312	716,890
	895,576	235,005	12,480	328,044	28,222	10,782	88,765	21,608	84,574	15,081	1,720,137
<b>RHODE ISLAND</b>	1,905,042	692,847	7,940	183,950	10,404	2,773	41,257	116,842	101,686	4,986	3,067,727
<b>SOUTH DAKOTA</b>											
Shared Living	781,135	196,456	898,359	65,745	12,802	3,735	37,787	38,753	40,660	-	2,075,432
Case Management	638,760	144,392	1,096	5,875	27,436	1,417	12,683	51,769	8,367	4,890	896,685
<b>TENNESSEE</b>											
Nashville	2,391,323	564,369	85,790	124,005	48,928	2,618	60,660	61,428	162,833	40,658	3,542,612
Memphis	2,190,029	551,112	34,999	98,707	32,626	7,418	71,592	68,368	157,746	32,088	3,244,685
<b>FAMILY PRACTICE AND COUNSELING NETWORK</b>	10,885,410	2,618,399	6,781,939	1,259,742	168,556	150,534	3,242,844	696,113	437,727	208,072	26,449,336
POINT TO POINT	1,223,230	261,810	34,000	92,700	38,676	1,491	13,910	436,349	270,392	95,706	2,468,264
NEW BEGINNINGS	535,672	102,218	548,447	52,291	37,950	4,539	340,092	85,959	23,449	-	1,730,617
FUTURE SEARCH	14,197	1,499	4,075	675	791	325	4,923	7,922	-	-	34,407
MISCELLANEOUS	-	(5,083)	81,363	15,938	269	455	4,123	1,471	2,879	23,053	124,468
<b>Grand Totals</b>	<b>132,865,539</b>	<b>31,772,799</b>	<b>20,251,239</b>	<b>19,676,187</b>	<b>2,622,126</b>	<b>588,722</b>	<b>11,646,870</b>	<b>4,375,655</b>	<b>10,038,913</b>	<b>4,471,964</b>	<b>238,310,014</b>
Property and equipment capitalized	-	-	-	-	-	-	-	-	-	(2,833,445)	(2,833,445)
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	642,855	642,855
Long term debt principal payments made	-	-	-	(98,191)	-	-	-	-	-	-	(98,191)
Interunit charges and other activity	-	-	-	24,453	-	(10,071)	(7,827)	-	(250)	(175,000)	(168,695)
Vacation accrual	194,449	19,233	-	-	-	-	-	-	-	-	213,682
Elimination of program fundraising costs	(133,918)	(25,555)	-	-	(9,488)	-	-	-	-	-	(168,960)
Elimination of consolidated activity	-	-	(36,720)	-	-	-	-	-	-	-	(36,720)
<b>Total Program</b>	<b>\$ 132,926,070</b>	<b>\$ 31,766,477</b>	<b>\$ 20,214,519</b>	<b>\$ 19,602,449</b>	<b>\$ 2,612,639</b>	<b>\$ 578,651</b>	<b>\$ 11,639,043</b>	<b>\$ 4,375,655</b>	<b>\$ 10,038,663</b>	<b>\$ 2,106,374</b>	<b>\$ 235,860,540</b>
<b>Management and General</b>	<b>17,899,521</b>	<b>3,431,271</b>	<b>1,529,300</b>	<b>1,760,075</b>	<b>508,724</b>	<b>220,198</b>	<b>513,817</b>	<b>1,114,109</b>	<b>3,312,069</b>	<b>1,990,375</b>	<b>32,279,459</b>
Interunit charges and other activity	(51,233)	(5,107)	-	49,612	(3,300)	(788)	(375)	(22,151)	-	-	(33,341)
Elimination of admin fundraising costs	(218,024)	(41,492)	(14,462)	-	(14,245)	-	(66,415)	(20,549)	(4,775)	-	(379,962)
Other consolidated entities	-	-	-	-	-	-	-	15,475	-	-	15,475
Elimination of consolidated activity	-	-	-	-	-	-	-	74,171	-	-	74,171
<b>Total Management and General</b>	<b>\$ 17,630,264</b>	<b>\$ 3,384,672</b>	<b>\$ 1,514,838</b>	<b>\$ 1,809,687</b>	<b>\$ 491,179</b>	<b>\$ 219,410</b>	<b>\$ 447,027</b>	<b>\$ 1,161,056</b>	<b>\$ 3,307,294</b>	<b>\$ 1,990,375</b>	<b>\$ 31,955,801</b>
<b>Fundraising</b>	<b>\$ 351,942</b>	<b>\$ 67,047</b>	<b>\$ 14,462</b>	<b>\$ -</b>	<b>\$ 23,732</b>	<b>\$ -</b>	<b>\$ 66,415</b>	<b>\$ 20,549</b>	<b>\$ 4,775</b>	<b>\$ -</b>	<b>\$ 548,922</b>
<b>Other operating</b>	<b>\$ 123,028</b>	<b>\$ 7,852</b>	<b>\$ 15,259</b>	<b>\$ 98,061</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 341,922</b>	<b>\$ 55,133</b>	<b>\$ 140,303</b>	<b>\$ 227,980</b>	<b>\$ 1,009,538</b>
<b>Total expenditures</b>	<b>\$ 151,031,305</b>	<b>\$ 35,226,047</b>	<b>\$ 21,759,078</b>	<b>\$ 21,510,197</b>	<b>\$ 3,127,550</b>	<b>\$ 798,061</b>	<b>\$ 12,494,407</b>	<b>\$ 5,612,393</b>	<b>\$ 13,491,035</b>	<b>\$ 4,324,729</b>	<b>\$ 269,374,801</b>
<b>SUMMARY OF PROGRAM EXPENDITURES BY MAJOR SERVICES</b>											
Behavioral Health	\$ 53,912,224	\$ 11,996,561	\$ 8,037,467	\$ 9,257,163	\$ 1,267,122	\$ 246,061	\$ 4,658,350	\$ 1,841,442	\$ 3,908,974	\$ 667,193	\$ 95,792,557
Healthcare	10,906,799	2,620,515	6,781,939	1,259,742	168,556	150,534	3,238,049	696,113	437,727	249,269	26,509,243
Intellectual Developmental Disability	67,689,151	17,076,129	4,797,948	9,016,640	1,147,438	176,737	3,393,506	1,742,748	5,665,634	1,028,108	111,734,039
Other	417,896	73,272	597,165	68,904	29,523	5,319	349,138	95,352	26,328	161,804	1,824,701
<b>Total Program</b>	<b>\$ 132,926,070</b>	<b>\$ 31,766,477</b>	<b>\$ 20,214,519</b>	<b>\$ 19,602,449</b>	<b>\$ 2,612,639</b>	<b>\$ 578,651</b>	<b>\$ 11,639,043</b>	<b>\$ 4,375,655</b>	<b>\$ 10,038,663</b>	<b>\$ 2,106,374</b>	<b>\$ 235,860,540</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 (DEPRECIATION)	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
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
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
BEHAVIORAL 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
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
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
SALT CHESTER COUNTY	282,397	71,357	52,727	67,338	13,066	2,665	49,111	6,523	20,975	-	566,159
NORTHEAST PENNSYLVANIA (excludes IDD)											
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

**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 (DEPRECIATION)	TOTAL
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
The 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>WESTERN PENNSYLVANIA</b>											
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
Glassport LTSR	-	-	2,825	9,145	-	-	-	87	1,890	154,400	168,347
<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
Jefferson Parrish ACT	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	1,137,216	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

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	COMMUNICATIONS	TRAINING AND DEVELOPMENT	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT (DEPRECIATION)	TOTAL
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
<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
<b>POINT TO POINT</b>	1,162,498	254,340	44,758	89,797	45,288	1,703	19,590	459,222	248,227	92,338	2,417,761
<b>NEW BEGINNINGS</b>	632,771	119,494	556,906	54,536	30,154	5,130	303,439	52,781	19,955	-	1,775,166
<b>FUTURE SEARCH</b>	16,177	1,634	7,795	225	2,363	250	6,762	10,100	-	-	45,306
<b>MISCELLANEOUS</b>	1,683	700	158,968	10,868	102	942	16,730	79,037	98,161	1,200	368,391
<b>Grand Totals</b>	127,182,245	31,413,517	17,538,022	18,690,334	2,724,430	504,038	10,538,171	4,481,439	8,542,709	2,233,754	223,848,659
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>	\$ 127,020,023	\$ 31,371,890	\$ 17,499,745	\$ 18,546,271	\$ 2,716,869	\$ 492,201	\$ 10,521,934	\$ 4,481,127	\$ 8,529,016	\$ 2,517,292	\$ 223,696,368
<b>Management and General</b>	17,382,963	3,647,413	1,422,054	1,751,878	543,942	135,152	404,698	1,059,877	3,165,453	2,412,570	31,926,000
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>	\$ 17,147,199	\$ 3,598,661	\$ 1,402,312	\$ 1,705,433	\$ 531,015	\$ 134,973	\$ 331,776	\$ 1,341,494	\$ 3,162,562	\$ 2,412,570	\$ 31,767,995
<b>Fundraising</b>	\$ 357,580	\$ 71,599	\$ 19,742	\$ -	\$ 19,265	\$ 99	\$ 69,827	\$ 19,447	\$ 2,171	\$ -	\$ 559,730
<b>Other operating</b>	\$ 134,502	\$ 8,585	\$ 59,936	\$ 148,770	\$ -	\$ -	\$ 338,143	\$ 740,333	\$ 135,473	\$ 226,244	\$ 1,791,986
<b>Total expenditures</b>	\$ 144,659,304	\$ 35,050,735	\$ 18,981,735	\$ 20,400,474	\$ 3,267,149	\$ 627,273	\$ 11,261,680	\$ 6,582,401	\$ 11,829,222	\$ 5,156,106	\$ 257,816,079
<b>SUMMARY OF PROGRAM EXPENDITURES BY MAJOR SERVICES</b>											
Behavioral Health	\$ 50,943,404	\$ 11,560,786	\$ 6,925,052	\$ 8,808,818	\$ 1,376,787	\$ 225,281	\$ 4,056,947	\$ 1,746,676	\$ 3,213,370	\$ 1,068,058	\$ 89,925,179
Healthcare	9,892,705	2,394,685	6,176,034	1,206,006	167,919	96,249	2,701,113	693,391	343,866	290,451	23,962,419
Intellectual Developmental Disability	65,691,517	17,324,582	3,713,267	8,440,052	1,147,105	164,468	3,448,632	1,899,208	4,866,526	1,313,961	108,009,318
Other	492,397	91,837	685,392	91,395	25,058	6,203	315,242	141,852	105,254	(155,178)	1,799,452
<b>Total Program</b>	\$ 127,020,023	\$ 31,371,890	\$ 17,499,745	\$ 18,546,271	\$ 2,716,869	\$ 492,201	\$ 10,521,934	\$ 4,481,127	\$ 8,529,016	\$ 2,517,292	\$ 223,696,368

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2019	2018
<b>Cash flows from operating activities</b>		
Changes in total net assets before noncontrolling interests	\$ 3,242,693	\$ 1,436,319
Adjustments to reconcile changes in total net assets before noncontrolling interests to net cash provided by operating activities		
Noncontrolling interests in net income (loss) on investments	24,694	(20,507)
Gain on sale/disposition of property and equipment	(251,306)	(170,866)
Donated property and equipment	(175,000)	-
Net realized and unrealized (gains) losses on limited use investments	(25,492)	16,792
Net realized and unrealized gains on investments	(141,622)	(401,108)
Change in allowances for doubtful accounts and uncollectible advances and loans	1,548,820	375,294
Depreciation and amortization	4,324,729	5,156,106
Debt forgiveness	-	(1,340,106)
Equity in net losses of investments	-	29,192
Deferred credit forgiveness	-	(30,000)
Revenue received for the purchase of property and equipment	(2,833,445)	(518,994)
Change in deferred tax asset	357,260	1,328,490
Change in valuation allowance on deferred tax asset	(357,260)	(581,121)
Changes in operating assets and liabilities		
Limited use cash (escrow)	(24,535)	(11,805)
Accounts receivable	(242,910)	(797,828)
Prepaid expenses and other current assets	1,610,987	23,143
Other assets	226,167	90,334
Accounts payable and accrued expenses	(700,344)	(706,740)
Accrued payroll and related liabilities	976,647	(766,268)
Deferred revenue	2,082,041	(400,315)
Contract advances	(2,322,918)	2,900,041
Deferred rent obligation	280,156	(136,410)
Retirement plans	190,403	169,256
Net cash provided by operating activities	7,789,765	5,642,899
<b>Cash flows from investing activities</b>		
Acquisitions of property and equipment	(3,774,701)	(1,751,961)
Proceeds from sale of property and equipment	365,321	1,223,019
Purchases of investments	(1,133,841)	(1,229,002)
Proceeds from sale of investments	415,277	760,277
Purchases of limited use investments	(253,700)	(371,655)
Proceeds from sale of limited use investments	242,914	520,443
Net collection of advances and loans	184,041	88,974
Net cash used in investing activities	(3,954,689)	(759,905)

See notes to consolidated financial statements.

(continued)



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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from financing activities</b>		
Revenue received for the purchase of property and equipment	2,833,445	518,994
Principal borrowings on long-term debt	-	530,744
Principal payments on long-term debt	(2,098,138)	(2,873,179)
Contributed capital from noncontrolling interest	38,065	38,355
Distributions to noncontrolling interest	(26,480)	(183,428)
Net cash provided by (used in) financing activities	746,892	(1,968,514)
Net increase in cash and cash equivalents	4,581,968	2,914,480
Cash and cash equivalents, beginning of year	5,489,358	2,574,878
Cash and cash equivalents, end of year	\$ 10,071,326	\$ 5,489,358

**SUPPLEMENTAL CASH FLOW DISCLOSURE**

Cash paid for interest	\$ 366,198	\$ 676,437
Income taxes paid	\$ 5,892	\$ 20,833

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, 2019, 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, Inc. 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. Through Murex Corporation, RHD has invested in various special purpose entities. These investments have included SQA, a “closed-door” pharmacy dedicated to providing high quality pharmaceutical services; High Street Manor Associates which provided housing and case management services; and Taunton Run which is a senior living facility located in New Jersey. As of December 31, 2017, SQA and SQ Foundation ceased operations. As of August 2017, High Street ceased operations. As of December 31, 2018, Murex Investments 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, 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. As of December 31, 2018, Murex Investments 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.

The accompanying consolidated financial statements reflect the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (US GAAP).

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user’s ability to assess an entity’s available financial resources, along with its management of liquidity and liquidity risk. The Organization has adopted ASU 2016-14 for its fiscal year ended June 30, 2019 and has applied the amendments retrospectively to July 1, 2017 to the consolidated financial statements and related footnotes.

The provisions of ASU 2016-14 improve presentation and disclosure to provide more relevant information about resources and changes in resources to donors, grantors and other users. There are qualitative and quantitative requirements in several areas including the following:

Temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restriction. The unrestricted net asset class has been renamed net assets without donor restrictions. The chart below illustrates the impact, caused by adopting ASU No. 2016-14, on classifications of July 1, 2017 net asset balances as follows:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Basis of Presentation (Continued)**

	Opening net assets classification for ASU No. 2016-14			
	Without donor restrictions	With donor restrictions	Non- controlling Interest	Total Net Assets
As previously presented:				
Unrestricted	\$ 16,077,191	\$ -	\$ -	\$ 16,077,191
Temporarily restricted	-	3,125,012	-	3,125,012
Noncontrolling interest	-	-	766,334	766,334
<b>Net assets, as reclassified</b>	<b>\$ 16,077,191</b>	<b>\$ 3,125,012</b>	<b>\$ 766,334</b>	<b>\$ 19,968,537</b>

The financial statements also include a disclosure about liquidity and availability of resources (see Note 3).

SNPT has been consolidated with the Organization under the requirements of the FASB. 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 activities relate to the operating expenses of the for-profit consolidated entities.

**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.

Accounting principles generally accepted in the United States of America require not-for-profit organizations to distinguish between contributions received that increase net assets with donor restrictions and net assets without donor restrictions.

Donated space, goods and certain services are required to be reported at their fair market value in the year that they are contributed. In-kind revenue and expense for the years ended June 30, 2019 and 2018 was \$954,240 and \$898,481, respectively.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

##### **Revenue and Support (Continued)**

In addition, during the fiscal year ended June 30, 2019, RHD received a donated building with a fair value of \$175,000. This donation has been recorded as in-kind revenue and property and equipment within the consolidated financial statements for the year ended June 30, 2019.

##### **Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Organization has no board restricted net assets as of June 30, 2019 and 2018.

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

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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

The Organization considers cash on hand and deposits with financial institutions 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, 2019 and 2018, the consumer funds cash and cash equivalents totaled \$974,139 and \$1,077,234, 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, 2019 and 2018, this escrow account was \$729,593 and \$705,058, respectively.

##### **Investments**

Investments are stated at fair value and consist of funds held for investment. At June 30, 2019 and 2018 these funds were invested in various types of accounts that include cash, fixed income, common stocks, mutual funds and money market accounts, and overlay investment portfolios. 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 and income from the investments are included in the consolidated statements of activities and changes in net assets.

##### **Limited Use Investments**

The Organization has established the SNPT to hold assets on behalf of participating consumers of certain programs. The use of these funds 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 activities and changes in net assets.

##### **Accounts Receivable**

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

## 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 RHD's outpatient health centers. Inventory totaled \$41,672 and \$37,739 at June 30, 2019 and 2018, respectively, and is reported as part of prepaid expenses and other current assets.

##### **Property and Equipment, Net and Depreciation and Amortization**

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

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

##### **Investments in Companies**

Investments in partnerships, limited liability companies and unconsolidated corporations are included in the accompanying consolidated financial statements using the equity and cost methods of accounting. The Organization had equity investments in companies that totaled \$0 for both years ending June 30, 2019 and 2018. This balance is reported as part of other assets at June 30, 2019 and 2018.

##### **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.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

##### **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.

##### **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, 2019 and 2018, \$3,428,969 and \$3,215,287, 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 \$597,329 and \$596,530 at June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, there is \$2,831,640 and \$2,618,757, 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, 2019 and 2018, \$880,694 and \$876,479, respectively, of administrative vacation expenses and related taxes are also included in accrued payroll and related liabilities.

##### **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. RHD, SQ and NPHO are not private foundations. 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.

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

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

##### **Financial Instruments**

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

##### **Functional Expenses**

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

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

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

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

##### **Noncontrolling Interest**

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

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	June 30,	
	2019	2018
Cash and cash equivalents	\$ 10,071,326	\$ 5,489,358
Investments	6,649,835	5,789,650
Accounts receivable	35,737,064	37,182,744
Total financial assets available within one year	52,458,225	48,461,752
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(2,659,518)	(2,709,070)
Assets of RHD subsidiaries, unavailable for use by RHD	(142,181)	(116,615)
Total financial assets available to management for general expenditure within one year	\$ 49,656,526	\$ 45,636,067

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in fiscal year 2020.

The Organization has certain donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the above qualitative information for financial assets to meet general expenditures within one year. The Organization has time restricted contributions that will also be available for general expenditures in the next year which are included as liquid assets available in the next year.

#### **Liquidity Management**

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

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$22,000,000, of which approximately \$15,000,000 could be drawn upon at June 30, 2019.

#### 4 - 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 5.50%.

	Year Ended June 30,	
	2019	2018
Gross unconditional promises to give	\$ 133,111	\$ 296,242
Less unamortized discount	(521)	(2,508)
	\$ 132,590	\$ 293,734
Amounts due		
Within one year	\$ 123,111	\$ 226,242
Within two to five years	10,000	70,000
	\$ 133,111	\$ 296,242

The current portion of this receivable is reported as part of accounts receivable at June 30, 2019 and 2018, 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, 2019 and 2018, the Organization had \$95,000 and \$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**

**5 - INVESTMENTS**

Investments, stated at fair value, are as follows:

	June 30, 2019	
	Cost	Fair Value
Cash and money market funds	\$ 10,049	\$ 10,049
Common stock	894,769	1,120,945
Mutual funds	3,614,574	3,833,171
Overlay portfolios	1,594,342	1,685,670
	<b>\$ 6,113,734</b>	<b>\$ 6,649,835</b>

	June 30, 2018	
	Cost	Fair Value
Cash and money market funds	\$ 511,704	\$ 511,704
Common stock	862,965	1,017,428
Mutual funds	2,726,756	2,930,500
Overlay portfolios	1,226,029	1,330,018
	<b>\$ 5,327,454</b>	<b>\$ 5,789,650</b>

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

	Year ended June 30,	
	2019	2018
Investment income	\$ 293,600	\$ 177,280
Unrealized/realized gains	141,622	401,108
	<b>\$ 435,222</b>	<b>\$ 578,388</b>

**6 - LIMITED USE INVESTMENTS**

Investments held by SNPT, stated at fair value, are as follows:

	June 30, 2019	
	Cost	Fair Value
Fixed income securities	\$ 558,475	\$ 556,546
Mutual Funds	77,745	79,524
Money market funds	963	963
	<b>\$ 637,183</b>	<b>\$ 637,033</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**6 - LIMITED USE INVESTMENTS (Continued)**

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

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

	Year ended June 30,	
	2019	2018
Investment income	\$ 14,677	\$ 13,354
Unrealized/realized gains (losses)	25,492	(16,792)
	<b>\$ 40,169</b>	<b>\$ (3,438)</b>

**7 - PROPERTY AND EQUIPMENT, NET**

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

	June 30,	
	2019	2018
Real estate and improvements	\$ 26,355,724	\$ 23,855,527
Leasehold improvements	18,011,532	17,590,351
Furniture and fixtures	2,069,552	2,040,639
Computer equipment and software	8,262,455	8,070,108
Automobiles	8,253,900	9,289,066
	62,953,163	60,845,691
Less accumulated depreciation and amortization	(44,826,111)	(42,229,596)
	<b>\$ 18,127,052</b>	<b>\$ 18,616,095</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7 - PROPERTY AND EQUIPMENT, NET (Continued)**

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Program	\$ 2,106,374	\$ 2,517,292
Management and general	1,990,375	2,412,570
Other operating	227,980	226,244
	<b>\$ 4,324,729</b>	<b>\$ 5,156,106</b>

**8 - 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.

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, 2020.

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

	June 30, 2019		
	Balance	Allowance	Net
Advances to companies	\$ 17,343	\$ (17,343)	\$ -
Mortgage note receivables	122,352	-	122,352
	139,695	(17,343)	122,352
Less current portion	12,037	(8,390)	3,647
	<b>\$ 127,658</b>	<b>\$ (8,953)</b>	<b>\$ 118,705</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8 - ADVANCES AND LOANS (Continued)**

	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

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,	
	2019	2018
Beginning balance	\$ 157,113	\$ 208,025
Written off	(137,073)	(43,662)
Recovered	(2,697)	(7,250)
Ending balance	\$ 17,343	\$ 157,113

**9 - 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 and allowances created against advances and loans to investees. During the fiscal year ended June 30, 2019, Murex Investments ceased operations and no further deferred tax asset exists for this entity. As of June 30, 2019 and 2018, management has created a valuation allowance to account for the uncertainty that a portion of the deferred tax asset would be utilized.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9 - DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS**  
(Continued)

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

	June 30,	
	2019	2018
Net operating loss carryforwards	\$ 465,017	\$ 785,396
Allowance on advances and loans to investees	9,934	46,815
Deferred income tax assets	474,951	832,211
Valuation allowance	(474,951)	(832,211)
	\$ -	\$ -

Murex has net operating loss carryforwards of approximately \$2,200,000 as of June 30, 2019 which are available to offset future federal taxable income. These carryforwards will begin to expire in 2030.

Provisions (benefit) 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:

	2019	2018
Deferred income tax expense (benefit)	\$ 357,260	\$ (1,328,490)
Change in valuation allowance	(357,260)	581,121
	\$ -	\$ (747,369)

**10 - LINE OF CREDIT**

At June 30, 2019 and 2018, RHD 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, 2019 and 2018 was 4.90% and 4.59%, respectively. This line expires in June 2020 and is collateralized by accounts receivable and other assets of RHD. As of June 30, 2019 and 2018, there was no outstanding balance on this line. This line requires RHD to maintain a defined ratio of debt service and expendable financial resources to debt ratio.

RHD was obligated under outstanding letters of credit of \$6,925,000 for both years ending June 30, 2019 and 2018, which reduces the available line of credit.



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11 - LONG-TERM DEBT**

Long-term debt consists of the following:

	June 30,	
	2019	2018
<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.	\$ 4,718,081	\$ 4,985,449
Note payable, interest and principal due monthly, interest at a fixed rate of 3.75% through 2020, collateralized by accounts receivable and other assets.	1,244,602	2,777,938
Unsecured note payable, principal due monthly with no interest through 2019.	40,887	209,547
<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.	3,250,365	3,379,139
	9,253,935	11,352,073
Less current portion	2,134,674	2,194,139
Long-term portion	\$ 7,119,261	\$ 9,157,934

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

Year Ending June 30,	
2020	\$ 2,134,674
2021	1,792,684
2022	486,846
2023	297,410
2024	298,124
Thereafter	4,244,197
<b>Total</b>	<b>\$ 9,253,935</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Interest expense for the years ended June 30, 2019 and 2018 was \$484,577 and \$693,441, respectively.

**12 - LEASE COMMITMENTS**

**Operating Leases**

RHD 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 RHD to terminate a lease, within 90 days of the loss of government funding. Some of these leases have escalation clauses for future lease payments. These leases are being accounted for on the straight-line basis with a deferred rent obligation of \$723,118 and \$523,468 included in the consolidated financial statements at June 30, 2019 and 2018, respectively. The current portion of this liability is \$111,305 and \$191,811, respectively, and has been included in accounts payable and accrued expenses.

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

<u>Year Ending June 30,</u>	
2020	\$ 10,364,528
2021	6,971,062
2022	5,715,971
2023	5,212,896
2024	3,297,837
Thereafter	5,325,926
<u>Total</u>	<u>\$ 36,888,220</u>

RHD 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, 2019 and 2018 totaled \$13,921,189 and \$12,908,922, respectively. Total equipment rental expense incurred for the years ended June 30, 2019 and 2018 was \$1,779,143 and \$1,231,871, respectively.

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 13 - SELF-INSURANCE

RHD self-insures for workers compensation claims under a large deductible insurance program. Excess and other insurance policies are maintained with respect to the various other exposures, and all claims are handled by third-party administrators. Included in accounts payable and accrued expenses at June 30, 2019 and 2018 is approximately \$5,438,000 and \$5,370,000, respectively, for claims incurred but not reported for all self-insured retentions, which represents an estimate by management. The ultimate cost, however, will depend on the magnitude and extent of claims incurred but not reported.

RHD is also self-insured for unemployment claims in certain states, and therefore is responsible for paying actual unemployment claims as they are incurred. As a result, approximately \$4,006,000 and \$4,345,000 is included in accrued payroll and related liabilities as of June 30, 2019 and 2018, 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 are met. To the extent the corporate resources can support it; the payments will be paid over six years in six equal annual installments. At June 30, 2019 and 2018, the liability amount recorded related to this benefit is \$727,564 and \$505,107, respectively. The current portion of this liability is \$61,554 and \$29,501, 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, 2019 and 2018, the liability amount recorded related to this benefit is \$59,012 and \$65,308, 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, 2019 and 2018, RHD has accrued \$386,884 and \$180,140, 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 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	June 30,	
	2019	2018
Purchase of property and equipment and related depreciation	\$ -	\$ 5,468
Programmatic purpose		
New Beginnings Programs	1,043,380	1,310,280
Behavioral Health	600,274	549,348
Healthcare	247,964	157,388
Intellectual Developmental Disability	600,672	558,001
Other	167,228	134,053
Time and purpose restrictions	132,590	293,733
	<b>\$ 2,792,108</b>	<b>\$ 3,008,271</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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

	June 30,	
	2019	2018
Purpose restrictions accomplished		
New Beginnings Programs	\$ 1,899,292	\$ 1,966,299
Behavioral Health	267,744	271,649
Healthcare	227,059	298,195
Intellectual Developmental Disability	29,346	91,230
Other	133,580	95,248
<b>Total</b>	<b>\$ 2,557,021</b>	<b>\$ 2,722,621</b>

**16 - SUPPORT AND REVENUE**

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

	Year ended June 30,	
	2019	2018
Connecticut	\$ 9,372,829	\$ 8,463,791
Delaware	15,141,349	13,936,625
Florida	581,692	2,084,383
Iowa	2,822,617	2,579,462
Louisiana	7,480,607	7,306,182
Massachusetts	9,156,760	8,971,961
Missouri	8,147,357	8,490,168
Nebraska	2,655,678	3,460,168
New Jersey	4,826,449	5,089,906
North Carolina	2,785,588	2,898,364
Pennsylvania	195,384,074	179,861,542
Rhode Island	3,148,097	3,762,272
South Dakota	3,262,076	1,825,602
Tennessee	6,886,855	7,476,622
Virginia	-	16,663
<b>Total</b>	<b>\$ 271,652,028</b>	<b>\$ 256,223,711</b>

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

##### **Concentrations of Credit Risks**

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 financial statements.

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

The Organization maintains cash balances at financial institutions located in various states. Accounts at an institution may, at times, exceed the federally insured limits of \$250,000. As of June 30, 2019, approximately \$6,800,000 of cash balances exceeded insured limits.

##### **Litigation**

The Organization is currently defending itself in several ongoing lawsuits. All estimated costs relating to these actions have been included in accrued expenses (see note 13) or are covered under existing insurance policies.

#### 18 - FAIR VALUE MEASUREMENTS

US 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).

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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

*Mutual Funds* - 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.

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

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

Fair Value at June 30, 2019				
	Total	Level 1	Level 2	Level 3
Cash and Money Market Funds	\$ 11,011	\$ 11,011	\$ -	\$ -
Fixed Income				
AAA Bond	556,546	-	556,546	-
Common Stock				
Basic Materials	5,696	5,696	-	-
Consumer Goods	254,408	254,408	-	-
Energy	14,923	14,923	-	-
Financial	173,512	173,512	-	-
Healthcare	149,068	149,068	-	-
Industrial Goods	78,158	78,158	-	-
Real Estate	57,958	57,958	-	-
Services	43,380	43,380	-	-
Technology	291,566	291,566	-	-
Utilities	52,276	52,276	-	-
Mutual Funds				
Diversified Emerging Markets	62,139	62,139	-	-
Foreign Large Blend	681,672	681,672	-	-
Foreign Small Blend	129,294	129,294	-	-
Intermediate –Term Bond	887,488	887,488	-	-
Large Blend	64,926	64,926	-	-
Large Growth	681,094	681,094	-	-
Leveraged Equity	8,298	8,298	-	-
Mid-Cap Growth	60,574	60,574	-	-
Small Growth	210,817	210,817	-	-
Small Value Blend	244,330	244,330	-	-
World Bond	882,064	882,064	-	-
Total investment in the fair value hierarchy	\$ 5,601,198	\$ 5,044,652	\$ 556,546	\$ -
Overlay portfolio investments reported at net asset value as a practical expedient (a)	1,685,670	-	-	-
Total investment assets at fair value	\$ 7,286,867	\$ 5,044,652	\$ 556,546	\$ -



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Fair Value at June 30, 2018				
	Total	Level 1	Level 2	Level 3
Cash and Money Market Funds	\$ 513,509	\$ 513,509	\$ -	\$ -
Fixed Income				
AAA Bond	598,949	-	598,949	-
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	-	-
Foreign Large Blend	509,198	509,198	-	-
Foreign Small Blend	95,631	95,631	-	-
Intermediate –Term Bond	646,804	646,804	-	-
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	-	-
World Bond	647,723	647,723	-	-
Total investment in the fair value hierarchy	\$ 5,060,386	\$ 4,461,437	\$ 598,949	\$ -
Overlay portfolio investments reported at net asset value as a practical expedient (a)	1,330,018	-	-	-
Total investment assets at fair value	\$ 6,390,404	\$ 4,461,437	\$ 598,949	\$ -

(a) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The net asset value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position. These investments are presented at fair value, with no unfunded commitments, which can be redeemed daily with no required notice period at June 30, 2019 and 2018.

## 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.

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

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

	June 30,	
	2019	2018
Limited use investments	\$ 637,033	\$ 600,754
Equity	(637,033)	(600,754)
	\$ -	\$ -

#### 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 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 February 12, 2020, the date on which the consolidated financial statements were available to be issued.

**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, 2019, and have issued our report thereon dated February 12, 2020 which contained an unmodified opinion on those consolidated financial statements. 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 41-45 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 46 is also presented for purposes of additional analysis and is not required part of the basic consolidated statements. The schedule on page 46 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 supplementary 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  
February 12, 2020

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

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2019**

	Resources for Human Development, Inc.	Other Entities			Eliminations	Total
		Murex Corporation	Murex Investments, Inc.	NPHO & SNPT		
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 9,940,931	\$ 130,395	\$ -	\$ -	\$ -	\$ 10,071,326
Limited use cash and cash equivalents	974,139	729,593	-	-	-	1,703,732
Investments	6,649,835	-	-	-	-	6,649,835
Limited use investments	-	-	-	637,033	-	637,033
Accounts receivable, net of allowance for doubtful accounts of \$6,256,881	35,725,278	11,786	-	-	-	35,737,064
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$8,390	-	3,647	-	-	-	3,647
Prepaid expenses and other current assets	1,573,757	6,676	-	-	-	1,580,433
<b>Total current assets</b>	<b>54,863,940</b>	<b>882,097</b>	<b>-</b>	<b>637,033</b>	<b>-</b>	<b>56,383,070</b>
Property and equipment, net	14,691,204	3,435,848	-	-	-	18,127,052
Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$8,953	258,775	118,705	-	-	(258,775)	118,705
Other assets	103,351	383,037	-	-	-	486,388
<b>Total assets</b>	<b>\$ 69,917,270</b>	<b>\$ 4,819,687</b>	<b>\$ -</b>	<b>\$ 637,033</b>	<b>\$ (258,775)</b>	<b>\$ 75,115,215</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, 2019**

	Resources for Human Development, Inc.	Other Entities			Eliminations	Total
		Murex Corporation	Murex Investments, Inc.	NPHO & SNPT		
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities</b>						
Long-term debt, current portion	\$ 1,996,456	\$ 138,218	\$ -	\$ -	\$ -	\$ 2,134,674
Accounts payable and accrued expenses	12,487,905	316,768	-	-	-	12,804,673
Accrued payroll and related liabilities	17,311,832	-	-	-	-	17,311,832
Deferred revenue	7,574,858	2,611	-	-	-	7,577,469
Contract advances, current portion	1,192,853	-	-	-	-	1,192,853
Due to consumer clients	974,139	-	-	-	-	974,139
Total current liabilities	41,538,043	457,597	-	-	-	41,995,640
<b>Long-term liabilities</b>						
Long-term debt, net of current portion	4,007,114	3,112,147	-	-	-	7,119,261
Contract advances, net of current portion	204,244	-	-	-	-	204,244
Deferred rent obligation, net of current portion	611,813	-	-	-	-	611,813
Retirement plans, net of current portion	666,009	-	-	-	-	666,009
Other	-	2,559,863	-	-	(2,559,863)	-
Total liabilities	47,027,223	6,129,607	-	-	(2,559,863)	50,596,967
<b>Stockholders' equity</b>						
Common stock	-	100	-	-	(100)	-
Additional paid in capital	-	608,330	-	-	(608,330)	-
Accumulated deficit	-	(1,918,350)	-	-	1,918,350	-
<b>Net assets</b>						
Without donor restrictions	20,097,939	-	-	-	991,168	21,089,107
With donor restrictions	2,792,108	-	-	-	-	2,792,108
Total net assets before noncontrolling interests	22,890,047	(1,309,920)	-	-	2,301,088	23,881,215
Noncontrolling interests	-	-	-	637,033	-	637,033
Total net assets	22,890,047	(1,309,920)	-	637,033	2,301,088	24,518,248
<b>Total liabilities and net assets</b>	<b>\$ 69,917,270</b>	<b>\$ 4,819,687</b>	<b>\$ -</b>	<b>\$ 637,033</b>	<b>\$ (258,775)</b>	<b>\$ 75,115,215</b>

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Resources for Human Development, Inc.			Other Entities				Total
	Operating	Equipment	Total	Murex Corporation	Murex Investments, Inc.	NPHO & SNPT	Eliminations	
<b>Changes in net assets without donor restrictions</b>								
Support and revenue								
Federal	\$ 5,388,202	\$ -	\$ 5,388,202	\$ -	\$ -	\$ -	\$ -	\$ 5,388,202
Medicaid	110,942,286	-	110,942,286	-	-	-	-	110,942,286
Managed care	57,642,506	-	57,642,506	-	-	-	-	57,642,506
City of Philadelphia, PA	21,302,603	-	21,302,603	-	-	-	-	21,302,603
Montgomery County, PA	8,670,173	-	8,670,173	-	-	-	-	8,670,173
Other state and local	38,704,437	2,833,445	41,537,882	-	-	-	-	41,537,882
Patient/client fees	13,680,027	-	13,680,027	-	-	-	-	13,680,027
Other fees and sales	7,445,872	-	7,445,872	940,508	-	-	(36,720)	8,349,660
Grants and donations	607,264	-	607,264	-	-	-	-	607,264
Interest and miscellaneous	2,094,355	-	2,094,355	45,800	403	40,169	-	2,180,727
Total support and revenues without donor restrictions before net assets released from restrictions	266,477,725	2,833,445	269,311,170	986,308	403	40,169	(36,720)	270,301,330
Net assets released from restrictions	2,557,021	-	2,557,021	-	-	-	-	2,557,021
<b>Total support, revenue and other without donor restrictions</b>	<b>269,034,746</b>	<b>2,833,445</b>	<b>271,868,191</b>	<b>986,308</b>	<b>403</b>	<b>40,169</b>	<b>(36,720)</b>	<b>272,858,351</b>
<b>Expenditures</b>								
Program	235,254,405	642,855	235,897,260	-	-	-	(36,720)	235,860,540
Management and general	31,866,155	-	31,866,155	-	-	15,475	74,171	31,955,801
Fundraising	548,922	-	548,922	-	-	-	-	548,922
Other operating	-	-	-	966,190	43,348	-	-	1,009,538
Total expenditures	267,669,482	642,855	268,312,337	966,190	43,348	15,475	37,451	269,374,801
<b>Change from operations in net assets without donor restrictions</b>	<b>1,365,264</b>	<b>2,190,590</b>	<b>3,555,854</b>	<b>20,118</b>	<b>(42,945)</b>	<b>24,694</b>	<b>(74,171)</b>	<b>3,483,550</b>
<b>Other changes in net assets without donor restrictions</b>								
Equity in net loss of investments	(114,176)	-	(114,176)	-	-	-	114,176	-
Changes in net assets without donor restrictions before noncontrolling interest	1,251,088	2,190,590	3,441,678	20,118	(42,945)	24,694	40,005	3,483,550
Noncontrolling interest in net income of investments	-	-	-	-	-	(24,694)	-	(24,694)
<b>Changes in net assets without donor restrictions</b>	<b>1,251,088</b>	<b>2,190,590</b>	<b>3,441,678</b>	<b>20,118</b>	<b>(42,945)</b>	<b>-</b>	<b>40,005</b>	<b>3,458,856</b>
<b>Changes in net assets with donor restrictions</b>								
Contributions	2,340,858	-	2,340,858	-	-	-	-	2,340,858
Net assets released from restrictions	(2,557,021)	-	(2,557,021)	-	-	-	-	(2,557,021)
Changes in net assets with donor restrictions	(216,163)	-	(216,163)	-	-	-	-	(216,163)
<b>Changes in total net assets before noncontrolling interest</b>	<b>\$ 1,034,925</b>	<b>\$ 2,190,590</b>	<b>\$ 3,225,515</b>	<b>\$ 20,118</b>	<b>\$ (42,945)</b>	<b>\$ -</b>	<b>\$ 40,005</b>	<b>\$ 3,242,693</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, 2019

	Resources for Human Development, Inc.			Other Entities			Eliminations	Total
	Operating	Equipment	Total	Murex Corporation	Murex Investments, Inc.	NPHO & SNPT		
Net assets without donor restrictions, beginning	\$ 14,033,067	\$ 2,623,194	\$ 16,656,261	\$ (1,330,038)	\$ (71,231)	\$ 600,754	\$ 2,375,259	\$ 18,231,005
Changes in net assets without donor restrictions	1,251,088	2,190,590	3,441,678	20,118	(42,945)	-	40,005	3,458,856
Net investment income	-	-	-	-	-	24,694	-	24,694
Contributions	-	-	-	-	-	38,065	-	38,065
Distributions	-	-	-	-	-	(26,480)	-	(26,480)
Capital Contribution	-	-	-	-	114,176	-	(114,176)	-
Total net assets without donor restrictions, ending	15,284,155	4,813,784	20,097,939	(1,309,920)	-	637,033	2,301,088	21,726,140
Net assets with donor restrictions, beginning	3,008,271	-	3,008,271	-	-	-	-	3,008,271
Changes in net assets with donor restrictions	(216,163)	-	(216,163)	-	-	-	-	(216,163)
Total net assets with donor restrictions, ending	2,792,108	-	2,792,108	-	-	-	-	2,792,108
<b>Total net assets, end of year</b>	<b>\$ 18,076,263</b>	<b>\$ 4,813,784</b>	<b>\$ 22,890,047</b>	<b>\$ (1,309,920)</b>	<b>\$ -</b>	<b>\$ 637,033</b>	<b>\$ 2,301,088</b>	<b>\$ 24,518,248</b>

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



## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### SELECTED NOTES TO SUPPLEMENTARY INFORMATION

#### 1 - CONSOLIDATING FINANCIAL STATEMENTS, BASIS OF PRESENTATION

##### **Resources for Human Development, Inc.**

###### *Operating*

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

###### *Equipment*

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

Net assets reflected on the consolidating statement 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 (NPHO), which is dormant as of June 30, 2019 as well as one trust, The RHD Special Needs Pooled Trust (SNPT). The activity for these entities is reflected in the consolidating financial statements. All activity between these entities has been eliminated and the eliminated activity is reflected in the Eliminations column on the consolidating financial statements.

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**STATE OF LOUISIANA**  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO THE CHIEF EXECUTIVE OFFICER  
YEAR ENDED JUNE 30, 2019

**Chief Executive Officer Name: Marco Giordano**

<b>Purpose</b>		
Salary	\$	175,000
Benefits-insurance		15,686
Benefits-retirement		-
Deferred compensation		-
Benefits-payroll taxes		10,824
Car allowance		-
Vehicle provided by government		-
Cell phone		483
Dues		-
Vehicle rental		-
Per diem		-
Reimbursements		-
Travel		538
Registration fees		-
Conference travel		2,050
Housing		-
Unvouchered expenses		-
Special meals		-
Other (including payments made by other parties on behalf of the agency head)		-
<b>Total</b>	<b>\$</b>	<b>204,580</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, 2019, and the related consolidated statements activities, changes in net assets, functional expenditures, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 12, 2020.

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

### **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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in item 2019-002 in the accompanying schedule of findings and questioned costs.

### **Resources for Human Development's Response to Findings**

RHD's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. RHD's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

### **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  
February 12, 2020

## 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, 2019. 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). Those standards 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, 2019.

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

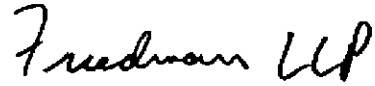
Management of RHD is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RHD's internal control over compliance with the types of requirements 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be a significant deficiency.

### **Purpose of this Report**

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



Philadelphia, Pennsylvania

February 12, 2020

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 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 - 03/31/20	\$ 180,026
Health Center Cluster	93.527	H80 CS 00718	04/01/14 - 03/31/20	3,653,522
Nurse Education, Practice, Quality, and Retention	93.359	UD7 HP 29870	07/01/16 - 06/30/20	359,163
Pass-through State of Delaware				
Assertive Community Treatment	93.958	21774	07/01/16 - 06/30/19	5,405
Intensive Case Management	93.958	021879	07/01/16 - 06/30/19	67,139
Pass-through State of Nebraska				
RHD Nebraska	93.778	N/A	07/01/18 - 06/30/19	1,427,627
Pass-through Rhode Island				
RHD Rhode Island	93.778	RH54940	07/01/18 - 06/30/19	1,474,959
Pass-through Bucks County Drug and Alcohol Commission				
Bucks County Halfway House	93.959	N/A	07/01/18 - 06/30/19	8,168
Womanspace Ardmore	93.959	N/A	07/01/18 - 06/30/19	835
Pass-through Pennsylvania Department of Human Services/				
Montgomery County - MH and D&A (Various)	93.959	4100070752	07/01/18 - 06/30/19	655,325
Montgomery County - MH and D&A (Various)	93.788	4100070752	07/01/18 - 06/30/19	263,888
Montgomery County - IDD	93.667	1701PASOSR	07/01/17 - 06/30/18	1,772
Pass-through Philadelphia Office of Behavioral Health /Intellectual Disability				
MH Base Unitary	93.150	N/A	07/01/18 - 06/30/19	264,076
Early Intervention	93.778	17-20073	07/01/18 - 06/30/19	5,158

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.



**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
Pass-through Philadelphia Office of Homeless Services Rapid Rehousing	93.667	1520168-04	07/01/18 - 06/30/19	156,000
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	H89HA00013	03/01/19 - 02/29/20	21,198
Family Practice and Counseling Network	93.914	R8411	03/01/18 - 02/28/19	35,867
Morris House	93.940	6NU62PS924545-01-00	01/01/19 - 12/31/19	30,418
Pass-through Sixth Judicial District Department of Correctional Services RHD Iowa	93.243	1H79TI081053-01	07/01/18 - 06/30/19	83,321
Pass-through Philadelphia Youth Network Workready	93.558	18150	07/01/18 - 06/30/19	7,303
Pass-through Access Matters				
Family Practice and Counseling Network	93.217	183901	07/01/17 - 06/30/18	46,096
Family Practice and Counseling Network	93.667	183901	07/01/17 - 06/30/18	16,335
Family Practice and Counseling Network	93.994	183901	07/01/17 - 06/30/18	2,418
Family Practice and Counseling Network	93.977	183901	07/01/17 - 06/30/18	66
Family Practice and Counseling Network	93.217	193901	07/01/18 - 06/30/19	103,096
Family Practice and Counseling Network	93.667	193901	07/01/18 - 06/30/19	16,290
Family Practice and Counseling Network	93.217	183010	07/01/17 - 06/30/18	65
Family Practice and Counseling Network	93.994	183010	07/01/17 - 06/30/18	7,134
Family Practice and Counseling Network	93.994	193010	07/01/18 - 06/30/19	37,812
Family Practice and Counseling Network	93.217	193010	07/01/18 - 06/30/19	229
Pass-through Philadelphia Works RHD Shared Services	93.558	PW18-080	07/01/18 - 06/30/19	112,466

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
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Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
Pass-through Monroe County Commissioners RHD Street2Feet	93.569	C000066924	07/01/18 - 06/30/19	37,702
<b>Total U.S. Department of Health and Human Services</b>				<b>9,080,879</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Crossroads	14.267	PA0205L3T091609	10/01/17 - 09/30/18	62,103
Crossroads	14.267	PA0206L3T091609	01/01/18 - 12/31/18	157,545
Crossroads	14.267	PA0708L3T091602	01/01/18 - 12/31/18	39,895
Crossroads	14.267	PA0205L3T091710	10/01/18 - 09/30/19	175,670
Crossroads	14.267	PA0206L3T091710	01/01/19 - 12/31/19	171,356
Crossroads	14.267	PA0449L3T091706	03/01/18 - 02/28/19	87,555
Crossroads	14.267	PA0708L3T091703	01/01/19 - 12/31/19	50,440
Crossroads	14.267	N/A	07/01/18 - 06/30/19	39,072
LVACT	14.267	PA0211L3T091710	07/01/18 - 06/30/19	177,305
Project Advantage	14.267	PA0068L3T001710	07/01/18 - 06/30/19	229,294
Pass-through 1260 Housing Development Corporation RHD Mainstream	14.267	PA0071L3T001609	07/01/18 - 06/30/19	125,277
Pass-through Unity of Greater New Orleans CoC program	14.267	LA0086L6H031609	07/01/17 - 06/30/18	38,799
Pass-through Montgomery County Department of Housing and Community Development Coordinated Homeless Outreach Center - Shelter Ops	14.218	B-18-4C-42-0005	10/01/18 - 09/30/19	65,179
Pass-through Montgomery County Department of Behavioral Health and Developmental Disabilities Coordinated Homeless Outreach Center - Shelter Ops	14.267	PA0127L3T041609	07/01/18 - 06/30/19	259,696

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
Pass-through Philadelphia Office of Housing and Community Development HOME - Families in Transition	14.239	1820018	07/01/18 - 06/30/19	202,105
Pass-through Philadelphia Office of Homeless Services Fernwood Winter Initiative	14.231	1820344	07/01/18 - 06/30/19	184,368
Pass-through Monroe County Crossroads	14.231	C000062452	01/01/18 - 06/30/19	83,835
Pass-through Housing Alliance of PA Crossroads	14.267	N/A	07/01/18 - 06/30/19	17,272
<b>Total U.S. Department of Housing and Urban Development</b>				<b>2,166,766</b>
<b><u>U.S. Department of Education</u></b>				
Pass-through State of Rhode Island Office of Rehabilitation Services RHD Rhode Island	84.126	N/A	07/01/18 - 06/30/19	20,207
<b>Total U.S. Department of Education</b>				<b>20,207</b>
<b><u>U.S. Department of Homeland Security</u></b>				
Pass-through Montgomery County Emergency Food and Shelter Program Coordinated Homeless Outreach Center - Shelter Ops	97.024	729400-030	10/01/17 - 5/30/19	41,860
Pass-through United Way Emergency Food and Shelter Program Shelter & Safe Haven Peer Services	97.024	731000-082	07/01/18 - 06/30/19	41,506
<b>Total U.S. Department of Homeland Security</b>				<b>83,366</b>

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
<b><u>U.S. Department of Justice</u></b>				
Pass-through Pennsylvania Commission on Crime and Delinquency Healing Ajax	16.738	N/A	10/01/18 - 9/30/19	4,184
<b>Total U.S. Department of Justice</b>				4,184
<b>Total Federal Financial Assistance</b>				<b>\$ 11,355,402</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

<b>Summary of Federal Financial Assistance by CFDA</b>	<b>2019</b>
	<b>Expenditures</b>
14.218- Community Development Block Grants/Entitlement Grants	\$ 65,179
14.231- Emergency Solutions Grants Program	268,203
14.239- HOME Investment Partnerships Program	202,105
14.267- Continuum of Care Program	1,631,279
16.738- Edward Byrne Memorial Justice Assistance Grant Program	4,184
84.126- Rehabilitation Services Vocational Rehabilitation Grants to States	20,207
93.150- Projects for Assistance in Transition from Homelessness (PATH)	264,076
93.217- Family Planning Services	149,486
Health Center Program Cluster	
93.224- Health Center Program	180,026
93.527- Grants for New and Expanded Services under the Health Center Program	3,653,522
93.243- Substance Abuse and Mental Health Services Projects of Regional and National Significance	83,321
93.359- Nurse Education, Practice Quality and Retention Grants	359,163
93.558- Temporary Assistance for Needy Families	119,769
93.569- Community Services Block Grant	37,702
93.667- Social Services Block Grant	190,397
93.778- Medical Assistance Program	2,907,744
93.788- Opioid STR	263,888
93.914- HIV Emergency Relief Project Grants	57,065
93.940- HIV Prevention Activities Health Department Based	30,418
93.958- Block Grants for Community Mental Health Services	72,544
93.959- Block Grants for Prevention and Treatment of Substance Abuse	664,328
93.977- Sexually Transmitted Diseases (STD) Prevention and Control Grants	66
93.994- Maternal and Child Health Services Block Grant to the States	47,364
97.024- Emergency Food and Shelter National Board Program	83,366
	\$ 11,355,402

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 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	\$ 8,609,499
<b>Total Connecticut</b>				<b>8,609,499</b>
<b><u>Delaware</u></b>				
Department of Health and Social Services				
Assertive Community Treatment - Kent County	N/A	021778	07/01/18 - 06/30/19	378,984
Assertive Community Treatment - New Castle County	N/A	021774	07/01/18 - 06/30/19	535,090
Assertive Community Treatment - Kent County	N/A	021777	07/01/18 - 06/30/19	406,518
Intensive Case Management Services - Sussex County	N/A	21879	07/01/18 - 06/30/19	380,456
Choices, Mainstay	N/A	022962-00-00	07/01/18 - 06/30/19	153,755
Brandywine Hills	N/A	21848	07/01/18 - 06/30/19	584,558
Montrose Drive	N/A	21647	07/01/18 - 06/30/19	306,485
Grubb Road	N/A	21646	07/01/18 - 06/30/19	273,973
Jefferson Street	N/A	22962	07/01/16 - 06/30/19	157,778
<b>Total Delaware</b>				<b>3,177,597</b>
<b><u>Iowa</u></b>				
Mental Health /Disability Services of the East Central Region	N/A	N/A	07/01/18 - 06/30/21	203,498
County Rural Offices of Social Services (CROSS) Region	N/A	N/A	02/01/18 - 01/30/19	337,979
County Rural Offices of Social Services (CROSS) Region	N/A	N/A	02/01/19 - 06/30/19	170,460
County Social Services	N/A	N/A	09/01/16 - 06/30/19	281,253
South Central Behavioral Health Region	N/A	N/A	07/01/18 - 06/30/19	130,535
<b>Total Iowa</b>				<b>1,123,725</b>

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
<b>Louisiana</b>				
Jefferson Parish Human Service Authority				
Court Liaison	N/A	N/A	07/01/18 - 06/23/19	69,791
Hospital Transition Program	N/A	N/A	01/01/19 - 06/30/19	86,084
<b>Total Louisiana</b>				<b>155,875</b>
<b>Massachusetts</b>				
Department of Developmental Services				
Individual Support	N/A	16661060S361DDS3798H	07/01/18 - 06/30/19	7,862
Individual Support	N/A	16661060S361DDS3798H	07/01/18 - 06/30/19	492,561
Individual Support	N/A	16661060S361DDS3798H	07/01/18 - 06/30/19	34,068
Individual Support	N/A	176610667084DDS3780C	07/01/18 - 06/30/19	95,551
Individual Support	N/A	INTF1935S436DDS3798H	07/01/18 - 06/30/19	1,710
Outside the Lines	N/A	13338038B335DDS3163H	07/01/18 - 06/30/19	61,062
Outside the Lines	N/A	13338038D335DDS3163H	07/01/18 - 06/30/19	13,475
Outside the Lines	N/A	136601601368DDS3196T	07/01/18 - 06/30/19	30,600
Outside the Lines	N/A	13660160B368DDS3196H	07/01/18 - 06/30/19	152,498
Outside the Lines	N/A	136601601368DDS3196H	07/01/18 - 06/30/19	13,171
Outside the Lines	N/A	13660160C368DDS3163H	07/01/18 - 06/30/19	152,281
Outside the Lines	N/A	13660160D368DDS3163H	07/01/18 - 06/30/19	77,412
Outside the Lines	N/A	16338038C335DDS3163H	07/01/18 - 06/30/19	50,427
Outside the Lines	N/A	17559059E512DDS3163H	07/01/18 - 06/30/19	7,900
Outside the Lines	N/A	193301OPENDAYWORKM03	07/01/18 - 06/30/19	1,121
Residential Services - Occupancy	N/A	14661061L206DDS3753M	07/01/18 - 06/30/19	222,409
Residential Services - Occupancy	N/A	14662062L232DDS3753M	07/01/18 - 06/30/19	340,606
Residential Services - Operations	N/A	14661061R206DDS3153D	07/01/18 - 06/30/19	1,923,508
Residential Services - Operations	N/A	14661061R206DDS3153D	07/01/18 - 06/30/19	108,230
Residential Services - Operations	N/A	14662062R232DDS3153D	07/01/18 - 06/30/19	4,703,093
Urban Youth	N/A	INTF19612222DDS3228C	07/01/18 - 06/30/19	54,635
Commission for the Blind				
Outside the Lines	N/A	7000CTMCBEMPDA020014	07/01/18 - 06/30/19	3,927
<b>Total Massachusetts</b>				<b>8,548,107</b>

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
<b>Missouri</b>				
Developmental Disability Services of Jackson County EITAS	N/A	N/A	01/01/17 - 12/31/17	23,831
<b>Total Missouri</b>				23,831
<b>Nebraska</b>				
Division of Developmental Disabilities	N/A	N/A	07/01/18 - 06/30/19	1,287,525
<b>Total Nebraska</b>				1,287,525
<b>New Jersey</b>				
Department of Human Services Division of Mental Health Services -SALT & RIST	N/A	30415F	07/01/18 - 06/30/19	2,599,494
Division of Addiction Services -Supportive Housing	N/A	18-623-ADA-0	07/01/17 - 06/30/18	570,401
<b>Total New Jersey</b>				3,169,895
<b>Pennsylvania</b>				
Pennsylvania Office Of Vocational Rehabilitation Allies	N/A	N/A	07/01/18 - 06/30/19	33,526
Pennsylvania Department of Human Services Pass-through Philadelphia Office of Behavioral Health / Intellectual Disability Services				
Mental Health Base Unitary	N/A	N/A	07/01/18 - 06/30/19	16,812,414
Early Intervention	N/A	N/A	07/01/18 - 06/30/19	459,024
				17,271,438
Pass-through Philadelphia Office of Homeless Services				
Fernwood	N/A	1520192-04	07/01/18 - 06/30/19	115,151
Woodstock Family Center	N/A	1520206-04	07/01/18 - 06/30/19	172,059
				287,210

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.



**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
Pass-through Access Matters				
Family Practice Counseling Network	N/A	183901	07/01/17 - 06/30/18	945
Family Practice Counseling Network	N/A	193901	07/01/18 - 06/30/19	3,969
				4,914
Pass-through various counties				
Allegheny County	N/A	221761	07/01/18 - 06/30/19	1,125,992
Allegheny County SAM	N/A	N/A	07/01/18 - 06/30/19	2,622
Bucks County	N/A	N/A	07/01/18 - 06/30/19	79,235
Beaver County - Health Choices		N/A	06/06/17 - 12/12/19	1,377,443
Carbon Monroe Pike - Dept of MH	N/A	N/A	07/01/18 - 06/30/19	978,624
Carbon Monroe Pike Health Choices	N/A	N/A	07/01/18 - 06/30/21	632,633
Carbon Monroe Pike Health Choices	N/A	N/A	09/01/16 - 12/31/20	124,220
Chester County -MH Residential	N/A	N/A	03/01/19 - 06/30/19	535,162
Chester County -MH	N/A	17823	07/01/18 - 06/30/19	139,988
Chester County - D&A	N/A	N/A	07/01/18 - 06/30/19	578,711
Lehigh County - MH	N/A	16-MHID-261	07/01/18 - 06/30/19	1,288,747
Montgomery County - MH/MR (RSS/CCW)	N/A	N/A	07/01/17 - 06/30/18	16,507
Montgomery County - MH/MR (RSS/CCW)	N/A	N/A	07/01/18 - 06/30/19	58,953
Montgomery County Dept of BH/DD	N/A	N/A	01/03/18 - 12/31/19	130,827
Montgomery County Dept of BH/DD	N/A	N/A	07/01/18 - 06/30/19	306,011
Montgomery County Dept of BH/DD	N/A	N/A	07/01/18 - 06/30/19	6,015,337
Montgomery County Dept of BH/DD	N/A	N/A	07/01/18 - 06/30/19	679,140
Northampton County	N/A	2016-1020	07/01/18 - 06/30/19	71,521
Northampton County -MH/EI/DP	N/A	N/A	07/01/18 - 06/30/19	2,315,295
Westmoreland - Health Choices			07/01/18 - 12/31/19	428,215
				16,885,183
<b>Total Pennsylvania Department of Human Services</b>				<b>34,448,745</b>

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
<b>Pennsylvania counties</b>				
Montgomery County Adult Probation & Parole Department	N/A	N/A	09/01/18 - 06/30/19	49,930
Montgomery County Dept of BH/DD	N/A	N/A	07/01/18 - 06/30/19	137,222
Montgomery County Adult Probation & Parole Department	N/A	N/A	08/01/17 - 12/31/18	22,806
Montgomery County - MH/MR (RSS/CCW)	N/A	N/A	07/01/17 - 06/30/18	373
Montgomery County - MH/MR (RSS/CCW)	N/A	N/A	07/01/18 - 06/30/19	1,298
School District of Philadelphia	N/A	N/A	07/01/18 - 06/30/19	192,000
Service Access & Management Inc.	N/A	N/A	07/01/18 - 06/30/19	10,470
<b>Total Pennsylvania Counties</b>				414,099
<b>Total Pennsylvania</b>				34,896,370
<b><u>Rhode Island</u></b>				
Division of Developmental Disabilities	N/A	N/A	07/01/18 - 06/30/19	1,330,746
Division of Children, Youth and Families	N/A	N/A	07/01/18 - 06/30/19	26,258
<b>Total Rhode Island</b>				1,357,004
<b>Total State / County Financial Assistance</b>				<b>\$ 62,349,428</b>

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Passthrough Grantor's Number	Grant Period	2019 Expenditures
<b>City Financial Assistance</b>				
<b>Philadelphia Office of Homeless Services</b>				
Rapid Rehousing	N/A	1520168-04	07/01/18 - 06/30/19	\$ 169,000
Woodstock Family Center	N/A	1520206-04	07/01/18 - 06/30/19	1,261,764
Fernwood	N/A	1520192-04	07/01/18 - 06/30/19	931,678
<b>Philadelphia Department of Public Health</b>				
Health Federation				
Family Practice Counseling Network	N/A	N/A	11/01/18 - 10/31/19	8,000
Office of Behavioral Health/Intellectual Disabilities				
MH Base Unitary	N/A	N/A	07/01/18 - 06/30/19	125,559
Early Intervention Unitary	N/A	N/A	07/01/18 - 06/30/19	51,576
Early Intervention Interpretation Services	N/A	N/A	07/01/18 - 06/30/19	71,962
AIDS Activities Coordinating Office				
Access Matters				
Family Practice Counseling Network	N/A	183010	07/01/17 - 06/30/18	9,523
Family Practice Counseling Network	N/A	193010	07/01/18 - 06/30/19	20,660
<b>Total City Financial Assistance</b>				<b>\$ 2,649,722</b>
<b>Total Federal, State and City Financial Assistance</b>				<b>\$ 76,354,552</b>

See independent auditors' report and notes to schedule of expenditures of Federal, state and city awards.

## **RESOURCES FOR HUMAN DEVELOPMENT, INC.**

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

#### **1 - GENERAL INFORMATION**

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

#### **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**

**SIGNIFICANT DEFICIENCY 2019-001**

**Criteria:** Credit cards are utilized as a payment mechanism for spending by both RHD management and its employees working within the various programs. Each credit card user is assigned an approver. RHD's policy is such that all credit card transactions are to be approved by the applicable approver within 10 days of the end of the month.

**Condition:** Credit card transactions selected for testing were not approved in a timely manner.

**Cause:** The approval of the credit card charges is not required in order for either the credit card vendor to be paid or the expense to be recorded to the general ledger. As such, various credit card transactions throughout the year were incurred, paid for, posted to the general ledger but never approved, as required by the RHD policy.

**Effect:** Credit card users could be spending program funds on expenses that are not allowed under RHD guidelines or applicable state/federal guidelines, resulting in potential unallowable expenses to be incurred.

**Recommendation:** We recommend that RHD management provide training to all authorized approvers on the importance of timely approving all transactions. In addition, we recommend that RHD management improve the process to monitor that all credit card approvers are following the RHD policy and that transactions are approved timely and prior to payment.

**Views of responsible officials:** RHD's credit card policy requires approvers to review all transactions for business purpose and correct general ledger coding. Through the review of programmatic ledgers and budgets, divisional fiscal personnel also monitor the appropriateness of expenses charged to each cost center.

In fiscal year 2020, RHD is implementing expense management software which will streamline the approval process and provide additional automated reminders for approvals that are approaching deadlines. This software also gives management better reporting capabilities and transparency into the approval process.

As part of the roll-out of this system, management will be refreshing training on the credit card policy to all users.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section II – Financial Statement Findings (Continued)**

**LATE REPORT FINDING 2019-002**

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

**Condition:** RHD’s audit report was due to the LLA by December 31, 2019; six months after their fiscal year end; RHD did not submit their audit report within the required time frame.

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

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

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

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

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

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

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

Position Title(s) of Person(s) Overseeing This Issue: Corporate Controller

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

#### **U.S. Department of Health and Human Services**

Medical Assistance Program – CFDA 93.778

Passed through the State of Nebraska

Grant period 7/1/18 – 6/30/19

Passed through the State of Rhode Island, Department of Developmental Disabilities

Grant #RH 54940, 7/1/18 – 6/30/19

Passed through the City of Philadelphia, Office of Behavioral Health/Intellectual Disability

Program: Early Intervention

Grant # 17-20073, 7/1/18 – 6/30/19

**Significant Deficiency:** As discussed in finding 2019-001 above, credit cards are utilized as a payment mechanism for spending by both RHD management and its employees working within the various programs. Each credit card user is assigned an approver. RHD's policy is such that all credit card transactions are to be approved by the applicable approver within 10 days of the end of the month. Credit card transactions were not consistently approved on a timely basis. Because the approval of the credit card charges is not required in order for either the credit card vendor to be paid or the expense to be recorded to the general ledger. As such, various credit card transactions throughout the year were incurred, paid for, posted to the general ledger but never approved, as required by the RHD policy. Credit card users could be spending program funds on expenses that are not allowed under RHD guidelines or applicable state/federal guidelines, resulting in potential unallowable expenses to be incurred. We recommend that RHD management create a process to monitor that all credit card approvers are following the RHD policy and that transactions are approved timely and prior to payment.

**Views of responsible officials:** RHD's credit card policy requires approvers to review all transactions for business purpose and correct general ledger coding. Through the review of programmatic ledgers and budgets, divisional fiscal personnel also monitor the appropriateness of expenses charged to each cost center.

In fiscal year 2020, RHD is implementing expense management software which will streamline the approval process and provide additional automated reminders for approvals that are approaching deadlines. This software also gives management better reporting capabilities and transparency into the approval process.

As part of the roll-out of this system, management will be refreshing training on the credit card policy to all users.



**RESOURCES FOR HUMAN DEVELOPMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section IV – Prior Year Findings**

None.

**MEMORANDUM OF  
ADVISORY COMMENTS**

**RESOURCES FOR HUMAN DEVELOPMENT, INC.**

**JUNE 30, 2019**

**FRIEDMAN LLP<sup>®</sup>**

ACCOUNTANTS AND ADVISORS

# FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

February 12, 2020

Board of Directors  
Resources for Human Development

In connection with our audit of the consolidated financial statements for Resources for Human Development, Inc. and Subsidiaries (“RHD” or the “Organization”) as of June 30, 2019, we issued two reports, which addressed internal controls. The reports are *Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards* and *Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance required by the Uniform Guidance*. In addition, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our auditing procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations. The comments and suggestions listed below pertain to Resources for Human Development, Inc. only. Comments and suggestions that pertain to subsidiaries, if any, have been communicated separately.

RHD’s responses to the comments as described below were not subjected to the auditing procedures applied in the audit of the consolidated financial statements.

The following summarizes our comments and suggestions.

## ***Comments for June 30, 2019***

### **Accounting for Insurance Liabilities**

Currently, RHD self-insures for workers compensation liabilities and for eligible reimbursable state unemployment liabilities. During the course of our audit testing, we noted that when management prepared the year-end analysis for these two reserves, RHD was over-reserved in one liability and under-reserved in the other liability. To correct this, management recorded an adjustment to reclassify the surplus/deficit between the two liability accounts. While this allowed the liability accounts to be reasonably stated, the change to each program and each expense was not calculated or recorded. The effect of this relates to a program who is paying into the workers compensation reserve at one rate and into the unemployment reserve at a different rate.

We recommend that any adjustment between the reserves be recorded separately in order to take into account the expense effect of recording the reserves to the general ledger. First as a reversal to the program expenses in a rate which represents the program’s contribution into the reserve and then a liability recorded to increase the other reserve which is charged to the programs which participate in this liability at the rate representative of their responsibility to fund.

*Management's Response:*

Management agrees with the proposed recommendation. While the impact to any one program was immaterial, and there was no effect on the financial statements as a whole, we will adjust program-level expenses should this arise in the future.

*Position Title of Person Overseeing This Issue:* Corporate Controller

**Personnel Files**

Currently, personnel files are maintained in paper files which contain the employee's social security number, banking information, picture ID's and address. While the folders are kept in a locked room with check-in and out procedures, there is a risk of this confidential information being lost or stolen.

We recommend that RHD consider maintaining this information in electronic form in order to protect the employee's sensitive information.

*Management's Response:*

RHD continues to evaluate vendors in efforts to select an HCMS/HRIS system, a component of which will address electronic filing of payroll records. It is anticipated that a vendor will be selected in FY20, and implementation will begin during FY21.

*Position Title of Person Overseeing This Issue:* Chief Human Resource Officer

**Property lease database**

A significant change in the accounting for all lease transactions will become effective for the Organization in July 2021. Currently, RHD uses a software application to maintain a database of property leases.

We recommend that the Organization design a similar database to capture the details of all other operating leases, such as operating equipment leases. This will ensure a smoother transition when the new lease standards become effective in July 2021.

*Management's Response:*

We are in the process of implementing two software applications that will enable us to maintain a complete listing of our properties and equipment and their associated leases. These systems will improve the data collection and organization of all lease documents, and allow for better reporting of this data. We anticipate these processes to be implemented and used during the fiscal year ending June 30, 2021.

*Position Title of Person Overseeing This Issue:* Corporate Controller

**Summary**

While addressing each of the foregoing points will not prevent or preclude errors or illegal acts from occurring, they will assist in improving record keeping, internal controls, and the financial stability of RHD. If you would like to discuss any of the matters in greater detail, please contact us.

Very truly yours,

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

**FRIEDMAN LLP**