

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

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

YEARS ENDED JUNE 30, 2021 AND 2020

AND

INDEPENDENT AUDITORS' REPORT

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Resources for Human Development, Inc. (a nonprofit organization) and Subsidiaries (the “Organization”), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, changes in net assets, functional expenditures, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditors’ Responsibility

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

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

(Continued)

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Resources for Human Development, Inc. and Subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of Resources for Human Development, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Resources for Human Development, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Resources for Human Development, Inc.'s internal control over financial reporting and compliance.



Philadelphia, Pennsylvania
March 30, 2022

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | June 30, | |
|---|-----------------------|----------------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 20,452,624 | \$ 21,518,585 |
| Limited use cash and cash equivalents | 1,732,948 | 1,709,536 |
| Investments | 24,064,375 | 6,985,009 |
| Limited use investments | 784,178 | 657,262 |
| Accounts receivable, net of allowance for doubtful accounts of \$8,451,619 for 2021 and \$6,298,325 for 2020 | 37,776,145 | 32,525,813 |
| Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$17,343 for 2021 and \$8,390 for 2020 | 3,979 | 3,647 |
| Prepaid expenses and other current assets | 3,011,124 | 3,205,355 |
| Total current assets | 87,825,373 | 66,605,207 |
| Property and equipment, net | 16,355,383 | 17,075,071 |
| Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$0 for 2021 and \$8,953 for 2020 | 110,364 | 115,801 |
| Other assets | 1,363,001 | 498,494 |
| Total assets | \$ 105,654,121 | \$ 84,294,573 |

(Continued)

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | June 30, | |
|---|-----------------------|----------------------|
| | 2021 | 2020 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Long-term debt, current portion | \$ 461,263 | \$ 437,426 |
| Accounts payable and accrued expenses | 13,923,561 | 15,275,619 |
| Accrued payroll and related liabilities, current portion | 29,112,301 | 19,058,192 |
| Refundable advances, current portion | 22,025,759 | 13,466,099 |
| Due to consumers | 1,439,162 | 1,240,968 |
| Total current liabilities | 66,962,046 | 49,478,304 |
| Long-term liabilities | | |
| Long-term debt, net of current portion | 6,581,545 | 7,042,749 |
| Accrued payroll and related liabilities, net of current portion | 3,099,420 | 1,350,822 |
| Refundable advances, net of current portion | 204,244 | 672,883 |
| Deferred rent obligation, net of current portion | 841,786 | 791,912 |
| Retirement plans, net of current portion | 691,944 | 797,767 |
| Total liabilities | 78,380,985 | 60,134,437 |
| Net assets | | |
| Without donor restrictions | 24,689,642 | 21,753,500 |
| With donor restrictions | 1,799,316 | 1,749,374 |
| Total net assets before noncontrolling interest | 26,488,958 | 23,502,874 |
| Noncontrolling interest | 784,178 | 657,262 |
| Total net assets | 27,273,136 | 24,160,136 |
| Total liabilities and net assets | \$ 105,654,121 | \$ 84,294,573 |

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

| | Year Ended June 30, | |
|--|----------------------------|---------------------|
| | 2021 | 2020 |
| Changes in net assets without donor restrictions | | |
| Support and revenue | | |
| Net patient services | \$ 161,589,290 | \$ 187,669,848 |
| Government grants | 109,792,807 | 82,430,670 |
| Grants and contributions (non-government) | 423,744 | 96,490 |
| Interest and miscellaneous | 3,180,695 | 3,522,177 |
| Total support and revenue without donor restrictions before net assets released from restrictions | 274,986,536 | 273,719,185 |
| Net assets released from restrictions | 550,583 | 3,276,945 |
| Total support, revenue and other without donor restrictions | 275,537,119 | 276,996,130 |
| Expenditures | | |
| Program | 240,211,351 | 241,616,817 |
| Management and general | 33,598,232 | 33,236,549 |
| Fundraising | 407,175 | 537,619 |
| Other operating | 962,851 | 913,031 |
| Total expenditures | 275,179,609 | 276,304,016 |
| Changes in net assets from operations without donor restrictions before other changes | 357,510 | 692,114 |
| Other changes | | |
| Net realized and unrealized gains (losses) on investments | 2,395,001 | (2,522) |
| Changes in net assets without donor restrictions | 2,752,511 | 689,592 |
| Changes in net assets with donor restrictions | | |
| Contributions | 600,525 | 2,234,211 |
| Net assets released from restrictions | (550,583) | (3,276,945) |
| Changes in net assets with donor restrictions | 49,942 | (1,042,734) |
| Changes in total net assets | 2,802,453 | (353,142) |
| Noncontrolling interest | | |
| Less changes in net assets attributable to noncontrolling interest | (57,315) | (25,199) |
| Changes in total net assets of RHD and Subsidiaries, excluding noncontrolling interest | \$ 2,745,138 | \$ (378,341) |

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2021 AND 2020

| | Without Donor Restriction | With Donor Restriction | Noncontrolling Interest | Total |
|---------------------------------|--------------------------------------|-----------------------------------|------------------------------------|---------------|
| Balance at July 1, 2019 | \$ 21,089,107 | \$ 2,792,108 | \$ 637,033 | \$ 24,518,248 |
| Changes in net assets | 664,393 | (1,042,734) | 25,199 | (353,142) |
| Contributions, SNPT | - | - | 25,500 | 25,500 |
| Distributions, SNPT | - | - | (30,470) | (30,470) |
| Balance at June 30, 2020 | 21,753,500 | 1,749,374 | 657,262 | 24,160,136 |
| Changes in net assets | 2,695,196 | 49,942 | 57,315 | 2,802,453 |
| Acquisition of subsidiary | 240,946 | - | - | 240,946 |
| Contributions, SNPT | - | - | 77,247 | 77,247 |
| Distributions, SNPT | - | - | (7,646) | (7,646) |
| Balance at June 30, 2021 | \$ 24,689,642 | \$ 1,799,316 | \$ 784,178 | \$ 27,273,136 |

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2021

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

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2020

| | Program Services | | | | | Supporting Services | | | | Total Expenditures |
|---------------------------------|----------------------|----------------------|---------------------------------------|-------------------------|-----------------------|------------------------|-------------------|-------------------|-----------------------|--------------------|
| | Behavioral Health | Healthcare | Intellectual Developmental Disability | Miscellaneous and other | Total Program | Management and General | Fundraising | Other Operating | | |
| Salaries | \$ 55,801,329 | \$ 11,421,192 | \$ 66,837,398 | \$ 363,683 | \$ 134,423,602 | \$ 18,493,747 | \$ 382,306 | \$ 126,366 | \$ 153,426,021 | |
| Benefits | 13,012,348 | 2,471,206 | 16,345,283 | 66,607 | 31,895,444 | 3,666,225 | 67,014 | 11,293 | 35,639,976 | |
| Communications | 1,396,426 | 151,160 | 1,107,803 | 18,669 | 2,674,058 | 478,443 | 20,966 | 5,752 | 3,179,219 | |
| Depreciation and amortization | 970,391 | 229,416 | 829,653 | 5,314 | 2,034,774 | 1,738,661 | - | 225,551 | 3,998,986 | |
| Fees and services | 7,529,073 | 8,525,923 | 7,221,763 | 637,318 | 23,914,077 | 2,270,863 | 13,032 | 447,590 | 26,645,562 | |
| Occupancy | 9,551,895 | 1,349,986 | 8,852,615 | 49,157 | 19,803,653 | 1,804,452 | 351 | - | 21,608,456 | |
| Office and program supplies | 4,553,498 | 3,920,615 | 3,376,833 | 323,997 | 12,174,943 | 323,358 | 42,392 | 4,045 | 12,544,738 | |
| Small equipment and maintenance | 3,541,755 | 514,131 | 5,040,304 | 29,891 | 9,126,081 | 3,232,719 | 3,213 | 92,434 | 12,454,447 | |
| Training and development | 146,915 | 106,904 | 180,478 | 6,347 | 440,644 | 82,631 | 720 | - | 523,995 | |
| Travel and miscellaneous | 1,973,836 | 836,866 | 1,572,991 | 745,848 | 5,129,541 | 1,145,450 | 7,625 | - | 6,282,616 | |
| Total expenditures | \$ 98,477,466 | \$ 29,527,399 | \$ 111,365,121 | \$ 2,246,831 | \$ 241,616,817 | \$ 33,236,549 | \$ 537,619 | \$ 913,031 | \$ 276,304,016 | |

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended June 30, | |
|---|----------------------------|--------------|
| | 2021 | 2020 |
| Cash flows from operating activities | | |
| Changes in total net assets of RHD and Subsidiaries | \$ 2,802,453 | \$ (353,142) |
| Adjustments to reconcile changes in total net assets to net cash provided by operating activities | | |
| Gain on sale/disposition of property and equipment | (258,836) | (295,507) |
| Net realized and unrealized gains on limited use investments | (56,042) | (13,331) |
| Net realized and unrealized losses (gains) on investments | (2,338,959) | 30,676 |
| Bad debt expense and contractual allowances | 5,899,322 | 6,976,323 |
| Depreciation and amortization | 2,974,853 | 3,998,986 |
| Debt forgiveness | - | (96,000) |
| Revenue received for the purchase of property and equipment | (997,917) | (2,049,330) |
| Change in deferred tax asset | 3,042 | 2,564 |
| Change in valuation allowance on deferred tax asset | (3,042) | (2,564) |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (11,058,685) | (3,761,425) |
| Prepaid expenses and other current assets | 194,231 | (1,624,922) |
| Other assets | (864,507) | (12,106) |
| Accounts payable and accrued expenses | (1,352,059) | 2,469,002 |
| Accrued payroll and related liabilities | 11,802,707 | 3,097,182 |
| Refundable advances | 8,046,873 | 5,166,360 |
| Deferred rent obligation | 49,874 | 180,099 |
| Retirement plans | (105,823) | 131,758 |
| Net cash provided by operating activities | 14,737,485 | 13,844,623 |
| Cash flows from investing activities | | |
| Cash received in obtaining control of subsidiary | 194,125 | - |
| Net change to consumer funds | 198,194 | 266,829 |
| Acquisitions of property and equipment | (2,256,940) | (3,051,086) |
| Proceeds from sale of property and equipment | 260,613 | 399,588 |
| Purchases of investments | (15,559,292) | (843,186) |
| Proceeds from sale of investments | 818,885 | 477,336 |
| Purchases of limited use investments | (752,235) | 1,337,057 |
| Proceeds from sale of limited use investments | 681,361 | (1,343,955) |
| Net collection of advances and loans | 5,105 | (743) |
| Net cash used in investing activities | (16,410,184) | (2,758,160) |

(Continued)

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended June 30, | |
|---|----------------------------|----------------------|
| | 2021 | 2020 |
| Cash flows from financing activities | | |
| Revenue received for the purchase of property and equipment | 997,917 | 2,049,330 |
| Principal payments on long-term debt | (437,368) | (1,677,760) |
| Contributed capital from noncontrolling interest | 77,247 | 25,500 |
| Distributions to noncontrolling interest | (7,646) | (30,470) |
| Net cash provided by financing activities | 630,150 | 366,600 |
| Net (decrease) increase in cash, cash equivalents and restricted cash | (1,042,549) | 11,453,063 |
| Cash, cash equivalents and restricted cash, beginning of year | 23,228,121 | 11,775,058 |
| Cash, cash equivalents and restricted cash, end of year | \$ 22,185,572 | \$ 23,228,121 |
| Reconciliation of cash, cash equivalents, and restricted cash, beginning of year | | |
| Cash and cash equivalents | \$ 21,518,585 | \$ 10,071,326 |
| Consumer funds | 1,240,968 | 974,139 |
| Escrow funds | 468,568 | 729,593 |
| Cash, cash equivalents and restricted cash, beginning of year | \$ 23,228,121 | \$ 11,775,058 |
| Reconciliation of cash, cash equivalents and restricted cash, end of year | | |
| Cash and cash equivalents | \$ 20,452,624 | \$ 21,518,585 |
| Consumer funds | 1,439,162 | 1,240,968 |
| Escrow funds | 293,786 | 468,568 |
| Cash, cash equivalents and restricted cash, end of year | \$ 22,185,572 | \$ 23,228,121 |
| Supplemental Cash Flow Disclosure | | |
| Cash paid for interest | \$ 308,677 | \$ 383,593 |
| Income taxes paid | \$ 1,091 | \$ 546 |
| Supplemental Disclosure of Noncash Investing And Financing Activities | | |
| Debt forgiveness | \$ - | \$ 96,000 |
| Debt incurred related to the refinance of long-term debt | \$ - | \$ 2,102,429 |

See notes to consolidated financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - NATURE OF THE ORGANIZATION

Nature of Activities

Resources for Human Development, Inc. (“RHD”) is a comprehensive social services organization whose mission is to empower the most vulnerable and marginalized members of our society as they build the highest level of independence possible. As of June 30, 2021, RHD oversees and supports more than 135 locally-managed programs in 12 states, which helps tens of thousands of people of all abilities each year. These innovative and effective programs specialize in helping people who have mental illnesses or intellectual disabilities, those who are homeless, and people with histories of substance abuse, so that they may build better lives for themselves, their families, and their communities. Program areas encompass the following community needs: arts, culture and humanities, community improvement and capacity building, crime prevention, education, employment readiness and job training, environmental quality, health care, homelessness prevention, behavioral health, substance abuse, intellectual disabilities, volunteer development, and youth development, wellness and education.

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

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

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

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

Revenue and Support

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

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

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

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

Net Patient Services

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Net Patient Services (Continued)

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

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

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

- Medicaid - Reimbursements for allowable services are generally paid at prospectively determined rates per visit or per covered member.
- Medicare - Outpatient services are paid using prospectively determined rates.
- 340B Pharmacy - RHD, through its Healthcare Division, participates in the Section 340B program of the Public Health Service Act ("PHS Act"), Limitation on Prices of Drugs Purchased by Covered Entities. Participation in this program allows the Organization to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. The 340B program operated through its agreement with an unrelated third party for the years ended June 30, 2021 and 2020. Under this program, RHD used the third party as its agent for the purpose of operating and managing the pharmacy and providing pharmacy services.
- Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit, discounts from established charges, and prospectively determined daily rates.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Net Patient Services (Continued)

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

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

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

Government Grants

The Organization recognizes revenues from contributions in accordance with ASU 2018-08, *Not-for-Profit Entities - Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

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

Conditional grants and contracts whose conditions are satisfied in the same reporting period in which the funding is received are reported as an increase in net assets without donor restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as non-operating equipment revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Government Grants (Continued)

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

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

In-kind Contributions

Donated space, goods and certain services are required to be reported at their fair market value in the year that they are contributed. In-kind revenue and expense for the years ended June 30, 2021 and 2020 was \$876,403 and \$931,504, respectively.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Organization has no board restricted net assets as of June 30, 2021 and 2020.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 and the Taunton Run repair and replacement escrow funds. RHD consumer funds are funds that have been established to account for assets received by the Organization on behalf of certain consumers of certain programs. These funds are expended at the discretion of the program directors, for the direct benefit of the individual consumers. As of June 30, 2021, and 2020 the consumer funds cash and cash equivalents totaled \$1,439,162 and \$1,240,968, 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, 2021 and 2020, this escrow account was \$293,786 and \$468,568, respectively.

RHD presents restricted cash in accordance with Accounting Standards Update No. 2016-18 ("ASU 2016-18"), *Statement of Cash Flows* (Topic 230), for the presentation of restricted cash in the consolidated statement of cash flows. ASU 2016-18 applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of period total amounts shown on the consolidated statements of cash flows. Accordingly, the consolidated statements of cash flows present a reconciliation of the changes in cash and cash equivalents and restricted cash.

Investments

Investments are stated at fair value and consist of RHD funds held for investment. At June 30, 2021 and 2020, these funds were invested in various types of accounts that include cash, exchange-traded fund, common stock, mutual funds, money market accounts, and overlay investment portfolios.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The investment of these funds are governed by an investment committee consisting of members of the board of directors and RHD management. Realized and unrealized gains or losses from the investments are reported on the consolidated statements of activities and changes in net assets.

Limited Use Investments

The Organization has established the SNPT to hold assets on behalf of participating consumers of certain programs.

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

Accounts Receivable

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

Inventory

Inventory is recorded at the lower of cost, on a specific identification basis, or market (net realizable value) and consists largely of prescription and over-the-counter drugs used in the Organization's outpatient health centers. Inventory totaled \$174,760 and \$113,116 at June 30, 2021 and 2020, 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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Companies

Investments in partnerships, limited liability companies and unconsolidated corporations are included in the accompanying consolidated financial statements using the equity and cost methods of accounting. The Organization had equity investments in companies that totaled \$0 for both years ended June 30, 2021 and 2020. The balance is reported as part of other assets at June 30, 2021 and 2020.

Advances and Loans

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

Refundable Advances

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

Vacation Accrual

All eligible employees (including program employees) of RHD are able to carry over unused earned vacation time. Employees are able to use their vacation time earned according to the PTO plan year. At June 30, 2021 and 2020, RHD has accrued this unused vacation expense and related taxes and this liability is included in accrued payroll and related liabilities within the consolidated financial statements. A portion of the vacation accrual related to program employees will ultimately be charged to and reimbursed by cost reimbursed programs, resulting in an accrual of program revenue. This accrued revenue is recorded at June 30, 2021 and 2020 and is 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.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status (Continued)

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

Use of Estimates

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

Financial Instruments

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

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation. These reclassifications have no effect of the previously reported changes in net assets.

Functional Expenses

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

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

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses (Continued)

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.

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

| | June 30, | |
|--|---------------|---------------|
| | 2021 | 2020 |
| Cash | \$ 20,452,624 | \$ 21,518,585 |
| Investments | 24,064,375 | 6,985,009 |
| Accounts receivable | 37,776,145 | 32,525,813 |
| Total financial assets available within one year | 82,293,144 | 61,029,407 |
| Less: | | |
| Amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donor with purpose restrictions | (1,799,316) | (1,691,748) |
| Assets of RHD subsidiary, unavailable for use by RHD | (858,927) | (209,069) |
| Total financial assets available to management for general expenditure within one year | \$ 79,634,901 | \$ 59,128,590 |

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 2022.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

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

Liquidity Management

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

To help manage unanticipated liquidity needs, the RHD has a committed line of credit of \$22,000,000, of which approximately \$9,200,000 could be drawn upon at June 30, 2021.

4 - PROMISES TO GIVE

Unconditional Promises to Give

RHD records unconditional promises to give when received. Contributions were received with multiple year payment terms. Total pledges receivable as of June 30, 2021 and 2020 were \$0 and \$57,626, respectively, which were all considered current assets reported as part of accounts receivable at June 30, 2020.

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, 2021 and 2020, RHD had \$75,000 and \$95,000, respectively, of unrecorded conditional promises to give from foundation grants which will be recognized when RHD can show evidence of satisfaction of specific conditions as set forth by the donor, which consist of specific programmatic objectives and/or a lease renewal.

At June 30, 2021, RHD had remaining available award balances on federal, state, and local government grants and contracts of approximately \$18,945,000. These award balances will be recognized as revenue and receivables when the related barriers are satisfied.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 - INVESTMENTS

Investments, stated at fair value, are as follows:

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

| June 30, 2020 | | | |
|-----------------------------|----|-----------|--------------|
| | | Cost | Fair Value |
| Cash and money market funds | \$ | 18,079 | \$ 18,079 |
| Common stocks | | 958,109 | 1,221,443 |
| Mutual funds | | 3,822,202 | 4,053,584 |
| Overlay portfolios | | 1,700,469 | 1,691,903 |
| | \$ | 6,498,859 | \$ 6,985,009 |

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

| | Year ended June 30, | |
|--|---------------------|------------|
| | 2021 | 2020 |
| Investment income | \$ 339,639 | \$ 219,469 |
| Net unrealized/realized gains (losses) | 2,338,959 | (30,676) |
| | \$ 2,678,598 | \$ 188,793 |

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - LIMITED USE INVESTMENTS

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

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

| | June 30, 2020 | |
|--------------------|-------------------|-------------------|
| | Cost | Fair Value |
| Government bonds | \$ 520,300 | \$ 538,353 |
| Mutual funds | 111,166 | 117,995 |
| Money market funds | 914 | 914 |
| | <u>\$ 632,380</u> | <u>\$ 657,262</u> |

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

| | Year ended June 30, | |
|-------------------------------|---------------------|------------------|
| | 2021 | 2020 |
| Investment income (loss), net | \$ 1,273 | \$ (2,955) |
| Unrealized/realized gains | 56,042 | 28,154 |
| | <u>\$ 57,315</u> | <u>\$ 25,199</u> |

7 - FAIR VALUE MEASUREMENTS

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 - FAIR VALUE MEASUREMENTS (Continued)

The following is a brief description of those three levels:

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

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, as applicable.

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

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

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

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

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 - FAIR VALUE MEASUREMENTS (Continued)

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

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

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

| | Fair Value at June 30, 2020 | | |
|--|-----------------------------|--------------|------------|
| | Total | Level 1 | Level 2 |
| Cash and money market funds | \$ 18,079 | \$ 18,079 | \$ - |
| Government bonds | 538,353 | - | 538,353 |
| Common stocks | 1,221,443 | 1,221,443 | - |
| Mutual funds | 4,172,493 | 4,172,493 | - |
| Total investment in the fair value hierarchy | 5,950,368 | 5,412,015 | 538,353 |
| Overlay portfolio investments reported at net asset value as a practical expedient (a) | 1,691,903 | - | - |
| Total investment assets at fair value | \$ 7,642,271 | \$ 5,412,015 | \$ 538,353 |

For the year ended June 30, 2020, the Organization did not have any investments valued under the Level 3 inputs.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 - FAIR VALUE MEASUREMENTS (Continued)

- (a) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The net asset value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position. These investments are presented at fair value, with no unfunded commitments, which can be redeemed daily with no required notice period at June 30, 2021 and 2020.

8 - PROPERTY AND EQUIPMENT, NET

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

| | June 30, | |
|--|---------------|---------------|
| | 2021 | 2020 |
| Real estate and improvements | \$ 28,710,623 | \$ 28,160,418 |
| Leasehold improvements | 19,659,694 | 18,778,840 |
| Furniture and fixtures | 2,083,002 | 2,041,429 |
| Computer equipment and software | 9,326,536 | 8,540,566 |
| Automobiles | 5,653,227 | 6,710,887 |
| | 65,433,082 | 64,232,140 |
| Less accumulated depreciation and amortization | (49,077,699) | (47,157,069) |
| | \$ 16,355,383 | \$ 17,075,071 |

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 is as follows:

| | 2021 | 2020 |
|------------------------|--------------|--------------|
| Program | \$ 2,027,120 | \$ 2,034,774 |
| Management and general | 714,856 | 1,738,661 |
| Other operating | 232,877 | 225,551 |
| | \$ 2,974,853 | \$ 3,998,986 |

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 - ADVANCES AND LOANS

The Organization, through its for-profit subsidiary, Murex, has made loans and advances to certain partnerships and companies located in distressed areas of Philadelphia, Pennsylvania. This entity adhere to certain principles, including a minimum level of hiring local people from welfare, a minimum wage in excess of the applicable minimum wage, and the sharing of profits with the employees.

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

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

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

| | June 30, 2020 | | |
|---------------------------|---------------|-------------|------------|
| | Balance | Allowance | Net |
| Advances to companies | \$ 17,343 | \$ (17,343) | \$ - |
| Mortgage note receivables | 119,448 | - | 119,448 |
| | 136,791 | (17,343) | 119,448 |
| Less current portion | 12,037 | (8,390) | 3,647 |
| | \$ 124,754 | \$ (8,953) | \$ 115,801 |

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

10 - DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS

Murex has recorded a net deferred income tax asset resulting from net operating loss carryforwards and allowances created against advances and loans to investees. As of June 30, 2021 and 2020, management has created a valuation allowance to account for the uncertainty that a portion of the deferred tax asset would be utilized.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 - DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS

(Continued)

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

| | June 30, | |
|--|------------|------------|
| | 2021 | 2020 |
| Net operating loss carryforwards | \$ 459,411 | \$ 462,453 |
| Allowance on advances and loans to investees | 9,934 | 9,934 |
| Deferred income tax assets | 469,345 | 472,387 |
| Valuation allowance | (469,345) | (472,387) |
| | \$ - | \$ - |

Murex has net operating loss carryforwards of approximately \$2,200,000 as of June 30, 2021 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, | |
|-------------------------------|----------|----------|
| | 2021 | 2020 |
| Deferred income tax expense | \$ 3,042 | \$ 2,564 |
| Change in valuation allowance | (3,042) | (2,564) |
| | \$ - | \$ - |

11 - LINE OF CREDIT

At June 30, 2021 and 2020, RHD had available a line of credit with a bank in the amount of \$22,000,000 subject to the limitation of aged accounts receivable and outstanding letters of credit. Related borrowings incur interest at the one-month LIBOR plus 2.5%. The effective rate at June 30, 2021 and 2020 was 3.00%. This line expires in June 2022 and collateralized by accounts receivable and other assets of RHD. As of June 30, 2021 and 2020, there was no outstanding balance on this line. This line requires RHD to maintain a defined ratio of debt service and expendable financial resources to debt ratio. RHD was obligated under outstanding letters of credit of \$6,568,266 and \$8,698,750 as of June 30, 2021 and 2020, respectively. The available line of credit was approximately \$9,200,000 as of June 30, 2021.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 - LONG-TERM DEBT

Long-term debt consists of the following:

| | June 30, | |
|--|--------------|--------------|
| | 2021 | 2020 |
| RHD | | |
| Mortgage notes, financial institutions and state authorities, payable in monthly installments ranging from \$1,427 to \$21,001, mostly including interest ranging from 3.4% to 6.63%, collateralized by various properties, maturing at various times through December 2040. There is no federal funding related to these loans. | \$ 4,079,018 | \$ 4,368,027 |
| Murex | | |
| Mortgage notes (related to Taunton Run), payable in monthly installments ranging from \$0 to \$23,602, mostly including interest ranging from 1% to 7.1%, collateralized by rental property and equipment, maturing at various times from 2027 through 2028. | 2,963,790 | 3,112,148 |
| | 7,042,808 | 7,480,175 |
| Less current portion | (461,263) | (437,426) |
| Long-term portion | \$ 6,581,545 | \$ 7,042,749 |

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

| Year Ending June 30, | |
|----------------------|--------------|
| 2022 | \$ 461,263 |
| 2023 | 487,994 |
| 2024 | 495,757 |
| 2025 | 523,267 |
| 2026 | 552,292 |
| Thereafter | 4,522,235 |
| Total | \$ 7,042,808 |

Interest expense for the years ended June 30, 2021 and 2020 was \$347,710 and \$426,946, respectively, which is included as travel and miscellaneous expense on the consolidated statements of functional expenditures.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 - LEASE COMMITMENTS

Operating Leases

RHD leases various buildings and equipment under leasing arrangements expiring through 2039. These leases are accounted for as operating leases. Generally, leases with terms beyond one year contain defunding clauses which allow RHD to terminate a lease, within 90 days of the loss of government funding. Some of these leases have escalation clauses for future lease payments. These leases are being accounted for on the straight-line basis with a deferred rent obligation of \$957,884 and \$872,770 included in the consolidated financial statements at June 30, 2021 and 2020, respectively. The current portion of this liability is \$116,098 and \$80,858, respectively, and has been included in accounts payable and accrued expenses.

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

| Year Ending June 30, | |
|----------------------|---------------|
| 2022 | \$ 10,217,556 |
| 2023 | 7,855,291 |
| 2024 | 5,460,294 |
| 2025 | 3,358,712 |
| 2026 | 2,688,558 |
| Thereafter | 2,666,477 |
| Total | \$ 32,246,888 |

RHD also maintains numerous property leases with terms of up to one year which are not included in the above schedule. Rent expense for the years ended June 30, 2021 and 2020 totaled \$14,541,577 and \$14,385,195, respectively. Total equipment rental expense incurred for the years ended June 30, 2021 and 2020 was \$2,018,786 and \$1,851,922, respectively.

14 - SELF-INSURANCE

RHD self-insures for workers compensation claims under a large deductible insurance program. Excess and other insurance policies are maintained with respect to the various other exposures, and all claims are handled by third-party administrators. Included in accounts payable and accrued expenses at June 30, 2021 and 2020 is approximately \$6,176,000 and \$6,152,000, respectively, for claims incurred but not reported for all self-insured retentions, which represents an estimate by management. The ultimate cost, however, will depend on the magnitude and extent of claims incurred but not reported.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 - SELF-INSURANCE (Continued)

RHD is also self-insured for unemployment claims in certain states, and therefore is responsible for paying actual unemployment claims as they are incurred. As a result, approximately \$3,700,000 and \$4,275,000 is included in accrued payroll and related liabilities as of June 30, 2021 and 2020, respectively, as a reserve for potential future unemployment claims. This is an estimate by management and the ultimate cost will depend on the extent of future claims.

15 - RETIREMENT PLANS

Deferred Compensation Plan

RHD has implemented a non-qualified deferred compensation plan in accordance with Internal Revenue Service Code Section 457. In order to receive a payment under this plan, an employee must have met three requirements: worked full-time for RHD for 25 years, have attained the age of 65, and have fully retired. The payments will commence upon the employee's retirement from RHD. The payments are based on the employee's annual salary that is in effect on the date all eligibility criteria are met. To the extent the corporate resources can support it; the payments will be paid over six years in six equal annual installments. At June 30, 2021 and 2020, the liability amount recorded related to this benefit is \$808,448 and \$908,519, respectively. The current portion of this liability is \$116,504 and \$110,752, respectively, and has been included in accrued payroll and related liabilities.

Medical Retirement Plan

RHD has implemented a non-qualified medical retirement plan. In order to receive a payment under this plan, an employee must have met three requirements: worked full-time for RHD for 10 years, attained the age of 65, and have fully retired. The benefit amount for eligible expenditures is \$2,100 per year based on the number of years of service, and is paid over the course of 2 to 10 years to the extent the corporate resources can support the payments. At June 30, 2021 and 2020, the liability amount recorded related to this benefit is \$95,234 and \$74,725, respectively, has been included in accrued payroll and related liabilities.

Pension Plan

RHD maintains a 403(b) plan for the benefit of its employees. Employee participation is voluntary and contributions by the employees are pursuant to salary reduction. RHD does not match employee contributions, but can elect to make employer contributions to benefit participating employees. During the years ended June 30, 2021 and 2020, RHD has accrued \$2,216,450 and \$0, respectively, in employer contributions for employees and has been included in accrued payroll and related liabilities.

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 - NET ASSETS WITH DONOR RESTRICTIONS

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

| | June 30, | |
|---------------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| Programmatic restrictions | | |
| New Beginnings Programs | \$ 38,275 | \$ 121,759 |
| Behavioral Health | 468,912 | 515,332 |
| Healthcare | 295,176 | 307,410 |
| Intellectual Developmental Disability | 665,063 | 428,454 |
| Other | 331,890 | 318,793 |
| Time and purpose restrictions | - | 57,626 |
| | <u>\$ 1,799,316</u> | <u>\$ 1,749,374</u> |

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

| | June 30, | |
|---------------------------------------|-------------------|---------------------|
| | 2021 | 2020 |
| Purpose restrictions accomplished | | |
| New Beginnings Programs | \$ 95,006 | \$ 2,455,461 |
| Behavioral Health | 115,211 | 347,524 |
| Healthcare | 195,348 | 189,720 |
| Intellectual Developmental Disability | 9,650 | 182,318 |
| Other | 135,368 | 101,922 |
| Total | <u>\$ 550,583</u> | <u>\$ 3,276,945</u> |

17 - SUPPORT AND REVENUE

Net Patient Services Revenue

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17 - SUPPORT AND REVENUE (Continued)

Net Patient Services Revenue (Continued)

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

| | Year ended June 30, | |
|-----------------------------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| Medicaid | \$ 107,485,496 | \$ 110,391,465 |
| Managed care | 31,825,745 | 53,311,077 |
| Patient/client fees | 11,319,604 | 13,041,123 |
| Pharmacy | 10,958,445 | 10,926,183 |
| Total net patient services | \$ 161,589,290 | \$ 187,669,848 |

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

| | Year ended June 30, | |
|----------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| Connecticut | \$ 9,365,695 | \$ 9,686,325 |
| Delaware | 21,955,362 | 16,681,036 |
| Florida | 495,122 | 563,414 |
| Iowa | 3,096,919 | 3,716,599 |
| Louisiana | 7,919,627 | 7,926,009 |
| Massachusetts | 9,731,282 | 9,449,662 |
| Missouri | 4,509,428 | 6,120,165 |
| Nebraska | 1,740,181 | 2,368,781 |
| New Jersey | 4,693,466 | 5,007,920 |
| North Carolina | 2,520,283 | 2,577,956 |
| Pennsylvania | 204,341,495 | 200,338,494 |
| Rhode Island | 96,553 | 2,336,104 |
| South Dakota | 6,271,606 | 5,355,377 |
| Tennessee | - | 2,808,983 |
| Total | \$ 276,737,019 | \$ 274,936,825 |

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 - CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES

Concentrations of Credit Risk

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

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

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

The Organization maintains cash balances at financial institutions located in various states. Accounts at an institution may, at times, exceed the federally insured limits of \$250,000. As of June 30, 2021, approximately \$10,300,000 of cash balances exceeded insured limits.

Litigation

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

19 - CONSOLIDATION OF VARIABLE INTEREST ENTITIES

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

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19 - CONSOLIDATION OF VARIABLE INTEREST ENTITIES (Continued)

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

| | June 30, | |
|-------------------------|------------|------------|
| | 2021 | 2020 |
| Limited use investments | \$ 784,178 | \$ 657,262 |
| Equity | (784,178) | (657,262) |
| | \$ - | \$ - |

20 - UNCERTAIN TAX POSITIONS

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization's status as a not-for-profit entity. Management believes RHD, 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.

21 - RISKS AND UNCERTAINTIES

The spread of a novel strain of coronavirus ("COVID-19") around the world has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it ultimately will have a material impact to its operations. However, through the date of the report, the Organization's services have been considered essential in nature and have not been materially interrupted.

22 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through March 30, 2022, the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of Resources for Human Development, Inc. and Subsidiaries (“RHD”) (a nonprofit organization) and Subsidiaries (the “Organization”) as of and for the year ended June 30, 2021, and our report thereon dated March 30, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1-2. 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 37-41 are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual companies and is not a required part of the consolidated statements. The accompanying information on page 42 is also presented for purposes of additional analysis and is not required part of the basic consolidated statements. The schedule on page 42 includes only information of Resources for Human Development, Inc. and not its subsidiaries. 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 underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information, is fairly stated in all material respects.



Philadelphia, Pennsylvania
March 30, 2022

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

| | Resources for Human Development, Inc. | Other Entities | | | Eliminations | Total |
|---|---|----------------------|-------------------|-------------------|---------------------|-----------------------|
| | | Murex Corporation | PICL | NPHO & SNPT | | |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 19,655,941 | \$ 221,569 | \$ 575,114 | \$ - | \$ - | \$ 20,452,624 |
| Limited use cash and cash equivalents | 1,439,162 | 293,786 | - | - | - | 1,732,948 |
| Investments | 24,064,375 | - | - | - | - | 24,064,375 |
| Limited use investments | - | - | - | 784,178 | - | 784,178 |
| Accounts receivable, net of allowance for doubtful accounts of \$8,451,619 | 38,017,659 | 10,575 | 51,669 | - | (303,758) | 37,776,145 |
| Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$17,343 | - | 3,979 | - | - | - | 3,979 |
| Prepaid expenses and other current assets | 2,990,988 | 20,136 | - | - | - | 3,011,124 |
| Total current assets | 86,168,125 | 550,045 | 626,783 | 784,178 | (303,758) | 87,825,373 |
| Property and equipment, net | 12,901,564 | 3,453,819 | - | - | - | 16,355,383 |
| Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$0 | 276,803 | 110,364 | - | - | (276,803) | 110,364 |
| Other assets | 1,084,113 | 278,888 | - | - | - | 1,363,001 |
| Total assets | \$ 100,430,605 | \$ 4,393,116 | \$ 626,783 | \$ 784,178 | \$ (580,561) | \$ 105,654,121 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

| | Resources for Human Development, Inc. | Other Entities | | | Eliminations | Total |
|---|---|----------------------|-------------------|-------------------|---------------------|-----------------------|
| | | Murex Corporation | PICL | NPHO & SNPT | | |
| LIABILITIES AND NET ASSETS | | | | | | |
| Current liabilities | | | | | | |
| Long-term debt, current portion | \$ 302,021 | \$ 159,242 | \$ - | \$ - | \$ - | \$ 461,263 |
| Accounts payable and accrued expenses | 13,549,236 | 360,147 | 4,818 | - | 9,360 | 13,923,561 |
| Accrued payroll and related liabilities, current portion | 29,112,301 | - | - | - | - | 29,112,301 |
| Refundable advances, current portion | 21,954,648 | 1,277 | 69,834 | - | - | 22,025,759 |
| Due to consumers | 1,439,162 | - | - | - | - | 1,439,162 |
| Total current liabilities | 66,357,368 | 520,666 | 74,652 | - | 9,360 | 66,962,046 |
| Long-term liabilities | | | | | | |
| Long-term debt, net of current portion | 3,776,997 | 2,804,548 | - | - | - | 6,581,545 |
| Accrued payroll and related liabilities, net of current portion | 3,099,420 | - | - | - | - | 3,099,420 |
| Refundable advances, net of current portion | 204,244 | - | - | - | - | 204,244 |
| Deferred rent obligation, net of current portion | 841,786 | - | - | - | - | 841,786 |
| Retirement plans, net of current portion | 691,944 | - | - | - | - | 691,944 |
| Other | - | 2,274,149 | 499,387 | - | (2,773,536) | - |
| Total liabilities | 74,971,759 | 5,599,363 | 574,039 | - | (2,764,176) | 78,380,985 |
| Stockholders' equity | | | | | | |
| Common stock | - | 100 | - | - | (100) | - |
| Additional paid in capital | - | 608,330 | - | - | (608,330) | - |
| Accumulated deficit | - | (1,814,677) | - | - | 1,814,677 | - |
| Net assets | | | | | | |
| Without donor restrictions | 23,659,530 | - | 52,744 | - | 977,368 | 24,689,642 |
| With donor restrictions | 1,799,316 | - | - | - | - | 1,799,316 |
| Total net assets before noncontrolling interests | 25,458,846 | (1,206,247) | 52,744 | - | 2,183,615 | 26,488,958 |
| Noncontrolling interests | - | - | - | 784,178 | - | 784,178 |
| Total net assets | 25,458,846 | (1,206,247) | 52,744 | 784,178 | 2,183,615 | 27,273,136 |
| Total liabilities and net assets | \$ 100,430,605 | \$ 4,393,116 | \$ 626,783 | \$ 784,178 | \$ (580,561) | \$ 105,654,121 |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

| | Resources for Human Development, Inc. | | | Other Entities | | | | Total |
|---|---------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------|--------------------|---------------------|
| | Operating | Equipment | Total | Murex Corporation | PICL | NPHO & SNPT | Eliminations | |
| Changes in net assets without donor restrictions | | | | | | | | |
| Support and revenue | | | | | | | | |
| Net patient services | \$ 161,558,340 | \$ - | \$ 161,558,340 | \$ - | \$ 30,950 | \$ - | \$ - | \$ 161,589,290 |
| Government grants | 108,508,918 | 997,917 | 109,506,835 | - | 285,972 | - | - | 109,792,807 |
| Grants and contributions (non-government) | 423,744 | - | 423,744 | - | - | - | - | 423,744 |
| Interest and miscellaneous | 2,308,616 | - | 2,308,616 | 974,928 | - | 1,273 | (104,122) | 3,180,695 |
| Total support and revenue without donor restrictions before net assets released from restrictions | 272,799,618 | 997,917 | 273,797,535 | 974,928 | 316,922 | 1,273 | (104,122) | 274,986,536 |
| Net assets released from restrictions | 550,583 | - | 550,583 | - | - | - | - | 550,583 |
| Total support, revenue and other without donor restrictions | 273,350,201 | 997,917 | 274,348,118 | 974,928 | 316,922 | 1,273 | (104,122) | 275,537,119 |
| Expenditures | | | | | | | | |
| Program | 238,565,275 | 1,245,074 | 239,810,349 | - | 505,124 | - | (104,122) | 240,211,351 |
| Management and general | 33,529,951 | - | 33,529,951 | - | - | - | 68,281 | 33,598,232 |
| Fundraising | 407,175 | - | 407,175 | - | - | - | - | 407,175 |
| Other operating | - | - | - | 962,851 | - | - | - | 962,851 |
| Total expenditures | 272,502,401 | 1,245,074 | 273,747,475 | 962,851 | 505,124 | - | (35,841) | 275,179,609 |
| Changes in net assets from operations without donor restrictions before other changes | 847,800 | (247,157) | 600,643 | 12,077 | (188,202) | 1,273 | (68,281) | 357,510 |
| Other changes | | | | | | | | |
| Net realized and unrealized gains on investments | 2,338,959 | - | 2,338,959 | - | - | 56,042 | - | 2,395,001 |
| Changes in net assets without donor restrictions | 3,186,759 | (247,157) | 2,939,602 | 12,077 | (188,202) | 57,315 | (68,281) | 2,752,511 |
| Changes in net assets with donor restrictions | | | | | | | | |
| Contributions | 600,525 | - | 600,525 | - | - | - | - | 600,525 |
| Net assets released from restrictions | (550,583) | - | (550,583) | - | - | - | - | (550,583) |
| Changes in net assets with donor restrictions | 49,942 | - | 49,942 | - | - | - | - | 49,942 |
| Changes in total net assets | 3,236,701 | (247,157) | 2,989,544 | 12,077 | (188,202) | 57,315 | (68,281) | 2,802,453 |
| Noncontrolling interest | | | | | | | | |
| Less changes in net assets attributable to noncontrolling interest | - | - | - | - | - | (57,315) | - | (57,315) |
| Changes in total net assets of RHD and Subsidiaries, excluding noncontrolling interest | \$ 3,236,701 | \$ (247,157) | \$ 2,989,544 | \$ 12,077 | \$ (188,202) | \$ - | \$ (68,281) | \$ 2,745,138 |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021

| | Resources for Human Development, Inc. | | | Other Entities | | | | | |
|--|---------------------------------------|---------------------|----------------------|-----------------------|------------------|-------------------|---------------------|----------------------|--|
| | Operating | Equipment | Total | Murex Corporation | PICL | NPHO & SNPT | Eliminations | Total | |
| Net assets without donor restrictions, beginning | \$ 14,805,854 | \$ 5,914,074 | \$ 20,719,928 | \$ (1,218,324) | \$ - | \$ 657,262 | \$ 2,251,896 | \$ 22,410,762 | |
| Net assets acquired in acquisition | - | - | - | - | 240,946 | - | - | 240,946 | |
| Changes in net assets without donor restrictions | 3,186,759 | (247,157) | 2,939,602 | 12,077 | (188,202) | 57,315 | (68,281) | 2,752,511 | |
| Contributions | - | - | - | - | - | 77,247 | - | 77,247 | |
| Distributions | - | - | - | - | - | (7,646) | - | (7,646) | |
| Total net assets without donor restrictions, ending | 17,992,613 | 5,666,917 | 23,659,530 | (1,206,247) | 52,744 | 784,178 | 2,183,615 | 25,473,820 | |
| Net assets with donor restrictions, beginning | 1,749,374 | - | 1,749,374 | - | - | - | - | 1,749,374 | |
| Changes in net assets with donor restrictions | 49,942 | - | 49,942 | - | - | - | - | 49,942 | |
| Total net assets with donor restrictions, ending | 1,799,316 | - | 1,799,316 | - | - | - | - | 1,799,316 | |
| Total net assets, end of year | \$ 19,791,929 | \$ 5,666,917 | \$ 25,458,846 | \$ (1,206,247) | \$ 52,744 | \$ 784,178 | \$ 2,183,615 | \$ 27,273,136 | |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

SELECTED NOTES TO SUPPLEMENTARY INFORMATION

1 - CONSOLIDATING FINANCIAL STATEMENTS, BASIS OF PRESENTATION

Resources for Human Development, Inc.

Operating

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

Equipment

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

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

Other Entities

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

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATE OF LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2021

Chief Executive Officer Name: Marco Giordano

| Purpose | | |
|---|-----------|----------------|
| Salary | \$ | 265,956 |
| Benefits-insurance | | 19,537 |
| Benefits-retirement | | - |
| Deferred compensation (contributions made by the agency) | | - |
| Benefits- Payroll taxes | | 15,816 |
| Car allowance | | - |
| Vehicle provided by government | | - |
| Cell phone | | 636 |
| Dues | | - |
| Vehicle rental | | - |
| Per diem | | - |
| Reimbursements | | - |
| Travel | | - |
| Registration fees | | - |
| Conference travel | | - |
| Housing | | - |
| Unvouchered expenses | | - |
| Special meals | | - |
| Other (including payments made by other parties on behalf of the agency head) | | 76 |
| Total | \$ | 302,021 |

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Resources for Human Development, Inc. ("RHD") (a nonprofit organization) and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, 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 March 30, 2022.

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.

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

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

(Continued)

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

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. 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*.

Resources for Human Development's Response to Finding

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

Purpose of this Report

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



Philadelphia, Pennsylvania
March 30, 2022

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

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

Report on Compliance for Each Major Federal Program

We have audited Resources for Human Development, Inc. (“RHD”) and Subsidiaries’ (the “Organization”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RHD’s major federal programs for the year ended June 30, 2021. RHD’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditors’ Responsibility

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

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

(Continued)

Opinion on Each Major Federal Program

In our opinion, RHD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed 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 item 2021-003. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompany schedule of findings and questioned costs as item 2021-003, that we considered to be a significant deficiency.

RHD's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. RHD's response was not subjected to the auditing procedures applied in the audit of the compliance, 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 Schedule 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Philadelphia, Pennsylvania
March 30, 2022

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|--|---------------------------------|------------------------------------|---------------------|----------------------|
| Federal Financial Assistance | | | | |
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Health Center Cluster | 93.224 | H80CS00718-18 | 09/01/02 - 03/31/21 | \$ 163,317 |
| Health Center Cluster | 93.527 | H80CS00718-18 | 09/01/02 - 03/31/21 | 96,659 |
| Health Center Cluster | 93.224 | H80CS00718-19 | 09/01/02 - 03/31/22 | 629,477 |
| Health Center Cluster | 93.527 | H80CS00718-19 | 09/01/02 - 03/31/22 | 2,204,728 |
| Health Center Cluster | 93.224 | H80CS00718-20 | 04/01/18 - 03/31/22 | 225,574 |
| Health Center Cluster | 93.527 | H80CS00718-20 | 04/01/18 - 03/31/22 | 610,814 |
| Health Center Cluster | 93.224 | H8DCS36631-01 | 04/01/20 - 03/31/21 | 920,959 |
| Health Center Cluster CCBHC | 93.829 | 1H79SM083093-01 | 05/01/20 - 04/30/22 | 313,588 |
| Health Center Cluster - Cares Act Funding / Provider Relief Fund | 93.498 | N/A | 04/10/20 - 06/30/21 | 450,070 |
| American Rescue Plan Act Funding for Health Centers | 93.224 | H8F41323 | 04/01/21 - 03/31/23 | 447,550 |
| Health Center - Expanded Capacity for Testing (ECT) | 93.224 | H8ECS38901-01 | 05/01/20 - 04/30/21 | 9,780 |
| Pass-through State of Delaware | | | | |
| Assertive Community Treatment | 93.958 | 021774 | 07/01/16 - 12/31/21 | 4,952 |
| Intensive Case Management | 93.958 | FY21-CMHBG-PEER | 07/01/20 - 06/30/21 | 24,420 |
| Pass-through State of Nebraska | | | | |
| RHD Nebraska | 93.778 | N/A | 07/01/20 - 06/30/21 | 911,731 |
| Pass-through Rhode Island | | | | |
| RHD Rhode Island | 93.778 | RH54940 | 07/01/20 - 06/30/21 | 50,094 |
| Pass-through Pennsylvania Department of Human Services | | | | |
| Montgomery County - MH and D&A (Various) | 93.959 | FFS/CR | 07/01/20 - 06/30/21 | 108,389 |
| Montgomery County - MH and D&A (Various) | 93.788 | FFS/CR | 07/01/20 - 06/30/21 | 70,912 |
| Pass-through Montgomery County Department of Human Services | | | | |
| Montgomery County Department of BH/DD | 93.958 | 2101PASOSR / SM08262601 | 07/01/20 - 06/30/21 | 291,128 |
| Montgomery County Department of BH/DD | 93.667 | 2101PASOSR / SM08262601 | 07/01/20 - 06/30/21 | 495,427 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|---|---------------------------------|------------------------------------|---------------------|----------------------|
| Pass-through Philadelphia Department of Behavioral Health and Intellectual Disability Services | | | | |
| MH Base Unitary | 93.150 | 21-20005 | 07/01/20 - 06/30/21 | 260,387 |
| Pass-through Philadelphia Office of Homeless Services | | | | |
| Rapid Rehousing | 93.667 | 2120071 | 07/01/20 - 06/30/21 | 36,280 |
| Fernwood | 93.667 | 1920160 | 07/01/19 - 06/30/21 | 51,568 |
| Woodstock Family Center | 93.667 | 2020113 | 07/01/19 - 06/30/21 | 69,575 |
| 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 | 1720690-02 | 03/01/19 - 02/29/20 | 4,652 |
| Family Practice and Counseling Network | 93.914 | 1720690-03 | 03/01/20 - 02/28/21 | 38,205 |
| Family Practice and Counseling Network | 93.914 | 2120533 | 03/01/21 - 02/28/22 | 19,292 |
| Family Practice and Counseling Network | 93.914 | 1720690-02 | 08/01/19 - 02/29/20 | 10,145 |
| Family Practice and Counseling Network | 93.914 | 1720690-03 | 03/01/20 - 02/28/21 | 46,219 |
| Family Practice and Counseling Network | 93.914 | 2120533 | 03/01/21 - 02/28/22 | 21,328 |
| Morris Home | 93.940 | 1820470-02 | 01/01/20 - 12/31/20 | 14,377 |
| Pass-through Sixth Judicial District Department of Correctional Services | | | | |
| RHD Iowa | 93.243 | T108153 | 07/01/20 - 06/30/21 | 123,406 |
| Pass-through Philadelphia Youth Network | | | | |
| Workready | 93.558 | 21216/S144 | 02/15/21 - 09/30/21 | 20,873 |
| Pass-through Access Matters | | | | |
| Family Practice and Counseling Network | 93.217 | 213901 | 07/01/20 - 06/30/21 | 573,262 |
| Family Practice and Counseling Network | 93.667 | 213901 | 07/01/20 - 06/30/21 | 9,867 |
| Family Practice and Counseling Network | 93.217 | 203901 | 07/01/19 - 06/30/20 | 3,258 |
| Family Practice and Counseling Network | 93.667 | 203901 | 07/01/19 - 06/30/20 | 190 |
| Family Practice and Counseling Network | 93.994 | 203901 | 07/01/19 - 06/30/20 | 5 |
| Family Practice and Counseling Network | 93.994 | 203010 | 07/01/19 - 12/31/20 | 16,095 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|---|---------------------------------|------------------------------------|---------------------|----------------------|
| Family Practice and Counseling Network | 93.217 | 203010 | 07/01/19 - 12/31/20 | 7,612 |
| Family Practice and Counseling Network | 93.994 | 213010 | 07/01/20 - 06/30/21 | 42,337 |
| Substance Use Disorder | 93.974 | SUD2108 | 09/30/20 - 09/29/21 | 16,584 |
| Pass-through Monroe County | | | | |
| RHD Street2Feet | 93.569 | C2019-04 | 01/01/20 - 12/31/20 | 8,144 |
| RHD Street2Feet | 93.569 | C2020-04 | 04/01/20 - 09/30/22 | 17,028 |
| Pass-through Lehigh County Human Services | | | | |
| Lehigh County MH | 93.667 | 20-MHID-261 | 07/01/20 - 06/30/21 | 34,795 |
| Lehigh County MH | 93.958 | 20-MHID-261 | 07/01/20 - 06/30/21 | 248,611 |
| Pass-through Service Access Management | | | | |
| Service Access & Management Inc. | 93.958 | H0046 - HW | 07/01/20 - 06/30/21 | 11,550 |
| Pass-through Commonwealth of Massachusetts | | | | |
| Department of Developmental Services | 93.323 | 21EHS155CONGREGATERG | 07/01/20 - 06/30/21 | 41,118 |
| Pass-through Thomas Jefferson University | | | | |
| MH | 93.243 | 080-29000-G34801 | 10/01/20 - 06/30/21 | 106,740 |
| Pass-through City of Philadelphia Department of Public Health | | | | |
| COVID-19 Testing | 93.323 | 1920164-05 | 07/01/20 - 12/31/20 | 141,028 |
| COVID-19 - Community Testing | 93.323 | 1920164-05 | 01/21/21 - 06/30/21 | 137,500 |
| Pass-through Washington County | | | | |
| Washington County SCA | 93.243 | 047056 | 07/01/20 - 06/30/21 | 40,838 |
| Pass-through City of Philadelphia Department of Public Health | | | | |
| Health Federation of Philadelphia | 93.268 | FPCN COVID-19 Vaccination | 02/15/21 - 06/30/21 | 303,511 |
| Total U.S. Department of Health and Human Services | | | | 10,505,949 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|---|---------------------------------|------------------------------------|---------------------|----------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Crossroads | 14.267 | PA0205L3T091811 | 10/01/19 - 09/30/20 | 61,778 |
| Crossroads | 14.267 | PA0206L3T091811 | 01/01/20 - 12/31/20 | 161,486 |
| Crossroads | 14.267 | PA0708L3T091804 | 01/01/20 - 12/31/20 | 38,666 |
| Crossroads | 14.267 | PA0449L3T091908 | 03/01/20 - 02/28/21 | 86,347 |
| Crossroads | 14.267 | PA0211L3T091912 | 07/01/20 - 06/30/21 | 174,996 |
| Crossroads | 14.267 | PA0205L3T091912 | 10/01/20 - 09/30/21 | 191,548 |
| Crossroads | 14.267 | PA0206L3T091912 | 01/01/21 - 12/31/21 | 141,734 |
| Crossroads | 14.267 | PA0708L3T091905 | 01/01/21 - 12/31/21 | 11,018 |
| Crossroads | 14.267 | PA0736L3T091803 | 12/01/19 - 11/30/20 | 4,111 |
| Crossroads | 14.267 | PA0449L3T092009 | 03/01/21 - 02/28/22 | 51,833 |
| Pass-through 1260 Housing Development Corporation RHD Mainstream | 14.267 | PA0071L3T001609 | 07/01/20 - 06/30/21 | 165,864 |
| Pass-through Unity of Greater New Orleans CoC program | 14.267 | LA0086L6H031912 | 07/01/20 - 06/30/21 | 39,282 |
| Pass-through Montgomery County Department of Housing and Community Development | | | | |
| Coordinated Homeless Outreach Center - Shelter Ops | 14.218 | B-19-03-206 | 10/01/19 - 09/30/20 | 17,236 |
| Coordinated Homeless Outreach Center - Shelter Ops | 14.218 | B-20-03-204 | 10/01/20 - 09/30/21 | 50,729 |
| Pass-through Philadelphia Division of Housing and Community Development | | | | |
| HOME - Families in Transition | 14.239 | 2120187 | 07/01/20 - 06/30/21 | 179,175 |
| Pass-through Philadelphia Office of Homeless Services | | | | |
| Fernwood | 14.231 | 1920160 | 07/01/19 - 06/30/21 | 162,905 |
| Woodstock Family Center | 14.231 | 2020113 | 07/01/19 - 06/30/21 | 142,260 |
| COVID-19 Prevention Site | 14.231 | 2120494 | 12/01/20 - 06/30/21 | 161,524 |
| Rapid Rehousing | 14.231 | 2120519 | 01/01/21 - 06/30/21 | 24,048 |
| Rapid Rehousing | 14.231 | 2120445 | 07/01/20 - 06/30/21 | 62,548 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|---|---------------------------------|------------------------------------|---------------------|----------------------|
| Pass-through Monroe County | | | | |
| Crossroads | 14.231 | C000074199 | 07/24/20 - 01/24/22 | 37,747 |
| Office of Fiscal Affairs | 14.231 | C000070344 | 11/30/18 - 05/30/20 | 4,595 |
| Office of Fiscal Affairs ESG CARES | 14.231 | C000074157 | 07/08/20 - 01/08/22 | 40,255 |
| Crossroads | 14.231 | C000072755 | 09/26/19 - 03/26/21 | 40,745 |
| Total U.S. Department of Housing and Urban Development | | | | 2,052,430 |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Pass-through United Way | | | | |
| Emergency Food and Shelter Program | | | | |
| Shelter & Safe Haven Peer Services | 97.024 | 731000-082 | 01/01/20 - 05/31/21 | 42,000 |
| Shelter & Safe Haven Peer Services | 97.024 | 38-7310-00 | 01/01/20 - 08/31/21 | 15,838 |
| Pass-through Montgomery County Department of | | | | |
| Emergency Food and Shelter Program | | | | |
| Coordinated Homeless Outreach Center - Shelter Ops | 97.024 | 37-7294-00 030 | 01/01/20 - 05/31/21 | 33,818 |
| Total U.S. Department of Homeland Security | | | | 91,656 |
| <u>U.S. Department of Justice</u> | | | | |
| Pass-through Pennsylvania Commission on Crime and Delinquency | | | | |
| Healing Ajax | 16.738 | 28430 | 10/01/18 - 03/31/21 | 8,629 |
| Total U.S. Department of Justice | | | | 8,629 |
| <u>U.S. Department of Treasury</u> | | | | |
| Pass-through Pennsylvania Department of Health | | | | |
| Health Center Cluster | 21.019 | 4100086562 | 03/01/20 - 10/31/20 | 32,362 |
| Connecticut Department of Developmental Services | | | | |
| CT - Day and Residential programs | 21.019 | 17DDS0254RD | 07/01/17 - 06/30/21 | 138,343 |

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|--|---------------------------------|------------------------------------|---------------------|----------------------|
| Pass-through Northampton County Dept. of Human Services Healthcare Northampton County -MH/EI/DP | 21.019 | 20-619 | 07/01/20 - 06/30/21 | 206,377 |
| Pass-through Iowa County Social Services CARES | 21.019 | CARES | 07/01/20 - 06/30/21 | 3,700 |
| Pass-through Iowa East Central Region East Central Region | 21.019 | CRF | 09/29/20 - 12/28/20 | 2,529 |
| Pass-through Iowa County Rural Offices of Social Services (CROSS) MHDS CARES Grant | 21.019 | 04422 | 09/14/20 - 12/31/20 | 1,247 |
| Total U.S. Department of Treasury | | | | 384,558 |
| <u>Federal Communications Commission</u> | | | | |
| COVID-19 Telehealth Program | 32.006 | 28430 | 10/01/18 - 03/31/21 | 205,015 |
| Total U.S. Department of Justice | | | | 205,015 |
| Total Federal Financial Assistance | | | | \$ 13,248,237 |

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Summary of Federal Financial Assistance by Assistance Listing Number | 2021 Expenditures |
|--|------------------------------|
| 14.218 - Community Development Block Grants/Entitlement Grants | \$ 67,965 |
| 14.231 - Emergency Solutions Grant Program | 676,627 |
| 14.239 - Home Investment Partnerships Program | 179,175 |
| 14.267 - Continuum of Care Program | 1,128,663 |
| 16.738 - Edward Byrne Memorial Justice Assistance Grant Program | 8,629 |
| 21.019 - Coronavirus Relief Fund | 384,558 |
| 32.006 - COVID-19 Telehealth Program | 205,015 |
| 93.150 - Projects for Assistance in Transition from Homelessness (PATH) | 260,387 |
| 93.217 - Family Planning Services | 584,132 |
| 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) | 2,396,657 |
| 93.527 - Grants for New and Expanded Services under the Health Center Program | <u>2,912,201</u> |
| 93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance | 270,984 |
| 93.268 - Immunization Cooperative Agreements | 303,511 |
| 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 319,646 |
| 93.498 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution | 450,070 |
| 93.558 - Temporary Assistance for Needy Families | 20,873 |
| 93.569 - Community Services Block Grant | 25,172 |
| 93.667 - Social Services Block Grant | 697,702 |
| 93.778 - Medical Assistance Program | 961,825 |
| 93.788 - Opioid STR | 70,912 |
| 93.829 - Section 223 Demonstration Programs to Improve Community Mental Health Services | 313,588 |
| 93.914 - HIV Emergency Relief Project Grants | 139,841 |
| 93.940 - HIV Prevention Activities Health Department Based | 14,377 |
| 93.958 - Block Grants for Community Mental Health Services | 580,661 |
| 93.959 - Block Grants for Prevention and Treatment of Substance Abuse | 108,389 |
| 93.974 - Family Planning Service Delivery Improvement Research Grants | 16,584 |
| 93.994 - Maternal and Child Health Services Block Grant to the States | 58,437 |
| 97.024 - Emergency Food and Shelter National Board Program | 91,656 |
| | <u>\$ 13,248,237</u> |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|--|---------------------------------|------------------------------------|---------------------|----------------------|
| State Financial Assistance | | | | |
| <u>Connecticut</u> | | | | |
| Department of Developmental Services | | | | |
| CT - Day and Residential programs | N/A | 17DDS0254RD | 07/01/17 - 06/30/21 | \$ 8,499,131 |
| Total Connecticut | | | | 8,499,131 |
| <u>Delaware</u> | | | | |
| Department of Health and Social Services | | | | |
| Assertive Community Treatment - Kent County | N/A | 021778 | 07/01/16 - 12/31/21 | 347,026 |
| Assertive Community Treatment - New Castle County | N/A | 021774 | 07/01/16 - 12/31/21 | 490,219 |
| Intensive Case Management Services - Sussex County | N/A | 021879 | 07/01/16 - 12/31/21 | 946,148 |
| Choices, Mainstay | N/A | DDDS21-0038-04 | 10/01/19 - 06/30/21 | 443,912 |
| Group Home Services (Grubb, Montrose, Brandywine Hills, and Jefferson) | N/A | FY21-SF-RHD-GH | 07/01/20 - 06/30/21 | 1,844,294 |
| Total Delaware | | | | 4,071,599 |
| <u>Iowa</u> | | | | |
| Mental Health /Disability Services of the East Central Region | N/A | 10990 | 07/01/18 - 06/30/21 | 89,902 |
| Total Iowa | | | | 89,902 |
| <u>Louisiana</u> | | | | |
| Pass-through Jefferson Parish Human Service Authority | | | | |
| Hospital Transition Program | N/A | BH-16-21 | 07/01/20 - 12/31/20 | 81,041 |
| Hospital Transition Program | N/A | BH-46-21 | 01/01/21 - 12/31/21 | 42,750 |
| Total Louisiana | | | | 123,791 |
| <u>Massachusetts</u> | | | | |
| Department of Developmental Services | | | | |
| Individual Support | N/A | 16661060S361DDS3798H | 07/01/20 - 06/30/21 | 580,446 |
| Individual Support | N/A | 176610667084DDS3780C | 07/01/20 - 06/30/21 | 99,251 |
| Outside the Lines | N/A | 210125WORKFORCEINVES | 07/01/20 - 06/30/21 | 14,772 |
| Outside the Lines | N/A | INTF2038B008DDS3163H | 07/01/20 - 06/30/21 | 13,969 |
| Outside the Lines | N/A | INTF2038C008DDS3163H | 07/01/20 - 06/30/21 | 21,244 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|---|---------------------------------|------------------------------------|---------------------|----------------------|
| Outside the Lines | N/A | INTF2038D008DDS3163H | 07/01/20 - 06/30/21 | 14,556 |
| Outside the Lines | N/A | INTF2059D712DDS3163H | 07/01/20 - 06/30/21 | 10,321 |
| Outside the Lines | N/A | INTF2061B175DDS3163H | 07/01/20 - 06/30/21 | 5,346 |
| Outside the Lines | N/A | INTF2061C230DDS3163H | 07/01/20 - 06/30/21 | 47,665 |
| Outside the Lines | N/A | INTF2061D303DDS3163H | 07/01/20 - 06/30/21 | 34,565 |
| Outside the Lines | N/A | INTF2061TA26DDS3196T | 07/01/20 - 06/30/21 | 54,375 |
| Outside the Lines | N/A | INTF211FST06DDS3183C | 07/01/20 - 06/30/21 | 19,423 |
| Residential Services - Occupancy | N/A | 14661061L206DDS3753M | 07/01/20 - 06/30/21 | 209,525 |
| Residential Services - Occupancy | N/A | 14662062L232DDS3753M | 07/01/20 - 06/30/21 | 341,047 |
| Residential Services - Operations | N/A | 14661061R206DDS3153D | 07/01/20 - 06/30/21 | 2,344,769 |
| Residential Services - Operations | N/A | 14662062R232DDS3153D | 07/01/20 - 06/30/21 | 5,232,330 |
| Urban Youth | N/A | INTF21612112DDS3228C | 07/01/20 - 06/30/21 | 52,042 |
| Commission for the Blind | | | | |
| Outside the Lines | N/A | 7000CTMCBCBDS002A014 | 07/01/20 - 06/30/21 | 646 |
| Total Massachusetts | | | | 9,096,292 |
| Nebraska | | | | |
| Division of Developmental Disabilities | N/A | N/A | 07/01/20 - 06/30/21 | 822,257 |
| Total Nebraska | | | | 822,257 |
| New Jersey | | | | |
| Department of Human Services | | | | |
| Division of Mental Health Services - SALT & RIST | N/A | 30415 | 07/01/19 - 06/30/21 | 2,904,324 |
| Division of Addiction Services - Supportive Housing | N/A | 20-623-ADA-0 | 07/01/19 - 12/31/20 | 546,954 |
| Total New Jersey | | | | 3,451,278 |
| Pennsylvania | | | | |
| Pennsylvania Office Of Vocational Rehabilitation | | | | |
| Allies | N/A | N/A | 07/01/20 - 06/30/21 | 58,996 |
| Total Pennsylvania Office Of Vocational Rehabilitation | | | | 58,996 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|---|---------------------------------|------------------------------------|---------------------|----------------------|
| Pennsylvania Department of Human Services | | | | |
| Pass-through Philadelphia Department of Behavioral Health and Intellectual Disability Services | | | | |
| Mental Health Base Unitary | N/A | 21-20005 | 07/01/20 - 06/30/21 | 19,805,581 |
| Early Intervention | N/A | 21-20006 | 07/01/20 - 06/30/21 | 122,595 |
| | | | | 19,928,176 |
| Pass-through Philadelphia Department of Behavioral Health and Intellectual Disability Services | | | | |
| City of Philadelphia MR Base | N/A | 21-20709 | 05/11/21 - 06/30/21 | 20,912 |
| | | | | 20,912 |
| Pass-through Philadelphia Office of Homeless Services | | | | |
| Fernwood | N/A | 1920160 | 07/01/19 - 06/30/21 | 236,269 |
| Woodstock Family Center | N/A | 2020113 | 07/01/19 - 06/30/21 | 495,170 |
| | | | | 731,439 |
| Pass-through Access Matters | | | | |
| Family Practice Counseling Network | N/A | 213901 | 07/01/20 - 06/30/21 | 701 |
| Family Practice Counseling Network | N/A | 203901 | 07/01/19 - 06/30/20 | 14 |
| | | | | 715 |
| Pass-through Temple University | | | | |
| Temple University Hospital | N/A | RHD Housing Collaboration | 02/23/21 - 02/22/22 | 100,000 |
| | | | | 100,000 |
| Pass-through various counties | | | | |
| Allegheny County | N/A | 249061 | 07/01/20 - 06/30/21 | 1,659,341 |
| Beaver County - Health Choices | N/A | 072717-97 | 06/06/17 - 06/30/21 | 1,024,783 |
| Beaver County - Behavioral Health | N/A | 111920-06 | 07/01/20 - 06/30/21 | 71,030 |
| Bucks County D&A Halfway House | N/A | N/A | 07/01/16 - 06/30/21 | 436,609 |
| Bucks County LTSR | N/A | 33-08/18 | 12/05/18 - 06/30/21 | 1,606,099 |
| Carbon Monroe Pike - Department of MH | N/A | N/A | 07/01/20 - 06/30/21 | 678,576 |

(Continued)

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|--|---------------------------------|------------------------------------|---------------------|----------------------|
| Carbon Monroe Pike Health Choices | N/A | N/A | 07/01/18 - 12/31/21 | 533,097 |
| Carbon Monroe Pike Health Choices | N/A | N/A | 07/01/16 - 06/30/22 | 69,206 |
| Chester County - MH Residential | N/A | 21-19508 | 07/01/20 - 06/30/21 | 2,486,433 |
| Chester County - MH | N/A | 21-19514 | 07/01/20 - 06/30/21 | 1,097,104 |
| Lehigh County - MH | N/A | 20-MHID-261 | 07/01/20 - 06/30/21 | 571,514 |
| Monroe County - MH | N/A | HAP | 07/01/20 - 06/30/21 | 4,000 |
| Montgomery County - MH/MR (RSS/CCW) | N/A | C20-364 | 07/01/20 - 06/30/21 | 257,209 |
| Montgomery County Department of BH/DD | N/A | RFP 19-36 | 07/01/20 - 06/30/21 | 207,570 |
| Montgomery County Department of BH/DD | N/A | N/A | 07/01/20 - 06/30/21 | 5,908,575 |
| Montgomery County Department of BH/DD | N/A | N/A | 07/01/20 - 06/30/21 | 44,421 |
| Northampton County | N/A | 20-1020 | 07/01/20 - 06/30/21 | 47,323 |
| Northampton County - MH/EI/DP | N/A | 20-619 | 07/01/20 - 06/30/21 | 2,013,139 |
| Westmoreland - Health Choices | N/A | MH/ID 17A | 07/01/20 - 06/30/21 | 122,314 |
| Delaware County DHS | N/A | DA 69/20 | 07/01/20 - 06/30/21 | 5,810 |
| Total Pennsylvania Department of Human Services | | | | 18,844,153 |
| Total Pennsylvania | | | | 39,625,395 |
| Pennsylvania counties | | | | |
| Montgomery County Adult Probation & Parole Department | N/A | N/A | 09/01/18 - 06/30/21 | 549,855 |
| Montgomery County - MH/MR (RSS/CCW) | N/A | C20-364 | 07/01/20 - 06/30/21 | 6,406 |
| Allegheny County - CCBH | N/A | Priority 14 | 04/01/20 - 12/31/20 | 17,945 |
| Northampton County DHS | N/A | 20-1020 | 07/01/20 - 06/30/21 | 887 |
| Montgomery County Department of BH/DD | N/A | 2101PASOSR / SM08262601 | 07/01/20 - 06/30/21 | 144,219 |
| Westmoreland - Health Choices | N/A | MH/ID 17A | 07/01/20 - 06/30/21 | 6,046 |
| Montgomery County Department of BH/DD | N/A | 4100070752 | 07/01/20 - 06/30/21 | 251,876 |
| Northampton County - MH/EI/DP | N/A | 20-619 | 07/01/20 - 06/30/21 | 40,914 |
| Total Pennsylvania Counties | | | | 1,018,148 |
| Total Pennsylvania | | | | 40,702,539 |
| Rhode Island | | | | |
| Division of Developmental Disabilities | N/A | RH54940 | 07/01/20 - 06/30/21 | 45,196 |
| Total Rhode Island | | | | 45,196 |
| Total State Financial Assistance | | | | \$ 66,901,985 |

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2021

| Federal grantor/pass-through grantor/program title | Assistance Listing Number | Passthrough Grantor's Number | Grant Period | 2021 Expenditures |
|--|---------------------------------|------------------------------------|---------------------|----------------------|
| City Financial Assistance | | | | |
| Philadelphia Office of Homeless Services | | | | |
| Rapid Rehousing | N/A | 2120071 | 07/01/20 - 06/30/21 | \$ 163,720 |
| Woodstock Family Center | N/A | 2020113 | 07/01/19 - 06/30/31 | 773,324 |
| Fernwood | N/A | 1920160 | 07/01/19 - 06/30/21 | 672,742 |
| COVID-19 Prevention Site | N/A | 2120494 | 12/01/20 - 06/30/21 | 1,300,229 |
| Housing SMART | N/A | 2120246 | 07/01/20 - 06/30/21 | 346,645 |
| Philadelphia Department of Public Health | | | | |
| Pass-through Health Federation | | | | |
| Family Practice Counseling Network | N/A | 1H79TI081162-01 | 01/15/19 - 01/04/24 | 125,971 |
| Family Practice Counseling Network | N/A | CDC 1817 | 09/30/18 - 09/30/23 | 5,000 |
| Department of Behavioral Health and Intellectual Disability Services | | | | |
| MH Base Unitary | N/A | 21-20005 | 07/01/20 - 06/30/21 | 119,092 |
| Early Intervention Unitary | N/A | 21-20006 | 07/01/20 - 06/30/21 | 13,622 |
| AIDS Activities Coordinating Office | | | | |
| Pass-through Access Matters | | | | |
| Family Practice Counseling Network | N/A | 203010 | 07/1/19 - 12/31/19 | 5,050 |
| Total City Financial Assistance | | | | \$ 3,525,395 |
| Total Federal, State And City Financial Assistance | | | | \$ 83,675,617 |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.

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

1 - GENERAL INFORMATION

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

The Organization has included Provider Relief Funds (“PRF”) expenditures of \$450,070 for the year ended June 30, 2021. These funds were included as revenue in the statement of activities for the year ended June 30, 2020. In accordance with the guidance in the U.S. Department of Health and Human Services (“HHS”) updates (dated July 15, 2021), to the PRF Frequently Asked Questions, the correlating expenditures should be reported on the schedule of expenditures of federal awards (“SEFA”) based on the information reported in the PRF Reporting Portal as opposed to when it is recorded as revenue in the consolidated financial statements.

2 - BASIS OF ACCOUNTING

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

3 - RELATIONSHIP TO BASIC CONSOLIDATED FINANCIAL STATEMENTS

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

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

4 - INDIRECT COST RATE

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section 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 |
|-------------------------------------|---|
| 93.224 | Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) |
| 93.527 | Grants for New and Expanded Services under the Health Center Program |

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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? X yes no

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCY 2021-001

Criteria: Credit cards are utilized as a payment mechanism for spending by both RHD management and its employees working within the various programs. Each credit card user is assigned an approver. RHD's policy is such that all credit card transactions should be supported by an expense report with related receipts to be approved by the applicable approver within 5 business days after month end.

Condition: Credit card transactions selected for testing did not have supporting receipts uploaded timely or were not approved in a timely manner. This is a repeat finding.

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

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

Recommendation: We recommend RHD management require mandatory annual training for all credit card holders regarding RHD's policies on the importance of retaining documentation and for timely submission of receipts for approval. Management should consider enforcing disciplinary action for repeat offenders. In addition, we recommend that RHD management improve the process to monitor that all credit card approvers are following the RHD policy and that transactions are approved timely and prior to payment.

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II - Financial Statement Findings (Continued)

SIGNIFICANT DEFICIENCY 2021-001 (Continued)

Views of responsible officials: RHD is committed to increasing compliance with our credit card policy. Going forward, RHD will expand and strengthen our existing monitoring efforts; this will include increasing the distribution frequency of reports of unprocessed transactions and also targeting this reporting to appropriate levels of management with the authority to provide oversight. Executive management will develop plans to better ensure compliance within their teams.

RHD will implement a process to decrease credit limits of those cardholders who remain delinquent in submitting receipts after a certain amount of time, until their accounts can be reconciled and made current. The Fraud Detection and Deterrence department, along with Internal Audit, will provide increased support in investigating the expenses of employees who are repeatedly delinquent, to ensure expenses are appropriate, supported, and approved in compliance with RHD policies and internal controls.

RHD will reemphasize and redistribute training materials to all cardholders, approvers, and administrators of the corporate credit card program, and evaluate making this training an annual requirement.

SIGNIFICANT DEFICIENCY 2021-002

Criteria: Bank reconciliations are a crucial tool utilized to detect fraud, discover bank errors and uncover transactions which may not have been properly recorded to the books and records. Bank reconciliations should be performed on a timely basis.

Condition: During our substantive audit procedures related to the consumer fund cash accounts, we noted that bank reconciliations were not being reconciled timely. At the end of the fiscal year, the consumer fund bank account reconciliations were incomplete. Specifically, they contained numerous amounts of unreconciled differences. An unreconciled difference can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation.

Cause: The consumer fund bank reconciliations are being performed at the program level with minimal oversight from RHD's accounting department. While the reconciliations were being performed, reconciling items were not properly identified and resolved on a timely basis.

Effect: The unreconciled differences in the bank account reconciliations could be obscuring significant but offsetting items, such as bank errors or improperly recorded transactions.

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II - Financial Statement Findings (Continued)

SIGNIFICANT DEFICIENCY 2021-002 (Continued)

Recommendation: We recommend that the RHD perform monthly bank reconciliations within 15 to 30 days of the month end and that reconciling items are resolved within 45 days from the date that they are identified. This will ensure the timely identification and resolution of errors and will ensure that general ledger balances are accurate and properly supported. In addition, as these bank reconciliations are being performed at the program level, we recommend that the accounting department reviews the bank reconciliations monthly.

Views of responsible officials: RHD agrees that the consumer funds bank reconciliation should take place within 30 days of the month end. Any reconciling items identified during the process should be resolved and removed by the next reconciliation.

In July 2021, RHD reevaluated the position responsible for the consumer fund bank reconciliations and shifted tasks among staff to better align priorities around banking functions. This allows the individual ample time to reconcile and/or review the consumer funds bank reconciliations.

Section III - Federal Awards Findings and Questioned Costs

U.S. Department of Health and Human Services

Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - Assistance Listing 93.224

Grants for New and Expanded Services under the Health Center Program - Assistance Listing 93.527

Grant # H80CS00718-18, 9/1/02 - 3/31/21

Grant # H80CS00718-19, 9/1/02 - 3/31/22

Grant # H80CS00718-20, 4/1/18 - 3/31/22

Grant # H8DCS36631-01, 4/1/20 - 3/31/21

Passed through the American Rescue Plan Act Funding for Health Centers

Grant #H8F41323, 4/1/21 - 3/31/23

Passed through the Health Center - Expanded Capacity for Testing (ECT)

Grant # H8ECS38901-01, 5/1/20 - 4/30/21

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section III - Federal Awards Findings and Questioned Costs (Continued)

Finding 2021-003

Significant Deficiency: As discussed in finding 2021-001, credit cards are utilized as a payment mechanism for spending by both RHD management and its employees working within the various programs. Each credit card user is assigned an approver. RHD's policy is such that all credit card transactions should be supported by an expense report with related receipts to be approved by the applicable approver within 5 business days after month end. Credit card transactions did not consistently have the appropriate supporting document or were not approved on a timely basis. Because the approval of the credit card charges is not required in order for either the credit card vendor to be paid or the expense to be recorded to the general ledger. As such, various credit card transactions throughout the year were incurred, paid for, posted to the general ledger but never approved, as required by the RHD policy. Credit card users could be spending program funds on expenses that are not allowed under RHD guidelines or applicable state/federal guidelines, resulting in potential unallowable expenses to be incurred. We recommend RHD management require mandatory annual training for all credit card holders regarding RHD's policies on the importance of retaining documentation and for timely submission of receipts for approval. Management should consider enforcing disciplinary action for repeat offenders. In addition, we recommend that RHD management improve the process to monitor that all credit card approvers are following the RHD policy and that transactions are approved timely and prior to payment.

Views of responsible officials:

RHD is committed to increasing compliance with our credit card policy. Going forward, RHD will expand and strengthen our existing monitoring efforts; this will include increasing the distribution frequency of reports of unprocessed transactions and also targeting this reporting to appropriate levels of management with the authority to provide oversight. Executive management will develop plans to better ensure compliance within their teams.

RHD will implement a process to decrease credit limits of those cardholders who remain delinquent in submitting receipts after a certain amount of time, until their accounts can be reconciled and made current. The Fraud Detection and Deterrence department, along with Internal Audit, will provide increased support in investigating the expenses of employees who are repeatedly delinquent, to ensure expenses are appropriate, supported, and approved in compliance with RHD policies and internal controls.

RHD will reemphasize and redistribute training materials to all cardholders, approvers, and administrators of the corporate credit card program, and evaluate making this training an annual requirement.

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section IV - Prior Year Findings

Finding 2020-001

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

Status: See finding 2021-001.

Finding 2020-002

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

Status: See finding 2021-003.

Finding 2020-003

Summary: Credit cards are utilized as a payment mechanism for spending by both RHD management and its employees working within the various programs. Each credit card user is assigned an approver. RHD's policy is such that all credit card transactions are to be approved by the applicable approver within 10 days of the end of the month. Credit card transactions were not consistently approved on a timely basis.

(Continued)

RESOURCES FOR HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section IV - Prior Year Findings (Continued)

Finding 2020-003 (Continued)

Because the approval of the credit card charges is not required in order for either the credit card vendor to be paid or the expense to be recorded to the general ledger. As such, various credit card transactions throughout the year were incurred, paid for, posted to the general ledger but never approved, as required by the RHD policy. Credit card users could be spending program funds on expenses that are not allowed under RHD guidelines or applicable state/federal guidelines, resulting in potential unallowable expenses to be incurred.

Status: See finding 2021-003.