

**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**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**AND**

**INDEPENDENT AUDITORS' REPORT**

# 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**

*Report on the Audit of the Consolidated Financial Statements*

### ***Opinion***

We have audited the consolidated financial statements of Resources for Human Development, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, changes in net assets, functional expenditures, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Resources for Human Development, Inc. and Subsidiaries (the "Organization") as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter - Liquidity***

As discussed in Note 3 to the consolidated financial statements, the Organization has suffered significant operating losses and is in default with the bank regarding its line of credit agreement. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 3. Our opinion is not modified with respect to that matter.

## ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

## ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements and selected notes included on pages 49-53 are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and changes in net assets of the individual companies and is presented for purposes of additional analysis and is not a required part of the consolidated statements. In addition, the supplementary information on page 54, as required by the State of Louisiana, is also presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Resources for Human Development, Inc. only schedule of expenditures of federal, state and city awards, and related notes on pages 61-71 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 December 20, 2024, 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.

*Marcum LLP*

Philadelphia, Pennsylvania  
December 20, 2024

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2024 AND 2023**

	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,889,933	\$ 874,764
Limited use cash and cash equivalents	1,018,963	1,482,245
Investments	736,633	10,516,064
Limited use investments	949,852	895,351
Accounts receivable, net of allowance for credit losses of \$7,196,516 for 2024 and \$6,790,170 for 2023	24,587,457	28,748,936
Government grants receivable, net of allowance of \$688,888 for 2024 and 2023	17,785,414	25,599,240
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$17,343 for both 2024 and 2023	4,645	4,421
Prepaid expenses and other current assets	<u>2,707,856</u>	<u>4,282,090</u>
<b>Total Current Assets</b>	56,680,753	72,403,111
Property and equipment, net	12,585,558	13,395,232
Advances and loans, net of current portion	122,209	204,454
Other assets	328,443	284,363
Operating lease right-of-use assets	<u>57,593,432</u>	<u>59,284,043</u>
<b>Total Assets</b>	<u><u>\$ 127,310,395</u></u>	<u><u>\$ 145,571,203</u></u>

*The accompanying notes are an integral part of these consolidated financial statements.*

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2024 AND 2023**

	2024	2023
<b>Liabilities And Net Assets</b>		
<b>Current Liabilities</b>		
Line of credit and short term borrowings	\$ 3,870,214	\$ 4,045,200
Long-term debt, current portion	523,267	497,171
Accounts payable and accrued expenses	20,353,960	16,362,742
Accrued payroll and related liabilities	11,824,265	13,349,248
Refundable advances, current portion	17,539,823	23,530,437
Operating lease liabilities, current portion	10,054,375	9,792,795
Due to consumers	879,345	1,357,590
<b>Total Current Liabilities</b>	65,045,249	68,935,183
<b>Long-Term Liabilities</b>		
Long-term debt, net of current portion	5,074,538	5,597,802
Refundable advances, net of current portion	204,244	204,244
Retirement plans, net of current portion	--	1,402,955
Operating lease liabilities, net of current portion	49,258,715	50,893,824
<b>Total Liabilities</b>	119,582,746	127,034,008
<b>Net Assets</b>		
Without donor restrictions	5,519,764	15,105,381
With donor restrictions	1,255,418	2,532,011
<b>Total Net Assets Before Noncontrolling Interest</b>	6,775,182	17,637,392
Noncontrolling interest	952,467	899,803
<b>Total Net Assets</b>	7,727,649	18,537,195
<b>Total Liabilities And Net Assets</b>	<u>\$ 127,310,395</u>	<u>\$ 145,571,203</u>

*The accompanying notes are an integral part of these consolidated financial statements.*



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

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>Changes in Net Assets Without Donor Restrictions</b>		
Support and revenue		
Net patient services	\$ 198,863,904	\$ 196,203,786
Government grants	116,247,667	109,632,268
Grants and contributions (non-government)	524,580	352,157
In-kind contributions	838,976	998,891
Interest and miscellaneous	<u>2,467,866</u>	<u>3,400,232</u>
<b>Total Support and Revenue Without Donor</b>		
<b>Restrictions Before Net Assets Released From Restrictions</b>	318,942,993	310,587,334
Net assets released from restrictions	<u>1,490,427</u>	<u>370,731</u>
<b>Total Support and Revenue Without</b>		
<b>Donor Restrictions</b>	<u>320,433,420</u>	<u>310,958,065</u>
<b>Expenditures</b>		
Program	283,741,663	274,297,454
Management and general	45,668,892	41,380,283
Fundraising	473,561	543,565
Other operating	<u>1,003,933</u>	<u>957,148</u>
<b>Total Expenditures</b>	<u>330,888,049</u>	<u>317,178,450</u>
<b>Changes in Net Assets From Operations Without</b>		
<b>Donor Restrictions</b>	(10,454,629)	(6,220,385)
<b>Other Changes</b>		
Net realized and unrealized gains (losses) on investments	<u>953,551</u>	<u>(9,369)</u>
<b>Changes in Net Assets Without Donor Restrictions</b>	<u>(9,501,078)</u>	<u>(6,229,754)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	213,834	1,085,923
Net assets released from restrictions	<u>(1,490,427)</u>	<u>(370,731)</u>
<b>Changes in Net Assets With Donor Restrictions</b>	<u>(1,276,593)</u>	<u>715,192</u>
<b>Changes in Total Net Assets</b>	(10,777,671)	(5,514,562)
<b>Noncontrolling Interest</b>		
Less changes in net assets attributable to noncontrolling interest	<u>(84,539)</u>	<u>(4,526)</u>
<b>Changes in Total Net Assets of RHD and Subsidiaries,</b>		
<b>Excluding Noncontrolling Interest</b>	<u>\$ (10,862,210)</u>	<u>\$ (5,519,088)</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

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

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Without Donor Restriction	With Donor Restriction	Noncontrolling Interest	Total
<b>Balance at July 1, 2022</b>	\$ 21,339,661	\$ 1,816,819	\$ 850,653	\$ 24,007,133
Changes in net assets	(6,234,280)	715,192	4,526	(5,514,562)
Contributions, SNPT	--	--	66,313	66,313
Distributions, SNPT	<u>--</u>	<u>--</u>	<u>(21,689)</u>	<u>(21,689)</u>
<b>Balance at June 30, 2023</b>	15,105,381	2,532,011	899,803	18,537,195
Changes in net assets	(9,585,617)	(1,276,593)	84,539	(10,777,671)
Contributions, SNPT	--	--	106,185	106,185
Distributions, SNPT	<u>--</u>	<u>--</u>	<u>(138,060)</u>	<u>(138,060)</u>
<b>Balance at June 30, 2024</b>	<u>\$ 5,519,764</u>	<u>\$ 1,255,418</u>	<u>\$ 952,467</u>	<u>\$ 7,727,649</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services			
	Intellectual								
	Behavioral		Developmental	Miscellaneous	Total Program	Management		Other	Total
	Health	Healthcare	Disability	and other		and General	Fundraising	Operating	Expenditures
Salaries	\$ 60,886,903	\$ 12,933,915	\$ 81,568,998	\$ --	\$ 155,389,816	\$ 23,676,100	\$ 327,397	\$ 135,501	\$ 179,528,814
Benefits	12,844,565	2,529,576	18,285,060	--	33,659,201	4,457,379	39,992	54,832	38,211,404
Communications	1,807,866	195,519	1,406,558	17	3,409,960	278,622	14,750	--	3,703,332
Depreciation and amortization	1,497,147	125,937	508,752	--	2,131,836	219,174	--	208,911	2,559,921
Fees and services	9,632,513	9,394,428	12,435,646	--	31,462,587	8,082,817	9,921	387,524	39,942,849
Occupancy	14,015,104	1,635,582	10,857,860	34,776	26,543,322	2,170,990	--	--	28,714,312
Office and program supplies	6,692,161	6,512,013	3,627,393	550	16,832,117	305,188	40,328	87,028	17,264,661
Small equipment and maintenance	3,680,588	393,024	5,823,965	1,048	9,898,625	4,935,778	25,391	130,137	14,989,931
Training and development	116,421	93,147	155,177	--	364,745	102,849	--	--	467,594
Travel and miscellaneous	1,199,757	1,168,022	1,572,412	109,263	4,049,454	1,439,995	15,782	--	5,505,231
<b>Total Expenditures</b>	<u>\$ 112,373,025</u>	<u>\$ 34,981,163</u>	<u>\$ 136,241,821</u>	<u>\$ 145,654</u>	<u>\$ 283,741,663</u>	<u>\$ 45,668,892</u>	<u>\$ 473,561</u>	<u>\$ 1,003,933</u>	<u>\$ 330,888,049</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services			
	Behavioral		Intellectual		Total Program	Management		Other	Total
	Health	Healthcare	Disability	Miscellaneous and other		and General	Fundraising	Operating	Expenditures
Salaries	\$ 58,395,680	\$ 12,689,350	\$ 80,284,496	\$ --	\$ 151,369,526	\$ 23,705,421	\$ 315,123	\$ 139,956	\$ 175,530,026
Benefits	10,912,127	2,143,985	16,300,639	--	29,356,751	3,914,731	39,132	38,832	33,349,446
Communications	1,711,284	207,835	1,131,412	185	3,050,716	363,968	22,958	--	3,437,642
Depreciation and amortization	1,413,724	150,626	488,402	6,234	2,058,986	185,311	--	202,827	2,447,124
Fees and services	10,163,573	9,773,386	10,992,828	--	30,929,787	4,863,473	39,981	377,368	36,210,609
Occupancy	13,798,747	1,536,008	10,357,879	--	25,692,634	1,994,243	--	--	27,686,877
Office and program supplies	6,877,612	5,803,565	3,804,758	576	16,486,511	363,888	73,743	63,021	16,987,163
Small equipment and maintenance	4,612,158	379,973	6,227,453	94	11,219,678	4,881,308	27,075	135,144	16,263,205
Training and development	179,539	73,334	183,017	--	435,890	152,263	805	--	588,958
Travel and miscellaneous	1,305,686	706,886	1,684,335	68	3,696,975	955,677	24,748	--	4,677,400
<b>Total Expenditures</b>	<b>\$ 109,370,130</b>	<b>\$ 33,464,948</b>	<b>\$ 131,455,219</b>	<b>\$ 7,157</b>	<b>\$ 274,297,454</b>	<b>\$ 41,380,283</b>	<b>\$ 543,565</b>	<b>\$ 957,148</b>	<b>\$ 317,178,450</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>Cash Flows From Operating Activities</b>		
Changes in total net assets	\$ (10,777,671)	\$ (5,514,562)
Adjustments to reconcile changes in total net assets to net cash used in operating activities		
(Gain) loss on sale/disposition of property and equipment	(308,003)	936,698
Net realized and unrealized (gains) losses on limited use investments	(78,509)	4,450
Net realized and unrealized (gains) losses on investments	(875,802)	4,919
Credit loss expense and contractual allowances	10,923,484	6,899,304
Depreciation and amortization	2,559,921	2,447,124
Amortization of operating right-of-use assets	10,507,690	10,599,767
Accretion of operating lease liabilities	2,645,154	1,814,055
Support received for the purchase of property and equipment	(462,151)	(369,506)
Change in deferred tax asset	2,461	2,540
Change in valuation allowance on deferred tax asset	(2,461)	(2,540)
Changes in operating assets and liabilities		
Accounts receivable	(6,762,005)	(2,504,295)
Government grants receivable	7,813,826	(2,814,436)
Prepaid expenses and other current assets	1,574,234	(2,405,281)
Other assets	(44,080)	1,888,518
Accounts payable and accrued expenses	3,991,218	2,219,661
Accrued payroll and related liabilities	(1,524,983)	(12,246,599)
Refundable advances	(5,990,614)	(4,906,832)
Operating lease liabilities	(12,835,762)	(11,793,175)
Retirement plans	(1,402,955)	743,274
<b>Net Cash Used in Operating Activities</b>	<u>(1,047,008)</u>	<u>(14,996,916)</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>Cash Flows From Investing Activities</b>		
Net change to consumer funds	\$ (478,245)	\$ (11,231)
Acquisitions of property and equipment	(1,773,933)	(2,364,671)
Proceeds from sale of property and equipment	331,686	214,278
Purchases of investments	(1,260,029)	(2,115,741)
Proceeds from sale of investments	11,913,428	7,172,281
Purchases of limited use investments	(476,084)	(370,183)
Proceeds from sale of limited use investments	501,929	316,583
Net repayments (borrowings) of advances and loans	82,021	(70,669)
<b>Net Cash Provided by Investing Activities</b>	<u>8,840,773</u>	<u>2,770,647</u>
<b>Cash Flows From Financing Activities</b>		
Support received for the purchase of property and equipment	462,151	369,506
Net (repayments) borrowings on line of credit borrowing	(174,986)	4,045,200
Principal payments on long-term debt	(497,168)	(486,575)
Contributed capital from noncontrolling interest	106,185	66,313
Distributions to noncontrolling interest	(138,060)	(21,689)
<b>Net Cash (Used in) Provided by Financing Activities</b>	<u>(241,878)</u>	<u>3,972,755</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	7,551,887	(8,253,514)
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>	<u>2,357,009</u>	<u>10,610,523</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u><u>\$ 9,908,896</u></u>	<u><u>\$ 2,357,009</u></u>

*The accompanying notes are an integral part of these consolidated financial statements.*

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>Reconciliation of Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>		
Cash and cash equivalents	\$ 874,764	\$ 8,877,100
Consumer funds	1,357,590	1,368,822
Escrow funds	120,203	342,725
SNPT money market funds	<u>4,452</u>	<u>21,876</u>
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>	<u>\$ 2,357,009</u>	<u>\$ 10,610,523</u>
<b>Reconciliation of Cash, Cash Equivalents, and Restricted Cash, End of Year</b>		
Cash and cash equivalents	\$ 8,889,933	\$ 874,764
Consumer funds	879,345	1,357,590
Escrow funds	137,003	120,203
SNPT money market funds	<u>2,615</u>	<u>4,452</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u>\$ 9,908,896</u>	<u>\$ 2,357,009</u>
<b>Supplemental Cash Flow Disclosure</b>		
Cash paid for interest	<u>\$ 895,201</u>	<u>\$ 412,448</u>
Income taxes paid	<u>\$ --</u>	<u>\$ --</u>
<b>Non-Cash Investing and Financing Activities</b>		
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 8,817,079</u>	<u>\$ 8,192,460</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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#### NOTE 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, 2024, RHD oversees and supports more than 115 locally-managed programs in 13 states, which helps tens of thousands of people of all abilities each year. These innovative and effective programs specialize in helping people who have mental illnesses or intellectual disabilities, those who are homeless, and people with histories of substance abuse, so that they may build better lives for themselves, their families, and their communities. Program areas encompass the following community needs: arts, culture and humanities, community improvement and capacity building, crime prevention, education, employment readiness and job training, environmental quality, health care, homelessness prevention, behavioral health, substance abuse, intellectual disabilities, volunteer development, and youth development, wellness and education.

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

RHD controls two not-for-profit organizations, Pennsylvania Institute for Community Living, Inc. (“PICL”) and The Non-Profit Housing Corporation of Pennsylvania (“NPHO”). NPHO is dormant. PICL provides residential and outpatient treatment, rehabilitation and support services for individuals with mental disabilities through a contract with Montgomery County, Pennsylvania.

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

RHD and its subsidiaries are collectively referred to as the “Organization”.



# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***BASIS OF PRESENTATION***

The accompanying consolidated financial statements include the accounts of RHD, its for-profit subsidiary, Murex (100% owned by RHD), as well as two related not-for-profit organizations which RHD controls, PICL and NPHO, and one trust which is consolidated as a variable interest entity, SNPT.

The following entities have been consolidated with Murex and are reflected in the consolidated financial statements: Murex TRS, Inc. and TRS, LLP ("Taunton Run"). Inter-company investments, advances and transactions have been eliminated.

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

SNPT has been consolidated with the Organization under the accounting standards governing variable interest entities. SNPT is a variable interest entity in which RHD is the primary beneficiary. See Note 21 for additional information.

#### ***REVENUE AND SUPPORT***

The Organization recognizes revenue from contracts with customers with Financial Accounting Standards Board ("FASB") ASC 606, *Revenue from Contracts with Customers* ("ASC 606").

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

- Identification of the contract, or contracts with customers;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Organization satisfies the performance obligations.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE AND SUPPORT (CONTINUED)***

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

***Net Patient Services***

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

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

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

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

- Medicaid – Reimbursements for allowable services are generally paid at prospectively determined rates per visit or per covered member.
- Medicare – Outpatient services are paid using prospectively determined rates.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE AND SUPPORT (CONTINUED)***

***Net Patient Services (continued)***

- 340B Pharmacy – RHD, through its Healthcare Division, participates in the Section 340B program of the Public Health Service Act (“PHS Act”), Limitation on Prices of Drugs Purchased by Covered Entities. Participation in this program allows the Organization to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. The 340B program operated through its agreement with an unrelated third party for the years ended June 30, 2024 and 2023. Under this program, RHD used the third party as its agent for the purpose of operating and managing the pharmacy and providing pharmacy services.
- Other – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit, discounts from established charges, and prospectively determined daily rates.

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

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

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE AND SUPPORT (CONTINUED)***

***Government Grants***

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

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

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

***Non-government Grants and Contributions***

The Organization recognizes revenues from contributions in accordance with FASB ASC 958, *Not-for-Profit Entities*. The Organization recognizes contributions from non-government sources when cash, securities or other assets; an unconditional promise to give (pledge); or a notification of a beneficial interest is received.

Unconditional promises to give cash and other assets to the Organization are reported as contributions and recorded at fair value on the date the promise is received. Unconditional contributions and grants are considered available for use without restriction unless explicit donor stipulations specify how the funds must be used. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All restricted contributions received whose restriction has been met in the same period are reflected as contributions without donor restrictions on the consolidated statements of activities.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE AND SUPPORT (CONTINUED)***

***Non-government Grants and Contributions (continued)***

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

***IN-KIND CONTRIBUTIONS***

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

***NET ASSETS***

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

***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 had no board restricted net assets as of June 30, 2024 and 2023.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***NET ASSETS (CONTINUED)***

***Net Assets With Donor Restrictions***

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

***CASH AND CASH EQUIVALENTS***

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

***LIMITED USE CASH AND CASH EQUIVALENTS***

Limited use cash and cash equivalents consists of RHD consumer funds, Taunton Run repair and replacement escrow funds and SNPT money market funds. RHD consumer funds are funds that have been established to account for assets received by RHD 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, 2024, and 2023 the consumer funds cash and cash equivalents totaled \$879,345 and \$1,357,590, 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, 2024 and 2023, this escrow account was \$137,003 and \$120,203, respectively.

At June 30, 2024 and 2023, SNPT held money market funds totaling \$2,615 and \$4,452, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***INVESTMENTS***

Investments are reported at fair value. The investments are governed by an investment committee consisting of members of the board of directors and RHD management. Realized and unrealized gains or losses from the investments are reported on the consolidated statements of activities.

***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 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.

***ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES***

In June 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard requires entities to estimate losses on financial assets measured at amortized cost, including trade receivables, debt securities and loans, using an expected credit loss model. The expected credit loss differs from the previous incurred losses model primarily in that the loss recognition threshold of “probable” has been eliminated and that expected loss should consider reasonable and supportable forecasts in addition to the previously considered past events and current conditions. The Organization adopted the standard effective July 1, 2023.

The Organization recognizes an allowance for credit losses for accounts receivable (excluding grants and contributions) to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the Organization determines that such receivables are deemed uncollectible.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (CONTINUED)***

The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change. Accounts receivable is shown net of an allowance for credit losses of \$7,196,516 and \$6,790,170 as of June 30, 2024 and 2023, respectively. It is reasonably possible that the Organization's estimate of the allowance for credit losses will change.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses. The loss rate is adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Organization considers current and forecasted direction of the economic and business environment.

Rollforward of allowance for credit losses was as follows for the year ended June 30, 2024:

	Beginning Balance	Credit Loss Expense for the Period	Bad Debt Write-Offs	Ending Balance
Allowance for credit losses on receivables	<u>\$ 6,790,170</u>	<u>\$ 11,329,830</u>	<u>(\$10,923,484)</u>	<u>\$ 7,196,516</u>



**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***GOVERNMENT GRANTS RECEIVABLE***

Government grants receivable consists primarily of cost-reimbursement grants and contributions. Government grants receivable is stated at net realizable value and is shown net of any provision for doubtful accounts in the accompanying statement of financial position. The Organization determines collectability by considering a number of factors, including the length of time receivables are past due, previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. Receivables are written off when deemed uncollectible.

***INVENTORY***

Inventory is recorded at the lower of cost, on a specific identification basis, or market (net realizable value) and consists largely of prescription and over-the-counter drugs used in the Organization's outpatient health centers. Inventory totaled \$276,237 and \$202,012 at June 30, 2024 and 2023, respectively, is reported as part of prepaid expenses and other current assets.

***PROPERTY AND EQUIPMENT, NET AND DEPRECIATION AND AMORTIZATION***

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

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***IMPAIRMENT OF LONG-LIVED ASSETS***

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the carrying amount. Impairment, if any, is assessed using discounted cash flows. At June 30, 2024 and 2023, management did not consider the value of the long-lived assets to be impaired.

***INVESTMENTS IN COMPANIES***

Investments in partnerships, limited liability companies and unconsolidated corporations are included in the accompanying consolidated financial statements using the equity and cost methods of accounting. At June 30, 2024 and 2023, the Organization had one equity investment accounted for using the cost method totaling \$70,000. The balance is reported as part of other assets at June 30, 2024 and 2023.

***ADVANCES AND LOANS***

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

***REFUNDABLE ADVANCES***

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***VACATION ACCRUAL***

All eligible employees (including program employees) of RHD were able to carry over unused earned vacation as of June 30, 2023. During the year ended June 30, 2024, RHD modified its PTO policy to only allow eligible employees (including program employees) of RHD to carry over unused earned vacation residing in the following states: California, Connecticut, Illinois, Louisiana, Massachusetts, and Nebraska. Employees are able to use their vacation time earned according to the PTO plan year. At June 30, 2024 and 2023, RHD has accrued this unused vacation expense and related taxes and this liability is included in accrued payroll and related liabilities within the consolidated financial statements. A portion of the vacation accrual related to program employees will ultimately be charged to and reimbursed by cost reimbursed programs, resulting in an accrual of program revenue. This accrued revenue was \$292,091 and \$846,131 at June 30, 2024 and 2023, respectively, and was included in accounts receivable within the consolidated financial statements.

***TAX STATUS***

RHD, PICL and NPHO are exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state and local laws. SNPT is a grantor trust and as such is exempt from federal, state and local income taxes. Under Internal Revenue Code Sections 671-678, all trust income is taxable to the grantors, which in this case are the members of the trust. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements related to these entities. RHD, PICL and NPHO are not private foundations.

Murex and two of its subsidiaries are for-profit corporations and are subject to federal, state and local taxation. Within Murex are various entities organized as limited partnerships or limited liability companies. These entities are not subject to federal or state income taxes. Income or losses from these entities are reflected in the members'/partners' tax returns.

***USE OF ESTIMATES***

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***FINANCIAL INSTRUMENTS***

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

***RIGHT OF USE ASSETS AND LEASE LIABILITIES***

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The right of use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of the lease payments over the lease term using the risk-free discount rate and are adjusted for lease incentives. The right of use asset is amortized on a straight-line basis over the lease term and is included in occupancy in the accompanying statement of functional expenditures. The lease liability is reduced as cash payments are made under the term of the lease.

The Organization elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Organization will not recognize right-of-use assets or lease liabilities on the statements of financial position. The Organization generally does not have access to the rate implicit in the lease, and therefore, the Organization utilizes the risk-free rate as the discount rate.

***FUNCTIONAL EXPENSES***

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***FUNCTIONAL EXPENSES (CONTINUED)***

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

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

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

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

***NONCONTROLLING INTEREST***

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

***RECLASSIFICATION***

Certain prior year amounts have been reclassified for consistency with the current year presentation. Government grants receivable was reclassified to its own line and certain amounts in other assets were reclassified to prepaid and other current assets on the consolidated statement of financial position. These reclassifications had no effect on the reported net assets.

***SUBSEQUENT EVENTS***

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 20, 2024, the date on which the consolidated financial statements were available to be issued. See Notes 3, 12, and 24 for subsequent events.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 3 - LIQUIDITY AND SUBSEQUENT EVENTS**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Organization will continue in operation for at least one year beyond the date the consolidated financial statements are issued and will be able to realize its assets and discharge its liabilities in the normal course of operations. As of June 30, 2024 and for the year then ended, the Organization has reported in the accompanying consolidated financial statements a deficit in change in total net assets of (\$10,777,671) and a total net asset balance of \$7,727,649, respectively. For the two years ended June 30, 2024, the cumulative cash used in operating activities by the Organization was (\$16,043,924). In addition, as discussed in Note 12, RHD is in default of its current bank line of credit. Based on the financial results reported in the past two fiscal years ending June 30, 2024 and 2023, and the line of credit default, management and the board of directors determined that a Corporate Restructuring of the Organization was required.

Accordingly, on May 10, 2024, the RHD board of directors signed a binding letter of intent (“LOI”) with Inperium, Inc. (“Inperium”). On May 13, 2024, the RHD board of directors signed a Transitional Services Agreement (“TSA”) with Inperium. Inperium is a Pennsylvania based nonprofit charitable organization with operations in fourteen (14) states and currently generates annual revenues of approximately \$400,000,000. The terms and conditions of these two documents are intended to result in a formal affiliation of RHD by Inperium on or after December 31, 2024. In the interim seven-month period, Inperium has agreed to provide RHD with administrative and management services and access to credit facilities that will provide RHD with adequate cash flow to continue to operate its programs and services, fulfill its charitable mission, and meet its commitments and obligations. In exchange, RHD will pay Inperium an amount equal to Inperium’s cost of providing the services plus 1% plus allocations of all wages, benefits, and other costs of non-administrative operational personnel exclusive to RHD. See Note 23.

With the LOI in place, the RHD board of directors and management, with the assistance of Inperium are implementing a comprehensive corporate restructuring to achieve financial stability and long-term sustainability for RHD. The board of directors and management of each organization believe that the synergies to be achieved by an affiliation of RHD by Inperium will achieve the stated and desired objectives.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 3 - LIQUIDITY AND SUBSEQUENT EVENTS (CONTINUED)**

RHD board of directors and management have implemented the following key initiatives during the year ended and subsequent to June 30, 2024:

- RHD management has implemented an administrative restructuring and cost reduction plan that has stabilized cash flow;
- RHD management is creating and implementing a programmatic restructure with the goal of building program efficiencies;
- RHD has signed a \$25 million three-year line of credit with Inperium. On October 1, 2024, Inperium advanced \$15,300,000 to RHD under the terms of the LOC agreement. See Note 12;
- The LOI includes provisions for Inperium to invest \$10,000,000 in RHD upon closing of the affiliation; and
- RHD has negotiated an extension of its current lending arrangements with their existing lender through September 30, 2024.

RHD and Inperium board of directors and management are developing a comprehensive corporate restructuring plan, which will be implemented prior to closing the affiliation. The TSA and LOI require Inperium and RHD to work cooperatively and collaboratively to improve program service profitability and maintain continuous positive operating cashflow for RHD.

Based on the collective plans discussed above, including Inperium's commitment to provide financing, the board of directors and management of RHD believe there will be sufficient cash flow to sustain RHD's operations for at least twelve months subsequent to the issuance of these consolidated financial statements.

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

#### NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 8,889,933	\$ 874,764
Investments	736,633	10,516,064
Accounts receivable, net	24,587,457	28,748,936
Government grants receivable, net	<u>17,785,414</u>	<u>25,599,240</u>
<b>Total Financial Assets Available Within One Year</b>	51,999,437	65,739,004
Less: Amounts unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(1,255,418)	(2,532,011)
Assets of RHD subsidiary, unavailable for use by RHD	<u>(229,722)</u>	<u>(388,032)</u>
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<u>\$ 50,514,297</u>	<u>\$ 62,818,961</u>

RHD's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and program expenditures in fiscal year 2025.

#### ***LIQUIDITY MANAGEMENT***

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

To help manage unanticipated liquidity needs, the RHD has a committed line of credit of \$22,000,000 subject to the limitation of the Organization's borrowings, aged receivables and outstanding letters of credit of which approximately \$12,000,000 could be drawn upon at June 30, 2024.



# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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#### NOTE 5 - 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, 2024 and 2023, RHD had no unrecorded conditional promises to give from foundation grants.

At June 30, 2024, RHD had remaining available award balances on federal, state, and local government grants and contracts of approximately \$24,000,000. These award balances will be recognized as revenue and receivables when the related barriers are satisfied.

#### NOTE 6 - INVESTMENTS

Investments, stated at fair value, are as follows:

	June 30, 2024	
	Cost	Fair Value
Alternative investments	<u>\$ 754,078</u>	<u>\$ 736,633</u>
	<u>\$ 754,078</u>	<u>\$ 736,633</u>
	June 30, 2023	
	Cost	Fair Value
Exchange-traded funds	\$ 491,203	\$ 490,578
Common stocks	1,500,513	1,870,462
Mutual funds	7,054,048	6,685,783
Overlay portfolios	1,210,376	1,005,655
Alternative investments	<u>471,045</u>	<u>463,586</u>
	<u>\$ 10,727,185</u>	<u>\$ 10,516,064</u>

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**NOTE 6 - INVESTMENTS (CONTINUED)**

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

	Year ended June 30,	
	2024	2023
Investment income	\$ 340,546	\$ 298,120
Net unrealized/realized gains (losses)	<u>875,802</u>	<u>(4,919)</u>
	<u>\$ 1,216,348</u>	<u>\$ 293,201</u>

Investment income is included in interest and miscellaneous income within the consolidated statements of activities.

**NOTE 7 - LIMITED USE INVESTMENTS**

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

	June 30, 2024	
	Cost	Fair Value
Government bonds	\$ 746,205	\$ 661,359
Mutual funds	<u>231,969</u>	<u>288,493</u>
	<u>\$ 978,174</u>	<u>\$ 949,852</u>

  

	June 30, 2023	
	Cost	Fair Value
Government bonds	\$ 821,604	\$ 701,689
Mutual funds	<u>180,578</u>	<u>193,662</u>
	<u>\$ 1,002,182</u>	<u>\$ 895,351</u>

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**NOTE 7 - LIMITED USE INVESTMENTS (CONTINUED)**

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

	Year ended June 30,	
	2024	2023
Investment income, net	\$ 6,790	\$ 8,976
Unrealized/realized gains (losses)	<u>77,749</u>	<u>(4,450)</u>
	<u>\$ 84,539</u>	<u>\$ 4,526</u>

Investment income is included in interest and miscellaneous income within the consolidated statements of activities.

**NOTE 8 - FAIR VALUE MEASUREMENTS**

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

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect management's own assumptions.

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

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**NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)**

***COMMON STOCKS***

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

***MUTUAL FUNDS AND EXCHANGE-TRADED FUNDS***

Valued at the daily closing price as reported by the fund. Mutual funds and exchange-traded funds held by the Organization are open-end 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 funds held by the Organization are deemed to be actively traded.

***GOVERNMENT BONDS***

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

***OVERLAY PORTFOLIO INVESTMENTS***

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

***ALTERNATIVE INVESTMENTS***

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

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**NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)**

***ALTERNATIVE INVESTMENTS (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, 2024		
	Total	Level 1	Level 2
Government bonds	\$ 661,359	\$ --	\$ 661,359
Common stocks	<u>288,493</u>	<u>288,493</u>	<u>--</u>
<b>Total Investment in the Fair Value Hierarchy</b>	<u>949,852</u>	<u>288,493</u>	<u>661,359</u>
Investment reported at net asset values as a practical expedient (a)			
Alternative investments	<u>736,633</u>	<u>--</u>	<u>--</u>
<b>Total Investments at Net Asset Value</b>	<u>736,633</u>	<u>--</u>	<u>--</u>
 <b>Total Investment Assets at Fair Value</b>	 <u>\$ 1,686,485</u>	 <u>\$ 288,493</u>	 <u>\$ 661,359</u>

For the year ended June 30, 2024, the Organization did not have any investments valued under the Level 3 inputs.

	Fair Value at June 30, 2023		
	Total	Level 1	Level 2
Exchange-traded funds	\$ 490,578	\$ 490,578	\$ --
Government bonds	701,689	--	701,689
Common stocks	2,064,123	2,064,123	--
Mutual funds	<u>6,685,784</u>	<u>6,685,784</u>	<u>--</u>
<b>Total Investment in the Fair Value Hierarchy</b>	<u>9,942,174</u>	<u>9,240,485</u>	<u>701,689</u>
Investment reported at net asset values as a practical expedient (a)			
Overlay portfolio investments	1,005,655	--	--
Alternative investments	<u>463,586</u>	<u>--</u>	<u>--</u>
<b>Total Investments at Net Asset Value</b>	<u>1,469,241</u>	<u>--</u>	<u>--</u>
 <b>Total Investment Assets at Fair Value</b>	 <u>\$ 11,411,415</u>	 <u>\$ 9,240,485</u>	 <u>\$ 701,689</u>

For the year ended June 30, 2023, the Organization did not have any investments valued under the Level 3 inputs.

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**NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)**

***ALTERNATIVE INVESTMENTS (CONTINUED)***

- (a) Certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The NAV amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position. These investments are presented at fair value and can be redeemed daily with no required notice period at June 30, 2024 and 2023. Total unfunded commitments as of June 30, 2024 were \$91,875.

**NOTE 9 - PROPERTY AND EQUIPMENT, NET**

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

	June 30,	
	2024	2023
Real estate and improvements	\$ 29,424,977	\$ 29,084,812
Leasehold improvements	23,044,183	22,089,601
Furniture and fixtures	1,963,418	2,188,496
Computer equipment and software	8,621,124	8,619,420
Automobiles	4,006,199	4,473,203
	<u>67,059,901</u>	<u>66,455,532</u>
Less: Accumulated depreciation and amortization	<u>(54,474,343)</u>	<u>(53,060,300)</u>
	<u>\$ 12,585,558</u>	<u>\$ 13,395,232</u>

Depreciation and amortization expense is as follows:

	Year Ended June 30,	
	2024	2023
Program	\$ 2,131,836	\$ 2,058,986
Management and general	219,174	185,311
Other operating	<u>208,911</u>	<u>202,827</u>
	<u>\$ 2,559,921</u>	<u>\$ 2,447,124</u>

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

#### NOTE 10 - ADVANCES AND LOANS

The Organization has made loans and advances to partnerships and companies. 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, 2025.

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

	June 30, 2024		
	Balance	Allowance	Net
Advances to companies	\$ 38,652	\$ (17,343)	\$ 21,309
Mortgage note receivables	<u>105,545</u>	<u>--</u>	<u>105,545</u>
	144,197	(17,343)	126,854
Less: Current portion	<u>21,988</u>	<u>(17,343)</u>	<u>4,645</u>
	<u>\$ 122,209</u>	<u>\$ --</u>	<u>\$ 122,209</u>
	June 30, 2023		
	Balance	Allowance	Net
Advances to companies	\$ 118,093	\$ (17,343)	\$ 100,750
Mortgage note receivables	<u>108,125</u>	<u>--</u>	<u>108,125</u>
	226,218	(17,343)	208,875
Less: Current portion	<u>21,764</u>	<u>(17,343)</u>	<u>4,421</u>
	<u>\$ 204,454</u>	<u>\$ --</u>	<u>\$ 204,454</u>

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

#### NOTE 11 - DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS

Murex has recorded a net deferred income tax asset resulting from net operating loss carryforwards and allowances created against advances and loans to investees. As of June 30, 2024 and 2023, 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

### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

#### NOTE 11 - 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,	
	2024	2023
Net operating loss carryforwards	\$ 453,629	\$ 456,090
Allowance on advances and loans to investees	<u>9,934</u>	<u>9,934</u>
Deferred income tax assets	463,563	466,024
Valuation allowance	<u>(463,563)</u>	<u>(466,024)</u>
	<u>\$ --</u>	<u>\$ --</u>

Murex has net operating loss carryforwards of approximately \$2,170,000 as of June 30, 2024 which are available to offset future federal taxable income. Under current federal tax law, these net operating loss carryforwards will be carried forward indefinitely.

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

	June 30,	
	2024	2023
Deferred income tax expense	\$ 2,461	\$ 2,540
Change in valuation allowance	<u>(2,461)</u>	<u>(2,540)</u>
	<u>\$ --</u>	<u>\$ --</u>

#### NOTE 12 - LINE OF CREDIT AND SUBSEQUENT EVENT

At June 30, 2024 and 2023, RHD had available a line of credit with a bank in the amount of \$22,000,000 subject to the limitation of current borrowing, aged accounts receivable and outstanding letters of credit. Related borrowings incur interest at the Adjusted Prime Market Index Rate for June 30, 2024 and 2023. The effective rate at June 30, 2024 and 2023 was 8.50% and 7.75%, respectively. This line was collateralized by accounts receivable and certain other assets of RHD and will expire on September 30, 2024.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 12 - LINE OF CREDIT AND SUBSEQUENT EVENT (CONTINUED)**

As of June 30, 2024 and 2023, there was an outstanding balance of \$3,870,214 and \$4,045,200, respectively, on this line. RHD was obligated under outstanding letters of credit of \$6,063,112 and \$6,913,651 as of both June 30, 2024 and 2023, respectively. The available line of credit was approximately \$12,000,000 as of June 30, 2024. This line requires RHD to maintain a defined ratio of debt service and expendable financial resources to debt ratio. At June 30, 2024, RHD was not in compliance with these financial covenants and remained in default with the bank. See Note 3.

In June 2024, RHD signed a line of credit agreement with Inperium in the amount of \$25,000,000 to provide RHD with additional liquidity. Related borrowings incur interest at the Secured Overnight Financing Rates ("SOFR") plus 2.25%. The effective rate at June 30, 2024 was 7.58%. This line expires on June 30, 2026. The line of credit agreement was agreed upon based on the understanding that RHD and Inperium would pursue an Affiliation. See Note 3. If the Affiliation is not consummated on or before July 31, 2025 or such other mutually agreed upon date, Inperium shall have the right to demand immediate repayment in full of the outstanding balance. The line of credit is collateralized by all the assets of RHD.

On October 1, 2024, Inperium advanced \$15,300,000 to RHD under the terms of the LOC agreement. RHD used the advancement to repay the line of credit due to the bank on October 2, 2024.

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**NOTE 13 - LONG-TERM DEBT**

Long-term debt consists of the following:

	June 30,	
	2024	2023
<b>RHD</b>		
Mortgage notes, financial institutions and state authorities, payable in monthly installments ranging from \$1,427 to \$21,001, mostly including interest ranging from 3.4% to 6.63%, collateralized by various properties, maturing at various times through December 2040. There is no federal funding related to these loans.	\$ 3,147,640	\$ 3,461,347
<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.	<u>2,450,165</u>	<u>2,633,626</u>
<b>Total</b>	5,597,805	6,094,973
<b>Less: Current portion</b>	<u>(523,267)</u>	<u>(497,171)</u>
<b>Long-Term Portion</b>	<u>\$ 5,074,538</u>	<u>\$ 5,597,802</u>

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

Year Ending June 30,	Amount
2025	\$ 523,267
2026	552,292
2027	883,070
2028	1,758,793
2029	517,373
Thereafter	<u>1,363,010</u>
<b>Total</b>	<u>\$ 5,597,805</u>

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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#### NOTE 13 - LONG-TERM DEBT (CONTINUED)

Interest expense for the years ended June 30, 2024 and 2023 was \$895,201 and \$400,369, respectively, which is included as travel and miscellaneous expense on the consolidated statements of functional expenditures.

#### NOTE 14 - LEASES

RHD has operating leases for its office space, office equipment and fleet of vehicles. The leases have remaining lease terms ranging from less than 1 year to 14 years as of June 30, 2024. RHD has not entered into any lease arrangements with related parties and RHD is not considered a sublessor in any of its arrangements.

RHD's existing leases contain escalation clauses and renewal options. RHD has evaluated several factors in assessing whether there is reasonable certainty that RHD will exercise a contractual renewal option. For leases with renewal options that are reasonably certain to be exercised, RHD included the renewal term in the total lease term used in calculating the right-of-use asset and lease liability.

Right-of-use asset and lease liability for operating leases are recorded in the consolidated statement of financial position at June 30 as follows:

	<u>2024</u>	<u>2023</u>
<b>Operating Right-of-Use Assets</b>	<u>\$ 57,593,432</u>	<u>\$ 59,284,043</u>
Operating lease liabilities, current portion	\$ 10,054,375	\$ 9,792,795
Operating lease liabilities, net of current portion	<u>49,258,715</u>	<u>50,893,824</u>
<b>Total Operating Lease Liabilities</b>	<u>\$ 59,313,090</u>	<u>\$ 60,686,619</u>

The components of operating lease costs that are included in the consolidated statement of activities for the years ended June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost:		
Fixed lease expense	\$ 13,103,802	\$ 12,413,822
Short-term lease costs	<u>2,307,072</u>	<u>3,068,053</u>
	<u>\$ 15,410,874</u>	<u>\$ 15,481,875</u>

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**NOTE 14 - LEASES (CONTINUED)**

The following summarizes the cash flow information related to operating leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating lease	\$ 12,835,762	\$ 11,793,175

Weighted average lease term and discount rate are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term - operating	7.7 years	8.3 years
Weighted average discount rate - operating	3.17%	3.08%

The maturities of the operating lease liabilities as of June 30, 2024, were as follows:

2025	\$ 11,747,098
2026	10,586,246
2027	8,792,660
2028	7,243,958
2029	5,680,561
Thereafter	<u>23,016,561</u>
<b>Total Lease Payments</b>	67,067,084
Less - Amount representing interest	<u>(7,753,994)</u>
<b>Present Value of Future Minimum Lease Payments</b>	59,313,090
Less - Current portion	<u>(10,054,375)</u>
<b>Long-Term Lease Liability</b>	<u><u>\$ 49,258,715</u></u>

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**NOTE 15 - SELF-INSURANCE**

RHD self-insures for workers compensation claims under a large deductible insurance program, which covers substantially all RHD employees. 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, 2024 and 2023 is approximately \$6,300,000 and \$6,100,000, 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 (“SUTA”) in certain states and therefore is responsible for paying actual unemployment claims as they are incurred. As of June 30, 2024 and 2023, there were approximately 2,800 employees in these states. In total, RHD is responsible for a maximum claim amount for each employee based on the regulations of the state in which the employee resides. In addition, RHD opted to pay a solvency fee to the Commonwealth of Pennsylvania during the years ended June 30, 2024 and 2023, which allows for relief from charges in certain events. Approximately \$3,100,000 and \$2,100,000 is included in accrued payroll and related liabilities as of June 30, 2024 and 2023, respectively, as a reserve for potential future unemployment claims. This is an estimate by management and the ultimate cost will depend on the extent of future claims.

**NOTE 16 - RETIREMENT PLANS**

***DEFERRED COMPENSATION PLAN***

RHD had offered an additional compensation plan for certain long-term employees who met specific eligibility requirements. RHD made the decision to terminate this program as of August 31, 2023. However, employees who meet the eligibility requirements on or before June 30, 2025, will be paid out benefits as described in the terminated plan. This plan will terminate on July 31, 2025. The payments are based on the employee’s annual salary that is in effect on the date all eligibility criteria is met. At June 30, 2024 and 2023, the liability amount recorded related to this benefit was \$1,877,097 and \$1,859,368, respectively. The current portion of this liability is \$1,877,097 and \$456,416, respectively, and has been included in accrued payroll and related liabilities.

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**NOTE 16 - RETIREMENT PLANS (CONTINUED)**

***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, 2024 and 2023, the liability amount recorded related to this benefit was \$55,278 and \$106,167, respectively, and has been included in accrued payroll and related liabilities.

***PENSION PLAN***

RHD maintains a 403(b) plan for the benefit of its employees. Employee participation is voluntary and contributions by the employees are pursuant to salary reduction. RHD does not match employee contributions but can elect to make employer contributions to benefit participating employees. During the year ended June 30, 2024, RHD made matching contributions totaling \$407,959 which have been accrued at June 30, 2024 in accrued payroll and related liabilities. There were no employer contributions during the year ended June 30, 2023.

**NOTE 17 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	June 30,	
	2024	2023
Programmatic restrictions		
New Beginnings Programs	\$ --	\$ 56,366
Behavioral Health	354,034	416,738
Healthcare	389,540	986,914
Intellectual Developmental Disability	118,272	615,858
Other	384,072	456,135
Time and purpose restrictions	<u>9,500</u>	<u>--</u>
	<u>\$ 1,255,418</u>	<u>\$ 2,532,011</u>

**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
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**NOTE 17 - 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,	
	2024	2023
Purpose restrictions accomplished		
New Beginnings Programs	\$ 111,782	\$ --
Behavioral Health	185,514	83,121
Healthcare	742,374	151,435
Intellectual Developmental Disability	397,586	103,019
Other	<u>53,171</u>	<u>33,156</u>
<b>Total</b>	<b><u>\$ 1,490,427</u></b>	<b><u>\$ 370,731</u></b>

**NOTE 18 - SUPPORT AND REVENUE**

***NET PATIENT SERVICES REVENUE***

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

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

	Year ended June 30,	
	2024	2023
Medicaid	\$127,243,835	\$123,664,483
Managed care	52,887,197	52,106,892
Patient/client fees	10,377,043	10,648,446
Pharmacy	<u>8,355,829</u>	<u>9,783,965</u>
<b>Total Net Patient Services</b>	<b><u>\$198,863,904</u></b>	<b><u>\$196,203,786</u></b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 18 - SUPPORT AND REVENUE (CONTINUED)**

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

	Year ended June 30,	
	2024	2023
Connecticut	\$ 11,575,983	\$ 10,871,860
Delaware	28,616,031	27,868,866
Florida	855,919	964,769
Iowa	1,857,005	2,453,745
Louisiana	8,686,162	7,920,419
Massachusetts	12,374,685	12,135,758
Missouri	7,734,390	6,706,109
Nebraska	1,405,918	1,621,605
New Jersey	5,349,191	4,907,227
North Carolina	3,776,100	2,120,887
Pennsylvania	224,212,419	221,413,991
South Dakota	10,827,219	10,081,555
Tennessee	<u>743,627</u>	<u>613,109</u>
<b>Total</b>	<u>\$ 318,014,649</u>	<u>\$ 309,679,900</u>

**NOTE 19 - IN-KIND CONTRIBUTIONS**

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

	Year ended June 30,	
	2024	2023
Donated services	\$ 69,218	\$ 69,218
Donated space	768,558	807,644
Donated goods	<u>1,200</u>	<u>122,029</u>
<b>Total In-kind Contributions</b>	<u>\$ 838,976</u>	<u>\$ 998,891</u>



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 19 - IN-KIND CONTRIBUTIONS (CONTINUED)**

The in-kind contributions are related to Family Practice and Counseling Network program. The donated services are derived using the actual cost which consists of the rate per hour multiplied by the number of hours. The donated space is estimated based on the square footage and the average rate. The donated goods are based upon approximate retail value which is generally provided by the donor.

**NOTE 20 - CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES**

***CONCENTRATIONS OF CREDIT RISK***

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

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. The Organization has not experienced any losses in such accounts.

***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 15) or are covered under existing insurance policies.

**NOTE 21 - 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 21 - CONSOLIDATION OF VARIABLE INTEREST ENTITIES (CONTINUED)**

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,	
	2024	2023
Limited use cash and cash equivalents	\$ 2,615	\$ 4,452
Limited use investments	949,852	895,351
Equity	<u>(952,467)</u>	<u>(899,803)</u>
	<u>\$ --</u>	<u>\$ --</u>

**NOTE 22 - UNCERTAIN TAX POSITIONS**

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

**NOTE 23 - RELATED PARTY**

As of June 30, 2024, RHD incurred \$2,583,117 related to management fees provided by Inperium, see Note 3. The total incurred was accrued in accounts payable and accrued expenses on the consolidated statements of financial position as of June 30, 2024 and was reflected in fees and services on the consolidated statement of functional expenditures for the year ended June 30, 2024.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 24 - SUBSEQUENT EVENTS**

In August 2024, RHD's SNPT became dormant and the participants and assets were transferred to a new unrelated special needs pooled trust.

On October 14, 2024, RHD and Inperium entered into an affiliation agreement. On December 10, 2024, the Office of Attorney General (OAG) of the Commonwealth of Pennsylvania issued a letter stating it would not oppose the affiliation. The affiliation formally closed on December 11, 2024. As a result of the closing of the affiliation agreement, Inperium became the sole member of RHD. Also, on December 19, 2024, RHD received \$119,000,000 from Inperium under the terms of the affiliation agreement.

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

	Resources for Human Development, Inc.	Murex Corporation	PICL	NPHO & SNPT	Eliminations	Total
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 8,869,059	\$ 17,965	\$ 2,909	\$ --	\$ --	\$ 8,889,933
Limited use cash and cash equivalents	879,345	137,003	--	2,615	--	1,018,963
Investments	736,633	--	--	--	--	736,633
Limited use investments	--	--	--	949,852	--	949,852
Accounts receivable, net of allowance for credit losses of \$7,196,516	24,378,609	20,555	188,293	--	--	24,587,457
Government grants receivable, net of allowance of \$688,888	17,785,414	--	--	--	--	17,785,414
Advances and loans, current portion and allowance for uncollectible advances and loans of \$17,343	--	4,645	--	--	--	4,645
Prepaid expenses and other current assets	2,282,450	425,406	--	--	--	2,707,856
<b>Total Current Assets</b>	54,931,510	605,574	191,202	952,467	--	56,680,753
Property and equipment, net	9,508,438	3,045,508	31,612	--	--	12,585,558
Advances and loans, net of current portion	81,376	100,900	--	--	(60,067)	122,209
Other assets	70,000	258,443	--	--	--	328,443
Operating lease right-of-use assets	57,593,432	--	--	--	--	57,593,432
<b>Total Assets</b>	<u>\$ 122,184,756</u>	<u>\$ 4,010,425</u>	<u>\$ 222,814</u>	<u>\$ 952,467</u>	<u>\$ (60,067)</u>	<u>\$ 127,310,395</u>

*See independent auditors' report.*

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

**JUNE 30, 2024**

	Resources for Human Development, Inc.	Murex Corporation	PICL	NPHO & SNPT	Eliminations	Total
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Line of credit and short term borrowings	\$ 3,870,214	\$ --	\$ --	\$ --	\$ --	\$ 3,870,214
Long-term debt, current portion	326,348	196,919	--	--	--	523,267
Accounts payable and accrued expenses	19,844,686	501,880	11,285	--	(3,891)	20,353,960
Accrued payroll and related liabilities	11,824,265	--	--	--	--	11,824,265
Refundable advances, current portion	17,537,167	2,656	--	--	--	17,539,823
Operating lease liabilities, current portion	10,054,375	--	--	--	--	10,054,375
Due to consumers	879,345	--	--	--	--	879,345
<b>Total Current Liabilities</b>	64,336,400	701,455	11,285	--	(3,891)	65,045,249
<b>Long-Term Liabilities</b>						
Long-term debt, net of current portion	2,821,292	2,253,246	--	--	--	5,074,538
Refundable advances, net of current portion	204,244	--	--	--	--	204,244
Other	--	2,163,102	76,689	--	(2,239,791)	--
Operating lease liabilities, net of current portion	49,258,715	--	--	--	--	49,258,715
<b>Total Liabilities</b>	116,620,651	5,117,803	87,974	--	(2,243,682)	119,582,746
<b>Stockholders' Equity</b>						
Common stock	--	100	--	--	(100)	--
Additional paid in capital	--	608,230	--	--	(608,230)	--
Accumulated deficit	--	(1,715,708)	--	--	1,715,708	--
<b>Net Assets</b>						
Without donor restrictions	4,308,687	--	134,840	--	1,076,237	5,519,764
With donor restrictions	1,255,418	--	--	--	--	1,255,418
<b>Total Net Assets Before Noncontrolling Interests</b>	5,564,105	(1,107,378)	134,840	--	2,183,615	6,775,182
Noncontrolling interests	--	--	--	952,467	--	952,467
<b>Total Net Assets</b>	5,564,105	(1,107,378)	134,840	952,467	2,183,615	7,727,649
<b>Total Liabilities and Net Assets</b>	\$ 122,184,756	\$ 4,010,425	\$ 222,814	\$ 952,467	\$ (60,067)	\$ 127,310,395

*See independent auditors' report.*

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2024**

	Resources for Human Development, Inc.			Other Entities				Eliminations	Total
	Operating	Equipment	Total	Murex Corporation	PICL	NPHO & SNPT			
<b>Changes in Net Assets Without Donor Restrictions</b>									
Support and revenue									
Net patient services	\$ 198,836,838	\$ --	\$ 198,836,838	\$ --	\$ 27,066	\$ --	\$ --	\$ --	\$ 198,863,904
Government grants	114,660,451	462,151	115,122,602	--	1,125,065	--	--	--	116,247,667
Grants and contributions (non-government)	524,580	--	524,580	--	--	--	--	--	524,580
In-kind contributions	838,976	--	838,976	--	--	--	--	--	838,976
Interest and miscellaneous	1,602,017	--	1,602,017	1,042,265	--	6,790	(183,206)	--	2,467,866
<b>Total Support and Revenue Without Donor Restrictions</b>									
<b>Before Net Assets Released From Restrictions</b>	316,462,862	462,151	316,925,013	1,042,265	1,152,131	6,790	(183,206)	--	318,942,993
<b>Net Assets Released From Restrictions</b>	1,490,427	--	1,490,427	--	--	--	--	--	1,490,427
<b>Total Support and Revenue Without Donor Restrictions</b>	317,953,289	462,151	318,415,440	1,042,265	1,152,131	6,790	(183,206)	--	320,433,420
<b>Expenditures</b>									
Program	281,433,322	1,368,481	282,801,803	--	1,123,066	--	(183,206)	--	283,741,663
Management and general	45,668,892	--	45,668,892	--	--	--	--	--	45,668,892
Fundraising	473,561	--	473,561	--	--	--	--	--	473,561
Other operating	--	--	--	1,003,933	--	--	--	--	1,003,933
<b>Total Expenditures</b>	327,575,775	1,368,481	328,944,256	1,003,933	1,123,066	--	(183,206)	--	330,888,049
<b>Changes in Net Assets From Operations Without Donor Restrictions</b>	(9,622,486)	(906,330)	(10,528,816)	38,332	29,065	6,790	--	--	(10,454,629)
<b>Other Changes</b>									
Net realized and unrealized gains on investments	875,802	--	875,802	--	--	77,749	--	--	953,551
<b>Changes in Net Assets Without Donor Restrictions</b>	(8,746,684)	(906,330)	(9,653,014)	38,332	29,065	84,539	--	--	(9,501,078)
<b>Changes in Net Assets With Donor Restrictions</b>									
Contributions	213,834	--	213,834	--	--	--	--	--	213,834
Net assets released from restrictions	(1,490,427)	--	(1,490,427)	--	--	--	--	--	(1,490,427)
<b>Changes in Net Assets With Donor Restrictions</b>	(1,276,593)	--	(1,276,593)	--	--	--	--	--	(1,276,593)
<b>Changes in Total Net Assets</b>	(10,023,277)	(906,330)	(10,929,607)	38,332	29,065	84,539	--	--	(10,777,671)
<b>Noncontrolling Interest</b>									
Less changes in net assets attributable to noncontrolling interest	--	--	--	--	--	(84,539)	--	--	(84,539)
<b>Changes in Total Net Assets of RHD and Subsidiaries, Excluding Noncontrolling Interest</b>	<u>\$ (10,023,277)</u>	<u>\$ (906,330)</u>	<u>\$ (10,929,607)</u>	<u>\$ 38,332</u>	<u>\$ 29,065</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (10,862,210)</u>

*See independent auditors' report.*

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2024

	Resources for Human Development, Inc.			Other Entities				
	Operating	Equipment	Total	Murex Corporation	PICL	NPHO & SNPT	Eliminations	Total
<b>Net Assets Without Donor Restrictions, Beginning</b>	\$ 11,022,451	\$ 2,939,250	\$ 13,961,701	\$ (1,145,710)	\$ 105,775	\$ 899,803	\$ 2,183,615	\$ 16,005,184
Changes in net assets without donor restrictions	(8,746,684)	(906,330)	(9,653,014)	38,332	29,065	84,539	--	(9,501,078)
Contributions	--	--	--	--	--	106,185	--	106,185
Distributions	--	--	--	--	--	(138,060)	--	(138,060)
<b>Total Net Assets Without Donor Restrictions, Ending</b>	<u>2,275,767</u>	<u>2,032,920</u>	<u>4,308,687</u>	<u>(1,107,378)</u>	<u>134,840</u>	<u>952,467</u>	<u>2,183,615</u>	<u>6,472,231</u>
<b>Total Net Assets With Donor Restrictions, Beginning</b>	2,532,011	--	2,532,011	--	--	--	--	2,532,011
Changes in net assets with donor restrictions	(1,276,593)	--	(1,276,593)	--	--	--	--	(1,276,593)
<b>Total Net Assets With Donor Restrictions, Ending</b>	<u>1,255,418</u>	<u>--</u>	<u>1,255,418</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,255,418</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 3,531,185</u>	<u>\$ 2,032,920</u>	<u>\$ 5,564,105</u>	<u>\$ (1,107,378)</u>	<u>\$ 134,840</u>	<u>\$ 952,467</u>	<u>\$ 2,183,615</u>	<u>\$ 7,727,649</u>

*See independent auditors' report.*

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## SELECTED NOTES TO SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

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

##### *Operating*

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

##### *Equipment*

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

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

#### *OTHER ENTITIES*

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

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



**RESOURCES FOR HUMAN DEVELOPMENT, INC.  
STATE OF LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER**

**FOR THE YEAR ENDED JUNE 30, 2024**

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**Chief Executive Officer Names: Marco Giordano**

**Purpose**

Salary	\$ 324,944
Benefits-insurance	16,533
Benefits-other: FICA	13,909
Benefits-other: Short Term Disability	391
Benefits-other: Unemployment	150
Benefits-other: Workers Compensation	2,514
Reimbursements	627
Travel	<u>1,196</u>

<b>Total</b>	<u><u>\$ 360,264</u></u>
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*See independent auditors' report.*

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

Board of Directors and Officers

**Resources for Human Development, Inc. and Subsidiaries**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Resources for Human Development, Inc. ("RHD") (a nonprofit organization) and Subsidiaries ("the Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, changes in net assets, functional expenditures, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2024.

***Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of RHD's internal control. Accordingly, we do not express an opinion on the effectiveness of the RHD's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

*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 organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

### ***Report on 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***The Entity's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on RHD's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. RHD's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***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 RHD'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.

*Marcum LLP*

Philadelphia, Pennsylvania  
December 20, 2024

**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***

***Opinion of Each Major Federal Program***

We have audited Resources for Human Development, Inc. ("RHD") compliance with the types of compliance requirements described as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of RHD's major federal programs for the year ended June 30, 2024. RHD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, RHD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis of Opinion on Each Major Federal Program***

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

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

## ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

## ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-006. Our opinion on each major program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on RHD's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. RHD's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## ***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on RHD's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. RHD's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Marcum LLP*

Philadelphia, Pennsylvania  
February 11, 2025

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2024 Expenditures
<b>Federal Financial Assistance</b>				
<b><u>U.S. Department of Health and Human Services</u></b>				
Health Center Cluster	93.224	5H8HCS44960-03-00	09/01/23 - 08/31/24	\$ 469,200
Health Center Cluster	93.527	4H8GCS47634-01-01	12/01/22 - 12/31/23	80,217
Health Center Cluster	93.527	H80CS00718-22	04/01/23 - 03/31/24	3,027,613
Health Center Cluster	93.527	H80CS00718-23	04/01/24 - 03/31/25	1,011,423
Health Center Cluster	93.224	1H2ECS45523-02-00	05/01/22 - 04/30/24	198,791
Health Center Cluster	93.527	Q8MCS49140-01-00	06/01/23 - 05/31/24	163,429
Health Center Cluster	93.527	H8LCS51263-01-00	09/01/23 - 12/31/24	24,926
Health Center Cluster	93.243	1H79TI081162-01	01/15/19 - 01/14/24	36,000
Health Center Cluster	93.526	C8ECS44608-01-03	09/15/21 - 09/14/24	68,623
Pass-through City of New Orleans				
Mobile Crisis Unit	93.493	RFP 1628	01/01/22 - 12/31/26	78,684
Pass-through State of Delaware				
Assertive Community Treatment	93.958	35-06-23-043	07/01/22 - 06/30/24	13,453
CMHBG PEER	93.958	35-06-24-034	07/01/23 - 06/30/24	37,737
Pass-through State of Nebraska				
RHD Nebraska	93.778	N/A	07/01/23 - 06/30/24	696,968
Pass-through Pennsylvania Department of Human Services				
Montgomery County - MH and D&A (Various)	93.788	FFS/CR	07/01/22 - 06/30/24	110,302
Montgomery County - MH and D&A (Various)	93.959	FFS/CR	07/01/22 - 06/30/24	105,560
Pass-through Montgomery County Department of Human Services				
Montgomery County Department of BH/DD	93.667	497	07/01/23 - 06/30/24	450,877
Montgomery County Department of BH/DD	93.958	497	07/01/23 - 06/30/24	1,026,188
Pass-through Northampton County - MH/EI/DP				
Life Sharing	93.667	23-1020	07/01/23 - 06/30/24	74,393

*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

**FOR THE YEAR ENDED JUNE 30, 2024**

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2024 Expenditures
Pass-through Philadelphia Office of Behavioral Health /Intellectual Disability MH Base Unitary	93.150	21-20005-03	07/01/23 - 06/30/24	272,728
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	RW3411	03/01/23 - 02/28/24	36,425
Family Practice and Counseling Network	93.914	RW4411	03/01/24 - 02/28/25	20,676
Family Practice and Counseling Network	93.914	RW3418	03/01/23 - 02/28/24	40,223
Family Practice and Counseling Network	93.914	RW4418	03/01/24 - 02/28/25	15,597
Pass-through Sixth Judicial District Department of Correctional Services RHD Iowa	93.243	T108153	07/01/22 - 09/29/23	53,605
Pass-through Access Matters				
Family Practice and Counseling Network	93.217	213901	07/01/23 - 06/30/24	246,704
Family Practice and Counseling Network	93.994	213901	07/01/23 - 06/30/24	3,410
Family Practice and Counseling Network	93.667	213901	07/01/23 - 06/30/24	5,308
Family Practice and Counseling Network	93.994	233010	07/01/22 - 06/30/23	10,696
Family Practice and Counseling Network	93.994	243010	07/01/23 - 06/30/24	32,088
Pass-through Lehigh County Human Services				
Lehigh County MH	93.667	23-MHID-261	07/01/23 - 06/30/24	21,678
Lehigh County MH	93.958	23-MHID-261	07/01/23 - 06/30/24	171,006
Pass-through Monroe County				
Crossroads	93.958	N/A	07/01/23 - 06/30/24	78,989
Crossroads	93.569	ESG-CV	07/08/22 - 08/31/23	15,812
New Perspectives	93.243	MOU 988	07/01/23 - 06/30/25	100,414
Pass-through Pennsylvania Association of Community Health Centers				
Family Practice and Counseling Network	93.778	Pennie	09/01/21 - 08/31/23	83,859
<b>Total U.S. Department of Health and Human Services</b>				<u>8,883,602</u>

*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

FOR THE YEAR ENDED JUNE 30, 2024

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2024 Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Crossroads	14.267	PA0211L3T092215	07/01/23 - 06/30/24	216,940
Crossroads	14.267	PA0205L3T092114	10/01/22 - 09/30/23	80,100
Crossroads	14.267	PA0205L3T092215	10/01/23 - 09/30/24	174,222
Crossroads	14.267	PA0206L3T092114	01/01/23 - 12/31/23	176,919
Crossroads	14.267	PA0206L3T092215	01/01/24 - 12/31/24	183,710
Crossroads	14.267	PA0449L3T092211	03/01/23 - 02/28/24	119,460
Crossroads	14.267	PA0449L3T092312	03/01/24 - 02/28/25	61,800
Pass-through 1260 Housing Development Corporation RHD Mainstream	14.267	PA0084L3T002215	03/01/23 - 2/29/24	261,680
Pass-through Unity of Greater New Orleans CoC program	14.267	LA0086L6H032013	07/01/23 - 06/30/24	32,440
Pass-through Montgomery County Department of Housing and Community Development Coordinated Homeless Outreach Center - Shelter Ops	14.218	B-22-03-205	10/01/22 - 09/30/23	67,549
Pass-through Philadelphia Division of Housing and Community Development HOME - Families in Transition	14.239	2420088	07/01/23 - 06/30/24	195,855
Pass-through Philadelphia Office of Homeless Services Housing Smart	14.231	2420605	01/01/24 - 12/31/24	88,043
Rapid Rehousing	14.231	2120519-03	01/01/22 - 09/30/23	56,361
Pass-through Monroe County Crossroads	14.231	ESG 2022	12/07/22 - 06/06/24	48,540
<b>Total U.S. Department of Housing and Urban Development</b>				<u>1,763,619</u>
<b><u>U.S. Department of Homeland Security</u></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

FOR THE YEAR ENDED JUNE 30, 2024

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Passthrough Grantor's Number	Grant Period	2024 Expenditures
Pass-through United Way				
Emergency Food and Shelter Program				
Shelter & Safe Haven Peer Services	97.024	729400-030	07/01/23 - 06/30/24	53,249
<b>Total U.S. Department of Homeland Security</b>				<u>53,249</u>
<b><u>U.S. Department of Justice</u></b>				
Pass-through City of New Orleans				
Mobile Crisis Unit	16.745	RFP 1628	01/01/22 - 12/31/26	5,341
COVID-19 FUNDING:				
Pass-through Philadelphia Office of Homeless Services				
Housing Smart for Returning Citizens	16.034	2120246-03	07/01/20 - 06/30/24	1,106,396
<b>Total U.S. Department of Justice</b>				<u>1,111,737</u>
<b><u>U.S. Department of the Treasury</u></b>				
COVID-19 FUNDING:				
Pass-through Montgomery County Department of Human Services				
Montgomery County Recovery Office	21.027	MPRF-22-267	03/01/21 - 12/31/26	1,111,600
Montgomery County Recovery Office	21.027	SLRFP3241	03/01/21 - 12/31/26	64,618
<b>Total U.S. Department of the Treasury</b>				<u>1,176,218</u>
<b>Total Federal Financial Assistance</b>				<u>\$ 12,988,425</u>

*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

**FOR THE YEAR ENDED JUNE 30, 2024**

Summary of Federal Financial Assistance by Assistance Listing Number	2024 Expenditures
14.218 - Community Development Block Grant/Entitlement Grants	\$ 67,549
14.231 - Emergency Solutions Grant Program	192,944
14.239 - Home Investment Partnerships Program	195,855
14.267 - Continuum of Care Program	1,307,271
16.034 - Coronavirus Emergency Supplemental Funding Program	1,106,396
16.745 - Criminal and Juvenile Justice and Mental Health Collaboration Program	5,341
21.027 - Coronavirus State and Local Fiscal Recovery Funds	1,176,218
93.150 - Projects for Assistance in Transition from Homelessness (PATH)	272,728
93.217 - Family Planning Services	246,704
Health Center Program Cluster	
93.224 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	667,991
93.527 - Grants for New and Expanded Services under the Health Center Program	4,307,608
93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	190,019
93.493 - Congressional Directives	78,684
93.526 - Grants for Capital Development in Health Centers	68,623
93.569 - Community Services Block Grant	15,812
93.667 - Social Services Block Grant	552,256
93.778 - Medical Assistance Program	780,827
93.788 - Opioid STR	110,302
93.914 - HIV Emergency Relief Project Grants	112,921
93.958 - Block Grants for Community Mental Health Services	1,327,373
93.959 - Block Grants for Prevention and Treatment of Substance Abuse	105,560
93.994 - Maternal and Child Health Services Block Grant to the States	46,194
97.024 - Emergency Food and Shelter National Board Program	53,249
	<u>\$ 12,988,425</u>

*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

FOR THE YEAR ENDED JUNE 30, 2024

Grantor/pass-through grantor/program title	Assistance	Passthrough	Grant	2024
	Listing Number	Grantor's Number	Period	Expenditures
<b>State Financial Assistance</b>				
<b><u>Connecticut</u></b>				
Department of Developmental Services				
CT - Day and Residential programs	N/A	21DDS0102RD	07/01/21 - 06/30/24	\$ 11,009,585
<b>Total Connecticut</b>				<u>11,009,585</u>
<b><u>Delaware</u></b>				
Department of Health and Social Services				
Assertive Community Treatment - New Castle County	N/A	35-06-23-043	07/01/22 - 06/30/24	1,331,857
Choices, Mainstay	N/A	DDDS24-0038-00	07/01/22 - 06/30/24	194,848
Group Home Services (Grubb, Montrose, Brandywine Hills, and Jefferson)	N/A	35-06-22-117	01/01/22 - 12/31/24	<u>1,569,037</u>
<b>Total Delaware</b>				<u>3,095,742</u>
<b><u>Iowa</u></b>				
Mental Health /Disability Services of the East Central Region	N/A	10990	07/01/21 - 06/30/24	<u>19,669</u>
<b>Total Iowa</b>				<u>19,669</u>
<b><u>Massachusetts</u></b>				
Department of Developmental Services				
Individual Support	N/A	16661060S361DDS3798H	07/01/23 - 06/30/24	790,354
Individual Support	N/A	176610667084DDS3780C	07/01/23 - 06/30/24	99,272
Individual Support	N/A	INTF243AS010DDS3798H	07/01/23 - 06/30/24	8,822
Outside the Lines	N/A	INTF2038B008DDS3163H	07/01/23 - 06/30/24	19,328
Outside the Lines	N/A	INTF2038C008DDS3163H	07/01/23 - 06/30/24	69,479
Outside the Lines	N/A	INTF2059D712DDS3163H	07/01/23 - 06/30/24	15,074
Outside the Lines	N/A	INTF2061B175DDS3163H	07/01/23 - 06/30/24	131,472
Outside the Lines	N/A	INTF2061C230DDS3163H	07/01/23 - 06/30/24	140,645
Outside the Lines	N/A	INTF2061D303DDS3163H	07/01/23 - 06/30/24	68,017
Outside the Lines	N/A	INTF2061TA26DDS3196T	07/01/23 - 06/30/24	<u>46,611</u>

*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

FOR THE YEAR ENDED JUNE 30, 2024

Grantor/pass-through grantor/program title	Assistance	Passthrough	Grant	2024
	Listing Number	Grantor's Number	Period	Expenditures
Outside the Lines	N/A	INTF24601446OPENDAYY	07/01/23 - 06/30/24	14,880
Outside the Lines	N/A	INTF2461A181DDS3163H	07/01/23 - 06/30/24	22,945
Outside the Lines	N/A	INTF2461I327DDS3163H	07/01/23 - 06/30/24	12,203
Residential Services - Occupancy	N/A	INTF2461L226DDS3753M	07/01/23 - 06/30/24	244,946
Residential Services - Occupancy	N/A	INTF2462L252DDS3753M	07/01/23 - 06/30/24	710,543
Residential Services - Operations	N/A	24DDSA LTRDAYSTAFFING	07/01/23 - 06/30/24	204,205
Residential Services - Operations	N/A	24DDSP LAMNTINCENTIV1	07/01/23 - 06/30/24	200,000
Residential Services - Operations	N/A	15992040	07/01/23 - 06/30/24	23,955
Residential Services - Operations	N/A	INTF2461R226DDS3153D	07/01/23 - 06/30/24	2,801,115
Residential Services - Operations	N/A	INTF2462R252DDS3153D	07/01/23 - 06/30/24	5,964,122
Residential Services - Operations	N/A	INTF24601445OPENNRES	07/01/23 - 06/30/24	15,581
Urban Youth	N/A	INTF21612112DDS3228C	07/01/23 - 06/30/24	48,939
<b>Total Massachusetts</b>				<u>11,652,508</u>
<b><u>Nebraska</u></b>				
Division of Developmental Disabilities	N/A	N/A	12/01/15 - 3/05/25	<u>628,570</u>
<b>Total Nebraska</b>				<u>628,570</u>
<b><u>New Jersey</u></b>				
Department of Human Services				
Division of Mental Health Services - SALT & RIST	N/A	30415	07/01/23 - 06/30/24	3,457,148
Division of Addiction Services - Supportive Housing	N/A	24-623-ADA-0	07/01/23 - 06/30/24	<u>548,417</u>
<b>Total New Jersey</b>				<u>4,005,565</u>

*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

FOR THE YEAR ENDED JUNE 30, 2024

Grantor/pass-through grantor/program title	Assistance	Passthrough	Grant	2024
	Listing Number	Grantor's Number	Period	Expenditures
<b>Pennsylvania</b>				
Pennsylvania Office of Vocational Rehabilitation				
Allies	N/A	N/A	07/01/23 - 06/30/24	220,276
<b>Total Pennsylvania Office of Vocational Rehabilitation</b>				220,276
Pennsylvania Department of Human Services				
Pass-through Philadelphia Department of Behavioral Health and Intellectual Disability Services				
Mental Health Base Unitary	N/A	21-20005-03	07/01/23 - 06/30/24	22,352,373
Pandemic Response Grant	N/A	4100094370	07/01/21 - 09/30/24	170,128
Early Intervention	N/A	21-20006-03	07/01/23 - 06/30/24	80,417
New Perspectives	N/A	4100093640	07/01/23 - 09/30/24	198,931
				22,801,849
Pass-through Philadelphia Office of Homeless Services				
Fernwood	N/A	2320749-01	01/01/23 - 06/30/24	23,554
PA Woodstock Family Center	N/A	2320781-01	01/01/23 - 06/30/24	144,399
Covid Isolation Recovery Site	N/A	2220738-01	05/01/23 - 04/30/24	427,440
				595,393
Pass-through Access Matters				
Family Practice Counseling Network	N/A	213901-01	07/01/23 - 06/30/24	4,815
				4,815
Pass-through Service Access Management				
Service Access & Management, Inc.	N/A	H0046-HW	07/01/23 - 06/30/24	2,938
				2,938

*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

FOR THE YEAR ENDED JUNE 30, 2024

Grantor/pass-through grantor/program title	Assistance	Passthrough	Grant	2024
	Listing Number	Grantor's Number	Period	Expenditures
Pass-through various counties				
Allegheny County	N/A	53173	07/01/23 - 06/30/24	2,417,948
Bucks County D&A Halfway House	N/A	76	07/01/22 - 12/31/23	497,682
Bucks County LTSR	N/A	33-08/18	07/01/23 - 06/30/24	1,773,821
Carbon Monroe Pike - Department of MH	N/A	N/A	07/01/23 - 06/30/24	943,759
Carbon Monroe Pike Health Choices	N/A	SDoH Housing	01/01/22 - 12/31/24	1,053,806
Chester County - MH Residential	N/A	24-22077	07/01/23 - 06/30/24	2,355,964
Chester County - MH	N/A	24-22120	07/01/23 - 06/30/24	621,070
Chester County - DDS	N/A	20716	01/01/21 - 12/31/23	58,949
Lehigh County - MH	N/A	23-MHID-261	07/01/23 - 06/30/24	775,090
Monroe County - MH	N/A	SFPP 23-24	01/01/24 - 12/31/24	11,175
Monroe County - MH	N/A	HAP 23 - 24	07/01/23 - 06/30/24	4,000
Montgomery County - MH/MR (RSS/CCW)	N/A	583	07/01/23 - 06/30/24	219,125
Montgomery County Department of BH/DD	N/A	544	07/01/23 - 06/30/24	387,820
Montgomery County Department of BH/DD	N/A	831	07/01/23 - 06/30/24	88,083
Montgomery County Department of BH/DD	N/A	497	07/01/23 - 06/30/24	6,053,431
Montgomery County - PICL	N/A	PICL	07/01/23 - 06/30/24	1,125,065
Northampton County - MH/EI/DP	N/A	21-1020	07/01/23 - 06/30/24	7,753
Northampton County - MH/EI/DP	N/A	23-619	07/01/23 - 06/30/24	2,434,145
				20,828,686
<b>Total Pennsylvania Department of Human Services</b>				44,233,681
Pennsylvania counties				
Montgomery County Adult Probation & Parole Department	N/A	645	07/01/23 - 06/30/24	568,828
Montgomery County - MH/MR (RSS/CCW)	N/A	583	07/01/23 - 06/30/24	5,457
Montgomery County Department of BH/DD	N/A	497	07/01/23 - 06/30/24	150,548
Northampton County - MH/EI/DP	N/A	21-1020	07/01/23 - 06/30/24	956
Northampton County - MH/EI/DP	N/A	22-619	07/01/23 - 06/30/24	45,880

*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

FOR THE YEAR ENDED JUNE 30, 2024

Grantor/pass-through grantor/program title	Assistance	Passthrough	Grant	2024
	Listing Number	Grantor's Number	Period	Expenditures
<b>Total Pennsylvania Counties</b>				<u>771,669</u>
<b>Total Pennsylvania</b>				<u>45,225,626</u>
<b>Total State Financial Assistance</b>				<u>75,637,265</u>
<b>City Financial Assistance</b>				
<b>Philadelphia Department of Behavioral Health and Intellectual Disability Services</b>				
MH Base Unitary	N/A	21-20005-03	07/01/23 - 06/30/24	102,273
Early Intervention	N/A	21-20006-03	07/01/23 - 06/30/24	8,935
<b>Philadelphia Office of Homeless Services</b>				
Woodstock Family Center	N/A	2320781-01	01/01/23 - 06/30/24	1,423,456
Fernwood	N/A	2320749-01	01/01/23 - 06/30/24	2,355,609
Rapid Rehousing	N/A	2120071-03	01/01/23 - 06/30/24	200,000
<b>Philadelphia Department of Public Health</b>				
Pass-through Health Federation				
AccessMatters	N/A	N/A	07/01/23 - 06/30/24	209,655
Family Practice Counseling Network	N/A	CDC 1817	09/30/18 - 09/30/23	5,000
Family Practice Counseling Network	N/A	N/A	07/01/23 - 06/30/24	<u>74,259</u>
<b>Total City Financial Assistance</b>				<u>4,379,187</u>
<b>Total Federal, State And City Financial Assistance</b>				<u>\$ 93,004,877</u>

*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**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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### **NOTE 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.

### **NOTE 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.

### **NOTE 3 - RELATIONSHIP TO BASIC CONSOLIDATED FINANCIAL STATEMENTS**

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

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

### **NOTE 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

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### *FINANCIAL STATEMENTS*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

#### *FEDERAL AWARDS*

Internal control over major programs:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR § 200.516(a)? ☒ yes ☐ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
16.034	Coronavirus Emergency Supplemental Funding Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.224/93.527	Consolidated Health Centers
93.778	Medical Assistance Program

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION I - SUMMARY OF AUDITORS' RESULTS (CONTINUED)

#### *FEDERAL AWARDS (CONTINUED)*

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ X no

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### *FINDING 2024-001*

Information Technology Controls

#### *FINDING TYPE*

Significant deficiency in internal control over financial reporting.

#### *CONDITION AND CONTEXT*

We noted that RHD did not have formalized controls implemented surrounding the privilege of access, user access review, change management processes and review of activities within multiple financial process applications. In addition, employees with superuser access to the accounting system are able to prepare and post entries without approval.

#### *CRITERIA*

Management is responsible for maintaining proper IT environment controls.

#### *CAUSE*

RHD did not have formalized controls documented and tested within multiple financial process applications.

#### *EFFECT*

A deficiency in IT controls over financial reporting could allow for potential inaccurate reporting, unreliable data or leave the organization vulnerable to security incidents.

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

#### *RECOMMENDATION*

We recommend that RHD continually review their policies and procedures regarding privilege of access, user access review, change management processes and review of activities within multiple financial process applications.

#### *VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

Management acknowledges that RHD does not in all cases have documented policies and procedures regarding access controls to systems and data. RHD maintains significant levels of control over access by utilizing forms, ticketing systems, approvals and monitoring.

RHD formally affiliated with Inperium on December 11, 2024 as disclosed in Note 3 of the accompanying financial statements. Systems and procedures continue to be evaluated and redesigned as part of the affiliation/integration process.

On March 1, 2025 RHD is transitioning to Oracle Fusion from Financial Edge. The change in accounting systems will allow for automated workflow management to ensure the same individual cannot prepare and post entries to the general ledger.

Additionally, RHD will commit to addressing this issue during the fiscal year ending June 30, 2025 by creating formalized documentation that codifies these controls and improving them wherever necessary.

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

### SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

#### *FINDING 2024-002*

Late Submission of Reporting Package and Data Collection Form

#### *FINDING TYPE*

Noncompliance of Reporting

#### *AGENCY*

U.S. Department of Housing and Urban Development

U.S. Department of Health and Human Services

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *ALN*

14.218	Community Development Block Grants/Entitlement Grants
14.267	Continuum of Care Program
93.958	Block Grants for Prevention and Treatment of Substance Abuse
93.778	Medical Assistance Program

#### *CRITERIA*

The Uniform Guidance requires the reporting package and data collection form to be submitted to the Federal Audit Clearinghouse the earlier of 30 days after the reports are received from auditors or nine months after the end of the audit period, unless longer period of time was agreed to in advance by the cognizant or oversight agency for audit. The Federal Audit Clearinghouse considers the submission requirement complete when it has received the electronic submission of both the data collection form and the reporting package.

#### *CONDITION AND CONTEXT*

The Federal reporting deadline for the June 30, 2023 Single Audit Reporting Package was March 31, 2024; however, RHD did not submit its Single Audit Reporting Package until July 10, 2024. This finding was initially reported as part of the June 30, 2023 audit reporting package. Because the late submission was due during the year ended June 30, 2024, it is deemed to impact compliance for the year ended June 30, 2024 as well so it is being reported again.

#### *CAUSE*

With over 160 different governmental contracts, management has been tasked with significant reporting and audit requirements. In addition, due to financial conditions disclosed in note 3 to the financial statements, resources normally committed to the completion of the audit were utilized for financial analyses and treasury management which had a direct impact on the financial reporting process which precipitated delinquency in commencing and completing the fiscal year 2023 audit.

#### *EFFECT OR POTENTIAL EFFECT*

The late submission of the reporting package affects all Federal programs administered by RHD.

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *REPEAT FINDING*

Yes.

#### *RECOMMENDATION*

We recommend that RHD improve its financial reporting processes, including timely closing of the general ledger, so that the Single Audit Reporting Package can be submitted to the Federal Audit Clearinghouse no later than the earlier of 30 days after the reports are received from auditors or nine months after year-end.

#### *VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

Management agrees that the closing process needs to be improved to allow for timely closing of the general ledger and financial reporting in compliance with federal and other regulatory deadlines.

Effective May 2024, RHD has implemented a shortened monthly and year-end closing schedule to assist in meeting this goal.

Management also believes that audit timing for the fiscal year ended June 30, 2023 was an anomaly based on the identified need for corporate restructuring that was occurring concurrently with audit process. This added complexity to the subsequent event disclosures and testing required.

Additionally, RHD intended to formally affiliate with Inperium as disclosed in Note 3 of the accompanying financial statements. The affiliation was closed on December 11, 2024. Systems and closing procedures will be evaluated and redesigned as part of the affiliation integration process.

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

#### *Questioned Costs*

None.

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *FINDING 2024-003*

Cash Management – Drawdowns from Incorrect Contract

#### *FINDING TYPE*

Material Weakness in Internal Control over Compliance

#### *AGENCY*

U.S. Department of Health and Human Services

#### *ALN*

93.224 / 93.527

Health Center Cluster

#### *CRITERIA*

In accordance with 2 CFR 200.302 (b)(3), entities receiving federal funds are responsible for maintaining records that adequately identify the source and application of funds for federally-funded activities.

#### *CONDITION AND CONTEXT*

During the year ended June 30, 2024, \$542,511 of funds related to contract H80CS00718 were incorrectly drawn from contract 21C8ECS44608C6. The error was only noted after the balance in contract 21C8ECS44608C6 was prematurely exhausted by the incorrect draw-downs. Upon noting the error, management informed the federal government of the error and submitted a request to correct the contract balances on June 11, 2024.

#### *CAUSE*

The staff tasked with initiating the draw-downs for this program entered the incorrect contract number into a funding request and the error was then subsequently repeated.

#### *EFFECT OR POTENTIAL EFFECT*

The organization may initiate drawdown requests that are not in compliance with the cash management requirements of the Uniform Guidance.



# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *REPEAT FINDING*

No.

#### *RECOMMENDATION*

We recommend that the organization implement a periodic reconciliation between its internal accounting records and the federal government's data of each contract's remaining available balance.

#### *VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

Management will review the procedures that are in place to track available contract funding balances and implement adjustments in order to allow for the prevention, or timely detection and correction of, errors in federal draw-down requests. This will be completed during the year ended June 30, 2025.

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

#### *Questioned Costs*

None.

#### *FINDING 2024-004*

Special Tests and Provisions – Application of Sliding Fees

#### *FINDING TYPE*

Significant Deficiency in Internal Control over Compliance

#### *AGENCY*

U.S. Department of Health and Human Services

#### *ALN*

93.224 / 93.527

Health Center Cluster

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *CRITERIA*

In accordance with 42 USC 254b(k)(3)(E), (F), and (G); 42 CFR sections 51c.303(e), (f), and (g); and 42 CFR sections 56.303(e), (f), and (g) 2 CFR 200.302 (b)(3), health centers must prepare and apply a sliding fee discount schedule (SFDS) so that amounts owed for health center services by eligible patients are adjusted (discounted) based on the patient's ability to pay.

#### *CONDITION AND CONTEXT*

During the year ended June 30, 2024, out of a sample of 40 transactions, we noted 12 instances where the sliding fee discount was either incorrectly calculated or not applied. In addition, we noted 4 items for which documentation supporting the fee was not available. The known error in the sample was \$725 and the projected total error was \$4,169.

#### *CAUSE*

Given the volume of patients served by the health center program, there were instances where the staff made errors in the application of the SFDS.

#### *EFFECT OR POTENTIAL EFFECT*

The organization was not consistently in compliance with the SFDS requirements of the health center program.

#### *REPEAT FINDING*

No.

#### *RECOMMENDATION*

We recommend that the organization implement a review of its SFDS protocols and adjust processes and retrain staff to ensure consistent application of the SFDS.

#### *VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

Management will review the SFDS protocols and processes with the appropriate staff in order enable the consistent application of sliding fees. This will be completed during the year ended June 30, 2025.

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

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *Questioned Costs*

None.

#### *FINDING 2024-005*

Procurement – Documentation

#### *FINDING TYPE*

Significant Deficiency in Internal Control over Compliance

#### *AGENCY*

U.S. Department of Health and Human Services

#### *ALN*

93.224 / 93.527

Health Center Cluster

#### *CRITERIA*

In accordance with 2 CFR 200.318(i), entities receiving federal funds are responsible for maintaining records that contain sufficient detail of the history of each procurement transaction. These records must include the rationale for the procurement method, contract type selection, contractors selection or rejections, and the basis for the contract price.

#### *CONDITION AND CONTEXT*

We selected four procurements for testing. Out of these four, we noted one instance where the documentation of the rationale behind the vendor selection was not available. Management was able to explain to us why the vendor offered an appropriate mix of price and value to the Federal program, but the documentation of the decision was not able to be presented. Also, for one out of four tested items, a record of the initial debarment/suspension check was not able to be produced. Management was able to show us a master vendor database compliance screening that was run after this vendor had been selected. However, documentation of the initial check was not available.

#### *CAUSE*

The staff involved with these procurement decisions did not have a consistent process for maintaining documentation related to procurement decisions.

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *EFFECT OR POTENTIAL EFFECT*

Without consistent documentation, there is a risk that procurement decisions will not be in compliance with the procurement requirements of the Uniform Guidance.

#### *REPEAT FINDING*

No.

#### *RECOMMENDATION*

We recommend that the organization reinforce to all personnel involved in procurement the importance of maintaining the required documentation for procurement decisions.

#### *VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

Management will reinforce the appropriate documentation procedures to all personnel involved in procurement decisions.

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

#### *Questioned Costs*

None.

#### *FINDING 2023-006*

Late Submission of Reporting Package to the Louisiana Legislative Auditor (“LLA”)

#### *FINDING TYPE*

Noncompliance of Reporting.

#### *CRITERIA*

Local auditee reports that include a Single Audit report must be submitted to the LLA within six months of the local auditee’s fiscal year end.

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION III - FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *CONDITION AND CONTEXT*

RHD's audit report was due to the LLA by December 31, 2024; 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 OR POTENTIAL EFFECT*

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

#### *RECOMMENDATION*

We recommend that RHD improve its financial reporting processes, including timely closing of the general ledger, so that the Audit Reporting Package can be submitted to the LLA within six months after their fiscal year end.

#### *VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

Management agrees that the closing process needs to be improved to allow for timely closing of the general ledger and financial reporting in compliance with federal and other regulatory deadlines.

Effective May 2024, RHD has implemented a shortened monthly and year-end closing schedule to assist in meeting this goal.

Management also believes that audit timing for the fiscal year ended June 30, 2024 was challenged based on the identified need for corporate restructuring that was occurring concurrently with audit process. This added complexity to the subsequent event disclosures and testing required.

Additionally, RHD intended to formally affiliate with Inperium as disclosed in Note 3 of the accompanying financial statements. The affiliation was closed on December 11, 2024. Systems and closing procedures will be evaluated and redesigned as part of the affiliation integration process.

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

# RESOURCES FOR HUMAN DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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### SECTION IV - PRIOR YEAR FINDINGS

#### *FINANCIAL STATEMENT AUDIT FINDING*

##### **Finding No. 2023-001: Information Technology Controls – Significant Deficiency in Internal Control over Financial Reporting**

See finding 2024-001 for current status.

#### *FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS*

##### **Finding No. 2023-002: Lack of adequate documentation to support certain payroll transactions**

No findings reported.

##### **Finding No. 2023-003: Late Submission of Reporting Package and Data Collection Form**

See finding 2024-002 for current status.

##### **Finding No. 2023-004: Late Submission of Reporting Package to the Louisiana Legislative Auditor (“LLA”)**

See finding 2023-006 for current status.