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RESOURCES FOR HUMAN DEVELOPMENT, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2003 AND 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-25-04



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

RESOURCES FOR HUMAN DEVELOPMENT, INC.
YEARS ENDED JUNE 30, 2003 AND 2002

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**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

Report of independent certified public accountants

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

We have audited the accompanying consolidated statements of financial position of Resources for Human Development, Inc. and subsidiaries (RHD) as of June 30, 2003 and 2002, and the related consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets, changes in net assets, functional expenditures and cash flows for the years then ended. These financial statements are the responsibility of RHD's management. 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Resources for Human Development, Inc. and subsidiaries as of June 30, 2003 and 2002, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2004, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Shechtman, Marks, Devor & Etskovitz, P.C.

Philadelphia, PA
January 19, 2004

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 4,671,115	\$ 3,387,051
Limited use cash, representative payee cash funds	387,844	297,068
	<u>5,058,959</u>	<u>3,684,119</u>
Grants and services receivable, net of allowance for doubtful accounts of \$857,074 for 2003 and \$758,442 for 2002	12,580,750	12,823,743
Inventory	1,965,564	1,888,128
Prepaid expenses	300,836	263,948
	<u>19,906,109</u>	<u>18,659,938</u>
 Property and equipment, net	 <u>16,234,622</u>	 <u>17,620,302</u>
Other assets:		
Equity investments in companies, net of valuation allowances of \$1,010,802 for 2003 and \$756,284 for 2002	2,165,340	786,191
Advances and loans to investees, net of allowance for uncollectible advances and loans of \$737,125 for 2003 and \$741,093 for 2002	627,276	669,621
Other	137,412	138,285
	<u>2,930,028</u>	<u>1,594,097</u>
 Total assets	 <u><u>\$ 39,070,759</u></u>	 <u><u>\$ 37,874,337</u></u>

	<u>2003</u>	<u>2002</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Lines of credit and short term borrowings	\$ 1,610,186	\$ 1,254,664
Current portion of long-term debt	220,088	363,411
Current portion of obligations under capital leases	294,510	316,740
Accounts payable and accrued expenses	9,126,126	9,959,370
Deferred revenue, current	2,819,122	2,217,222
Due to custodial clients	387,844	297,068
	<u>14,457,876</u>	<u>14,408,475</u>
Long-term debt, net of current portion	10,577,121	10,094,821
Obligations under capital leases, net of current portion	374,033	606,522
Long-term commitments	1,211,796	-
Deferred revenue, long term	813,492	341,488
Deferred credits	332,055	386,866
	<u>27,766,373</u>	<u>25,838,172</u>
Minority interests	<u>1,137,736</u>	<u>1,284,377</u>
Net assets:		
Unrestricted	4,638,543	5,092,818
Temporarily restricted	5,528,107	5,658,970
	<u>10,166,650</u>	<u>10,751,788</u>
Total liabilities and net assets	<u>\$ 39,070,759</u>	<u>\$ 37,874,337</u>

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Support, revenue and other:		
Support:		
Federal	\$ 3,366,715	\$ 2,781,027
Various states	17,172,960	17,737,496
City of Philadelphia, PA	34,378,807	31,644,555
Montgomery County, PA	9,299,398	9,219,796
Other PA counties	8,111,172	8,844,716
Medical assistance/managed care	8,930,163	10,553,771
Grants and donations	<u>1,138,732</u>	<u>974,710</u>
Total unrestricted support	<u>82,397,947</u>	<u>81,756,071</u>
Revenue:		
Patient/client fees	8,618,635	7,827,368
Other fees and sales	4,351,669	3,918,303
Interest and miscellaneous income	<u>501,832</u>	<u>523,087</u>
Total unrestricted revenue	<u>13,472,136</u>	<u>12,268,758</u>
Net assets released from temporary restrictions	<u>1,959,302</u>	<u>1,930,067</u>
Total unrestricted support, revenue and other	<u>97,829,385</u>	<u>95,954,896</u>
Expenditures:		
Program	83,412,699	81,984,643
Management and general	12,670,832	12,265,467
Fundraising	157,004	44,490
Other operating	<u>1,553,240</u>	<u>990,205</u>
Total expenditures	<u>97,793,775</u>	<u>95,284,805</u>
Equity in net losses of investments	<u>(636,526)</u>	<u>(281,038)</u>
Changes in unrestricted net assets before minority interests and other adjustments	(600,916)	389,053
Minority interests in net losses of investments	<u>146,641</u>	<u>65,645</u>
Changes in unrestricted net assets before other adjustments	<u>\$ (454,275)</u>	<u>\$ 454,698</u>

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
<i>Unrestricted net assets:</i>		
Total unrestricted support and revenue	\$ 95,870,083	\$ 94,024,829
Net assets released from restrictions	1,959,302	1,930,067
Total expenditures	(97,793,775)	(95,284,805)
Equity in net losses of investments	(636,526)	(281,038)
Minority interests in net losses of investments	146,641	65,645
	(454,275)	454,698
Allocation from minority interest	-	167,190
	(454,275)	621,888
<i>Temporarily restricted net assets:</i>		
Contributions	1,828,439	3,361,516
Net assets released from restrictions	(1,959,302)	(1,930,067)
	(130,863)	1,431,449
Change in total net assets	(585,138)	2,053,337
Total net assets at beginning of year	10,751,788	8,698,451
Total net assets at end of year	\$ 10,166,650	\$ 10,751,788

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2003

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Program										
LOWER MERION COUNSELING SERVICES										
MH Outpatient	132,747	31,442	148,369	74,175	10,161	3,331	1,175	4,736	-	406,136
D&A Outpatient	14,303	3,525	-	3,527	-	154	-	-	-	21,509
Student Assistance	12,502	2,829	240	4,512	806	63	-	-	-	20,952
PROGRAMS IN COUNSELING										
MH TASC	19,882	4,267	16,579	3,105	-	190	637	-	-	44,660
D&A Outpatient	210,041	43,147	64,248	56,941	9,354	5,157	5,583	8,745	-	403,216
D&A TASC	45,234	9,972	-	11,155	681	1,285	561	-	-	68,888
D&A Case Management	116,619	26,657	7,876	24,918	1,713	2,902	4,592	175	-	185,452
Sexual Offenders	31,203	6,622	2	2,323	2,004	87	-	-	-	42,241
Upper Merion Schools	4,667	825	-	-	-	-	-	-	-	5,492
D&A Continuity	52,533	9,354	887	906	-	797	-	-	-	64,477
Pottstown	55,168	9,352	14,112	26,941	4,178	1,620	424	2,000	-	113,795
PIC III	96,272	21,608	55,294	25,617	4,603	2,756	1,002	83	(2,075)	205,060
PIC IPP	38,312	8,952	4,188	7,253	1,800	125	2,932	-	-	63,562
Consultants in Context										
Consultants in Context - Cnty	51,283	11,115	59,640	1,779	1,431	1,954	6,888	-	-	134,090
Alternatives/New Foundations/Wellspring	417	84	900	-	-	-	-	-	-	1,401
Compeer	982,329	257,201	7,318	337,063	22,166	99,891	9,073	63,622	22,310	1,800,973
New Options	74,856	16,831	7,171	7,122	10,307	12,160	3,286	1,523	860	134,116
Family Support	536,788	139,930	3,744	116,060	8,105	79,974	3,655	58,504	17,453	964,213
Residential Serv Systems/Respite CLA	22,340	3,040	16,703	-	-	73,731	-	-	-	115,814
Positive Resolutions	942,071	248,569	306,544	317,205	15,510	77,975	20,936	131,182	27,142	2,087,134
LM Vocational Training Center	841,110	223,302	28,033	120,847	27,112	50,795	5,884	41,943	8,445	1,347,471
Lower Merion Industries	419,927	136,767	5,268	86,582	13,008	23,795	4,378	44,303	7,630	741,658
Montgomery Co Methadone Center	11,069	2,145	-	-	-	-	-	-	-	13,214
Womanspace - Ardmore	491,671	104,698	159,653	107,345	10,670	55,856	3,514	22,158	45,272	1,000,837
Family House - Norristown	179,663	51,037	23,149	34,254	6,433	28,226	3,011	19,871	43,707	389,351
Womanspace - Phila	236,362	65,288	1,900	40,407	7,492	22,358	2,393	40,056	76,960	493,216
Family House - Now	314,756	75,315	22,449	45,138	6,045	28,276	4,669	16,381	1,730	514,759
City of Phila. - DHS	390,311	98,226	26,757	69,900	6,166	26,873	1,346	19,006	-	638,585
New Directions Academy	723,161	184,724	51,812	266,659	32,974	98,329	25,789	32,046	2,532	1,418,026
City of Phila. - OMH/MR	6,310	1,201	-	7	535	-	-	-	-	8,053
Families in Transition	14,913,773	4,003,369	1,512,301	2,544,786	295,664	1,417,589	263,706	802,402	153,406	25,906,996
Supported Adult - 1260	145,098	32,442	5,162	241,054	5,390	8,038	11,155	1,539	1,859	451,737
Passaic County - Salt	263,177	63,279	27,348	64,553	19,588	44,016	7,698	62,699	-	552,358
Supportive Adult-HUD	43,739	8,965	-	17,261	2,652	3,518	1,702	14,837	65,483	158,157
	95,719	22,384	194	138,780	940	17,713	3,057	39,486	-	318,273

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2003

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
OTHER										
Career Devel Ctr-OESS	125,736	26,546	14,020	32,356	3,416	8,612	28,905	223	-	239,814
Career Devel Ctr-PWDC	69,008	14,884	7,011	11,418	1,227	3,632	1,348	88	-	108,616
R.A.R.E.	169,497	36,555	31,200	48,746	10,958	11,137	9,879	2,022	2,354	322,348
Endow-CODAAP	37,576	9,554	6,000	6,400	1,052	750	1,500	-	-	62,831
Endow-a-home	133,628	30,633	11,342	216,141	6,432	21,311	10,960	94,130	50,120	574,697
New Start	735,557	195,528	73,025	145,921	11,534	85,726	6,543	33,183	-	1,287,017
AHAD	315,106	80,098	13,720	102,780	9,049	39,236	1,297	11,651	-	572,937
UNITY FUNDED										
New Options for Women	381,834	96,019	30,686	54,446	5,420	46,989	470	13,796	1,717	631,377
Project Renewal	123,012	27,829	1,997	5,530	8,093	7,454	5,710	350	-	179,975
Voyage House	198,027	45,769	10,308	6,692	4,226	6,391	1,862	4,112	-	277,387
Pathways	254,192	60,497	11,782	72,123	8,152	30,046	5,911	5,758	1,583	450,044
Jefferson Parish Outreach	64,069	16,033	-	-	2,002	1,629	7,730	2,000	-	93,463
Family House - Louisiana	482,268	109,020	57,439	126,177	9,462	52,781	9,444	11,219	-	857,810
MCS/ACT	466,667	94,189	97,253	32,396	30,449	16,618	24,274	6,791	16,015	784,652
Hope House	328,199	75,711	46,802	26,480	9,609	22,307	1,264	11,978	2,174	524,524
Crisis/CST/OARS/CC	631,169	150,335	53,027	68,027	29,355	34,407	6,905	31,972	6,873	1,012,070
Lehigh Valley ACT	610,841	139,061	125,775	211,852	27,299	31,371	57,620	19,199	7,006	1,230,024
Hope Springs	559,229	146,423	21,740	59,923	14,773	37,597	3,617	23,447	11,779	878,528
On Our Own	1,894,139	503,833	39,433	210,529	31,959	127,058	19,234	79,221	28,526	2,933,932
On Our Way	322,993	77,729	9,978	31,311	4,078	32,396	2,055	35,483	500	516,523
Crossroads	126,877	30,559	3,576	167,215	5,993	4,385	2,221	11,078	3,302	354,206
Axis Programs-Massachusetts	2,460,188	641,668	15,243	587,449	50,060	190,708	23,904	143,990	51,455	4,164,665
Connecticut Day Program	90,015	21,362	215	3,702	3,927	355	3,606	11,700	8,008	142,890
Connecticut Residential	1,396,293	331,076	66,284	263,286	52,379	96,284	34,643	139,221	29,895	2,409,361
Florida Residential Tallahassee	513,908	114,215	1,260	63,108	17,102	77,314	39,571	7,564	6,684	840,726
Florida Day Program - Ft. Walton	102,568	25,488	399	25,692	2,073	7,056	3,190	11,591	5,167	183,114
Orlando Florida	639,628	148,756	17,178	95,681	19,411	53,822	13,911	48,655	13,493	1,050,535
Florida Day Program - DeFuniak	126,080	31,359	709	15,650	6,993	15,961	5,876	21,262	2,594	226,484
Bay Area Alliance	755,336	185,006	43,577	121,476	22,057	79,329	17,042	42,956	16,091	1,281,869
Jacksonville Florida	806,974	204,562	848	127,161	12,299	84,107	16,047	85,488	17,579	1,355,065
Fort Lauderdale Florida	309,712	69,637	15,465	10,251	8,338	45,161	7,168	22,110	6,018	493,860
Allegheny Cnty MR - Pittsburgh	933,454	255,950	21,426	142,286	23,093	57,168	17,273	61,492	24,634	1,536,776
Wilmington Now	376,405	82,185	19,484	100,931	7,631	51,858	4,072	21,137	3,713	667,316
Chester Youthbuild	20,244	4,354	2,625	427	27	3,748	546	400	-	32,371
Chester Youthbuild-CDBG	24,739	5,261	-	-	-	-	-	-	-	30,000
Chester Youthbuild-CUSD	23,403	5,187	594	439	-	(300)	-	-	-	29,323
Chester ETA	2,813	680	-	-	-	-	-	-	-	3,493
CBY HUD	190,530	38,410	1,471	57,373	7,117	21,770	2,202	187	-	319,060

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2003

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
COSP	2,541,204	403,051	59,855	114,413	21,724	8,810	9,270	18,189	11,822	3,188,338
CIRT	370,823	88,225	11,391	26,088	10,007	4,516	5,038	1,752	-	516,840
Ridge Avenue Shelter	1,034,918	287,574	24,699	64,031	23,432	98,533	1,968	37,122	122,145	1,694,422
Phoenix Case Management	316,258	84,560	37,249	7,609	7,027	17,200	11,005	6,807	-	487,715
Family Practice and Counseling	1,331,687	295,377	659,820	149,295	103,624	154,142	49,959	155,854	35,204	2,934,962
Affordable Housing	166,653	37,427	8,565	69,664	8,934	1,679	82,267	734,030	151,536	1,260,755
Safe Community Pew Grant	15,991	2,042	7,215	306	716	493	1,088	-	-	27,849
Parents Resource Network	42,204	9,478	1,997	-	22,123	6,101	3,273	-	-	85,176
Parents Exchange	-	-	18,235	-	666	4,521	17,333	667	-	41,422
Safeguard	124,989	24,409	28,646	16,272	10,514	46,325	2,456	229	8,786	262,626
Point-to-Point	559,176	118,813	6,771	89,026	26,791	7,031	222,129	108,622	18,517	1,165,875
Community Connections	74,870	17,936	5,379	6,989	-	108,883	582	-	3,887	218,526
Future Searchnet	25,513	2,603	101,475	-	44,771	42,856	3,083	594	-	220,894
New Beginnings Programs	213,210	44,220	287,637	8,507	106,885	124,466	33,655	10,412	9,716	838,608
Miscellaneous Other Programs	802,174	174,436	148,420	48,508	16,383	100,605	(45,384)	166,369	41,788	1,453,299
Grand Totals	46,935,996	11,650,576	4,856,987	8,649,156	1,397,929	4,321,868	1,194,568	3,683,397	1,192,385	83,882,862
Property and equipment capitalized	-	-	-	-	-	-	-	-	(794,965)	(794,965)
Change in inventory costs capitalized	-	-	-	-	-	-	-	-	(281,794)	(281,794)
Depreciation and amortization expense	-	-	-	-	-	-	-	-	1,519,575	1,519,575
Long term debt principal payments made	-	-	-	(7,996)	-	-	-	-	(254,721)	(254,721)
Cost of fixed assets sold	-	-	-	-	-	-	-	-	102,678	102,678
Net change in deposits	-	-	-	(7,777)	-	-	-	-	(5,000)	(12,777)
Self Insurance Admin	(629,139)	(111,024)	-	-	-	-	-	-	-	(740,163)
Total Program	46,306,857	11,539,552	4,856,987	8,633,383	1,397,929	4,321,868	1,194,568	3,683,397	1,478,158	83,412,699
Management and General	6,179,840	1,327,149	710,072	1,350,980	356,351	246,732	1,700,758	664,245	479,256	13,015,383
Depreciation and amortization expense	-	-	-	-	-	-	-	-	653,678	653,678
Property and equipment capitalized	-	-	-	-	-	-	-	-	(474,741)	(474,741)
Net Long term debt proceeds and princ	-	-	-	(116,367)	-	-	-	-	-	(116,367)
Cost of fixed assets sold	-	-	-	-	-	-	-	-	32,031	32,031
Net Capitalization of Invest & Advances	-	-	-	-	-	-	(722,001)	-	-	(722,001)
Murex Corp & Murex Investment	-	-	233,641	20,562	-	3,903	48,949	-	2,283	309,338
Other costs capitalized	-	-	-	-	-	-	-	-	(26,489)	(26,489)
Total Management and General	6,179,840	1,327,149	943,713	1,255,175	356,351	250,636	1,027,706	664,245	666,018	12,670,832
Fundraising	122,463	34,541	-	-	-	-	-	-	-	157,004

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Program										
LOWER MERION COUNSELING SERVICES										
MH Outpatient	127,949	24,602	127,782	70,423	11,404	3,492	2,269	3,342	-	371,163
D&A Outpatient	9,317	1,845	165	3,435	652	90	-	-	-	15,504
Student Assistance	13,577	2,674	280	3,277	946	187	20	-	-	20,960
LMCS Development	-	-	970	-	-	784	-	-	-	1,754
PROGRAMS IN COUNSELING										
MH TASC	41,539	7,865	26,437	1,681	573	740	383	279	-	79,497
D&A Outpatient	266,615	49,553	63,911	43,539	6,333	4,181	6,421	5,493	-	446,056
D&A TASC	60,577	11,527	350	11,712	570	2,228	498	619	-	88,081
Dually Diagnosed	7,403	1,377	-	4,439	-	625	-	423	-	14,267
D&A Case Management	120,334	21,855	90	34,205	3,147	4,120	2,774	2,056	-	188,581
Sexual Offenders	42,183	8,091	1,953	2,854	339	919	307	956	-	57,602
Upper Merion Schools	35,027	6,538	170	285	75	436	343	-	-	42,874
D&A Continuity	63,558	12,573	434	584	594	1,060	421	-	-	79,224
Pottstown	100,727	18,973	9,503	23,392	3,325	3,364	1,189	1,554	-	162,027
PIC III	81,016	16,061	36,634	23,607	5,113	5,941	1,952	508	10,000	180,832
PIC IPP	45,413	8,382	232	5,701	29	971	2,072	-	-	62,800
Montgomery Cnty MH R&R	27,005	2,075	4,487	-	-	-	-	-	-	33,567
Consultants in Context	46,678	10,025	55,610	1,136	1,144	2,985	6,704	-	-	124,282
Consultants in Context - Cnty	9,999	2,127	11,510	179	-	-	-	-	-	23,815
Alternatives/New Foundations/Wellspring	934,775	235,542	8,993	291,090	24,306	96,517	10,093	65,030	26,517	1,692,863
Compeer	73,206	15,721	4,559	6,333	11,930	6,113	2,574	-	-	120,436
New Options	530,237	149,476	743	98,380	10,252	69,714	1,506	48,086	47,886	956,280
Family Support	62,256	11,207	5,213	-	-	59,958	(87)	-	-	138,547
Residential Serv Systems/Respite CLA	988,873	251,662	221,314	295,996	13,865	76,783	22,467	110,721	51,577	2,033,258
Supported Housing	780,259	219,078	39,130	103,654	34,845	74,741	5,531	46,252	34,805	1,338,295
LM Vocational Training Center	429,192	143,888	5,809	70,287	14,211	23,025	7,832	50,907	26,985	772,136
Lower Merion Industries	11,627	2,179	-	-	-	-	-	-	-	13,806
Montgomery Co Methadone Center	384,978	72,363	213,211	83,024	10,248	50,868	2,356	7,955	6,489	831,492
Womanspace - Ardmore	197,403	53,105	8,241	31,203	7,665	28,259	3,046	7,604	19,385	355,811
Family House - Norristown	226,528	62,377	26,492	42,257	7,057	32,602	7,777	6,571	-	411,661
Womanspace - Phila	284,198	70,617	23,754	42,285	5,653	23,157	2,600	4,017	-	456,281
Family House - Now	472,998	114,374	30,293	57,544	4,617	28,883	3,549	29,679	1,860	743,797
New Directions - DHS/CBH	1,459,167	378,016	201,663	336,232	40,447	237,563	30,041	98,823	18,701	2,800,653
New Directions Academy	150,073	38,878	27,770	22,190	2,913	21,131	1,306	957	-	265,218
City of Phila. - OMH/MR	14,131,993	3,723,086	1,326,623	2,337,903	263,451	1,398,421	293,515	791,644	497,247	24,763,883
Families in Transition	114,567	27,381	3,856	99,597	7,266	9,441	8,985	4,301	5,483	280,877
Supported Adult - 1260	215,629	52,027	23,571	60,771	15,367	35,284	6,260	81,144	-	490,053

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
OTHER										
Career Devel Ctr-OESS	84,075	18,160	3,708	13,058	2,126	3,980	18,028	822	-	143,957
Career Devel Ctr-PWDC	63,297	14,779	5,722	19,488	2,684	4,269	472	2,227	-	112,938
R.A.R.E.	150,628	32,051	29,617	69,884	9,665	9,816	6,259	1,348	1,924	311,192
Youth Employment	94,752	22,558	1,153	67,379	8,781	9,811	9,292	6,059	3,066	222,851
Endow-CODAAP	37,080	10,012	6,000	6,460	1,028	750	1,500	-	-	62,830
Endow-a-home	141,214	29,501	14,101	162,912	6,072	17,279	10,431	41,266	15,272	438,048
New Start	646,013	169,328	60,243	128,801	9,502	93,815	5,888	16,172	3,995	1,133,757
AHAD	346,891	77,824	2,500	113,297	7,165	35,623	1,882	36,149	3,043	624,374
Stonebridge	71,142	16,828	10,623	23,943	3,311	12,224	3,132	4,984	(754)	146,433
UNITY FUNDED										
In Roads	30,208	6,911	-	24,857	1,076	2,440	8,257	200	-	73,949
New Options for Women	343,137	73,064	38,285	51,754	8,292	49,458	5,647	4,292	1,375	575,304
Project Renewal	115,746	24,680	14,433	8,191	3,640	4,371	1,318	-	-	172,379
Voyage House	287,162	62,477	13,119	3,852	3,803	13,427	3,730	6,429	-	393,999
Pathways	254,081	56,241	32,019	57,736	8,113	29,426	8,814	9,156	20,542	476,128
Jefferson Parish Outreach	58,698	14,477	-	1,200	1,963	1,337	3,309	4,748	327	86,059
Family House - Louisiana	398,985	87,901	42,201	91,194	11,122	54,199	9,844	17,612	24,834	737,892
MCS/ACT	380,193	69,574	101,761	17,954	24,235	11,754	28,822	3,516	4,659	642,468
Hope House	285,202	74,174	50,185	16,822	9,950	21,107	2,985	9,215	46,152	515,792
New Perspectives-Residential	250,091	62,435	22,427	19,445	5,967	20,998	2,411	12,566	5,795	402,125
New Perspectives-Phone	176,416	39,365	10,855	14,969	8,095	3,896	916	2,502	1,232	258,246
New Perspectives-Mobile	59,263	9,524	2,737	4,468	2,751	998	576	5,540	996	86,853
Lehigh Valley ACT	679,134	151,667	98,986	57,443	24,484	7,315	47,702	14,915	2,826	1,084,472
Hope Springs Lehigh	211,188	56,180	15,113	15,602	8,162	13,621	3,910	6,837	110,568	441,181
Hope Spring Northampton	232,338	62,999	13,331	262,732	9,190	17,809	4,603	6,906	102,068	711,976
CMP Consumer Satisfaction Team	18,260	3,031	1,443	236	417	719	1,868	726	846	27,546
CMP Oars	52,994	9,869	2,093	4,146	2,441	6,248	680	3,992	36,764	119,227
CMP Community Connections	-	-	-	-	52	100	57	825	33,057	34,091
ACT Flex. Fund-Northampton County	-	-	8,799	137,869	19	17,192	2,626	1,537	-	168,042
ACT Flex. Fund-Lehigh County	-	-	18,089	74,123	-	16,240	3,579	1,079	-	113,110
On Our Own	814,027	217,141	8,258	71,922	15,013	53,595	6,826	28,504	61,924	1,277,210
Somerset	291,636	82,983	3,168	31,095	7,025	17,319	5,211	9,794	7,169	455,400
Oak Hollow	146,692	37,071	5,884	14,817	3,658	5,543	1,718	5,685	10,139	230,207
Milton Street	226,806	60,989	11,364	30,949	5,813	14,529	3,511	5,950	7,078	365,989
Ackermanville Road	250,672	65,036	7,516	27,462	9,157	17,029	4,351	14,831	40,176	436,130
Crossroads	112,421	27,430	3,179	158,244	8,901	12,276	3,666	13,323	8,016	347,456
Axis Programs-Massachusetts	2,766,280	613,547	44,401	656,370	72,009	186,651	19,594	128,429	76,893	4,564,174
Challenges New Jersey	788,121	165,410	47,630	97,729	51,648	74,422	12,457	92,381	12,733	1,342,531
Connecticut Day Program	129,756	26,696	1,438	4,120	3,977	2,074	2,481	13,145	6,842	190,529
Connecticut Residential	1,404,392	288,866	79,579	245,921	38,180	96,072	27,860	113,710	30,515	2,325,095
Florida Residential Tallahassee	472,190	93,156	1,119	17,387	12,857	30,980	20,405	4,746	8,211	661,051
Florida Day Program	194,698	44,042	1,295	35,297	6,583	15,189	13,668	19,975	10,496	341,243

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Orlando Florida	562,946	131,248	39,626	82,984	13,984	50,582	7,028	28,706	17,700	934,804
Tampa Florida	345,618	74,474	15,895	59,458	17,284	51,789	6,246	18,928	9,487	599,179
Largo Florida	386,624	81,749	7,335	48,489	5,272	35,412	9,258	10,118	11,741	595,988
Jacksonville Florida	724,479	162,733	152	99,297	11,524	94,189	6,664	64,809	22,976	1,186,823
Florida Ft Lauderdale	8,712	2,496	208	64	1,022	13	76	-	-	12,591
Allegheny Cnty MR - Pittsburgh	845,263	241,939	8,443	108,785	18,924	56,309	7,621	60,919	18,232	1,366,435
Wilmington	24,012	2,477	4,180	7,929	9,538	10,669	921	23,340	12,919	95,985
Chester Youthbuild	12,094	2,227	215	3,450	25	2,293	287	324	17,434	38,349
Chester Youthbuild-CDBG	27,511	5,730	-	-	-	-	-	-	-	33,241
Chester Youthbuild-CUSD	246,269	53,678	7,657	46,327	6,229	26,322	4,570	1,275	-	392,327
Chester ETA	54,661	12,226	36,812	5,820	1,948	9,126	184	-	-	120,777
COSP	2,953,611	475,820	67,700	113,391	36,146	11,450	9,390	17,608	-	3,685,116
CIRT	335,366	78,421	2,851	17,187	12,501	4,435	5,540	568	810	457,679
Ridge Avenue Shelter	1,012,338	283,263	26,344	58,327	21,898	96,865	4,991	31,922	6,500	1,542,438
Phoenix Case Management	347,178	95,868	4,697	7,217	5,564	11,242	11,583	10,143	8,119	501,611
Abbottsford/Schuykill Falls	843,396	174,289	196,701	105,487	56,636	118,801	32,414	49,797	193,193	1,770,714
RNCC	69,193	11,567	112,718	-	2,377	18,997	8,388	43	4,581	227,864
AFFORDABLE HOUSING	-	-	-	-	-	-	-	1,585	-	1,585
Hope 3	-	-	-	51,218	362	84	65,593	721,957	194,845	1,046,733
RDA Projects HRP	-	-	12,674	664	167	-	3,070	810	-	4,711
RDA Projects Other	-	-	-	21,939	47	-	19,264	231,466	17,056	300,241
NJ UHGRP / CDBG Projects	-	-	10,469	62	-	-	-	900	-	962
Atlantic City NJ CRDA	-	-	-	847	225	-	645	-	-	5,217
13th Street Project	-	-	3,500	4,276	9	-	108	16,079	-	20,472
Musgrave Project	-	-	-	-	-	-	-	-	-	-
Safe Community Pew Grant	31,748	4,978	3,600	-	436	2,873	952	-	-	44,587
Mantua Art Center	70,908	18,688	4,595	17,938	1,685	8,493	266	511	-	123,084
Parents Resource Network	42,153	8,146	1,998	-	20,584	10,139	4,934	-	-	87,954
Parents Exchange	-	-	21,885	-	664	169	9,110	-	2,168	33,986
Safeguard	149,611	34,002	9,123	22,462	9,268	20,179	1,113	199	3,213	249,170
Point-to-Point	500,465	108,772	1,981	77,939	25,396	4,200	130,406	89,651	26,733	965,543
FQHC Linkage	189	16	6,723	-	-	-	-	-	-	6,928
Women of Vision	-	-	1,329	-	139	146	(1,336)	-	-	278
Community Connections	70,308	15,393	28	6,015	-	156,570	2,574	-	-	250,888
Future Searchnet	22,275	2,366	192,205	-	52,170	33,227	37,201	812	-	340,256
New Beginnings Programs	117,829	26,574	204,465	3,353	76,363	136,060	24,727	4,118	3,703	596,192
Miscellaneous Other Programs	729,349	151,729	311,319	16,015	39,515	111,700	(115,938)	123,266	31,754	1,398,709

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Grand Totals	46,144,761	11,064,866	4,663,555	8,057,263	1,375,165	4,392,818	1,052,840	3,550,758	2,048,868	82,350,894
Property and equipment capitalized	-	-	-	-	-	-	-	-	(1,830,399)	(1,830,399)
Change in inventory costs capitalized	-	-	-	-	-	-	-	-	243,751	243,751
Depreciation and amortization expense	-	-	-	-	-	-	-	-	1,504,578	1,504,578
Long term debt principal payments made	-	-	-	(9,762)	-	-	-	-	-	(9,762)
Cost of fixed assets sold	-	-	-	-	-	-	-	-	187,156	187,156
Net change in deposits	-	-	-	-	-	-	-	-	19,865	19,865
Self Insurance Admin	(441,699)	(66,001)	-	-	-	-	-	-	-	(507,700)
Additional expense for capital to people	(23,070)	(5,076)	-	-	-	-	54,406	-	-	54,406
Reclass fundraising expense	-	-	-	-	-	-	-	-	-	(28,146)
Total Program	45,679,992	10,993,789	4,663,555	8,047,501	1,375,165	4,392,818	1,107,246	3,550,758	2,173,819	81,984,643
Management and General	6,248,481	1,277,500	618,315	934,640	413,411	198,770	1,380,817	370,153	793,589	12,235,676
Depreciation and amortization expense	-	-	-	-	-	-	-	-	607,383	607,383
Property and equipment capitalized	-	-	-	-	-	-	-	-	(890,832)	(890,832)
Net Long term debt proceeds and princ	-	-	-	52,521	-	-	-	-	-	52,521
Cost of fixed assets sold	-	-	-	-	-	-	-	-	64,274	64,274
Net Capitalization of Invest & Advances	-	-	-	-	-	-	(516,353)	-	-	(516,353)
Murex Corp & Murex Investment	-	-	344,063	21,746	-	3,803	65,533	-	951	436,096
Other costs capitalized	-	-	-	-	-	-	-	-	(26,614)	(26,614)
Abandonment of capital computer software	-	-	-	-	-	-	-	-	338,166	338,166
Eliminate Self insurance and ArtReach	(15,169)	(3,337)	-	-	-	-	-	-	-	(18,506)
Reclass fundraising expense	(13,397)	(2,947)	-	-	-	-	-	-	-	(16,344)
Total Management and General	6,219,915	1,271,216	962,378	1,008,907	413,411	202,573	929,997	370,153	886,917	12,265,467
Fundraising	36,467	8,023	-	-	-	-	-	-	-	44,490

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
Cash flows from operating activities:		
Change in total net assets	\$ (585,138)	\$ 2,053,337
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Allocation from and other changes in minority interests	(146,641)	(232,835)
Loss on disposition of property and equipment	136,150	85,959
Loss on abandonment of capitalized computer software	-	338,166
Increase (decrease) in allowance for doubtful accounts and uncollectible advances and loans	349,182	(90,937)
Depreciation and amortization	2,363,937	2,300,973
Equity in net losses of investments	636,526	281,038
Deferred credit forgiveness	(54,811)	(54,811)
Decrease in grants and services receivable	144,361	926,643
(Increase) decrease in inventory	(77,436)	184,464
Increase in prepaid expenses	(36,888)	(43,463)
Decrease (increase) in other assets	32	(1,765)
(Decrease) increase in accounts payable and accrued expenses	(833,244)	453,248
Increase in long-term commitments	1,211,796	-
Increase in deferred revenue	1,239,686	292,357
	<u>4,347,512</u>	<u>6,492,374</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Increase in investments in companies	(2,435,437)	(346,038)
Acquisitions of property and equipment	(1,197,306)	(2,128,375)
Net repayment of advances and loans to investees	46,413	240,147
Distributions from investments	665,493	114,798
Proceeds from sale of property and equipment	-	65,958
Capital contributions from minority interests	-	4,743
	<u>(2,920,837)</u>	<u>(2,048,767)</u>
Net cash flows used in investing activities		
Cash flows from financing activities:		
Net proceeds (payments) on lines of credit and short term borrowings	355,522	(2,227,240)
Principal payments on long-term debt and capital lease obligations	(497,704)	(512,485)
Principal borrowings of long-term debt	500,000	-
	<u>357,818</u>	<u>(2,739,725)</u>
Net cash provided by (used in) financing activities		
Net increase in cash and cash equivalents	1,784,493	1,703,882
Cash and cash equivalents, beginning	3,387,051	1,683,169
Consolidation adjustment	(500,429)	-
	<u>\$ 4,671,115</u>	<u>\$ 3,387,051</u>
Cash and cash equivalents, ending		

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 773,825	\$ 789,815
Supplemental disclosure noncash financing and investing activities		
Debt, capital lease obligations, and deferred liabilities incurred for the acquisition of property and equipment	\$ 82,042	\$ 381,563
Disposal of assets and related debt	\$ 165,782	\$ 363,350

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

1. Summary of significant accounting policies

Nature of activities

Resources for Human Development, Inc. (the Organization) is a not-for-profit organization which operates programs nationwide, but primarily throughout the eastern United States. These programs include mental health, mental retardation, homeless, drug and alcohol, community living arrangements, affordable housing and probation and parole services. In addition, through its for-profit subsidiaries, the Organization operates programs primarily designed to lend and invest capital in businesses which are located in and employ people from economically challenged areas.

Basis of presentation

The accompanying consolidated financial statements include the accounts of the Organization and its for-profit subsidiaries, Murex Corporation (Murex) 100% owned by the Organization, and Murex Investments, Inc. (Murex Investments) 93% owned by the Organization. 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. Intercompany investments, advances and transactions have been eliminated.

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

Donated services, mostly consulting services for various programs, are required to be reported at their fair market value in the year that the services are contributed or promised to be contributed. The Organization records in-kind income and expenses for reporting to its funding sources in accordance with the associated contract requirements. These reporting requirements differ from generally accepted accounting principles. Accordingly, only a portion of the amounts reported to funding sources have been recorded as donated services in the accompanying consolidated financial statements.

Contracts and grants

Revenue from government contracts and grants, including overhead allowance, is generally recognized as the related expenses are incurred. The Organization has significant contracts and grants with various agencies of the federal and state governments, departments of the City of Philadelphia, and various counties in southeastern and eastern Pennsylvania.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

1. *Summary of significant accounting policies (continued)*

Net assets

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

Unrestricted Net Assets - are those assets that are available for the support of operations and whose use is not externally restricted.

Temporarily Restricted Net Assets - are those assets whose use by the Organization has been limited by donors to a specific time period or purpose.

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 state governments, the City of Philadelphia and various counties in Pennsylvania. In addition, there are accounts receivable from third party managed care organizations that reimburse the Organization on behalf of governmental agencies, principally the City of Philadelphia.

Limited use cash

Representative payee cash funds are custodial funds that have been established to account for assets received by the Organization on behalf of certain clients of certain programs. These funds are expended at the discretion of the program directors, for the direct benefit of the individual clients.

Property and equipment 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 25 years, of the respective assets using the straight-line method. Maintenance and repairs are charged to activities as incurred. A substantial portion of capital assets has been purchased through grants and contracts. Such amounts received are included in support and revenue. Related expenditures are capitalized and depreciated over estimated lives when title to the related assets is held by the Organization.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

1. Summary of significant accounting policies (continued)

Property and equipment and depreciation and amortization (continued)

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

Investments

Investments in partnerships, limited liability companies and unconsolidated corporations are included in the accompanying consolidated financial statements using the equity method of accounting.

Cash and cash equivalents

For purposes of the consolidated statement of cash flows, the Organization considers cash on hand, deposits with banks and short-term investments with original maturities of three months or less to be cash and cash equivalents.

Inventory

Inventory is recorded at the lower of cost, on a specific identification basis, or market (net realizable value) and consists primarily of residential properties purchased for resale and related construction-in-progress. Through various programs, the Organization purchases, renovates and sells homes, primarily to eligible low-income families.

Capitalized computer software costs

Accounting principles generally accepted in the United States of America require the capitalization of certain costs incurred in connection with developing internal use software and software for resale. Prior to the adoption of this principle in 2000, the Organization expensed all costs related to software development as incurred. The Organization had capitalized approximately \$394,000 of computer software costs and amortized approximately \$56,000 as of June 30, 2001. During the year ended June 30, 2002, management decided to terminate its program of developing software for resale. Instead, management decided to develop software for its internal use only. Therefore, the Organization wrote off all capitalized software related to development for resale and capitalized \$100,000 for the cost of the software developed for internal use.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

1. Summary of significant accounting policies (continued)

Pension plan

The Organization maintains a noncontributory, variable annuity "403(b)" plan for the benefit of all full-time eligible employees. Each employee is fully vested immediately upon entry into the plan. Employee participation is voluntary and contributions by the employees are pursuant to salary reduction. The Organization does not match employee contributions.

Deferred compensation plan

The Organization 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 both worked full-time for the Organization for 25 years and have attained the age of 65. The benefit amount is equal to the annual salary of the employee in the year they reach 25 years of service. It will be paid to the employee in four annual installments beginning in the year the employee attains both criteria. At June 30, 2003 and 2002, the estimated present value of the future benefits are \$138,899 and \$93,388 respectively, and have been included in accrued expenses.

Tax status

The Organization is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state and local laws, therefore, no provision for income taxes has been made in the accompanying consolidated financial statements. Murex, and Murex Investments, for-profit corporations, are subject to federal, state and local taxation.

Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Financial instruments

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

1. Summary of significant accounting policies (continued)

Deferred revenue

Deferred revenue consists primarily of program revenues received but not earned. These revenues will be earned as the program conditions are met.

In addition, the Organization receives grants to subsidize the construction and rehabilitation of homes under the affordable housing programs. Revenue from these grants is deferred until the homes are sold. At the time of the sale of a home, the portion of the deferred revenue related to the sold home is recognized as revenue in the statement of activities.

Minority interests

Minority interests reflect the equity of a subsidiary which is not held by the Organization or its subsidiaries.

Restatements

The June 30, 2002 amounts have been restated to include entities not previously consolidated into Murex. As explained in Note 3 "Equity investments in companies and minority interests", Murex has control over these entities but not a majority interest.

During the year ended June 30, 2003, a company previously wholly owned by Murex Investments issued shares to new investors. This transaction changed the nature of the accounting for that investment from a consolidated entity to an investment accounted for under the equity method. For the year ended June 30, 2002, the accounts of the wholly owned subsidiary were included in the accounts presented in the consolidated financial statements. The only asset owned by that investment, as of June 30, 2002, was cash. Accordingly, in order to reflect the current ownership status at June 30, 2003, a reclassifying consolidation adjustment has been noted on the cash flow statement reflecting a decrease in cash and an increase in investment in this entity.

Reclassifications:

Certain amounts in the 2002 financial statements have been reclassified to conform with the 2003 financial statement presentation.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

2. Property and equipment

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

	<u>2003</u>	<u>2002</u>
Real estate and improvements	\$ 18,475,764	\$ 18,385,576
Leasehold improvements	3,439,903	3,374,306
Furniture and fixtures	1,790,792	1,978,903
Computer equipment	2,145,327	2,314,366
Automobiles	<u>3,880,677</u>	<u>3,674,235</u>
	29,732,463	29,727,386
Less accumulated depreciation and amortization	<u>13,497,841</u>	<u>12,107,084</u>
Property and equipment, net	\$ <u>16,234,622</u>	\$ <u>17,620,302</u>

Depreciation and amortization expense for the year:

	<u>2003</u>	<u>2002</u>
Program	\$ 1,519,575	\$ 1,504,578
Management and general	653,161	606,155
Other operating	<u>191,201</u>	<u>190,240</u>
	\$ <u>2,363,937</u>	\$ <u>2,300,973</u>

Equipment purchased through grants and contracts amounted to \$794,968 and \$1,830,400 for the years ended June 30, 2003 and 2002, respectively.

3. Equity investments in companies and minority interests

The Organization has investments in the following companies through its for profit subsidiaries, Murex and Murex Investments:

<u>Company name</u>	<u>Percentage of ownership</u>
City Sort, LP*	12.30%
Computer Systems and Solutions, Inc.	30.00
CSS Laptop, Inc.	30.00
CSS Staffing, Inc.	30.00
Laser Laboratories, LLC*	43.33
Murex Capital, LP*	27.30
Murex Investments I, LP*	65.45
Murex Investments, LLC*	20.00
Phoenix Foods, LLC*	9.00
Sun & Earth, Inc.*	9.27
Urban Works, LLC/The Service Works Co.*	20.90
Other miscellaneous investments	.01-1.00

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

3. Equity investments in companies and minority interests (continued)

Aggregate cost and carrying values of the investments are as follows:

	<u>2003</u>	<u>2002</u>
Original investments	\$ 4,189,800	\$ 1,900,000
Accumulated allocated earnings (losses), net of dividends	(<u>1,017,764</u>) 3,172,036	(<u>363,754</u>) 1,536,246
Valuation allowances*	(<u>1,010,802</u>) 2,161,234	(<u>756,284</u>) 779,962
Other miscellaneous investments	<u>4,106</u>	<u>6,229</u>
Equity investments in companies, net	\$ <u>2,165,340</u>	\$ <u>786,191</u>

* Over the past several years, the Organization has received restricted grants and donations for the purpose of investing in companies through Murex Investments, to promote economic and job development in specified areas in Pennsylvania. These companies are typically considered risky based on their current financial position and inability to receive additional financing from their banks. The valuation allowances pertain to these investments.

The Organization has elected to record all of its investments using the equity method, even those in which they own less than 20%. In most cases, the Organization exercises significant influence and in those investments in which it owns less than 20%, the equity method approximates the cost method. The Organization's losses are limited to the extent of their capital contributions.

The minority interest in the Organization's subsidiary, Murex Investments, consists of a 7 percent and 8 percent non-voting common stock ownership by another investor as of June 30, 2003 and 2002, respectively. During the year ended June 30, 2001, the other investor invested \$300,000 in Murex Investments. As a result of the investment, losses of the entity were partially allocated to the new investor. Accordingly, the Organization recognized an increase in its net assets of approximately \$167,000 at June 30, 2002. The Organization owns all of the voting equity of the subsidiary both before and after the transaction.

There are three investments in Murex which have minority interests. In two of these investments, Murex has control of the company but not a majority ownership. Control results from the Organization's appointment of management or members of the board of directors. The minority interests own 99% and 99.9% of the equity of the companies. In the third investment, Murex is both a majority owner and has significant control.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

4. Advances and loans to investees and related party transactions

The Organization through its for-profit subsidiaries, Murex and Murex Investments, has made loans and advances with certain partnerships and companies. In addition, the Organization, through its subsidiary, Murex Investments, has made loans to certain companies with which it has an equity interest. Murex Investments invests in certain companies located in distressed areas of Philadelphia, Pennsylvania. It requires all of its investees to adhere to certain principles, including a minimum level of hiring local people from welfare, a minimum wage in excess of the federal minimum wage, and the sharing of profits with the employees. The source of funds for investing and lending to these companies is a grant from the Shefa Fund. The investments in these companies are accounted for using the equity method of accounting. The nature of the significant loans are as follows:

	<u>2003</u>	<u>2002</u>
Various advances to affiliated entities with which the Organization has an ownership interest or control. These advances have no repayment terms.	\$ 544,231	\$ 558,589
Note receivable to a company which bears interest at a rate of 1% over prime rate, 5% and 5.75% at June 30, 2003 and 2002, respectively. The balance was due on March 5, 2003.	137,355	137,355
Note receivable to a company which bears interest at 1% over prime rate, 5% and 5.75% at June 30, 2003 and 2002, respectively. This note is due on demand.	599,770	599,770
Note receivable to three partnerships which Murex is a partner. The note bears interest at 1% over prime rate, 5% and 5.75% at June 30, 2003 and 2002, respectively, and is due on demand.	55,000	65,000
Note receivable to a company which Murex Investments owns a 25.96% interest. The note bears interest at 8% and was due June 20, 2003. This receivable was converted to an equity investment in December, 2002.	-	50,000

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

4.	Advances and loans to investees and related party transactions (continued)	<u>2003</u>	<u>2002</u>
	Various advances to companies, payable on demand and bearing an 8% interest rate.	28,045	-
		1,364,401	1,410,714
	Less allowance for uncollectible advances	(737,125)	(741,093)
		\$ <u>627,276</u>	\$ <u>669,621</u>

In addition, the Organization purchases vehicles from a wholly-owned subsidiary. The intercompany sales were \$280,550 and \$311,613 for the years ended June 30, 2003 and 2002, respectively.

5. Lines of credit and short term borrowings

The Organization has lines of credit and short term borrowings as follows:

	<u>2003</u>	<u>2002</u>
Line of credit of \$1,500,000 with a bank. Interest on borrowings under this agreement is based on the Federal funds rate plus 1%. At June 30, 2003 and 2002, the effective rate was 3.75% and 4.25%, respectively. It is collateralized by accounts receivable, inventory, furniture and fixtures and machinery. The line expires on April 30, 2004.	\$ 772,705	\$ 825,711
Notes payable, CLI, interest at 8.0% to 9.3%, collateralized by inventory; due at the end of the related project.	337,481	428,953
Line of credit of \$8,000,000 with another bank. Interest under this agreement is at the bank's prime rate which was 4% at June 30, 2003. It is collateralized by accounts receivable. The line expires on April 30, 2004.	500,000	-
	\$ <u>1,610,186</u>	\$ <u>1,254,664</u>

In addition, the Organization is obligated under outstanding letters of credit of \$1,200,000 and \$1,300,000 at June 30, 2003 and 2002, respectively.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

6. Long-term debt:

Mortgage notes, payable in monthly installments ranging from \$0 to \$4,313, most including interest ranging from 4.5% to 9.75%, collateralized by various properties, maturing at various times from July, 2002 through August, 2030.	\$ 4,867,953	\$ 4,986,822
Mortgage notes, payable in monthly installments ranging from \$0 to \$21,841, mostly including interest ranging from 1% to 7.1%, collateralized by rental property and equipment, maturing at various times from June, 2027 through December, 2028.	4,527,522	4,566,950
Mortgage notes, payable in monthly installments ranging from \$0 to \$4,428, mostly including interest ranging from 1% to 10.5%, collateralized by the income producing assets, maturing at various times from year 2021 through 2035.	754,285	750,706
Note payable, interest due semi-annually based on interest income received related to investment of these proceeds.	500,000	-
Notes payable, due in monthly installments of \$1,824 including interest at 7.5%, uncollateralized, maturing July 2012.	<u>147,449</u>	<u>153,754</u>
	10,797,209	10,458,232
Less current portion	<u>220,088</u>	<u>363,411</u>
Long-term portion	\$ <u>10,577,121</u>	\$ <u>10,094,821</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

6. Long-term debt (continued)

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

<u>Year ending June 30,</u>	
2004	\$ 220,088
2005	173,164
2006	179,107
2007	186,016
2008	293,724
Thereafter	<u>9,745,110</u>
	<u>\$ 10,797,209</u>

Interest expense for the years ended June 30, 2003 and 2002 was \$773,825 and \$789,815, respectively.

7. Deferred credits

The Organization has received grants/loans from various governmental agencies for acquiring and/or rehabilitating properties for specified purposes. If the conditions of each grant/loan agreement are met, these balances will be forgiven over periods ranging from 10 to 20 years. The grants/loans bear no interest except in the event of default. No interest has been accrued because it is the intention of the Organization to comply with all related conditions. The deferred credit balances are as follows:

	<u>2003</u>	<u>2002</u>
City of Philadelphia - Office of Housing and Community Development (originated June 1990 in the amount of \$150,000 to be forgiven at the rate of 5% per year through June 2010)	\$ 52,500	\$ 60,000
City of Philadelphia - Office of Housing and Community Development (originated June 1991 in the amount of \$150,000 to be forgiven at the rate of 10% per year after the initial 10-year period)	120,000	135,000
Federal Home Loan Bank (originated June 1993 in the amount of \$70,000 to be forgiven at the rate of 6.667% per year over a 15-year period ending June 2007)	21,463	26,130

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

7.	Deferred credits (continued)	<u>2003</u>	<u>2002</u>
	Montgomery County Home Rehab Program (originated April 1995 in the amount of \$35,251 to be forgiven at the rate of 10% per year through April, 2005)	7,051	10,576
	Montgomery County Home Program (originated June 1996 in the amount of \$68,333 to be forgiven in July, 2011)	68,333	68,333
	Montgomery County Home Program (originated September 1988 in the amount of \$83,690 to be forgiven at the rate of 10% per year after the initial 10-year period)	39,083	47,452
	City of Philadelphia Redevelopment Authority (originated November 1994 in the amount of \$157,500 to be forgiven at the rate of 10% per year through November 2004)	<u>23,625</u>	<u>39,375</u>
		\$ <u>332,055</u>	\$ <u>386,866</u>

During the year ending June 30, 2004, it is anticipated that \$54,811 of deferred credits will be forgiven.

8. Lease commitments

The Organization leases various buildings and equipment under leasing arrangements expiring through the year 2014. These leases are accounted for as operating leases. Generally, leases with terms beyond one year contain defunding clauses which allow the Organization to terminate a lease, within 90 days of the loss of government funding. Future minimum annual rentals under lease arrangements at June 30, 2003 are as follows:

<u>Year ending June 30,</u>	
2004	\$ 4,030,035
2005	2,250,898
2006	1,049,901
2007	453,002
2008	245,160
Thereafter	<u>195,655</u>
Total	\$ <u>8,224,651</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

8. Lease commitments (continued)

The Organization also maintains numerous leases with terms of one year or less which are not included in the above schedule. Rent expense for the years ended June 30, 2003 and 2002 aggregated \$6,147,996 and \$6,007,172, respectively.

Capital lease obligations

The Company leases numerous automobiles under noncancellable capital leases. As a result, \$1,951,518 and \$1,918,982 of leased assets and \$668,542 and \$939,092 of related accumulated depreciation have been included in property and equipment as of June 30, 2003 and 2002, respectively. The leases have imputed interest rates ranging between 6.0% and 15% per annum. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	
2004	\$ 342,267
2005	248,549
2006	120,762
2007	28,027
2008	<u>7,803</u>
Minimum lease payments	747,408
Less amount representing interest	<u>78,865</u>
Present value of minimum lease payments	668,543
Current portion	<u>294,510</u>
Long-term portion	\$ <u><u>374,033</u></u>

9. Self-insurance

By permission of the Pennsylvania Bureau of Workers' Compensation, the Organization maintains a self-insurance program for workers' compensation for its employees working in Pennsylvania. In addition, the Organization is also self-insured for automobile, general liability and property coverage for the years ended June 30, 2003 and 2002. Excess insurance policies are maintained with respect to the various self-insurance plans, and claims are handled by third-party administrators. Included in accounts payable and accrued expenses at June 30, 2003 and 2002 is \$1,105,331 and \$1,726,408, respectively, for future claims for all self-insurance coverage, which represents an estimate by management. The ultimate cost, however, will depend on the extent of future claims.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

10. Revenues - various states

A breakdown of funding from various states is as follows:

	Years ended June 30,	
	2003	2002
Connecticut	\$ 2,448,739	\$ 2,511,256
Delaware	448,684	107,502
Florida	5,615,932	4,618,719
Louisiana	2,648,943	2,848,638
Massachusetts	4,325,701	4,698,422
New Jersey	513,143	1,497,805
Pennsylvania	1,171,818	1,455,154
Total	\$ 17,172,960	\$ 17,737,496

11. Concentrations of credit risk

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 \$100,000. As of June 30, 2003, approximately \$4,372,000 exceeded insured limits.

12. Other commitments and contingencies:

Litigation

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2003 AND 2002

12. Other commitments and contingencies (continued)

Guarantee commitment

The Organization has applied the disclosure provisions of FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", to its agreements that contain guarantee clauses. These disclosure provisions expand those required by FASB Statement No. 5, "Accounting for Contingencies", by requiring a guarantor to disclose certain types of guarantees, even if the likelihood of requiring the guarantor's performance is remote. FIN 45 requires the Organization to record the guarantee commitments as liabilities in the statement of financial position, starting with guarantees entered into after December 31, 2002, rather than simply disclosing the guarantee commitments in the financial statement footnotes. The following is a description of arrangements in which the Organization is the guarantor.

The Organization has guaranteed that there will be funds available in an entity partially owned by the Organization over the next ten years to match similar amounts provided by the Small Business Administration (SBA). The entity will use these funds for technical assistance in its investment program. If the entity cannot generate funds equal to the funds provided by the SBA for paying its technical assistance costs, then the Organization must provide the funds. At June 30, 2003, the Organization has received restricted contributions and grants available to fund this project, if necessary. The present value of the liability at June 30, 2003 is \$1,276,796. The current portion of this liability is \$165,000 and is reported as part of accrued expenses at June 30, 2003, with the remaining balance reported as a long-term commitment in the statement of financial position.

Murex Investments is also a guarantor of a \$100,000 loan obtained by another company in which it is an investor. The total liability of \$100,000 is included in long-term commitments in the statement of financial position at June 30, 2003.

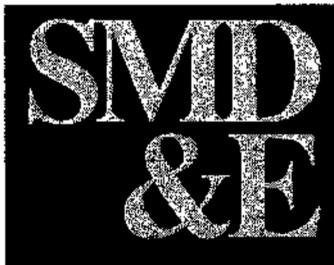
Capital commitment

On March 31, 2003, Murex Investments committed to invest \$3,600,000 in a limited partnership whose purpose is to invest in a diversified portfolio of companies located primarily in economically distressed areas. The commitment is funded based on capital calls made by the general partner of the partnership and must be funded by March 31, 2009. As of June 30, 2003, approximately \$360,000 had been funded.

13. Subsequent event

On September 30, 2003, Murex Investments funded an additional \$360,000 of its \$3,600,000 capital commitment in a limited partnership. On December 29, 2003, Murex Investments assigned \$1,000,000 of its \$3,600,000 capital commitment with approval of the limited partnership and its primary lender to another investor, resulting in a remaining capital commitment of \$2,080,000 in the limited partnership. As a result, Murex Investments was reimbursed \$200,000 of excess capital contributions and its ownership decreased from 65% to 47%.

SUPPLEMENTAL INFORMATION



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
OTHER SUPPLEMENTAL INFORMATION**

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

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements of the Organization taken as a whole. The accompanying other supplemental information on pages 34 through 70 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Shechtman, Marks, Devor & Etkovitz, P.C.

Philadelphia, PA
January 19, 2004

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2003

	Resources for Human Development						
	Operating	Equipment	Total	Murex Corporation	Murex Investments, Inc.	Eliminations	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,687,962	\$ -	\$ 1,687,962	\$ 751,718	\$ 2,231,435	\$ -	\$ 4,671,115
Limited use cash, representative payee cash funds	387,844	-	387,844	-	-	-	387,844
	<u>2,075,806</u>	<u>-</u>	<u>2,075,806</u>	<u>751,718</u>	<u>2,231,435</u>	<u>-</u>	<u>5,058,959</u>
Grants and services receivable, net of allowance for doubtful accounts of \$857,074	12,616,481	200	12,616,681	107,965	58,077	(201,973)	12,580,750
Inventory	1,940,818	-	1,940,818	24,746	-	-	1,965,564
Prepaid expenses	38,793	55,652	94,445	199,045	7,346	-	300,836
	<u>16,671,898</u>	<u>55,852</u>	<u>16,727,750</u>	<u>1,083,474</u>	<u>2,296,858</u>	<u>(201,973)</u>	<u>19,906,109</u>
Property and equipment, net	-	9,357,967	9,357,967	6,876,655	-	-	16,234,622
Other assets:							
Equity investments in companies, net of valuation allowances of \$1,010,802	2,967,830	-	2,967,830	78,721	804,770	(1,685,981)	2,165,340
Advances and loans to investees, net of allowance for uncollectible advances and loans of \$737,125	1,343,019	-	1,343,019	45,166	83,045	(843,954)	627,276
Other	-	13,230	13,230	124,036	146	-	137,412
	<u>4,310,849</u>	<u>13,230</u>	<u>4,324,079</u>	<u>247,923</u>	<u>887,961</u>	<u>(2,529,935)</u>	<u>2,930,028</u>
Total assets	<u>\$ 20,982,747</u>	<u>\$ 9,427,049</u>	<u>\$ 30,409,796</u>	<u>\$ 8,208,052</u>	<u>\$ 3,184,819</u>	<u>\$ (2,731,908)</u>	<u>\$ 39,070,759</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2003

	Resources for Human Development				Total	Murex Corporation	Murex Investments, Inc.	Eliminations	Total
	Operating	Equipment	Total	Murex Corporation					
LIABILITIES AND NET ASSETS									
Current liabilities:									
Lines of credit and short term borrowings	\$ 1,610,186	\$ -	\$ 1,610,186	\$ -	\$ 1,610,186	\$ -	\$ -	\$ -	\$ 1,610,186
Current portion of long-term debt	50,000	110,217	160,217	59,871	220,088	-	-	-	220,088
Current portion of obligations under capital leases	-	294,510	294,510	-	294,510	-	-	-	294,510
Accounts payable and accrued expenses	8,859,181	3,144	8,862,325	273,018	9,126,126	20,144	(29,361)	-	9,126,126
Deferred revenue, current	2,619,122	-	2,619,122	-	2,619,122	200,000	-	-	2,819,122
Due to custodial clients	387,844	-	387,844	-	387,844	-	-	-	387,844
Total current liabilities	13,526,333	407,871	13,934,204	332,889	14,457,876	220,144	(29,361)	-	14,457,876
Long-term debt, net of current portion	-	4,851,058	4,851,058	6,528,705	10,577,121	573,824	(1,376,466)	-	10,577,121
Obligations under capital leases, net of current portion	-	374,033	374,033	-	374,033	-	-	-	374,033
Long-term commitments	1,111,796	-	1,111,796	-	1,211,796	100,000	-	-	1,211,796
Deferred revenue, long term	-	-	-	213,492	813,492	600,000	-	-	813,492
Deferred credits	-	332,055	332,055	-	332,055	-	-	-	332,055
Total liabilities	14,638,129	5,965,017	20,603,146	7,075,086	27,766,373	1,493,968	(1,405,827)	-	27,766,373
Minority interests	-	-	-	1,061,855	1,137,736	75,881	-	-	1,137,736
Stockholders equity:									
Common stock	-	-	-	100	-	4,006,010	(4,006,110)	-	-
Additional paid in capital	-	-	-	430,000	-	-	(430,000)	-	-
Retained earnings	-	-	-	(358,989)	-	(2,391,040)	2,750,029	-	-
Net assets:									
Unrestricted	816,511	3,462,032	4,278,543	-	4,638,543	-	360,000	-	4,638,543
Temporarily restricted	5,528,107	-	5,528,107	-	5,528,107	-	-	-	5,528,107
Total equity and net assets	6,344,618	3,462,032	9,806,650	71,111	10,166,650	1,614,970	(1,326,081)	-	10,166,650
Total liabilities and net assets	\$ 20,982,747	\$ 9,427,049	\$ 30,409,796	\$ 8,208,052	\$ 39,070,759	\$ 3,184,819	\$ (2,731,908)	\$ -	\$ 39,070,759

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS
YEAR ENDED JUNE 30, 2003

	Resources for Human Development						
	Operating	Equipment	Total	Murex Corporation	Murex Investments, Inc.	Eliminations	Total
Support, revenue and other:							
Support:							
Federal	\$ 3,366,715	\$ -	\$ 3,366,715	\$ -	\$ -	\$ -	\$ 3,366,715
Various states	16,784,707	188,253	16,972,960	-	200,000	-	17,172,960
City of Philadelphia, PA	34,129,478	249,329	34,378,807	-	-	-	34,378,807
Montgomery County, PA	9,108,666	190,732	9,299,398	-	-	-	9,299,398
Other PA counties	8,009,279	101,893	8,111,172	-	-	-	8,111,172
Medical assistance/managed care	8,921,060	9,103	8,930,163	-	-	(100)	8,930,163
Grants and donations	1,092,658	46,074	1,138,732	-	100	-	1,138,732
Total unrestricted support	81,412,563	785,384	82,197,947	-	200,100	(100)	82,397,947
Revenue:							
Patient/client fees	8,618,635	-	8,618,635	-	-	-	8,618,635
Other fees and sales	3,141,607	9,584	3,151,191	1,047,746	369,356	(216,624)	4,351,669
Interest and miscellaneous income	354,284	54,811	409,095	18,431	151,413	(77,107)	501,832
Total unrestricted revenue	12,114,526	64,395	12,178,921	1,066,177	520,769	(293,731)	13,472,136
Net assets released from temporary restrictions	1,959,302	-	1,959,302	-	-	-	1,959,302
Fund transfer	(854,524)	854,524	-	-	-	-	-
Total unrestricted support, revenue and other	94,631,867	1,704,303	96,336,170	1,066,177	720,869	(293,831)	97,829,385
Expenditures:							
Program	81,798,223	1,614,476	83,412,699	-	-	-	83,412,699
Management and general	11,675,785	685,709	12,361,494	191,156	412,013	(293,831)	12,670,832
Fundraising	157,004	-	157,004	-	-	-	157,004
Other operating	-	-	-	1,025,958	527,282	-	1,553,240
Total expenditures	93,631,012	2,300,185	95,931,197	1,217,114	939,295	(293,831)	97,793,775
Equity in net losses of investments	(859,248)	-	(859,248)	(37,241)	(599,285)	859,248	(636,526)
Changes in unrestricted net assets before minority interests and other adjustments	141,607	(595,882)	(454,275)	(188,178)	(817,711)	859,248	(600,916)
Minority interests in net losses of investments	-	-	-	89,401	57,240	-	146,641
Changes in unrestricted net assets before other adjustments	\$ 141,607	\$ (595,882)	\$ (454,275)	\$ (98,777)	\$ (760,471)	\$ 859,248	\$ (454,275)

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF CHANGES IN EQUITY AND NET ASSETS
YEAR ENDED JUNE 30, 2003

	Resources for Human Development						
	Operating	Equipment	Total	Murex Corporation	Murex Investments, Inc.	Eliminations	Total
Unrestricted net assets:							
Total unrestricted support and revenue	\$ 93,527,089	\$ 849,779	\$ 94,376,868	\$ 1,066,177	\$ 720,869	\$ (293,831)	\$ 95,870,083
Net assets released from restrictions	1,959,302	-	1,959,302	-	-	-	1,959,302
Fund transfer	(854,524)	854,524	-	-	-	-	-
Total expenditures	(93,631,012)	(2,300,185)	(95,931,197)	(1,217,114)	(939,295)	293,831	(97,793,775)
Equity in net losses of investments	(859,248)	-	(859,248)	(37,241)	(599,285)	859,248	(636,526)
Minority interests in net losses of investments	-	-	-	89,401	57,240	-	146,641
Changes in unrestricted net assets	141,607	(595,882)	(454,275)	(98,777)	(760,471)	859,248	(454,275)
Temporarily restricted net assets:							
Contributions	1,828,439	-	1,828,439	-	-	-	1,828,439
Net assets released from restrictions	(1,959,302)	-	(1,959,302)	-	-	-	(1,959,302)
Changes in temporarily restricted net assets	(130,863)	-	(130,863)	-	-	-	(130,863)
Change in total net assets	10,744	(595,882)	(585,138)	(98,777)	(760,471)	859,248	(585,138)
Capital contributions	-	-	-	-	844,551	(844,551)	-
Distributions to stockholders	-	-	-	(70,000)	-	70,000	-
Total equity and net assets at beginning of year	6,333,874	4,057,914	10,391,788	239,888	1,530,890	(1,410,778)	10,751,788
Total equity and net assets at end of year	\$ 6,344,618	\$ 3,462,032	\$ 9,806,650	\$ 71,111	\$ 1,614,970	\$ (1,326,081)	\$ 10,166,650

PROGRAM ACTIVITY
INVOICE SUMMARY
[] MH [X] MR

CITY OF PHILADELPHIA
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF MENTAL HEALTH
& MENTAL RETARDATION

AGENCY: RESOURCES FOR HUMAN DEVELOPMENT, INC.
APPROVED: *Ms. Masby Loomis*
FISCAL DIRECTOR: *Ms. Masby Loomis*
EXECUTIVE DIRECTOR: *Mr. Robert Fishman*

PERIOD:
07/01/02 TO 6/30/03
DATE SUBMITTED: 8/15/03

PROGRAM ACTIVITY	CODE	CONTRACT NUMBER	ELIGIBLE PERSONNEL	EXPENDITURES OPERATING	ADMINISTRATION	TOTAL	REVENUE	NET TO BE FUNDED	INELIGIBLE COST (MEMO)
CLA-FAMILY LIVING	0200-1637	03-20019	15,300	0	2,295	17,595	0	17,595	0
EIP-HOME/FAMILY SRVS	0202-0942	03-20006	314,410	43,637	53,707	411,754	20,547	391,207	0
DEV TRN- WVR MNT-COM	0260-1143	03-20019	368,672	42,985	61,749	473,406	0	473,406	0
DEV TRN-THP WVR MT	0260-1150	03-20019	0	134,552	20,183	154,735	0	154,735	0
VOC-WVR MNT CIE-IND	0260-1200	03-20019	77,554	12,056	13,442	103,052	0	103,052	0
VOC-WVR MNT GENERAL	0260-1300	03-20019	5,219	22,013	4,085	31,317	0	31,317	0
CLA-WAIVER MNT	0260-1615	03-20019	7,165,106	1,839,898	1,350,751	10,355,755	301,697	10,054,058	0
CLA-WAIVER MNT SLA	0260-1617	03-20019	376,768	185,768	84,383	646,939	25,806	621,133	0
CLA-WAIVER MNT FAM LIV	0260-1637	03-20019	126,075	13,435	20,927	160,437	9,365	151,072	0
CLA- WVR MNT HOM	0261-1615st.ctf02	03-20019	232,082	51,873	42,593	326,548	4,241	322,307	0
CLA-WAIVER MNT STARTUP	0260-1696	03-20019	11,569	18,085	0	29,654	0	29,654	0
DEV TRNG-THPY W	0261-1150st.ctf02	03-20019							
CLA-WAIVER EXP	0260-1642	03-20019							
CLA-WVR EXP STA	0261-1696st.ctf02	03-20019							
DEV TRNG-THPY WVR EX	0261-1150sc99	03-20019							
VOC-WAIVER EXP	0261-1300sc99	03-20019							
CLA-WAIVER EXP	0261-1615sc99	03-20019							
TOTALS:						12,711,192	361,656	12,349,536	0

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH/MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
CONTRACT NO. 03-20019
YEAR ENDED JUNE 30, 2003**

Code nos. 0200-1637, 0202-0942, 0260-1143, 0260-1150, 0260-1200, 0260-1300, 0260-1615,
0260-1617, 0260-1637, 0260-1642, 0260-1696, 0261-1615sic95, 0261-1150st.ctr03,
0261-1696st.ctr02, 0261-1150sc99, 0261-1300sc99, and 0261-1615sc99.

There were no adjustments to the Program Activity Invoice Summary.

AGENCY: RESOURCES FOR HUMAN DEVELOPMENT, INC. PERIOD:
 APPROVED: FROM: 07/01/02 TO: 06/30/03
 CHIEF FINANCIAL OFFICER MS, MARY LOOMIS
 EXECUTIVE DIRECTOR: MR. ROBERT EICHMAN DATE SUBMITTED: 08/15/03

CITY OF PHILADELPHIA
 DEPARTMENT OF PUBLIC HEALTH
 OFFICE OF MENTAL HEALTH
 & MENTAL RETARDATION

PROGRAM ACTIVITY
 INVOICE SUMMARY
 [X] MH [] MR

SR General
 SR-Special Coordination
 Res-Maximum CRR
 Res-Specialized Placements
 Res-Behavior Shaping
 Res-CLA
 Res-Progressive Demand
 Res-SIL
 Res-Other Spec
 Res-SR/Eld
 Res-Program Enhancement
 Res-Start Up
 HS-SIL
 Res-Progressive Demand
 RA-Program Enhancement
 Res-Comm Liv AR
 Res-Comm Liv AR
 Res-Start Up
 Res-Specialized Placements
 RES-Forensics
 Res-Medical
 SR-Homeless Visiting Team
 Res-Other Spec Re
 Res-Homeless
 Res-Program Enhancement
 Res-Family Support

PROGRAM ACTIVITY	CODE	CONTRACT NUMBER	PERSONNEL	EXPENDITURES OPERATING	ADMINISTRATION	TOTAL	REVENUE	NET TO BE FUNDED	INELIGIBLE COST (MEMO)
SR General	01-00-1400	99-20266-03	430,522	138,127	85,298	653,947		653,947	0
SR-Special Coordination	01-00-1493	99-20266-03	19,092	15,256	5,152	39,500	2,300	37,200	0
Res-Maximum CRR	01-00-1602	99-20266-03	56,761		8,514	65,275		65,275	0
Res-Specialized Placements	01-00-1612	99-20266-03	1,329,489	369,728	254,882	1,954,099	164,122	1,789,977	0
Res-Behavior Shaping	01-00-1613	99-20266-03	1,740,739	405,194	321,890	2,467,823	75,900	2,391,923	0
Res-CLA	01-00-1615	99-20266-03	1,205,835	404,476	241,547	1,851,858	133,538	1,718,320	0
Res-Progressive Demand	01-00-1616	99-20266-03	398,220	145,625	81,577	625,422	108,232	517,190	0
Res-SIL	01-00-1618	99-20266-03	440,874	415,642	128,478	984,994	688,289	296,705	0
Res-Other Spec	01-00-1619	99-20266-03	307,586	48,947	53,480	410,013	46,857	363,156	0
Res-SR/Eld	01-00-1621	99-20266-03	729,372	291,999	153,206	1,174,577	126,134	1,048,443	0
Res-Program Enhancement	01-00-1695	99-20266-03	145,509	47,118	27,145	219,772	4,059	215,713	0
Res-Start Up	01-00-1696	99-20266-03	12,546	2,015		14,561		14,561	0
HS-SIL	01-00-2218	99-20266-03	56,700	19,111	11,371	87,182	16,563	70,619	0
Res-Progressive Demand	01-02-1616	99-20266-03	789,159	402,048	178,662	1,369,869	275,590	1,094,299	0
RA-Program Enhancement	01-02-1695	99-20266-03	329,383	431,300	114,102	874,785	4,930	869,855	0
Res-Comm Liv AR	01-04-1615	99-20266-03	361,822	131,382	73,981	567,185	31,345	535,840	0
Res-Comm Liv AR	01-05-1615	99-20266-03	53,766		8,064	61,830		61,830	0
Res-Start Up	01-06-1696	99-20266-03	626,050	216,944	126,449	969,443	69,559	899,884	0
Res-Specialized Placements	01-07-1612	99-20266-03	86,060	12,977	14,856	113,893	8,338	105,555	0
RES-Forensics	01-07-1620	99-20266-03	578,930	156,234	110,275	845,439	62,217	783,222	0
Res-Medical	01-08-1622	99-20266-03	531,486	158,698	103,528	793,712	45,585	748,127	0
SR-Homeless Visiting Team	01-40-1433	99-20266-03	436,352	31,861	70,232	538,445		538,445	0
Res-Other Spec Re	01-40-1619	99-20266-03	363,852	188,562	82,862	635,276	29,960	605,316	0
Res-Homeless	01-40-1626	99-20266-03	403,942	158,245	84,328	646,515	24,513	622,002	0
Res-Program Enhancement	01-40-1695	99-20266-03		10,730	1,610	12,340		12,340	0
Res-Family Support	01-82-1526	99-20266-03	107,923	11,520	17,916	137,359		137,359	0
TOTALS:			11,541,970	4,213,739	2,359,425	18,115,134	1,918,031	16,197,103	0

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH/MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
CONTRACT NO. 99-20266-03
YEAR ENDED JUNE 30, 2003**

Code nos. 01-00-1400, 01-00-1493, 01-00-1602, 01-00-1612, 01-00-1613, 01-00-1615, 00-00-1616, 01-00-1618, 01-00-1619, 01-00-1621, 01-00-1695, 01-00-1696, 01-00-2218, 01-02-1616, 01-02-1695, 01-04-1615, 01-05-1615, 01-06-1696, 01-07-1612, 01-07-1620, 01-08-1622, 01-40-1433, 01-40-1619, 01-40-1626, 01-40-1695, and 01-82-1526.

There were no adjustments to the Program Activity Invoice Summary.

EARLY INTERVENTION COST SETTLEMENT REPORT	City Of Philadelphia	AGENCY: Resources for Human		PERIOD COVERED:	
	Department Of Public Health	Development, Inc.	7/01/02-6/30/03		
	Office Of Mental Health & Mental Retardation	PROGRAM ACTIVITY: EIP - HOME/FAMILY SRVS	CODE: 0202-0942	DATE SUBMITTED: 8/15/03	

CLASSIFICATION	ACTUAL COST											TOTAL	
	SOCIAL WORK	HEALTH SERV	NURS SERV	NUTRN SERV	OCCUP THER	PHYS THER	PSYCH SERV	SPEECH PATH	INIT EI SCREEN	HEARING SENS	SERVICE COORD		SPEC INSTR
1. PERSONNEL	8,419				27,935	14,318			1,926			261,812	314,410
2. OPERATING	2,180											41,457	43,637
3. ADMINISTRATION	1,590				4,190	2,148			289			45,491	53,707
4. TOTAL ELIGIBLE	12,188	0	0	0	32,125	16,466	0		2,215	0	0	348,760	411,754
5. OTHER REVENUE					279								279
6. NET COST	12,188	0	0	0	31,846	16,466	0		2,215	0	0	348,760	411,475

FEE REVENUE													
7. DIRECT SERVICE UNITS	482				1,473	821			101			8,422	11,299
8. COLLATERAL UNITS	0				0	0			0			0	0
9. TRAVEL UNITS	195				469	199			20			3,551	4,434
10. MISSED APPOINTMENTS	160				240	124			8			1,740	2,272
11. TOTAL BILLABLE UNITS	837	0	0	0	2,182	1,144	0		129	0	0	13,713	18,004
12. AUTHORIZED RATE	20.37				23.25	23.25			20.98			19.82	
13. TOTAL FEES	17,052	0	0	0	50,731	26,590	0		2,706	0	0	271,785	368,865
14. MA/PI FEES	4,307				11,520	2,720			1,721				20,268
15. COUNTY FEES	12,745	0	0	0	39,212	23,870	0		985	0	0	271,785	348,597

FEES vs. COST COMPARISON													
16. TOTAL FEES (line 13)	17,052	0	0	0	50,731	26,590	0		2,706	0	0	271,785	368,865
17. NET COST (line 6)	12,188	0	0	0	31,846	16,466	0		2,215	0	0	348,760	411,475
18. SURPLUS/(DEFICIT)	4,864	0	0	0	18,886	10,125	0		492	0	0	176,976	(42,610)

DIRECT RATE COMPARISON													
19. NET COST (line 6)	12,188	0	0	0	31,846	16,466	0		2,215	0	0	348,760	411,475
20. DIRECT UNITS (line 7)	482	0	0	0	1,473	821	0		101	0	0	8,422	11,299
21. ACTUAL RATE	25.27	0.00	0.00	0.00	21.62	20.06	0.00		21.93	0.00	0.00	41.41	
22. BUDGETED RATE	20.37	0.00	0.00	0.00	23.25	23.25	0.00		20.98	0.00	0.00	19.82	
23. DIFFERENCE	4.90	0.00	0.00	0.00	(1.63)	(3.19)	0.00		0.95	0.00	0.00	21.59	

REPORT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2003

AGENCY NAME AND ADDRESS

RESOURCES FOR HUMAN DEVELOPMENT, INC.
4700 WISSAHICKSON AVENUE
PHILADELPHIA, PA 19144

SUBMIT TO

CITY OF PHILADELPHIA
DEPARTMENT OF HUMAN SERVICES
CHILDREN AND YOUTH AGENCY
PURCHASE OF SERVICES

OBJECTS OF EXPENSE	TOTAL CORPORATION	FH - NOW SERVICE COORDIN	WS - PHILA SERVICE COORDIN	NEW DIR VII	RESPIRE	NEW DIR IV	NEW DIR II	NEW DIR I	NEW DIR V	SUBACUTE	ACES	BRIGHT LIGHTS - INB
1 SALARIES & WAGES	54,311,303	20,364	18,172	101,770	70,778	96,989	71,720	93,027	-	109,261	140,816	23,327
Administration	-	-	-	-	-	-	-	-	-	-	-	-
Professional	-	-	-	-	-	-	-	-	-	-	-	-
Clerical	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance & Services	-	-	-	-	-	-	-	-	-	-	-	-
Child Care & Activities	-	-	-	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-	-	-	-
6 F.I.C.A.	4,166,349	1,726	1,422	7,871	5,373	7,376	5,413	7,099	-	8,741	11,001	1,513
7 Unemployment Comp	1,335,255	572	572	1,820	1,370	1,843	1,998	2,684	-	3,219	-	785
8 Worker's Compensation	1,507,087	957	788	4,351	2,958	4,070	2,970	3,948	-	4,865	-	61
9 Employee Health & Welfare Benefits	6,017,588	2,528	2,329	10,951	7,964	10,600	8,280	9,326	-	12,601	19,307	3,713
30 TOTAL SALARIES & WAGES	67,337,582	26,147	23,283	126,763	88,443	120,688	90,382	116,084	-	138,687	171,124	29,379
OPERATING EXP & ADMIN	4,217,008	-	-	2,629	2,629	2,629	2,629	2,629	-	3,764	488	-
31 Professional Fees & Contract Payment	1,990,428	718	516	5,831	4,823	7,234	4,619	6,073	100	5,846	15,504	738
32 Supplies	1,230,244	-	-	4,909	4,530	4,195	4,651	4,262	217	2,165	8,790	-
33 Telephone & Telegraph	185,277	-	7	88	88	88	88	88	-	-	-	-
34 Postage & Shipping	1,920,910	-	246	1,178	1,178	1,203	1,178	1,286	-	3,938	1,185	-
35 Local Transportation	334,642	-	-	143	143	143	143	143	-	-	452	-
36 Outside Printing, Art Work, Etc.	507,660	257	-	1,350	1,350	1,325	1,350	1,350	-	1,285	2,802	-
37 Conferences, Conventions, Meetings	21,468	-	-	14	14	14	14	14	-	-	-	1,828
38 Subscriptions, Reference Publications	57,245	-	-	-	-	-	-	-	-	-	-	-
39 Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-
40 Awards and Grants	1,912,766	1,378	1,378	(195)	159	(90)	90	(43)	-	(35)	1,163	-
41 Equip., Furn. & Mtr. Veh.	-	-	-	-	-	-	-	-	-	-	-	-
43 Fund Raising	1,797,785	-	2,124	2,627	1,097	1,697	1,117	3,837	260	4,000	137	510
44 Other - Miscellaneous	-	4,275	4,239	23,930	18,570	22,162	17,916	23,282	286	32,016	40,063	4,868
Administrative Overhead Allocation	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSE	14,185,433	6,628	8,510	42,504	34,581	40,660	33,795	42,921	863	52,979	70,364	7,944

REPORT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2003

AGENCY NAME AND ADDRESS

RESOURCES FOR HUMAN DEVELOPMENT, INC.
4700 WISSAHICKSON AVENUE
PHILADELPHIA, PA 19144

SUBMIT TO

CITY OF PHILADELPHIA
DEPARTMENT OF HUMAN SERVICES
CHILDREN AND YOUTH AGENCY
PURCHASE OF SERVICES

OBJECTS OF EXPENSE	TOTAL CORPORATION	FH - NOW SERVICE COORDIN	WS - PHILA SERVICE COORDIN	NEWDIR VII	RESPIRE	NEWDIR IV	NEWDIR II	NEWDIR I	NEWDIR V	SUBACUTE	ACES	BRIGHT LIGHTS - NB
OCCUPANCY												
50 Office Rent	6,288,568	-	-	20,531	21,700	10,249	13,331	26,564	1,250	29,383	48,041	-
51 Bldg & Bldg Equipment Ins	1,458,927	-	-	6,040	6,056	6,220	5,908	6,496	-	7,575	4,394	-
52 Building & Ground Upkeep	3,158,279	-	-	4,997	4,152	5,009	2,910	4,968	-	5,587	8,582	-
53 Utilities	1,520,000	-	-	4,806	2,924	3,588	4,060	3,711	77	9,835	8,944	-
57 Other												
Janitorial & Maint. Serv Cont	289,429	-	-	110	60	38	-	521	-	63	-	-
Mortgage Interest/Taxes	715,330	-	-	-	-	-	-	-	-	-	-	-
62 TOTAL OCCUPANCY EXPENSE	13,430,533			36,464	34,882	25,104	26,209	42,250	1,327	52,443	69,961	
CHILDREN'S DIRECT EXPENSE												
63 Food or Board Payment	1,752,686	-	-	3,630	2,350	4,486	2,891	3,124	-	5,549	1,289	-
65 Clothing, cleaning & repairing	53,688	-	-	636	547	918	1,250	1,500	-	274	-	-
66 Activities: recreation, camp												
67 Personal Expenses	85,952	-	-	5	16	36	20	5	-	54	-	-
68 Transportation	276,710	-	314	925	464	1,094	471	828	-	942	14,172	-
69 Medical & Dental Fees & Supplies	165,155	-	-	178	124	-	49	-	-	117	-	-
70 Other												
75 TOTAL CHILDREN'S DIRECT EXP.	2,334,191		314	5,574	3,501	6,534	4,681	5,255		6,936	15,461	
81 GRAND TOTAL ALL EXPENSES	97,287,739	32,775	32,107	211,325	161,417	192,986	155,067	206,490	2,190	251,045	326,910	37,323
Property and equipment capitalized	(1,269,709)											
Depreciation and amortization expense	2,173,255											
Change in inventory costs capitalized	(281,794)											
Long term debt principal payments, net	(379,084)											
Cost of fixed assets sold	134,709											
Net change in deposits	(12,777)											
Self insurance administration	(740,163)											
Net capitalization of investments and advanc	(722,001)											
Murex Corp. and Murex Investments, Inc.	1,862,576											
Other costs capitalized	(26,489)											
Elimination of Antreach and New Foundation	(232,489)											
TOTAL CONSOLIDATED EXPENSES	97,793,775											
TOTAL DAYS OF CARE - ALL CHILDREN	N/A	N/A	N/A	857	512	1,040	550	912	-	980	N/A	N/A
TOTAL DAYS OF CARE - DHS CHILDREN	N/A	N/A	460	280	275	559	799	N/A	N/A	N/A	N/A	N/A
CAPACITY OF ALL FACILITIES	N/A	N/A	6	6	6	6	6	6	6	6	N/A	N/A

REPORT OF REVENUE BY
FUNCTIONAL PROGRAM
YEAR ENDED JUNE 30, 2003

AGENCY NAME AND ADDRESS
RESOURCES FOR HUMAN DEVELOPMENT, INC.
4700 WISSAHICKSON AVENUE
PHILADELPHIA, PA 19144

SUBMIT TO
CITY OF PHILADELPHIA
DEPARTMENT OF HUMAN SERVICES
CHILDREN AND YOUTH AGENCY
PURCHASE OF SERVICES

REPORT OF REVENUE BY FUNCTIONAL PROGRAM	TOTAL CORPORATION	FH - NOW SERVICE COORDIN	WS - PHILA SERVICE COORDIN	NEW DIR VII	RESPIRE	NEW DIR IV	NEW DIR II	NEW DIR I	SUBACUTE	ACES	BRIGHT LIGHTS - NB
60 FEDERAL GOVERNMENT	3,366,715										
61 TITLE I											
62 TITLE II											
63 TITLE XIX											
64 TITLE XX											
65 FEDERAL - OTHER	1,171,818										
71 PA STATE GOVT STATES - OTHER	15,801,142										
74 PHILA. DHS	798,811	32,110	32,774	55,971	32,323	39,355	12,837	70,510	187,092	327,339	8,500
76 OTHER COUNTIES											
MONTGOMERY COUNTY	9,288,398										
DELAWARE COUNTY	31,005										
CHESTER COUNTY	26,542										
LEHIGH COUNTY	669,513										
OTHER COUNTIES	7,384,113										
81 C.O.D.A.A.P.	197,023										
82 MR/MH-PHILADELPHIA	28,671,880			6,459	9,412			10,401			
83 OTHER PHILA											
OESS	2,815,266										
PIC	94,704										
ACT 152											
OHCD	454,805										
RDA	712,359										
MISCELLANEOUS	633,959										
78 MEDICAL ASSISTANCE /CBH/MAG	8,930,163			93,933	44,550	121,036		73,618	36,788		
88 RENTAL INCOME	1,124,428										
90 FOUNDATIONS/CORPORATIONS	508,739										
91 ORGANIZATIONS	446,640										
92 PROGRAM INCOME											
93 CLIENTS FEES	8,618,635										13,700
OTHER INCOME											
GRANTS/DONATIONS	163,953									860	27,997
SALES/FEES	2,026,763								4,204		
INTEREST	104,302										915
MISCELLANEOUS	304,792										
95 GRAND TOTAL	94,376,868	32,110	32,774	142,670	66,460	160,391	12,837	154,529	228,084	328,199	51,112

Murex Corp. and Murex Investments, Inc. 1,493,215
Net assets released from temporary restricti 1,959,302
TOTAL CONSOLIDATED EXPENSES 97,829,385

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF SOURCE AND STATUS OF FUNDS
CONTRACT NO. 03-20392
YEAR ENDED JUNE 30, 2003

	CDBG funds	HOME income	Other city funds	Noncity funds	Total
Total contract:	\$ 93,233	\$ 217,200	\$ 151,992	\$ -	\$ 462,425
Less:					
Funds drawn down - prior fiscal year	-	-	-	-	-
Funds drawn down - current year	93,193	211,878	146,791	-	451,862
Total funds drawn down	93,193	211,878	146,791	-	451,862
Funds still available for draw down	\$ 40	\$ 5,322	\$ 5,201	\$ -	\$ 10,563
Total funds drawn down	\$ 93,193	\$ 211,878	\$ 146,791	\$ -	\$ 451,862
Add:					
Program income	-	-	-	-	-
Total funds received	93,193	211,878	146,791	-	451,862
Less:					
Program income expended	-	-	-	-	-
Funds applied - prior fiscal year	-	-	-	-	-
Funds applied - current fiscal year	93,193	211,878	146,791	-	451,862
Total funds applied	93,193	211,878	146,791	-	451,862
Total funds due from funding source	\$ -	\$ -	\$ -	\$ -	\$ -
Total funds available for disposition	\$ 40	\$ 5,322	\$ 5,201	\$ -	\$ 10,563

RESOURCES FOR HUMAN DEVELOPMENT
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM INCOME
CONTRACT NO. 03-20392
YEAR ENDED JUNE 30, 2003

	<u>Sale proceeds</u>	<u>Rent collected</u>	<u>Total</u>
Program income (cumulative through June 30, 2001)	\$ -	\$ -	\$ -
Less program income expended in prior years	<u>-</u>	<u>-</u>	<u>-</u>
Beginning balance, July 1, 2002	-	-	-
Add program income received in current fiscal year	-	-	-
Less program income expended in current fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance, June 30, 2003	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES**

CONTRACT NO. 03-20392

YEAR ENDED JUNE 30, 2003

Contract categories	Project budget					Accrued expenditures prior to July 1, 2002		
	CBDG funds	HOME funds	Other city funds	Total funds	CBDG funds	HOME funds	Other city funds	Total funds
Direct personnel	\$ 31,067	-	\$ 114,264	\$ 145,331	\$ -	\$ -	\$ -	\$ -
Direct fringe benefits	7,469	-	28,728	36,197	-	-	-	-
Travel	3,950	-	-	3,950	-	-	-	-
Rental payments	-	217,200	-	217,200	-	-	-	-
Occupancy	21,675	-	-	21,675	-	-	-	-
Consumable supplies	7,644	-	-	7,644	-	-	-	-
Equipment rental/lease	1,977	-	-	1,977	-	-	-	-
Professional services	-	-	6,000	6,000	-	-	-	-
Program expenses	19,451	-	3,000	22,451	-	-	-	-
Operating subtotal	93,233	217,200	151,992	462,425	-	-	-	-
Audit costs	-	-	-	-	-	-	-	-
Contract total	\$ 93,233	\$ 217,200	\$ 151,992	\$ 462,425	\$ -	\$ -	\$ -	\$ -

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES (CONTINUED)**

**CONTRACT NO. 03-20392
YEAR ENDED JUNE 30, 2003**

Contract categories	Accrued expenditures July 1, 2002 to June 30, 2003				Accrued expenditures cumulative to June 30, 2003			
	CBDG funds	HOME funds	Other city funds	Total funds	CBDG funds	HOME funds	Other city funds	Total funds
Direct personnel	\$ 31,065	-	\$ 114,026	\$ 145,091	\$ 31,065	-	\$ 114,026	\$ 145,091
Direct fringe benefits	7,466	-	24,975	32,441	7,466	-	24,975	32,441
Travel	3,944	-	-	3,944	3,944	-	-	3,944
Rental payments	-	211,878	-	211,878	-	211,878	-	211,878
Occupancy	21,669	-	-	21,669	21,669	-	-	21,669
Consumable supplies	7,637	-	-	7,637	7,637	-	-	7,637
Equipment rental/lease	1,974	-	-	1,974	1,974	-	-	1,974
Professional services	-	-	5,162	5,162	-	-	5,162	5,162
Program expenses	19,438	-	2,628	22,066	19,438	-	2,628	22,066
Operating subtotal	93,193	211,878	146,791	451,862	93,193	211,878	146,791	451,862
Audit costs	-	-	-	-	-	-	-	-
Contract total	\$ 93,193	\$ 211,878	\$ 146,791	\$ 451,862	\$ 93,193	\$ 211,878	\$ 146,791	\$ 451,862

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
RECONCILIATION SCHEDULE
CONTRACT NO. 03-20392
YEAR ENDED JUNE 30, 2003

	Amount per audit report	Amount per June 30, 2003 subrecipient invoices	Differences
Contract amount	\$ 462,425	\$ 462,425	\$ -
Program cost			
Current year	451,862	451,862	-
Cumulative	451,862	451,862	-
Funds drawn down			
Current year	451,862	451,862	-
Cumulative	451,862	451,862	-
Balance of advance	\$ -	\$ -	\$ -

RESOURCES FOR HUMAN DEVELOPMENT, INC.
COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS
SCHEDULE OF FUNCTIONAL EXPENDITURES
BY CONTRACT/PROGRAM AND REVENUES BY FUNDING SOURCE
CONTRACT NO. 03-20004
YEAR ENDED JUNE 30, 2003

	New Start Contract No. 03-20004	Endow-a-Home Outpatient Services Contract No. 03-20004	Transitional Housing Contract No. 03-20004
Expenditures by cost center:			
Total personnel services	\$ -	\$ 47,128	\$ 397,463
Total operating expenses	52,000	-	226,405
Total fixed asests	-	15,702	-
Total expenditures by cost center	52,000	62,830	623,868
Funding sources:			
Client fees	-	-	46,758
City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse	-	-	103,000
Other	52,000	62,830	474,110
Total funding sources	52,000	62,830	623,868
Excess of expenditures over funding sources	\$ -	\$ -	\$ -

RESOURCES FOR HUMAN DEVELOPMENT, INC.
COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS
RECONCILIATION OF AGENCY-REPORTED TO AUDITED UNITS OF SERVICE
CONTRACT NO. 03-20004
YEAR ENDED JUNE 30, 2003

Type of service	Units of Service reported to CODAAP	Rate per Unit (1)	Reported total-fee- for-service	Unit Adjustments	Units per audit	Total fee-for- service per audit
Transitional living	2,593	\$ 41.68	\$ 108,071		2,593	\$ 108,071
Less client fees			<u>(5,071)</u>			<u>(5,071)</u>
			<u>\$ 103,000</u>			<u>\$ 103,000</u>

(1) Rate per unit is amount as approved in the contract agreement.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C2068
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$	12,496
Fringe benefits		2,420

Total personnel expenditures		14,916
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Operating:

Occupancy		1,482
Communications		107
Education/Program supplies		855
Printing		455
Other		-

Total operating expenditures		2,899
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Equipment:

Lease/rental		243
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Total equipment expenditures		243
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Total direct expenditures		18,058
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Administration		1,661
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Total expenditures		19,719
--------------------	--	--------

Program revenue

Net AACO funded expenditures	\$	19,719
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C2070
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$	8,583
Fringe benefits		1,659
		10,242
Total personnel expenditures		10,242

Operating:

Occupancy		1,482
Communications		85
Education/Program supplies		581
Printing		365
Other		1,060
		3,573
Total operating expenditures		3,573

Equipment:

Lease/rental		243
		243
Total equipment expenditures		243

Total direct expenditures		14,058
---------------------------	--	--------

Administration		1,293
		1,293

Total expenditures		15,351
--------------------	--	--------

Program revenue

		-
		-
Net AACO funded expenditures	\$	15,351

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C2071
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$ 8,253
Fringe benefits	1,598
	9,851
Total personnel expenditures	9,851

Operating:

Occupancy	1,481
Communications	107
Education/Program supplies	643
Printing	487
Other	750
	3,468
Total operating expenditures	3,468

Equipment:

Lease/rental	243
	243
Total equipment expenditures	243

Total direct expenditures	13,562
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Administration	1,246
	1,246

Total expenditures	14,808
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<u>Program revenue</u>	-
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Net AACO funded expenditures	\$ 14,808
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C2072
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$ 5,446
Fringe benefits	902
	6,348

Total personnel expenditures	6,348
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Operating:

Occupancy	1,482
Communications	107
Education/Program supplies	1,097
Printing	487
Other	1,229
	4,402

Total operating expenditures	4,402
------------------------------	-------

Equipment:

Lease/rental	243
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Total equipment expenditures	243
------------------------------	-----

Total direct expenditures	10,993
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Administration	1,010
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Total expenditures	12,003
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<u>Program revenue</u>	-
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Net AACO funded expenditures	\$ 12,003
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C3068
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$ 10,892
Fringe benefits	2,183

Total personnel expenditures	13,075
------------------------------	--------

Operating:

Occupancy	3,127
Communications	255
Education/Program supplies	-
Printing	376
Other	137

Total operating expenditures	3,895
------------------------------	-------

Equipment:

Lease/rental	225
Purchases	321

Total equipment expenditures	546
------------------------------	-----

Total direct expenditures	17,516
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Administration	1,611
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Total expenditures	19,127
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<u>Program revenue</u>	-
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Net AACO funded expenditures	\$ 19,127
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C3070
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$ 8,316
Fringe benefits	1,694

Total personnel expenditures	10,010
------------------------------	--------

Operating:

Occupancy	2,705
Communications	256
Education/Program supplies	260
Printing	376
Other	390

Total operating expenditures	3,987
------------------------------	-------

Equipment:

Lease/rental	225
Purchases	321

Total equipment expenditures	546
------------------------------	-----

Total direct expenditures	14,543
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Administration

	1,337
--	-------

Total expenditures	15,880
--------------------	--------

Program revenue

	-
--	---

Net AACO funded expenditures

	\$ 15,880
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C3071
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$ 8,991
Fringe benefits	1,829

Total personnel expenditures	10,820
------------------------------	--------

Operating:

Occupancy	1,923
Communications	255
Education/Program supplies	257
Printing	376
Other	436

Total operating expenditures	3,247
------------------------------	-------

Equipment:

Lease/rental	225
Purchases	321

Total equipment expenditures	546
------------------------------	-----

Total direct expenditures	14,613
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Administration	1,344
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Total expenditures	15,957
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<u>Program revenue</u>	-
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Net AACO funded expenditures	\$ 15,957
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C3072
YEAR ENDED JUNE 30, 2003

Expenditures:

Personnel:

Salaries	\$ 7,680
Fringe benefits	1,550

Total personnel expenditures	9,230
------------------------------	-------

Operating:

Occupancy	381
Communications	255
Education/Program supplies	497
Printing	375
Other	419

Total operating expenditures	1,927
------------------------------	-------

Equipment:

Lease/rental	225
Purchases	321

Total equipment expenditures	546
------------------------------	-----

Total direct expenditures	11,703
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Administration	1,076
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Total expenditures	12,779
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<u>Program revenue</u>	-
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Net AACO funded expenditures	\$ 12,779
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**RESOURCES FOR HUMAN DEVELOPMENT, INC.
CARBON-MONROE-PIKE COUNTIES MH/MR
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2003**

	Residential Crisis	Telephone Crisis	Mobile Crisis	Consumer Satisfaction Team	OARS (Community Services)	Community Connections (Social Rehab)	HUD Supportive Housing (a)
Revenue:							
Fee for Service - State Match, Non FFP, and Behavioral Health	\$ 323,569	\$ 25,473	\$ 104,485	\$ -	\$ -	\$ -	\$ -
Retained Revenue Request	-	-	-	451	-	22,035	-
Use of Prior Years Retained Revenue	-	6,115	-	-	-	-	-
Food Pantry Grant	6,111	-	-	-	-	-	-
Federal FFP	111,651	6,804	24,040	-	-	-	-
County Support (HUD Program)	-	-	-	-	-	-	50,000
HUD Funds	-	-	-	-	-	-	146,169
Program Funding	-	177,860	-	29,849	175,000	87,965	-
Other Income (CR client rent)	-	-	-	-	-	-	2,237
Total Revenue	441,331	216,252	128,525	30,300	175,000	110,000	198,406

Expenses:							
Salaries & Wages	269,282	145,335	57,546	13,813	99,568	45,625	116,939
Taxes/Benefits	71,392	32,150	9,761	2,799	22,077	12,156	28,492
Staff Development	441	780	110	238	606	259	916
Purchased Personnel & Services	35,033	9,765	2,527	13	563	2,193	783
Rent	13,137	11,804	2,885	1,616	5,697	3,212	10,261
Utilities	4,310	3,447	948	219	789	694	1,094
Insurance-Building & Contents	342	29	-	29	127	89	1,263
Insurance-Service	5,543	2,931	1,731	369	2,133	1,341	2,179
Housekeeping/Moving Costs	1,474	1,232	324	175	952	445	2,873
Communications	6,452	6,784	2,885	1,076	8,548	3,609	5,993
Office/Computer Supplies	1,678	2,643	420	1,850	5,470	2,027	5,358
Medical Supplies	365	-	23	73	-	66	165
Food	14,832	-	-	-	75	57	221
Rehabilitation Supplies	823	-	-	-	924	364	(460)
Household Goods	1,608	1,254	354	-	-	-	978

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CARBON-MONROE-PIKE COUNTIES MH/MR
SCHEDULE OF REVENUES AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2003

	Residential Crisis	Telephone Crisis	Mobile Crisis	Consumer Satisfaction Team	OARS (Community Services)	Community Connections (Social Rehab)	HUD Supportive Housing (a)
Expenses (continued):							
Staff Travel	643	1,113	652	2,275	250	361	388
Client Transportation	-	-	-	-	-	-	225
Miscellaneous Operating	213	138	197	28	981	53	1,608
Equipment and Furnishings-Large	96	184	24	2,277	2,280	1,675	3,302
Equipment and Furnishings-Small	9	14	2	241	657	163	572
Building Repair & Maintenance	1,649	1,416	363	9	187	-	695
Equipment Repair & Maintenance	1,207	1,850	302	36	598	89	139
Motor Vehicle Expense	2,126	200	2,763	-	265	574	2,957
Motor Vehicle Insurance	3,593	-	2,737	-	6,345	4,916	6,795
Total Direct Expenses	436,248	223,069	86,554	27,136	159,092	79,968	193,736
Administrative Overhead	43,625	22,307	8,656	2,714	15,909	7,997	4,669
Total Expenses	479,873	245,376	95,210	29,850	175,001	87,965	198,405
Support and revenue (under)/over expenses	\$ (38,542)	\$ (29,124)	\$ 33,315	\$ 450	\$ (1)	\$ 22,035	\$ 1

REQUEST FOR RETAINED REVENUE

UOS PROVIDED	5,079	3,218	4,666	N/A	N/A	22,035	N/A
(b) NET UNIT RATE	\$63.71	\$65.09	\$22.39	N/A	N/A		N/A
(c) GROSS UNIT RATE	\$94.48	\$76.25	\$20.41	N/A	N/A		N/A

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CARBON-MONROE-PIKE COUNTIES MH/MR
SCHEDULE OF UNITS OF SERVICE (UOS)
PROVIDER NO. RES 110
YEAR ENDED JUNE 30, 2003

Type of Service	MA UOS	FFP \$	MA Dollars		Total \$	Non-MA UOS	Non-MA Dollars	Total UOS	Total Dollars
			Match \$	Total \$					
Residential Crisis Established rate:	2,383	\$111,651	\$92,549	\$204,200	2,696	\$231,020	5,079	\$435,220	
Telephone Crisis Established rate:	1,240	\$6,804	\$5,633	\$12,437	1,978	\$19,839	3,218	\$32,276	
Team Mobile Crisis Established rate:	1,185	\$19,443	\$16,119	\$35,562	2,237	\$67,132	3,422	\$102,694	
Individual Mobile Crisis Established rate:	369	\$4,036	\$3,344	\$7,380	847	\$16,940	1,216	\$24,320	
Medical Mobile Crisis Established rate:	19	\$561	\$464	\$1,025	9	\$486	28	\$1,511	

(1) Established rate set by the State.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF INCOME - MONTGOMERY COUNTY FUNDED PROGRAMS
YEAR ENDED JUNE 30, 2003

Program:	Montco Prog Fund	Montco FFS	Montco Other	Medical Assistance	Other Co/State	Private Insurance	Prog Fee/ Client Fee	Grants/ Donations	Misc Income	Total Revenue
Mental Health										
LMCS - MH Outpatient	\$ 135,202	\$ -	\$ -	\$ 18,967	\$ 251	\$ 92,210	\$ 104,456	\$ 35,198	\$ -	\$ 386,284
LMCS - Student Assistance	21,870	-	-	-	-	-	-	-	-	21,870
PIC - MH TASC	-	37,590	-	-	-	-	-	-	-	37,590
Consultants in Context	-	146,000	-	-	-	-	-	-	-	146,000
Renaissance	-	680,353	-	-	-	-	92,689	-	-	773,042
New Foundations	-	690,453	-	-	-	-	183,795	-	-	874,248
Wellspring	-	342,910	-	-	-	-	75,305	100	-	418,315
New Options	-	1,012,316	-	-	-	-	91,328	-	3,725	1,107,369
Positive Resolutions	1,459,152	-	-	-	-	-	69,109	-	-	1,528,261
Compeer	50,000	-	175	-	-	-	65	75,821	-	126,061
Family Support Services	6,034	-	-	-	-	-	-	-	-	6,034
Recruitment & Retention	33,628	-	-	-	-	-	-	-	-	33,628
Subtotal Mental Health	1,705,886	2,909,622	175	18,967	251	92,210	616,747	111,119	3,725	5,458,702
Drug & Alcohol										
LMCS - D&A Outpatient	-	4,816	-	511	-	343	385	-	-	6,055
LMCS - Student Assistance	-	1,125	-	-	-	-	-	-	-	1,125
PIC - D&A Outpatient	-	113,094	228,540	33,394	-	3,168	59,100	540	47	437,883
PIC - Pottstown	-	16,659	90,000	6,234	-	(688)	8,412	-	21	120,638
PIC - D&A TASC	-	63,080	-	-	-	-	500	-	-	63,580
PIC - Continuity	-	45,000	21,540	-	-	-	20	-	-	66,560
PIC - Dually Diagnosed	-	-	-	-	-	-	-	-	-	-
PIC - D&A Case Management	213,009	-	-	-	-	-	-	-	-	213,009
PIC - Sexual Offenders	-	1,235	10,012	495	-	(830)	18,097	-	-	29,009
PIC - Willow Grove	117,579	(579)	-	32,357	-	(45)	41,377	100	825	191,614
MC Methadone Center	-	548,463	-	-	(1,394)	-	487,008	-	21	1,034,098
Monte Hospital Prenatal	72,461	-	-	-	-	-	-	-	-	72,461
WomanSpace	-	2,018	-	353,721	-	-	3,936	80	7,004	366,759
Family House	12,465	31,914	-	338,627	-	-	5,867	252	843	389,968
Subtotal Drug & Alcohol	415,514	826,825	350,092	765,339	(1,394)	1,948	624,702	972	8,761	2,992,759
Mental Retardation										
RSS	-	2,170,980	(9,921)	-	-	3,417	156,530	-	10,813	2,331,819
LM Vocational Training	-	687,070	-	-	11,896	-	113,478	139	17,771	830,354
Lower Merion Industries	-	-	-	-	-	-	14,079	-	-	14,079
Family Support Services	90,791	-	-	-	-	-	-	-	-	90,791
Recruitment & Retention	12,226	-	-	-	-	-	-	-	-	12,226
Subtotal Mental Retardation	90,791	2,858,050	(9,921)	-	11,896	3,417	284,087	139	28,584	3,267,043
TOTAL PROGRAM REVENUE	\$ 2,212,191	\$ 6,594,497	\$ 340,346	\$ 784,306	\$ 10,753	\$ 97,575	\$ 1,525,536	\$ 112,230	\$ 41,070	\$ 11,718,504

RESOURCES FOR HUMAN DEVELOPMENT, INC.
FAMILY HOUSE AND WOMANSPACE
SCHEDULE OF PROGRAM UNITS OF SERVICE
YEAR ENDED JUNE 30, 2003

Program	Units of Service reported	Rate per Unit (1)	Reported total-fee- for-service	Total audited fee-for service	Total billed fee-for services	Difference
Family House - Norristown	274	\$ 162	\$ 44,379	\$ 44,379	\$ 44,379	\$ -
	2,385	\$ 142	338,627	338,627	338,627	-
	-	\$ 61	-	-	-	-
	-	Misc	N/A	6,962	N/A	-
Total	<u>2,659</u>		<u>\$ 383,006</u>	<u>\$ 389,968</u>	<u>\$ 383,006</u>	<u>\$ -</u>
Womanspace	3,289	\$ 110	\$ 361,816	\$ 361,816	\$ 361,816	\$ -
	-	Misc	N/A	4,325	N/A	-
Total	<u>3,289</u>		<u>\$ 361,816</u>	<u>\$ 366,141</u>	<u>\$ 361,816</u>	<u>\$ -</u>

(1) Rate per unit is amount as approved in the contract agreement.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NORTHAMPTON COUNTY MH PROGRAMS
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2003

	Hope House	Hope House Outpatient Services	Hope Springs Almond Road	Hope Springs Friedens Road	LVACT	Flexible Funds
Revenue:						
FFS Revenue	\$ 200,008	\$ 58,474	\$ -	\$ -	\$ 144,947	\$ -
Recruitment and Retention Room, Board	14,625	-	7,133	6,681	-	-
Request for Retained Revenue	-	-	13,941	13,626	-	-
Use of Prior Years' Retained Revenue	8,307	-	6,829	6,829	4,336	-
Other Income: Escrow Refund (Almond), Miscellaneous	9,374	-	42	-	-	-
Program Funding	4,569	-	375	-	2,986	-
Total Revenue	236,883	58,474	263,114	213,736	152,519	104,356
Expenses:						
Salaries & Wages	308,220	19,980	145,260	134,354	610,841	-
Social Security	24,152	1,528	11,475	10,384	48,002	-
Other Benefits	49,263	767	26,166	25,186	91,059	-
Staff Development	906	-	416	489	10,038	-
Purchased Personnel & Services	15,962	-	4,450	5,516	108,221	-
On-Site Psychiatric	-	29,934	-	-	-	-
Rent	8,999	-	6,641	7,643	50,016	84,442
Utilities	6,867	-	2,524	2,374	229	-
Insurance-Contents	379	-	161	161	372	-
Insurance-Service	6,700	-	2,761	2,761	15,126	-
Housekeeping	3,537	-	3,612	1,325	221	2,437
Communications	9,609	-	3,916	3,470	27,293	-
Office/Computer Supplies	4,509	-	1,598	1,091	6,539	-
Medical Supplies	752	-	217	116	151	274
Medications	317	-	-	-	-	3,624
Clothing	-	-	-	-	-	737
Food	10,612	-	4,084	5,354	-	3,451
Rehabilitation Supplies	1,504	-	778	635	-	4,692
Recreation	486	-	243	239	-	-
Household Goods	4,127	-	2,213	2,230	-	483

RESOURCES FOR HUMAN DEVELOPMENT, INC.
 NORTHAMPTON COUNTY MH PROGRAMS
 SCHEDULE OF REVENUES AND EXPENSES (CONTINUED)
 YEAR ENDED JUNE 30, 2003

	Hope House	Hope House Outpatient Services	Hope Springs Almond Road	Hope Springs Friedens Road	LVACT	Flexible Funds
Expenses (continued):						
Staff Travel	611	-	581	654	52,166	-
Client Transportation	-	-	-	-	-	1,303
Library	221	-	47	29	288	-
Miscellaneous Operating	443	-	213	283	989	600
Purchased Residential	-	-	-	-	2,729	-
Equipment and Furnishings-Large	2,090	-	85	85	6,643	-
Equipment and Furnishings-Small	3,251	-	843	730	1,992	648
Building Repair & Maintenance	2,863	-	6,035	257	349	-
Equipment Repair & Maint. Contracts	1,601	-	491	535	1,846	-
Motor Vehicle Expense	1,031	-	1,120	1,077	2,841	-
Motor Vehicle Repairs/Supplies	94	-	450	505	4,625	-
Motor Vehicle Insurance	3,222	-	3,207	2,193	7,260	-
Total Direct Expenses	472,328	52,209	229,587	209,676	1,049,836	102,691
Administrative Overhead	54,376	6,265	26,695	24,360	125,879	-
Total Expenses	526,704	58,474	256,282	234,036	1,175,715	102,691
Support and revenue over/(under) expenses	\$ (289,821)	\$ -	\$ (6,832)	\$ (6,836)	\$ (1,023,196)	\$ 1,665
Request for retained reveue	\$ 8,307	\$ -	\$ 6,829	\$ 6,829	\$ 4,336	\$ -

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
NORTHAMPTON COUNTY MR PROGRAMS
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2003**

	<u>On Our Way</u>
Revenue:	
Northampton County MR	\$ 446,698
Children & Youth	130,456
Room, Board	797
Retained Revenue Request	110
Total Revenue	<u>578,061</u>
Expenses:	
Salaries & Wages	322,993
Social Security	24,709
Other Benefits	53,020
Staff Development	4,075
Purchased Personnel & Services	5,867
Rent	23,565
Utilities	3,975
Insurance-Building & Contents	40
Housekeeping	3,732
Communications	4,078
Office/Computer Supplies	1,041
Computer Services	35
Copy Machine Lease	185
Medical Supplies	813
Food	7,085
Rehabilitation Supplies	6,478
Recreation	381
Household Goods	15,918
Staff Travel	1,562
Library	6
Miscellaneous Operating	488
Equipment and Furnishings-Large	317
Equipment and Furnishings-Small	21,168
Building Repair & Maintenance	8,522
Equipment Repair & Maint. Contracts	561
Motor Vehicle Lease/Purchase	2,956
Motor Vehicle Expense	1,318
Motor Vehicle Repairs/Supplies	748
Motor Vehicle Insurance	392
Total Direct Expenses	<u>516,028</u>
Administrative Overhead	61,923
Total Expenses	<u>577,951</u>
Support and revenue over/(under) expenses	<u>\$ 110</u>
Request for retained revenue	<u>\$ 110</u>

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
NORTHAMPTON COUNTY MR PROGRAMS
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2003**

	Trisha	Karoly	Highland	O N O U R O W N					Milton	Ackermanville	Family Living	Total On Our Own
				Somerset	Hanoverville							
Revenue:												
Northampton County MR	\$ 478,794	\$ 496,448	\$ 408,370	\$ 488,372	\$ 263,163	\$ 457,028	\$ 503,669	\$ 27,519	\$ 3,123,363			
Recruitment & Retention	7,652	8,355	6,853	7,546	3,667	6,878	22,659	-	63,610			
Room, Board	14,914	19,827	14,822	9,603	4,976	14,320	9,212	2,339	90,013			
Other Income	38	448	1,500	-	-	-	-	-	1,986			
Retained Revenue Request	11,410	-	-	-	-	-	-	-	11,410			
Total revenue	512,808	525,078	431,545	505,521	271,806	478,226	535,540	29,858	3,290,382			
Expenses:												
Salaries & Wages	292,508	318,280	244,372	287,949	147,163	278,326	317,528	8,012	1,894,138			
Social Security	22,377	24,348	18,694	22,028	11,258	21,292	24,291	613	144,901			
Other Benefits	58,033	57,614	50,227	56,528	27,591	54,382	53,545	1,013	358,933			
Staff Development	1,741	1,615	1,390	1,168	447	1,707	1,315	107	9,490			
Purchased Personnel & Services	599	871	600	5,118	5,068	597	780	14,434	28,067			
Rent	14,617	14,654	16,061	20,672	13,597	19,695	21,089	(34)	120,351			
Utilities	5,740	4,194	4,888	5,392	3,102	4,483	2,792	4	30,595			
Insurance-Building & Contents	372	374	368	276	257	278	326	2	2,253			
Insurance-Service	5,212	5,537	4,739	5,952	2,947	4,993	5,979	-	35,359			
Housekeeping	1,537	2,811	4,898	2,997	2,217	3,654	3,636	219	21,969			
Communications	4,696	3,801	4,053	5,264	2,888	5,039	6,138	80	31,959			
Office/Computer Supplies	684	1,006	1,579	4,856	677	659	934	18	10,413			
Computer Services	234	226	196	481	98	376	264	1	1,876			
Copy Machine Lease	526	599	513	599	264	542	686	7	3,736			
Medical Supplies	1,230	705	266	1,528	122	351	247	148	4,597			
Food	11,346	13,588	10,038	7,494	5,004	10,077	9,340	-	66,887			
Rehabilitation Supplies	2,241	1,501	3,066	4,882	888	2,734	2,222	171	17,705			
Recreation	234	318	441	241	269	441	440	-	2,384			
Household Goods	3,641	4,496	2,425	3,526	2,626	2,309	2,983	64	22,070			

RESOURCES FOR HUMAN DEVELOPMENT, INC.
 NORTHAMPTON COUNTY MR PROGRAMS
 SCHEDULE OF REVENUES AND EXPENSES (CONTINUED)
 YEAR ENDED JUNE 30, 2003

	Trisha	Karoly	ON OUR OWN					Family Living	Total On Our Own
			Highland	Somerset	Hanoverville	Milton	Ackermanville		
Expenses (continued):									
Staff Travel	2,260	1,423	993	1,696	215	2,124	2,207	11,095	
Library	5	5	32	5	48	5	5	105	
Miscellaneous Operating	668	748	668	626	115	155	466	3,530	
Equipment and Furnishings-Large	75	84	70	84	35	78	93	521	
Equipment and Furnishings-Small	1,201	2,372	928	1,525	67	1,279	548	8,196	
Building Repair & Maintenance	241	143	5,209	519	824	270	4,495	11,701	
Equipment Repair & Maint. Contracts	740	500	330	1,404	192	1,143	747	5,056	
Motor Vehicle Lease/Purchase	5,143	-	-	4,959	8,173	5,143	5,508	28,926	
Motor Vehicle Expense	4,124	1,884	3,018	1,527	1,649	1,761	3,649	17,965	
Motor Vehicle Repairs/Supplies	633	1,077	944	215	3,252	1,174	5,017	13,121	
Motor Vehicle Insurance	5,837	4,941	5,038	2,656	2,020	2,656	3,320	26,566	
Total Direct Expenses	448,495	469,715	386,044	452,167	243,073	427,723	480,590	2,934,465	
Administrative Overhead	52,901	55,363	45,503	53,354	28,729	50,502	54,952	344,503	
Total Expenses	501,396	525,078	431,547	505,521	271,802	478,225	535,542	3,278,968	
Support and revenue over/(under) expenses	\$ 11,412	\$ -	\$ (2)	\$ -	\$ 4	\$ 1	\$ (2)	\$ 11,414	
REQUEST FOR RETAINED REVENUE	\$ 11,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,410	
UOS PROVIDED	1,092	1,437	1,080	754	365	1,069	686	338	
NET UNIT RATE	\$445.46	\$351.29	\$384.47	\$657.72	\$731.04	\$433.96	\$767.24	\$81.42	



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

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

We have audited the consolidated financial statements of Resources for Human Development, Inc. and subsidiaries (the Organization) as of and for the year ended June 30, 2003, and have issued our report thereon dated January 19, 2004. We conducted our audit in accordance with 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the consolidated financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 03-1.

A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the consolidated financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Organization in a separate letter dated January 19, 2004.

This report is intended solely for the information and use of the Board of Directors, management and various federal and state funding agencies, pass-through entities, City of Philadelphia, and the Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shechtman, Marks, Devon & Etakovitz, P.C.

Philadelphia, PA
January 19, 2004



SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Resources for Human Development, Inc. (the Organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2003. The Organization's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the City of Philadelphia Subrecipient Audit Guide. Those standards and OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Organization's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-02 to 03-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal, State and City Awards

We have audited the consolidated financial statements of Resources for Human Development, Inc. and subsidiaries as of and for the year ended June 30, 2003, and have issued our report thereon dated January 19, 2004. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of Federal, state and city awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management and various Federal and state funding agencies, pass-through entities, City of Philadelphia, and the Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shechtman, Marks, Devor & Etakovitz, P.C.

Philadelphia, PA
January 19, 2004

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
Federal Financial Assistance					
<u>U.S. Department of Agriculture</u>					
Pass-through Philadelphia Office of Emergency Shelter Services	10.569	03-20361	07/01/02 - 06/30/03	\$ 18,500	-
Pass-through Philadelphia Workforce Development Corporation Work Opportunities	10.561	090-02-811-1	07/01/02 - 06/30/03	<u>5,628</u>	-
Total U.S. Department of Agriculture				<u>24,128</u>	
<u>U.S. Department of Education</u>					
Pass-through Commonwealth of Massachusetts Department of Education	84.027	SCDOE52003005050	07/01/02 - 06/30/03	49,514	-
Pass-through Pennsylvania Department of Public Welfare/ Philadelphia Department of Public Health Office of Mental Health/Mental Retardation	84.181	03-20019	07/01/02 - 06/30/03	<u>94,226</u>	-
Total U.S. Department of Education				<u>143,740</u>	

See 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, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
<u>U.S. Department of Health and Human Services</u>					
Abbottsford/Schuylkill Falls	93.927	3H1B CS 00047-11	09/01/01 - 08/31/03	300,000	-
Abbottsford/Schuylkill Falls	93.778	3H1B CS 00047-11	09/01/01 - 08/31/03	547,268	-
Pass-through Carbon Monroe Pike Community Service (Oars Program)	93.958	N/A	07/01/02 - 06/30/03	175,000	-
<u>Pass-through Florida Department of Children and Families</u>					
Developmental Services Program					
Districts One, Two & Seven	93.645	MWA10	07/01/02 - 06/30/03	53	-
Districts One, Two & Seven	93.667	MWA10	07/01/02 - 06/30/03	72,312	-
Districts One, Two & Seven	93.671	MWA10	07/01/02 - 06/30/03	1,959,026	-
Districts One, Two & Seven	93.778	MWA10	07/01/02 - 06/30/03	953,039	-
<u>Pass-through Louisiana</u>					
Family House	93.230	1H79TI12730-01	10/01/01 - 09/30/02	55,087	-
Family House	93.230	5H79TI12730-02	10/01/02 - 09/30/03	103,449	-
<u>Pass-through Pennsylvania Department of Health</u>					
Allegheny County - Community Passages	93.778	45921	07/01/02 - 06/30/03	813,786	-
<u>Pass-through Pennsylvania Department of Health/</u>					
Family Planning Council					
Abbottsford/Schuylkill Falls	93.994	23901	07/01/02 - 06/30/03	1,720	-

See 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, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
Pass-through Pennsylvania Department of Public Welfare Community Connections	93.558	ME01134058	07/01/02 - 06/30/03	16,484	-
Community Connections	93.558	ME01134009	07/01/02 - 06/30/03	238,443	-
RARE-2	93.558	ME01134089	11/01/01 - 10/31/02	126,129	-
RARE-3	93.558	ME01134089	11/01/02 - 10/31/03	259,596	-
Pass-through Pennsylvania Department of Public Welfare/ Development Disabilities Planning Council					
Parents Exchange	93.630	91490022	01/01/02 - 12/31/03	27,252	-
Parents Resource	93.630	91490020	01/01/02 - 12/31/03	97,746	-
Pass-through Pennsylvania Department of Public Welfare/ Family Planning Council					
	93.667	23901	07/01/02 - 06/30/03	4,945	-
Pass-through Pennsylvania Department of Public Welfare/ Philadelphia Department of Public Health					
AACO - HIV Prevention Project	93.940	02-20957	01/01/03 - 12/31/03	64,942	-
AACO - HIV Prevention Project	93.940	03-20714	01/01/03 - 06/30/03	64,943	-
CODAAP - Endow - A - Home	93.959	03-20319	07/01/02 - 06/30/03	62,830	-
Office of Mental Health/Mental Retardation	93.150	03-20008	07/01/02 - 06/30/03	28,345	-
Office of Mental Health/Mental Retardation	93.778	03-20019	07/01/02 - 06/30/03	2,899,884	-
Office of Mental Health/Mental Retardation	93.667	03-20019	07/01/02 - 06/30/03	18,337	-

See 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, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
Pass-through Pennsylvania Department of Public Welfare/ Various Counties					
Montgomery County - D&A	93.959	N/A	07/01/02 - 06/30/03	546,546	-
Montgomery County - D&A	93.667	N/A	07/01/02 - 06/30/03	3,572	-
Montgomery County - MH	93.003	N/A	07/01/02 - 06/30/03	14,000	-
Montgomery County - MR	93.667	N/A	07/01/02 - 06/30/03	79,323	-
Montgomery County - MR	93.778	N/A	07/01/02 - 06/30/03	1,069,837	-
Northampton County - MR	93.778	ME6300120207	07/01/02 - 06/30/03	1,933,578	-
Pass-through Philadelphia Department of Human Services ACES New Directions	93.558	02-20545-01	07/01/02 - 06/30/03	301,151	-
	93.558	02-20295-01	07/01/02 - 06/30/03	383,909	-
Pass-through Philadelphia Department of Human Services/ Family Planning Council Abbottsford/Schuycill Falls	93.217	23901	07/01/02 - 06/30/03	7,095	-
Pass-through Philadelphia Workforce Development Corporation Work Opportunities	93.558	090-02-814-1	07/01/02 - 06/30/03	27,200	-
Total U.S. Department of Health and Human Services				<u>13,256,827</u>	

See 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, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
<u>U.S. Department of Housing and Urban Development</u>					
AHAD	14.235	PA01B00-0006	07/01/02 - 06/30/03	329,136	-
Chester Youthbuild	14.235	Y01IMPA-0118	07/01/02 - 06/30/03	257,570	-
Crossroads	14.235	PA01B90-9001	07/01/02 - 06/30/03	611,074	-
Family House Now	14.235	PA01B90-9008	07/01/02 - 06/30/03	675,984	-
SALT	14.235	PA01B90-0017	07/01/02 - 06/30/03	271,189	-
Supportive Housing - Womanspace	14.235	PA01B00-0015	07/01/02 - 06/30/03	335,030	-
Pass-through 1260 Housing Development Corporation					
Families in Transition	14.235	PA26B95-0671	07/01/02 - 06/30/03	190,830	-
Families in Transition	14.235	PA01B10-0007	07/01/02 - 06/30/03	232,653	-
Pass-through Chester Economic Development Authority					
Chester Youthbuild	14.218	N/A	07/01/02 - 06/30/03	30,000	-
Pass-through Louisiana					
Pathways SALT Program	14.235	LA48B10-3016	04/01/02 - 03/31/03	349,456	-
Project Reach	14.235	LA48B00-3028	10/01/01 - 09/30/02	23,550	-
Project Reach	14.235	LA48B10-3015	10/01/02 - 09/30/03	50,584	-
Project Renewal	14.235	LA48B00-3011	10/01/01 - 09/30/02	52,888	-
Project Renewal	14.235	LA48B10-3002	10/01/02 - 09/30/03	91,222	-
Voyage House	14.235	LA48B00-3023	09/01/02 - 08/31/03	178,050	-

See 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, 2003**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
Pass-through Lower Merion Department of Planning and Community Development					
Lower Merion Counseling Services	14.218	B-02-MC-42-0011	07/01/02 - 06/30/03	52,334	-
Pass-through Montgomery County Department of Housing and Community Development					
Family House	14.218	B-00-03-212	10/01/02 - 09/30/03	54,995	-
Pass-through Philadelphia Office of Emergency Shelter Services					
Ridge Shelter & Phoenix Case Management	14.231	03-20361	07/01/02 - 06/30/03	187,458	-
Ridge Shelter & Phoenix Case Management	14.235	03-20361	07/01/02 - 06/30/03	70,026	-
Pass-through Philadelphia Office of Housing and Community Development					
Families in Transition	14.218	03-20392	07/01/02 - 06/30/03	55,136	-
Families in Transition	14.239	03-20480	07/01/02 - 06/30/03	140,949	-
Total U.S. Department of Housing and Urban Development				<u>4,240,114</u>	
<u>U.S. Department of Justice</u>					
Pass-through Louisiana					
Louisiana Commission on Law Enforcement	16.575	C00-7-021	04/01/01 - 03/31/02	16,598	-
Total U.S. Department of Justice				<u>16,598</u>	

See 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, 2003**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
<u>U.S. Department of Labor</u>					
Pass-through Philadelphia Office of Emergency Shelter Services					
Ridge Shelter & Phoenix Case Management	17.250	03-20361	07/01/02 - 06/30/03	40,407	-
Pass-through Philadelphia Workforce Development Corporation					
Work Opportunities	17.258	090-02-300-1	07/01/02 - 06/30/03	105,171	-
Work Opportunities	17.260	090-02-400-1	07/01/02 - 06/30/03	6,713	-
Total U.S. Department of Labor				<u>152,291</u>	
<u>U.S. Environmental Protection Agency</u>					
Regional Nursing Center Consortium	66.606	X-983307-01-03	12/01/00 - 11/30/02	35,332	-
Regional Nursing Center Consortium	66.609	CH-983400-01-1	05/01/01 - 10/31/02	8,623	-
Total U.S. Environmental Protection Agency				<u>43,955</u>	
Total Federal Financial Assistance				<u><u>17,877,653</u></u>	

See 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, 2003

<u>Summary of Federal Financial Assistance by CFDA</u>	
10.561- State Administrative Matching Grants for Food Stamp Program	5,628
10.569- Emergency Food Assistance Program	18,500
14.218- Community Development Block Grants	192,465
14.231- Emergency Shelter Grants Program	187,458
14.235- Supportive Housing Program	3,719,242
14.239- HOME Investment Partnerships Program	140,949
16.575- Crime Victim Assistance	16,598
17.250- Job Training Partnership Act	40,407
17.258- WIA Adult Program	105,171
17.260- WIA Dislocated Workers	6,713
66.606- Surveys, Studies, Investigations and Special Purpose Grants	35,332
66.609- Protection of Children and the Aging as a Fundamental Goal of Public Health and Environmental Protection	8,623
84.027- Special Education Grants to States	49,514
84.181- Special Education- Grants for Infants and Families with Disabilities	94,226
93.003- Public Health and Social Services Emergency Fund	14,000
93.150- Projects for Assistance in Transition from Homelessness	28,345
93.217- Family Planning - Services	7,095
93.230- Consolidated Knowledge Development and Application Program	158,536
93.558- Temporary Assistance for Needy Families	1,352,912
93.630- Developmental Disabilities Basic Support and Advocacy Grants	124,998
93.645- Child Welfare Services State Grants	53
93.667- Social Services Block Grant	178,489
93.671- Family Violence Prevention and Services/Grants for Battered Women's Shelters	1,959,026
93.778- Medical Assistance Program	8,217,392
93.927- Health Center Grants for Residents of Public Housing	300,000
93.940- HIV Prevention Activities: Health Department Based	129,885
93.958- Block Grants for Community Mental Health Services	175,000
93.959- Block Grants for Prevention and Treatment of Substance Abuse	609,376
93.994- Maternal and Child Health Services Block Grant to the States	1,720
	<u>17,877,653</u>

See 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, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
State/County Financial Assistance					
<u>Connecticut</u>					
Residential & Day Program	N/A	CTHSMR/03	07/01/02 - 06/30/03	2,448,739	-
Total Connecticut				2,448,739	
<u>Delaware</u>					
Wilmington NOW	N/A	010271	07/01/02 - 06/30/03	448,684	-
Total Delaware				448,684	
<u>Florida</u>					
Department of Children and Family	N/A	MWA10	07/01/02 - 06/30/03	222,903	-
Department of Children and Family	N/A	MWA10	07/01/02 - 06/30/03	2,408,599	-
Total Florida				2,631,502	
<u>Louisiana</u>					
Family House	N/A	259	07/01/02 - 06/30/03	437,292	-
Family House	N/A	273	07/01/02 - 06/30/03	288,024	-
Mobile Crisis Act	N/A	258	07/01/02 - 06/30/03	603,689	-
Pathway of Louisiana	N/A	LA48B103016	04/01/02 - 03/31/03	100,548	-
Total Louisiana				1,429,553	

See 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, 2003**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
<u>Massachusetts</u>					
Department of Education					
Axis - Residential Services	N/A	SCDOE52003005050	07/01/02 - 06/30/03	154,070	-
Department of Mental Retardation					
Axis - Individual Supports	N/A	SCDMR26003600356	07/01/02 - 06/30/03	63,974	-
Axis - Individual Supports	N/A	SCDMR26003600367	07/01/02 - 06/30/03	34,476	-
Axis - Outside the Lines	N/A	SCDMR26003600368	07/01/02 - 06/30/03	384,707	-
Axis - Residential Services	N/A	SCDMR25003500399	07/01/02 - 06/30/03	63,962	-
Axis - Residential Services	N/A	SCDMR26003600345	07/01/02 - 06/30/03	3,527,445	-
Axis - Urban Youth Collaborative	N/A	SCDMR26003600364	07/01/02 - 06/30/03	47,553	-
				<u>4,122,117</u>	
Total Massachusetts				<u>4,276,187</u>	
<u>New Jersey</u>					
Department of Human Services					
Residential Intensive Support	N/A	30415	07/01/02 - 06/30/03	222,392	-
				<u>222,392</u>	
Total New Jersey				<u>222,392</u>	
<u>Pennsylvania</u>					
Pass-through Chester Upland School District					
Chester Youthbuild	N/A		07/01/02 - 06/30/03	106,793	-
				<u>106,793</u>	

See 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, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
Pass-through PMHCC Womanspace	N/A		07/01/02 - 06/30/03	324,974	-
				324,974	
Pennsylvania Department of Public Welfare Pass-through Family Planning Council Abbottsford/Schuylkill Falls Abbottsford/Schuylkill Falls	N/A N/A	St 133 St 155	07/01/02 - 06/30/03 07/01/02 - 06/30/03	1,659 5,650	- -
				7,309	
Pass-through Philadelphia Department of Public Health CODAAP - AHAD CODAAP - New Start I & II Office of Mental Health/Mental Retardation Office of Mental Health/Mental Retardation Office of Mental Health/Mental Retardation	N/A N/A N/A N/A N/A	03-20319 03-20319 03-20008 03-20008 03-20019	07/01/02 - 06/30/03 07/01/02 - 06/30/03 07/01/02 - 06/30/03 07/01/02 - 06/30/03 07/01/02 - 06/30/03	103,000 26,000 13,665,522 219,035 9,327,474	- - - - -
				23,341,031	
Pass-through Philadelphia Office of Emergency Shelter Services Ridge Shelter & Phoenix Case Management	N/A	03-20361	07/01/02 - 06/30/03	855,659	-
				855,659	
Pass-through Philadelphia Workforce Development Work Opportunities	N/A	090-02-812-1	07/01/02 - 06/30/03	60,967	-
				60,967	

See 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, 2003**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
Pass-through School District of Philadelphia New Directions	N/A	176/F02	07/01/02 - 06/30/03	265,220	-
				<u>265,220</u>	
Pass-through various counties					
Allegheny County - Community Passages	N/A	45921	07/01/02 - 06/30/03	880,884	-
Carbon, Monroe, Pike - MH/MR	N/A		07/01/02 - 06/30/03	821,687	-
Chester County D&A - Womanspace	N/A	BHSI	07/01/02 - 06/30/03	2,090	-
Lehigh County - LVACT	N/A	02-MHMR-261	07/01/02 - 06/30/03	669,822	-
Montgomery County - D&A	N/A		07/01/02 - 06/30/03	639,402	-
Montgomery County - D&A	N/A		07/01/02 - 06/30/03	40,310	-
Montgomery County - MH	N/A		07/01/02 - 06/30/03	4,584,853	-
Montgomery County - MH	N/A		07/01/02 - 06/30/03	16,463	-
Montgomery County - MR	N/A		07/01/02 - 06/30/03	1,585,511	-
Montgomery County - MR	N/A		07/01/02 - 06/30/03	452,444	-
Montgomery County - PPI	N/A		01/01/02 - 12/31/02	104,888	-
Montgomery County - PPI	N/A		01/01/03 - 12/31/03	107,254	-
Northampton County - MR	N/A	ME6300120207	07/01/02 - 06/30/03	864,442	-
Northampton County - Hope House	N/A	ME6300120207	07/01/02 - 06/30/03	261,761	-
Northampton County - On Our Own	N/A	ME6300120207	07/01/02 - 06/30/03	1,702,152	-
				<u>12,733,963</u>	
Total Pennsylvania Department of Public Welfare				<u>37,264,149</u>	
Total Pennsylvania				<u>37,695,916</u>	
Total State / County Financial Assistance				<u><u>49,152,973</u></u>	

See 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, 2003**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2003 Expenditures</u>	<u>Questioned Costs</u>
City Financial Assistance					
Philadelphia Department of Human Services					
ACES	N/A	02-20545-01	07/01/02 - 06/30/03	26,187	-
New Directions	N/A	02-20295-01	07/01/02 - 06/30/03	33,383	-
				<u>59,570</u>	
Philadelphia Office of Emergency Shelter Services					
Ridge Shelter & Phoenix Case Management	N/A	03-20361	07/01/02 - 06/30/03	1,642,080	-
				<u>1,642,080</u>	
Philadelphia Office of Housing and Community Development					
Families in Transition	N/A	03-20392	07/01/02 - 06/30/03	258,720	-
				<u>258,720</u>	
Philadelphia Department of Public Health					
CODAAP - New Start I & II	N/A	03-20319	07/01/02 - 06/30/03	26,000	-
Office of Mental Health/Mental Retardation	N/A	03-20008	07/01/02 - 06/30/03	1,970,801	-
Office of Mental Health/Mental Retardation	N/A	03-20019	07/01/02 - 06/30/03	417,241	-
				<u>2,414,042</u>	
Philadelphia Redevelopment Authority					
Affordable Housing	N/A		07/01/02 - 06/30/03	712,359	-
				<u>712,359</u>	
				<u>5,086,771</u>	
Total City Financial Assistance					
				<u>72,117,397</u>	

Total Federal, State And City Financial Assistance See 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
YEAR ENDED JUNE 30, 2003

1. General information

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

2. Basis of accounting

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

3. Relationship to basic consolidated financial statements

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____	yes	_____x_____	no
Reportable condition(s) identified not considered to be material weakness(es) reported	_____x_____	yes	_____	none

Noncompliance material to financial statements noted?	_____	yes	_____x_____	no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	yes	_____x_____	no
Reportable condition(s) identified not considered to be material weakness(es) reported	_____x_____	yes	_____	none

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____x_____	yes	_____	no
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Qualification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.235	Supportive Housing Program
93.558	Temporary Assistance for Needy Families (TANF)
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters
93.778	Medical assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs: \$617,914

Auditee qualified as low-risk auditee	_____x_____	yes	_____	no
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings

03-1 Payroll

Condition: The number of total hours worked per day on employee time sheets were not computed correctly in a number of instances. This condition was also a finding in the prior year audit.

Criteria: The Organization requires all unit directors to re-compute and approve employee time sheets prior to submission to the payroll department for processing.

Effect: Because employee time sheets are not consistently re-computed accurately before payrolls are processed, inaccuracies and possible disallowed payroll costs may occur.

Cause of condition: Procedures are in place for supervisory personnel to re-compute all time sheets. Apparently, this procedure is not applied consistently.

Recommendation: The Organization needs to ensure that this procedure is followed consistently by all units. Periodic inspections of time sheets and time summaries should be made through the internal audit function to confirm that there is adherence to the procedure.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2003

Section III - Federal Awards and Questioned Costs

DEPARTMENT OF HEALTH AND HUMAN SERVICES

03-2 Medical Assistance Program – CFDA No. 93.778 - Year ended June 30, 2003

Reportable condition: The reportable condition at Finding 03-1 also applies to this program.

03-3 Supportive Housing Program – CFDA No. 14.235 – Year ended June 30, 2003

Reportable condition: The reportable condition at Finding 03-1 also applies to this program.

03-4 Temporary Assistance for Needy Families (TANF) – CFDA No. 93.558 –
Year ended June 30, 2003

Reportable condition: The reportable condition at Finding 03-1 also applies to the program.

03-5 Block Grant for Prevention and Treatment of Substance Abuse – CFDA No.
93.959 – Year ended June 30, 2003

Reportable condition: The reportable condition at Finding 03-1 also applies to the program.



R E S O U R C E S
F O R
HUMAN DEVELOPMENT, INC.

January 19, 2004

Department of Health and Human Services

Resources for Human Development, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2003.

Name and address of independent accounting firm: Shechtman, Marks, Devor & Etskovitz, P.C.
- 2000 Market Street - Suite 500 - Philadelphia, Pa. 19103.

Audit period: Year ended June 30, 2003.

The findings from the June 30, 2003 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statement Audit.

Reportable Conditions

03-1 Payroll

Recommendation: The organization needs to ensure that there is consistent compliance with it's procedure requiring supervisory personnel to recompute the total number of hours worked per day on employee time sheets prior to submission to the payroll department on a consistent basis by all units. Periodic inspection of time sheets and time summaries should be made through the internal audit function to confirm that there is adherence to the procedure.

Action Taken: We concur with the recommendation. Our internal auditors will continue their audits throughout the current fiscal year. In addition RHD is currently automating the time collection process which will eliminate the computation errors in the total number of hours worked per day. We anticipate the implementation of this automated process will be completed by June 30, 2004.

Findings - Federal Award Programs Audit

Department of Health and Human Services

03-2 Medical Assistance Program - CFDA No. 93.778

Reportable Condition: See Finding 03-1.

03-3 Supportive Housing Program - CFDA No. 14.235

Reportable Condition - See Finding 03-1.

03-4 Temporary Assistance for Needy Families (TANF) - CFDA No. 93.558

Reportable Condition - See Finding 03-1.

03-5 Block Grant for Prevention and Treatment of Substance abuse - CFDA No. 93.959

Reportable Condition - See Finding 03-1.

If the Department of Health and Human Services has any questions regarding this plan, please call Mary Loomis, Chief Financial Officer at 215-951-0300.

Sincerely yours,

A handwritten signature in cursive script that reads "Mary Loomis".

Mary Loomis
Chief Financial Officer

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2003**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 02-2 Medical Assistance Program - CFDA No. 93.778

Condition: This finding was a reportable condition stating that the number of total hours worked per day on employee time sheets were not computed correctly in a number of instances.

Recommendation: The auditor recommended that the Organization monitor the procedure that supervisory personnel recompute all time sheets. In addition, periodic inspections of time sheets and time summaries should be made through the internal audit function.

Current status: The Organization's internal auditors continue to inspect times sheets and time summaries for accuracy. Any errors found are corrected and additional training with individuals reviewing timesheets is completed.

In addition, the Organization is currently automating the time collection process which will eliminate the human error in the total hours computation. It's expected that the implementation of this automated process will be completed by June 2004.

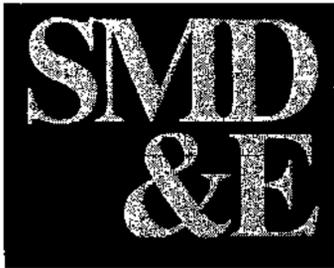
Finding 02-3 Foster Care Title IV-E-CFDA No. 93.658

Condition: This finding was a reportable condition stating that the number of total hours worked per day on employee time sheets were not computed correctly in a number of instances.

Recommendation: The auditor recommended that the Organization monitor the procedure that supervisory personnel recompute all time sheets. In addition, periodic inspections of time sheets and time summaries should be made through the internal audit function.

Current status: The Organization's internal auditors continue to inspect times sheets and time summaries for accuracy. Any errors found are corrected and additional training with individuals reviewing timesheets is completed.

In addition, the Organization is currently automating the time collection process which will eliminate the human error in the total hours computation. It's expected that the implementation of this automated process will be completed by June 2004.



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COST ALLOCATION PLAN**

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

We have audited the consolidated financial statements of Resources for Human Development, Inc. and subsidiaries (the Organization) as of and for the year ended June 30, 2003, and have issued our report thereon dated January 19, 2004.

As part of our audit, we audited the method used by the Organization to allocate indirect costs as reflected in the City of Philadelphia, Department of Public Health, Office of Mental Health and Mental Retardation program activity invoice summary as required by the Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 Regulations.

The Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 Regulations states that "the overall objective of the allocation process is to distribute the indirect costs of the agency to its various services or cost categories in reasonable proportion with the benefits provided to these services or cost categories." The regulations require that the method used "shall result in a fair and equitable distribution of costs and shall be in direct relation to actual benefits accruing to the services to which costs are charged".

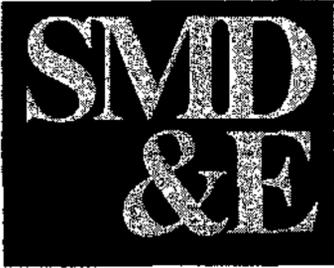
The method of allocating costs for the year ended June 30, 2003 was based on various formulas which allocate costs depending on the nature of the individual costs.

In our opinion, the cost allocation plan of the Organization results in a distribution of indirect costs, as reflected in the City of Philadelphia, Department of Public Health, Office of Mental Health and Mental Retardation program activity invoice summary for the year ended June 30, 2003 in accordance with Section 4300.94 of the Title 4300 Regulations issued by the Commonwealth of Pennsylvania, Department of Public Welfare.

This report is intended solely for the information and use of the Board of Directors, management and the City of Philadelphia, Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties.

Shechtman, Marks, Devor & Etskovitz, P.C.

Philadelphia, PA
January 19, 2004



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COST
ALLOCATION PLAN FOR THE UPCOMING BUDGET YEAR**

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

At your request we have performed the procedures enumerated below with respect to the administrative costs distribution included in the Line Item Budget for the year ending June 30, 2004 submitted by Resources for Human Development, Inc. ("the Organization") to the City of Philadelphia, Department of Health. Our review was made solely to assist you in your filing requirements with the City of Philadelphia, Department of Public Health.

The procedures we performed are summarized as follows:

- a. We reviewed a schedule contained within the 2004 Line Item Budget which reflected the allocation factors utilized in distributing administrative costs.
- b. We confirmed our understanding of the method of allocating administrative costs through a review of supporting work papers and by discussions with management responsible for allocation factors.
- c. We compared the Organization's method of allocating costs to those requirements as specified in Section 4300.94 of the Title 4300 Regulations Related Methods for Allocating Indirect Costs in order to determine whether the cost allocation is in compliance with those regulations.
- d. We compared the allocation methods used between the current fiscal year and prior fiscal year to determine consistency between years. The cost allocation method is based on various formulas which allocate costs depending on the nature of the individual costs.

The Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of Title 4300 Regulations state "The overall objective of the allocation process is to distribute the indirect costs of the Agency to its various services or cost categories in reasonable proportion with the benefits provided to these services or cost categories." The Regulations require that the method used result in a fair and equitable distribution of costs which shall be in direct relation to actual benefits accruing to the services to which costs are charged.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on the amount of administrative costs distributed to the City nor on any other amounts contained within the June 30, 2004 budget submitted to the City of Philadelphia, Department of Public Health. Had we performed additional procedures or had we conducted an audit in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Organization taken as a whole.

Philadelphia, PA
January 19, 2004

Shechtman, Marks, Devoe & Etakowitz, P.C.

**MEMORANDUM OF ADVISORY COMMENTS
RESOURCES FOR HUMAN DEVELOPMENT, INC.**

June 30, 2003



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

January 19, 2004

Board of Directors
Resources for Human Development

In connection with our audit of the consolidated financial statements for Resources for Human Development, Inc. and Subsidiaries (RHD) as of June 30, 2003, we issued two reports, which addressed internal controls. The reports are *Report of independent certified public accountants on compliance and on internal control over financial reporting based on an audit of financial statements in accordance with Government Auditing Standards* and *Report of independent certified public accountants on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133*. In addition, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our auditing procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

The following summarizes our comments and suggestions.

Comments for June 30, 2003

Payroll – Calculation of Hours Worked

At each unit, hourly workers manually record their start-time and end-time and record the total time worked each day. In our audit, we found numerous cases in which hours worked were incorrectly calculated. The incorrectly calculated time was then entered onto the units' summary time sheets that were then transmitted to the central office for payment. As a result, in those cases, hourly workers were not paid the proper amount. The errors go in both directions, sometimes more hours were paid than actually worked and at other times, fewer hours were paid than actually worked. The net dollar impact to RHD was not significant, but the number of instances in which errors occurred was significant. This problem has occurred repeatedly over the years.

We recommend that procedures continue to be improved or developed to prevent such errors. We suggest that either the payroll department or internal audit function increase

its inspection of time sheets to identify errors. We are aware that management is implementing a new software system to electronically gather data at the source and then transmit it to the Central office. We encourage this change. However, until we can be satisfied that payroll accuracy has substantially improved; we recommend that RHD management continue to closely monitor the quality of the information presented to the payroll department.

Worker's Compensation Insurance – Internal Administration

RHD maintains worker's compensation policies in each state other than Pennsylvania in which the Organization has employees. (Pennsylvania is administered as a self-insured retention plan). The cost of the each policy is charged to the state programs that operate within each policy's coverage. We noted during our fieldwork that an incorrect workers compensation rate was being charged to programs, creating an underaccrual of workers compensation insurance in certain programs. By not accruing the costs necessary to cover the premiums, RHD is not able to charge the programs for the appropriate amount of insurance costs.

Beginning in fiscal year 2004, RHD changed to a new insurance program which will calculate workers compensation insurance on the organization as a whole. There will no longer be separate policies for each state in which RHD operates.

We recommend that, on a quarterly basis, management review the charges to the programs and compare them to the actual and anticipated cost of running and administering the worker's compensation plan. If the analysis indicates that either too much or too little in premiums, relative to the actual cost of the plan, has been accumulating, then a timely adjustment should be made to more closely reflect the actual cost of insurance.

Outstanding Payroll and Vendor Checks

During our audit fieldwork, we noted that some of the bank accounts have old outstanding payroll or vendor checks. The State of Pennsylvania requires that any vendor checks remaining unclaimed more than five years after it became payable is presumed abandoned and must be escheated to the State. In addition, any wages that have remained unclaimed for more than three years after the wages became payable are presumed abandoned and must also be escheated to the State.

We recommend that management make a reasonable attempt to locate the individuals or companies to which the outstanding checks are addressed. If they are unable to locate, we recommend that the checks be remitted to the State.

Fixed assets Inventory

During our audit fieldwork, we met with management to obtain an understanding of the physical inventory procedures performed during the fixed asset inventory and management's follow up on the results. We noted the following:

Physical counting of fixed asset inventories was not performed timely at year end. They were completed a few months after year end. In addition, the listing of assets sent to the programs were updated only through the third fiscal quarter, thus the fixed assets module did not include assets acquired in the fourth quarter and was therefore, not complete. Consequently, the inventory listings sent to the units were lacking accurate information. We found several discrepancies on fixed asset inventories which could have been avoided had accurate information been supplied to the programs.

Certain funders require the Organization to conduct physical inventory counts of fixed assets annually. In order to fully and timely comply, we recommend that the fixed asset module be updated monthly for additions and deletions. To give the units accurate and timely records of fixed assets, we recommend that physical inventory accounts occur before year end, possibly May, based on the physical inventory records as of the end of the Organization's third quarter. Any fixed assets on hand that are not on the asset list should be listed and identified and reported back to headquarters for further investigation.

By conducting the physical count in May, the completion of the counting as well as the reconciliation of differences at the corporate level can be timely achieved by the end of the Organization's fiscal year end.

In another fixed asset related matter, it came to our attention that certain fixed assets under the control of the Central Office, were taken for personal use. Despite the existence of a sign-out procedure for using Corporate fixed assets outside of the office, the policy was not enforced. Although certain people in the Organization were aware of the misappropriation of the fixed assets, no one felt compelled to report this transgression from company policy to the proper management authorities.

As a result of the last item, we recommend certain changes to the fixed asset policy. First, all assets in the possession of the corporate office should be counted annually. All discrepancies should be evaluated and reconciled on a timely basis.

Second, the sign-out log should be reviewed regularly, at least weekly, by an individual with no other fixed asset responsibility. Every item out of the office should include an expected return date. Any assets not returned to the corporate offices when promised, should be investigated by the person responsible for keeping the log.

Third, although there is a process at headquarters to allow employees to speak out without fear of reprisal (Citizens' Advocate Program), and report matters that might arise that are not within the Organization's Code of Conduct, it was not used to report this particular matter. We recommend that management remind employees about the process and encourage them to address matters of impropriety that are witnessed at any level of the Organization.

Timely Filing of Louisiana Audit Report

The State of Louisiana requires audit reports to be submitted within six months of the end of an organization's fiscal year end. In the case of RHD, that filing deadline is December 31, 2003. Failure to file the audit reports by that date is considered by the State of Louisiana a material instance of noncompliance.

Although Louisiana considers the filing of the audit report later than six months after an organization's year-end to be a reportable condition, most other agencies that fund RHD do not. Accordingly, we are not reporting this event as a reportable condition on an organization-wide basis. Nevertheless, it is our strong recommendation that RHD do everything in its power to close its accounting books in a timely manner and complete its financial statements so that the filing of the annual audited financial statements be completed prior to Louisiana's and all other funders' required due dates.

Corporate Accounting System Computer Controls

The Organization's accounting is recorded using Macola software. Due to the number of users who feed information into the system, the magnitude of data and transactions that are processed by the system, the reliance of users of financial data generated by the system for both internal and external users, as well as the integration with other systems, we reviewed the accounting controls surrounding the system. Our goal was to evaluate whether there were opportunities that could potentially expose the system or the Organization to problems. Overall, we found the controls and safeguards to be reasonably strong. However, we noted certain matters that we feel should be brought to the attention of management in order to avoid potential problems.

Password Policies

While passwords are required by users of the system and access to parts of the system are limited to users based on their needs to access or process certain data, the password setting policies do not comply with best practices. There is no minimum password length. The system will not lock out a user who has failed to log onto the system after a predetermined number of unsuccessful login attempts. This allows someone the ultimately log onto the system by using brute force.

We recommend that standards be established for permissible passwords. This includes specifying a minimum password length, at least 6 to 8 characters. Passwords should be changed on a regular basis, anywhere from 2 to 4 times per year. The system should lock someone out from attempting to logon to the system after 3 failed logon attempts.

Disaster Recovery and Business Continuity Plan

Based on our discussions, there is no formal disaster recovery and business continuity plan. In the event that a major catastrophe occurred to the headquarters building and the premises could not be used to operate the Organization, there is no formal plan as to where, when or how the Organization would restart its operations. There is adequate insurance in place to finance the cost of replacing hardware and software and other tangible assets. Computer software and data are backed up both on CD's and mirrored on another computer at the Midvale location.

Through our discussions, we understand that management has discussed this matter and developed certain contingency plans. However, due to the size of the Organization in terms of both the number of people it employs and provides services to, we recommend that a formal plan be documented to identify how the Organization would operate if the headquarters and the equipment in it were not usable. This plan should determine the amount of time the Organization could be un-operable. It should identify a location at which it could restart operations as well as a source to replace computers needed for vital operations. In addition, the plan should address the procedures necessary to fully restore the programs and data that had been backed-up and stored offsite. The plan should be more comprehensive than computer operations alone. It should address all programs and policies necessary to get the Organization back into operations as soon as is practical.

Acceptable Use Procedures

There is a lack of formal policies and procedures addressing acceptable use of personal software. It is not clear how the Organization feels about employees loading personal software onto the Organization's computers, using the computers to play games, use of the internet for personal reasons, visiting websites that may not be considered appropriate for the workplace, etc.

We recommend that policies be developed and communicated throughout the Organization to address the issue of acceptable computer usage. Not only will everyone in the Organization clearly understand management's views on the topic, but it should reduce the chances for computer viruses to get into the Organization's computer system.

Summary

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

Very truly yours,

Shechtman, Marks, Devor & Etskovitz, P.C.

Shechtman, Marks, Devor & Etskovitz, P.C.



R E S O U R C E S
F O R
HUMAN DEVELOPMENT, INC.

Resources for Human Development, Inc. (RHD) responses to the June 30, 2003 Memorandum of Advisory Comments.

Payroll – Calculation of Hours Worked

RHD has increased the size of its internal audit department in order to allow for a higher time concentration and completion of the time sheet audits on a timely basis. In addition we conducted trainings to communicate and reeducate the supervisors on the expected recomputations of the daily hours worked prior to submission for payment. RHD has invested in two softwares which allow for the scanning of employee timesheets and the automation of the calculation of the daily hours worked and the total hours worked for the payroll period. We anticipate the initial implementation of this process in February 2004 and the implementation of the entire corporation by June 2004. We believe this implementation will eliminate or greatly reduce the error rate in the calculation of total daily hours on the timesheets.

Worker's Compensation Insurance – Internal Administration

We agree with the recommendation. We have also added a budget manager to the group administering the self insurance program and believe this additional fiscal oversight will allow for an accurate allocation of the cost of insurance to all of the programs.

Outstanding Payroll and Vendor checks

RHD has spent significant time during the year ended June 30, 2003 researching, contacting individuals and vendors and reissuing checks for the stale outstanding checks. We will submit the appropriate checks to the State.

Fixed asset inventory

RHD has two individuals who are responsible for analyzing and imputing capital asset additions and deletions into the fixed asset module on a monthly basis. Our contracts require an annual physical inventory. We have consistently done a corporate wide annual inventory with a March 31 cut off of activity, In this process we have requested any

differences to be identified so that further investigation at the corporate office can be completed. We will request completion of the physical inventory by the site supervisors by the end of May based on the information sent to them. This process will continue to have produce differences due to assets purchased in April and May.

RHD acknowledges there was an inappropriate use of a corporate asset for a period of time. The identification of the inappropriate use of the corporate asset was brought to management's attention by staff members who worked under the supervision of the individual. The management of RHD believe the employees did not fear reprisal by surfacing this situation. We will have the an internal audit member periodically review the corporate log for completeness and appropriateness.

Password policies

RHD agrees implement a policy to require passwords to have 6 characters and a requirement to change the password twice a year. In addition we will implement a lock out of an individual attempting to logon to the system after 3 failed logon attempts.

Disaster Recovery and Business Continuity Plan

RHD has spent many years to provide the necessary environment to enable us to recover from a disaster in the corporate office building. This plan has included the daily removal of the computer system backup tapes, the purchase and establishment of computer hardware and mirroring of our software and data at another site owned, We have identified that the business operations could be resumed in 24 hours. We will continue to formally document our plan and include the suggested items.

Acceptable Use Procedures

RHD has not formally written an acceptable computer usage policy. We believe that it is the supervisors' responsibility to monitor the activities of their staff during work hours. Management expects a full day of productivity from our staff and has assigned workloads accordingly. RHD will continue to address the appropriate use of the computer during the workday.