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RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003

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 4-13-05



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

Certified Public Accountants

RESOURCES FOR HUMAN DEVELOPMENT, INC.
YEARS ENDED JUNE 30, 2004 AND 2003

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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, 2004 and 2003, 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 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, 2004 and 2003, 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 7, 2005, on our consideration of the Organization's internal control over financial reporting and on 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 7, 2005

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004 AND 2003

| <u>ASSETS</u> | <u>2004</u> | <u>2003</u> |
|---|----------------------|----------------------|
| Current assets: | | |
| Cash available for general use | \$ 1,380,430 | \$ 3,957,623 |
| Limited use cash, contractual restrictions | 888,403 | 713,492 |
| Cash and cash equivalents | <u>2,268,833</u> | <u>4,671,115</u> |
| Limited use cash, representative payee cash funds | 376,756 | 387,844 |
| Grants and services receivable, net of allowance for doubtful accounts of \$450,000 for 2004 and \$857,074 for 2003 | 14,433,055 | 12,580,750 |
| Inventory | 1,587,883 | 1,965,564 |
| Prepaid expenses | <u>470,431</u> | <u>300,836</u> |
| Total current assets | <u>19,136,958</u> | <u>19,906,109</u> |
| Property and equipment, net | <u>15,295,657</u> | <u>16,234,622</u> |
| Other assets: | | |
| Equity investments in companies, net of valuation allowances of \$996,970 for 2004 and \$1,010,802 for 2003 | 2,084,294 | 2,165,340 |
| Advances and loans to investees, net of allowance for uncollectible advances and loans of \$54,253 for 2004 and \$737,125 for 2003 | 846,011 | 627,276 |
| Other | <u>152,554</u> | <u>137,412</u> |
| | <u>3,082,859</u> | <u>2,930,028</u> |
| Total assets | <u>\$ 37,515,474</u> | <u>\$ 39,070,759</u> |

| <u>LIABILITIES AND NET ASSETS</u> | <u>2004</u> | <u>2003</u> |
|--|---------------|---------------|
| Current liabilities: | | |
| Lines of credit and short term borrowings | \$ 1,394,787 | \$ 1,610,186 |
| Current portion of long-term debt | 204,133 | 220,088 |
| Current portion of obligations under capital leases | 213,322 | 294,510 |
| Accounts payable and accrued expenses | 8,352,721 | 9,126,126 |
| Deferred revenue, current | 3,122,966 | 2,819,122 |
| Due to custodial clients | 376,756 | 387,844 |
| | <hr/> | <hr/> |
| Total current liabilities | 13,664,685 | 14,457,876 |
| Long-term debt, net of current portion | 10,518,256 | 10,577,121 |
| Obligations under capital leases, net of current portion | 161,449 | 374,033 |
| Long-term commitments | 1,142,487 | 1,211,796 |
| Deferred revenue, long term | 400,000 | 813,492 |
| Deferred credits | 286,188 | 332,055 |
| | <hr/> | <hr/> |
| Total liabilities | 26,173,065 | 27,766,373 |
| Minority interests | 986,571 | 1,137,736 |
| | <hr/> | <hr/> |
| Net assets: | | |
| Unrestricted | 4,752,131 | 4,638,543 |
| Temporarily restricted | 5,603,707 | 5,528,107 |
| | <hr/> | <hr/> |
| Total net assets | 10,355,838 | 10,166,650 |
| | <hr/> | <hr/> |
| Total liabilities and net assets | \$ 37,515,474 | \$ 39,070,759 |
| | <hr/> | <hr/> |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS
YEARS ENDED JUNE 30, 2004 AND 2003

| | 2004 | 2003 |
|--|--------------|--------------|
| Support, revenue and other: | | |
| Support: | | |
| Federal | \$ 3,802,218 | \$ 3,366,715 |
| Various states | 19,025,333 | 17,172,960 |
| City of Philadelphia, PA | 34,874,167 | 34,378,807 |
| Montgomery County, PA | 8,914,613 | 9,299,398 |
| Other PA counties | 9,002,605 | 8,111,172 |
| Medical assistance/managed care | 11,036,134 | 8,930,163 |
| Grants and donations | 861,912 | 1,138,732 |
| Total unrestricted support | 87,516,982 | 82,397,947 |
| Revenue: | | |
| Patient/client fees | 10,118,122 | 8,446,250 |
| Other fees and sales | 2,995,432 | 3,311,219 |
| Interest and miscellaneous income | 809,229 | 480,944 |
| Total unrestricted revenue | 13,922,783 | 12,238,413 |
| Net assets released from temporary restrictions | 1,145,189 | 1,959,302 |
| Total unrestricted support, revenue and other | 102,584,954 | 96,595,662 |
| Expenditures: | | |
| Program | 87,561,093 | 82,178,976 |
| Management and general | 12,734,611 | 12,670,832 |
| Fundraising | 387,666 | 157,004 |
| Other operating | 1,396,498 | 1,553,240 |
| Total expenditures | 102,079,868 | 96,560,052 |
| Equity in net losses of investments | (542,662) | (636,526) |
| Changes in unrestricted net assets before minority interests | (37,576) | (600,916) |
| Minority interests in net losses of investments | 151,165 | 146,641 |
| Changes in unrestricted net assets | \$ 113,589 | \$ (454,275) |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2004 AND 2003

| | <u>2004</u> | <u>2003</u> |
|---|----------------------|----------------------|
| Unrestricted net assets: | | |
| Total unrestricted support and revenue | \$ 101,439,765 | \$ 95,870,083 |
| Net assets released from restrictions | 1,145,189 | 1,959,302 |
| Total expenditures | (102,079,868) | (97,793,775) |
| Equity in net losses of investments | (542,662) | (636,526) |
| Minority interests in net losses of investments | 151,165 | 146,641 |
| | <u>113,589</u> | <u>(454,275)</u> |
| Temporarily restricted net assets: | | |
| Contributions | 1,220,788 | 1,828,439 |
| Net assets released from restrictions | <u>(1,145,189)</u> | <u>(1,959,302)</u> |
| | <u>75,599</u> | <u>(130,863)</u> |
| Change in total net assets | 189,188 | (585,138) |
| Total net assets at beginning of year | <u>10,166,650</u> | <u>10,751,788</u> |
| Total net assets at end of year | <u>\$ 10,355,838</u> | <u>\$ 10,166,650</u> |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2004

| | SALARIES | BENEFITS | FEES AND SERVICES | OCCUPANCY | COMMUNICA-TIONS | PROGRAM SUPPLIES | TRAVEL AND MISC | SMALL EQUIPMENT & MAINTENANCE | PROPERTY AND EQUIPMENT | TOTAL |
|---|------------|-----------|-------------------|-----------|-----------------|------------------|-----------------|-------------------------------|------------------------|------------|
| LOWER MERION COUNSELING SERVICES | | | | | | | | | | |
| MH Outpatient | 147,924 | 31,746 | 174,779 | 80,341 | 12,420 | 3,768 | 2,523 | 5,691 | - | 459,192 |
| D&A Outpatient | 5,306 | 1,000 | - | 2,671 | 200 | - | - | 378 | - | 9,555 |
| Student Assistance | 12,819 | 2,679 | - | 4,025 | 68 | - | - | - | - | 19,580 |
| PROGRAMS IN COUNSELING | | | | | | | | | | |
| MH TASC | 15,074 | 2,705 | 12,200 | 6,779 | 1,204 | 1,512 | - | - | - | 39,474 |
| D&A Outpatient | 275,511 | 50,807 | 79,180 | 73,487 | 14,324 | 7,262 | 741 | 19,998 | 10,126 | 531,436 |
| D&A Case Management | 122,715 | 24,482 | 10,294 | 15,201 | 5,016 | 2,970 | 7,399 | 6,706 | - | 194,783 |
| PIC IPP | 41,309 | 9,670 | - | 9,162 | - | 1,065 | 1,684 | 1,167 | - | 64,057 |
| D&A Continuity | 31,907 | 6,547 | 3,535 | 2,296 | - | 617 | - | - | - | 44,902 |
| Consultants in Context | 52,332 | 10,321 | 60,730 | 2,199 | 927 | 1,076 | 7,814 | - | - | 135,399 |
| Consultants in Context - Other | 2,052 | 400 | 14,746 | 306 | 25 | 2 | 861 | - | - | 18,393 |
| Alternatives/New Foundations - CRRs | 960,857 | 259,705 | 2,161 | 358,810 | 20,659 | 102,055 | 11,878 | 71,942 | 13,265 | 1,801,331 |
| Compeer - Montco | 74,688 | 13,884 | 5,916 | 2,915 | 13,013 | 12,379 | 3,217 | 845 | - | 126,857 |
| Compeer - Delco | 13,994 | 1,788 | 645 | 2,707 | 2,255 | 391 | 898 | 272 | - | 22,951 |
| New Options | 540,366 | 146,513 | 2,484 | 120,658 | 8,758 | 60,652 | 3,531 | 67,705 | 10,395 | 961,062 |
| Positive Resolutions | 697,301 | 189,604 | 20,977 | 116,293 | 23,674 | 74,426 | 5,129 | 101,228 | 39,294 | 1,267,927 |
| Family Support | 16,134 | 2,009 | - | 2,308 | - | 101,821 | - | - | - | 122,272 |
| Residential Serv Systems/Respite CLA | 1,017,388 | 259,136 | 191,259 | 330,132 | 13,934 | 81,492 | 20,640 | 153,716 | 39,103 | 2,106,801 |
| LM Vocational Training Center | 429,209 | 127,812 | 3,424 | 86,460 | 11,395 | 28,718 | 2,805 | 66,473 | 29,920 | 786,156 |
| Lower Merion Industries | 11,797 | 2,320 | - | 231 | - | - | - | - | - | 14,347 |
| Montgomery Co Methadone Center | 586,649 | 120,723 | 127,444 | 100,788 | 14,270 | 58,487 | 2,826 | 26,574 | 5,733 | 1,043,493 |
| Womanspace - Ardmore | 172,978 | 40,661 | 19,262 | 39,458 | 6,638 | 28,470 | 3,167 | 16,008 | 649 | 326,292 |
| Family House - Norristown | 229,603 | 56,497 | 4,098 | 45,778 | 9,347 | 25,746 | 3,758 | 16,161 | 2,630 | 393,616 |
| Womanspace - Philadelphia | 286,031 | 73,726 | 9,883 | 53,456 | 6,862 | 52,199 | 9,051 | 20,915 | 3,251 | 525,393 |
| Family House - Now | 368,650 | 92,298 | 32,696 | 72,064 | 7,646 | 26,534 | 1,009 | 18,821 | 6,195 | 625,934 |
| CITY OF PHILA. - DHS | | | | | | | | | | |
| | 208,905 | 48,297 | 33,762 | 88,305 | 10,559 | 18,383 | 10,444 | 16,586 | 1,584 | 436,826 |
| CITY OF PHILA. - BHS/MRS | | | | | | | | | | |
| School Based BH Services - CBH | 15,455,060 | 4,017,062 | 1,170,250 | 2,804,309 | 288,610 | 1,446,308 | 211,883 | 959,954 | 286,929 | 26,640,365 |
| Supported Adult - 1260 | 593,982 | 138,616 | 40,809 | 17,179 | 12,510 | 14,072 | 907 | 13,821 | 14,572 | 846,468 |
| Family In Transitions | 331,090 | 79,254 | 26,110 | 65,437 | 19,648 | 63,083 | 22,987 | 136,891 | 9,127 | 753,626 |
| | 137,126 | 34,021 | 4,970 | 225,417 | 5,184 | 9,439 | 6,492 | 2,069 | - | 424,718 |
| OTHER | | | | | | | | | | |
| SALT - North Carolina | 260,328 | 57,691 | 10,574 | 49,216 | 15,938 | 26,615 | 63,638 | 43,023 | 15,682 | 542,705 |
| SALT - Passaic | 291,106 | 68,959 | 37,748 | 351,417 | 27,579 | 30,259 | 10,553 | 65,625 | - | 883,245 |
| New Jersey Care | 2,105 | 294 | 560 | - | - | 549 | 225 | - | - | 3,732 |
| Endow-a-home CODAAP | 38,396 | 8,952 | 6,000 | 6,400 | 900 | 603 | 1,579 | - | - | 62,831 |
| Endow-a-home | 147,378 | 34,552 | 19,229 | 196,479 | 10,004 | 16,645 | 5,462 | 83,416 | 51,139 | 564,303 |
| New Start | 724,788 | 194,127 | 55,003 | 151,479 | 9,849 | 93,970 | 7,004 | 47,295 | 1,040 | 1,284,567 |
| Career Devel Ctr | 46,829 | 9,089 | 4,811 | 25,908 | 5,526 | 5,366 | 4,467 | 3,195 | - | 105,191 |
| RARE | 79,543 | 15,146 | 25,051 | 33,656 | 6,135 | 4,684 | 7,254 | 559 | - | 172,029 |
| AHAD | 326,135 | 81,595 | 10,212 | 108,205 | 5,919 | 35,760 | 1,263 | 8,319 | 829 | 578,237 |
| Project Advantage | 319114.87 | 87637.69 | 272.12 | 64217.54 | 14623.77 | 33529.96 | 1786.46 | 41856.22 | 13435 | 576473.63 |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2004

| | SALARIES | BENEFITS | FEES AND SERVICES | OCCUPANCY | COMMUNICA-TIONS | PROGRAM SUPPLIES | TRAVEL AND MISC | SMALL EQUIPMENT & MAINTENANCE | PROPERTY AND EQUIPMENT | TOTAL |
|--|------------|-----------|-------------------|-----------|-----------------|------------------|-----------------|-------------------------------|------------------------|-----------|
| New Options for Women - Louisiana | 437,554 | 108,206 | 26,856 | 58,416 | 9,772 | 55,880 | 1,173 | 24,628 | 560 | 723,044 |
| Family House - Louisiana | 452,426 | 107,594 | 54,859 | 129,259 | 9,116 | 66,036 | 8,080 | 14,531 | - | 851,902 |
| Pathways - Louisiana | 245,610 | 58,996 | 10,830 | 74,569 | 8,750 | 28,589 | 7,134 | 7,265 | - | 441,744 |
| MCS/ACT - Louisiana | 547,275 | 105,207 | 89,617 | 49,048 | 34,026 | 13,262 | 34,246 | 5,085 | 935 | 878,701 |
| Project Renewal - Louisiana | 121,287 | 25,657 | - | 2,126 | 9,343 | 11,546 | 1,214 | - | - | 171,172 |
| Jefferson Parrish Outreach - Louisiana | 69,949 | 16,751 | - | 1,200 | 2,121 | 2,562 | 4,802 | 3,804 | - | 101,190 |
| Axis Programs | 2,513,157 | 596,951 | 20,888 | 666,067 | 65,041 | 255,947 | 26,794 | 164,876 | 69,337 | 4,379,058 |
| Hope House | 346,800 | 84,484 | 62,660 | 26,707 | 12,442 | 24,526 | 2,421 | 8,335 | 12,576 | 560,951 |
| New Perspectives - Residential | 261,971 | 65,230 | 26,141 | 27,847 | 7,266 | 21,099 | 2,123 | 9,404 | 10,673 | 431,754 |
| New Perspectives - Phone | 159,890 | 34,850 | 24,631 | 23,445 | 7,703 | 4,534 | 887 | 5,960 | 9,414 | 271,314 |
| New Perspectives - Mobile | 57,402 | 10,124 | 5,454 | 6,777 | 3,230 | 945 | 579 | 10,578 | 22,742 | 117,831 |
| Lehigh Valley ACT | 732,519 | 177,193 | 115,499 | 70,004 | 39,496 | 16,582 | 71,903 | 18,321 | 56,474 | 1,297,990 |
| CMP - OARS | 101,119 | 23,735 | 4,868 | 9,201 | 4,551 | 6,824 | 939 | 5,860 | 1,992 | 159,091 |
| CMP - Community Connections | 37,342 | 7,055 | 1,263 | 6,587 | 3,284 | 5,822 | 1,234 | 8,372 | 1,276 | 72,235 |
| CMP Consumer Satisfaction Team | 20,163 | 3,698 | 3,857 | 2,922 | 1,010 | 2,167 | 2,681 | 1,244 | 10,876 | 48,617 |
| ACT Flex. Fund-Lehigh County | - | - | 2,170 | 86,452 | - | 13,570 | 2,435 | 248 | - | 104,876 |
| ACT Flex. Fund-Northampton County | - | - | 121 | 61,974 | - | 19,047 | 1,108 | 421 | - | 82,671 |
| On Our Own | 1,862,504 | 487,532 | 57,333 | 217,536 | 21,360 | 147,998 | 23,611 | 90,664 | 28,646 | 2,943,185 |
| On Our Way | 494,965 | 123,312 | 5,339 | 50,793 | 11,797 | 42,468 | 3,467 | 16,115 | 1,562 | 749,838 |
| Cross Roads | 145,003 | 32,945 | 2,088 | 167,946 | 4,260 | 16,592 | 2,676 | 23,557 | 55,839 | 450,907 |
| Hope Springs - Lehigh County | 277,023 | 73,382 | 3,773 | 34,865 | 5,585 | 19,215 | 1,661 | 22,298 | 10,898 | 448,701 |
| Hope Springs - Northampton County | 293,888 | 78,743 | 2,354 | 27,323 | 6,641 | 19,066 | 1,739 | 22,243 | - | 451,998 |
| Connecticut Program | 1,521,333 | 379,578 | 48,714 | 278,828 | 48,434 | 89,892 | 36,772 | 209,731 | 54,196 | 2,667,478 |
| Florida Residential - Tallahassee | 608,430 | 150,016 | 990 | 56,392 | 17,393 | 63,451 | 32,661 | 8,046 | 5,418 | 942,796 |
| Florida Day Program - Ft Walton | 109,420 | 26,994 | 702 | 26,319 | 2,909 | 3,035 | 2,290 | 8,902 | 2,778 | 183,349 |
| Florida Day Program - Defuniak | 124,272 | 30,945 | 918 | 19,632 | 7,261 | 8,363 | 6,327 | 20,746 | - | 218,464 |
| Orlando - Florida | 555,201 | 147,793 | 21,097 | 111,994 | 12,514 | 55,334 | 5,319 | 57,674 | 28,880 | 995,805 |
| Bay Area Alliance | 697,735 | 179,608 | 37,238 | 132,403 | 19,735 | 59,853 | 6,282 | 37,286 | 11,424 | 1,181,564 |
| Jacksonville | 795,471 | 208,345 | 671 | 131,950 | 11,772 | 66,679 | 8,916 | 62,765 | 15,461 | 1,302,028 |
| Ft Lauderdale - Florida | 373,947 | 91,923 | 6,829 | 10,713 | 8,888 | 41,238 | 1,884 | 31,561 | 9,955 | 576,938 |
| Allegheny County MR | 947,709 | 235,379 | 23,519 | 148,801 | 21,586 | 60,670 | 14,472 | 77,542 | 14,301 | 1,543,979 |
| Chester Youthbuild - SPFund | 13,897 | 2,383 | 923 | - | 1,103 | 6,874 | 749 | - | - | 25,929 |
| Chester Youthbuild - CDBG | 20,316 | 4,684 | - | - | - | - | - | - | - | 25,000 |
| Chester Youthbuild - CUSD | 1,575 | 311 | 2,859 | - | - | - | - | - | - | 4,745 |
| Chester Youthbuild - HUD | 239,061 | 46,904 | 19,386 | 67,150 | 7,117 | 20,222 | 2,933 | 302 | 2,634 | 405,709 |
| COSP | 2,400,302 | 381,177 | 107,165 | 134,449 | 20,461 | 8,599 | 6,504 | 17,535 | 3,076,193 | 3,076,193 |
| CIRT | 399,882 | 97,160 | 2,716 | 27,202 | 8,768 | 3,924 | 5,508 | 1,953 | 2,458 | 549,570 |
| Ridge Avenue Shelter | 1,103,950 | 290,668 | 20,987 | 91,744 | 30,193 | 139,202 | 2,929 | 61,965 | 13,048 | 1,754,695 |
| Woodstock Shelter | 311,297 | 79,120 | 9,479 | 14,770 | 7,578 | 14,595 | 304 | 35,032 | 78,796 | 550,972 |
| Phoenix Case Management | 330,554.09 | 89,486.46 | 226,96.88 | 8802 | 8910.96 | 20389.17 | 4507.48 | 3937.22 | 11493.84 | 500778.1 |
| Family Practice and Counseling Network | 2,127,223 | 448,704 | 1,022,863 | 200,053 | 76,675 | 296,267 | 40,682 | 93,183 | 228,720 | 4,534,369 |
| Oasis Art Center | 79,640 | 13,662 | 12,487 | 21,986 | 1,397 | 7,162 | 173 | 1,036 | - | 137,644 |
| Parents Resource Network | 46,355 | 10,661 | 95 | - | 20,054 | 4,088 | 1,937 | 533 | 1,076 | 84,217 |
| Parents Exchange | - | - | 21,635 | - | 698 | 3,036 | 14,130 | - | - | 40,033 |
| Safeguads | 132,280 | 27,967 | 16,890 | 19,435 | 10,134 | 15,385 | 60,855 | 82 | - | 283,028 |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2004

| | SALARIES | BENEFITS | FEES AND SERVICES | OCCUPANCY | COMMUNICA-TIONS | PROGRAM SUPPLIES | TRAVEL AND MISC | SMALL EQUIPMENT & MAINTENANCE | PROPERTY AND EQUIPMENT | TOTAL |
|---|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------------------|------------------------|-------------------|
| Point-to-Point | 719,531 | 145,695 | 30,482 | 89,730 | 41,215 | 10,292 | 313,838 | 125,786 | 17,425 | 1,493,995 |
| Community Connections | 79,250 | 17,752 | 4,591 | 6,504 | - | 94,993 | 371 | - | - | 203,461 |
| Wilmington Now | 425,490 | 91,816 | 18,544 | 106,058 | 5,422 | 49,560 | 2,892 | 25,332 | 4,211 | 729,324 |
| Brandywine Hills | 137,401 | 27,020 | 7,476 | 19,914 | 3,460 | 32,829 | 770 | 13,164 | 7,178 | 249,212 |
| New Beginnings | 308,256 | 70,697 | 241,707 | 15,700 | 76,036 | 60,050 | 256,806 | 3,676 | 649 | 1,033,576 |
| Future Search | 39,596 | 4,430 | 53,749 | - | 43,462 | 36,104 | 6,890 | 327 | - | 184,557 |
| Capital to People | 155,734 | 32,616 | 55,100 | 3,693 | 4,743 | 2,143 | (957,546) | - | - | (103,517) |
| Affordable Housing | 153,910 | 34,188 | 25,073 | 59,155 | 5,299 | 1,501 | 66,468 | 833,888 | 1,115 | 1,190,597 |
| Miscellaneous Other Programs | 518,252 | 103,486 | 54,095 | 15,223 | 17,837 | 49,179 | 26,338 | 143,821 | 16,185 | 944,415 |
| Grand Totals | 49,749,633 | 12,095,058 | 4,633,350 | 9,335,837 | 1,419,417 | 4,590,092 | 1,220,745 | 4,355,825 | 1,376,115 | 88,776,072 |
| Net Capitalized Investments & Advances | - | - | - | - | - | - | 460,500 | - | - | 460,500 |
| Property and equipment capitalized | - | - | - | - | - | - | - | - | (1,042,942) | (1,042,942) |
| Change in inventory costs capitalized | - | - | - | - | - | - | - | 371,895 | - | 371,895 |
| Depreciation and amortization expense | - | - | - | - | - | - | - | - | 1,504,350 | 1,504,350 |
| Insurance Admin | (509,649) | (71,246) | (3,434) | (9,855) | - | - | (7,355) | (67,707) | - | (659,391) |
| Long term debt principal payments made | - | - | - | - | - | - | - | - | (329,545) | (329,400) |
| Costs of fixed assets sold | - | - | - | - | - | - | - | - | 86,751 | 86,751 |
| Reclassification of Program Fundraising Costs | (156,878) | (34,411) | - | - | (34,820) | - | - | - | - | (226,109) |
| Other Costs Capitalized | - | - | - | - | - | - | 5,150 | - | - | 5,150 |
| Intercompany charges | - | - | (69,174) | (870,367) | - | - | (98,950) | - | (337,282) | (1,375,783) |
| Total Program | 49,083,107 | 11,989,401 | 4,560,742 | 8,455,615 | 1,384,597 | 4,590,092 | 1,580,090 | 4,660,013 | 1,257,447 | 87,561,093 |
| Management and General | 6,724,331 | 1,443,517 | 720,861 | 1,450,121 | 305,095 | 265,795 | 963,040 | 369,097 | 491,007 | 12,732,863 |
| Depreciation and amortization expense | - | - | - | - | - | - | - | - | 646,172 | 646,172 |
| Property and equipment capitalized | - | - | - | - | - | - | - | - | (477,188) | (477,188) |
| Long term debt principal payments made | - | - | - | (215,928) | - | - | - | - | (13,476) | (229,404) |
| Other costs capitalized | (26,031) | (458) | - | - | - | - | (409) | - | - | (26,898) |
| Loss on sale of fixed assets | - | - | - | - | - | - | - | - | 84,670 | 84,670 |
| Reclassification of Admin Fundraising Costs | (133,017) | (28,540) | - | - | - | - | - | - | - | (161,557) |
| Murex Corp & Murex Investment Admin Expenses | - | - | 95,966 | 16,756 | - | - | 3,648 | 49,583 | - | 165,963 |
| Total Management and General | 6,565,293 | 1,414,519 | 816,827 | 1,250,949 | 305,095 | 265,795 | 966,279 | 418,680 | 731,185 | 12,734,611 |
| Fundraising | 289,894 | 62,951 | - | - | 34,820 | - | - | - | - | 387,666 |

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

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

| Program | SALARIES | BENEFITS | FEES AND SERVICES | OCCUPANCY | COMMUNICA-TIONS | PROGRAM SUPPLIES | TRAVEL AND MISC | SMALL EQUIPMENT & MAINTENANCE | PROPERTY AND EQUIPMENT | TOTAL |
|---|------------|-----------|-------------------|-----------|-----------------|------------------|-----------------|-------------------------------|------------------------|------------|
| 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 | 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 | 4,503 | 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 |
| Family Support | 11,069 | 2,145 | - | - | - | - | - | - | - | 13,214 |
| Montgomery Co Methadone Center | 481,671 | 104,698 | 159,653 | 107,345 | 10,670 | 55,856 | 3,514 | 22,158 | 45,272 | 1,000,837 |
| Womanspace - Ardmore | 179,663 | 51,037 | 23,149 | 34,254 | 6,433 | 28,226 | 3,011 | 19,871 | 43,707 | 389,351 |
| Family House - Norristown | 236,362 | 65,288 | 1,900 | 40,407 | 7,482 | 22,358 | 2,393 | 40,056 | 76,960 | 493,216 |
| Womanspace - Phila | 314,756 | 75,315 | 22,449 | 45,138 | 6,045 | 28,276 | 4,669 | 16,381 | 1,730 | 514,759 |
| Family House - Now | 390,311 | 98,226 | 26,757 | 69,900 | 6,166 | 26,873 | 1,346 | 19,006 | - | 638,585 |
| City of Phila. - DHS | 723,161 | 184,724 | 51,812 | 266,659 | 32,974 | 98,329 | 25,789 | 32,046 | 2,532 | 1,418,026 |
| New Directions Academy | 6,310 | 1,201 | - | 7 | 535 | - | - | - | - | 8,053 |
| City of Phila. - OMH/MR | 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 |
| Families in Transition | 145,098 | 32,442 | 5,162 | 241,054 | 5,390 | 8,038 | 11,155 | 1,539 | 1,859 | 451,737 |
| Supported Adult - 1260 | 263,177 | 63,279 | 27,348 | 64,563 | 19,588 | 44,016 | 7,698 | 62,699 | - | 552,358 |
| Passaic County - Salt | 43,739 | 8,965 | - | 17,261 | 2,652 | 3,518 | 1,702 | 14,837 | 65,483 | 158,157 |
| Supportive Adult-HUD | 95,719 | 22,384 | 194 | 138,780 | 940 | 17,713 | 3,057 | 39,486 | - | 318,273 |

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

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

| | SALARIES | BENEFITS | FEES AND SERVICES | OCCUPANCY | COMMUNICA-TIONS | PROGRAM SUPPLIES | TRAVEL AND MISC | SMALL EQUIPMENT & MAINTENANCE | 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 | 37,575 | 9,554 | 6,000 | 6,400 | 1,052 | 750 | 1,500 | - | - | 62,881 |
| 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 | 284,192 | 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 | 11,378 | 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 | 125,776 | 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 | 37,587 | 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 | 125,877 | 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 | 21,352 | 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 | 25,592 | 2,073 | 7,056 | 3,190 | 11,591 | 5,157 | 183,114 |
| Orlando Florida | 639,628 | 148,786 | 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 | 42,955 | 15,091 | 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 | 7,531 | 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 |

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

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

| | SALARIES | BENEFITS | FEES AND SERVICES | OCCUPANCY | COMMUNICA-TIONS | PROGRAM SUPPLIES | TRAVEL AND MISC | SMALL EQUIPMENT & MAINTENANCE | PROPERTY AND EQUIPMENT | TOTAL |
|---|------------|------------|-------------------|-----------|-----------------|------------------|-----------------|-------------------------------|------------------------|-------------|
| COSP | 2,541,204 | 403,051 | 59,856 | 114,413 | 21,724 | 8,810 | 9,270 | 18,189 | 11,822 | 3,188,338 |
| CIRT | 370,823 | 88,225 | 11,391 | 25,088 | 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 | 155,654 | 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 | 305 | 715 | 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 | 5,771 | 89,025 | 26,791 | 7,031 | 222,129 | 108,622 | 18,517 | 1,155,875 |
| Community Connections | 74,870 | 17,936 | 5,379 | 6,989 | - | 108,883 | 582 | - | 3,887 | 218,526 |
| Future Searchnet | 26,513 | 2,603 | 101,475 | - | 44,771 | 42,855 | 3,083 | 594 | - | 220,894 |
| New Beginnings Programs | 213,210 | 44,220 | 287,537 | 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 | 83,852,862 |
| 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) | (252,717) |
| Cost of fixed assets sold | - | - | - | (7,777) | - | - | - | - | 102,678 | 102,678 |
| Net change in deposits | (628,139) | (111,024) | (51,349) | (913,254) | - | - | (141,924) | - | (5,000) | (12,777) |
| Self Insurance Admin | - | - | - | - | - | - | - | - | - | (740,163) |
| Intercompany charges | - | - | - | - | - | - | - | - | (127,196) | (1,233,723) |
| Total Program | 46,306,857 | 11,539,552 | 4,805,638 | 7,720,129 | 1,397,929 | 4,321,868 | 1,052,644 | 3,683,397 | 1,350,962 | 82,178,976 |
| Management and General | 6,179,840 | 1,327,148 | 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 | 1,327,148 | 943,713 | 1,255,175 | 356,351 | 250,635 | 1,027,706 | 664,245 | 666,018 | 12,670,832 |
| Fundraising | 122,463 | 34,541 | - | - | - | - | - | - | - | 157,004 |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2004 AND 2003

| | 2004 | 2003 |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in total net assets | \$ 189,188 | \$ (585,138) |
| Adjustments to reconcile change in total net assets to net cash provided by operating activities: | | |
| Minority interests in net losses of investments | (151,165) | (146,641) |
| Loss on disposition of property and equipment | 171,661 | 136,150 |
| Increase (decrease) in provision of allowances for doubtful accounts and uncollectible advances and loans | (59,579) | 349,182 |
| Depreciation and amortization | 2,345,771 | 2,363,937 |
| Equity in net losses of investments | 542,662 | 636,526 |
| Deferred credit forgiveness | (57,047) | (54,811) |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Grants and services receivable | (1,680,393) | 144,361 |
| Inventory | 377,681 | (77,436) |
| Prepaid expenses | (169,595) | (36,888) |
| Other assets | (15,142) | 32 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (759,994) | (998,244) |
| Deferred revenue | (109,648) | 1,239,686 |
| Deferred credits | 11,180 | - |
| | <u>635,580</u> | <u>2,970,716</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities: | | |
| Increase in investments in companies | (711,100) | (1,058,641) |
| Acquisitions of property and equipment | (1,128,978) | (1,197,306) |
| Net (issuances) repayment of advances and loans to investees | (358,311) | 46,413 |
| Distributions from investments | 2,250 | 665,493 |
| Proceeds from sale of investment | 191,518 | - |
| | <u>(2,004,621)</u> | <u>(1,544,014)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities: | | |
| Net proceeds (payments) on lines of credit and short term borrowings | (615,399) | 355,522 |
| Principal payments on long-term debt | (334,724) | (242,985) |
| Principal payments on capital lease obligations | (293,772) | (254,719) |
| Principal borrowings of long-term debt | 525,000 | 500,000 |
| Forgiveness of long-term debt | (314,346) | - |
| | <u>(1,033,241)</u> | <u>357,818</u> |
| Net cash (used in) provided by financing activities | | |
| Net (decrease) increase in cash and cash equivalents | (2,402,282) | 1,784,493 |
| Cash and cash equivalents, beginning | 4,671,115 | 3,387,051 |
| Consolidation adjustment | - | (500,429) |
| Cash and cash equivalents, ending | <u>\$ 2,268,833</u> | <u>\$ 4,671,115</u> |

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

| | <u>2004</u> | <u>2003</u> |
|---|---------------------|---------------------|
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | <u>\$ 555,525</u> | <u>\$ 773,825</u> |
| Supplemental disclosure of noncash investing and financing activities: | | |
| Debt, capital lease obligations, and deferred liabilities incurred for the acquisition of property and equipment | <u>\$ 449,250</u> | <u>\$ 82,042</u> |
| Disposal of assets and related debt | <u>\$ -</u> | <u>\$ 165,782</u> |
| Change in long-term commitment and related investment | <u>\$ 69,309</u> | <u>\$ 1,376,796</u> |
| Write off of advances and accounts receivable directly against allowances | <u>\$ 1,044,198</u> | <u>\$ -</u> |

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003**

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.

Other operating expenditures included in the statements of changes in unrestricted net assets relate to the operating expenses of the for-profit subsidiaries.

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, 2004 AND 2003

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

Limited use cash

Limited use cash consists of representation payee cash fund and cash with contractual restrictions. Some of these contractual restrictions require the funds to be held in a separate bank account.

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. This amount is included as a current liability, due to custodial 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, 2004 AND 2003

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 and cost methods 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.

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.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

1. Summary of significant accounting policies (continued)

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 that the employee was receiving on the later date in which the employee completes 25 years of service or attains the age of 65. It will be paid to the employee in four annual installments beginning in the year the employee attains both criteria. At June 30, 2004 and 2003, the estimated present value of the future benefits are \$187,407 and \$138,899 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.

Deferred revenue

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

1. Summary of significant accounting policies (continued)

Deferred revenue (continued)

In addition, the Organization receives grants to subsidize the construction and rehabilitation of homes under its 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 owned by the Organization or its subsidiaries.

Restatements

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.

Reclassification

Certain amounts in the 2003 financial statements have been reclassified to conform with the 2004 financial statement presentation.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

2. Property and equipment

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

| | <u>2004</u> | <u>2003</u> |
|--|----------------------|----------------------|
| Real estate and improvements | \$ 18,029,115 | \$ 18,475,764 |
| Leasehold improvements | 3,617,894 | 3,439,903 |
| Furniture and fixtures | 1,996,971 | 1,790,792 |
| Computer equipment and software | 2,369,822 | 2,145,327 |
| Automobiles | <u>3,996,276</u> | <u>3,880,677</u> |
| | 30,010,078 | 29,732,463 |
| Less accumulated depreciation and amortization | <u>14,714,421</u> | <u>13,497,841</u> |
| Property and equipment, net | \$ <u>15,295,657</u> | \$ <u>16,234,622</u> |

Depreciation and amortization expense for the year:

| | <u>2004</u> | <u>2003</u> |
|------------------------|---------------------|---------------------|
| Program | \$ 1,504,350 | \$ 1,519,575 |
| Management and general | 646,172 | 653,678 |
| Other operating | <u>195,249</u> | <u>190,684</u> |
| | \$ <u>2,345,771</u> | \$ <u>2,363,937</u> |

Equipment purchased through grants and contracts amounted to \$1,372,487 and \$794,968 for the years ended June 30, 2004 and 2003, respectively.

3. Equity investments in companies and minority interests

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

| <u>Company name</u> | <u>Percentage of ownership</u> |
|--------------------------------------|--------------------------------|
| Biosoftware systems | 13.20 % |
| City Sort, LP* | 12.30 |
| Computer Systems and Solutions, Inc. | 30.00 |
| CSS Laptop, Inc. | 30.00 |
| CSS Staffing, Inc. | 30.00 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

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

| | |
|---|----------|
| Laser Laboratories, LLC* | 43.33 |
| Murex Capital, LP* | 27.30 |
| Murex Investments I, LP* | 42.72 |
| Murex Investments, LLC* | 20.00 |
| Phoenix Foods, LLC* | 9.00 |
| Sun & Earth, Inc.* | 11.76 |
| Urban Works, LLC/The Service Works Co.* | 20.90 |
| Other miscellaneous investments | .01-1.00 |

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

| | <u>2004</u> | <u>2003</u> |
|--|-----------------------------------|-----------------------------------|
| Original investments | \$ 4,900,900 | \$ 4,189,800 |
| Accumulated allocated earnings (losses), net of dividends | (<u>1,823,742</u>) 3,077,158 | (<u>1,017,764</u>) 3,172,036 |
| Valuation allowances* | (<u>996,970</u>) 2,080,188 | (<u>1,010,802</u>) 2,161,234 |
| Other miscellaneous investments | <u>4,106</u> | <u>4,106</u> |
| Equity investments in companies, net | \$ <u>2,084,294</u> | \$ <u>2,165,340</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 most of its investments using the equity method, even some 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 uses the cost method in cases in which they own less than 20% and do not exercise significant influence. The Organization's losses are limited to the extent of their capital contributions.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

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

The minority interest in the Organization's subsidiary, Murex Investments, consists of a 7 percent non-voting common stock ownership by another investor as of June 30, 2004 and 2003. The Organization owns all of the voting equity of the subsidiary.

There are two investments in Murex which have minority interests. Murex has control of the companies but not 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.

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 major 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>2004</u> | <u>2003</u> |
|---|-------------|-------------|
| Various advances to affiliated entities with which the Organization has an ownership interest or control. These advances have no repayment terms. | \$ 614,283 | \$ 544,231 |
| Note receivable to a company which bears interest at a rate of 1% over prime rate, 5.75% at June 30, 2003. The balance was written off as of June 30, 2004. | - | 137,355 |
| Note receivable to a company which bears interest at 1% over prime rate, 5.75% at June 30, 2003. This note was written off as of June 30, 2004. | - | 599,770 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

4. Advances and loans to investees and related party transactions (continued)

| | <u>2004</u> | <u>2003</u> |
|--|-------------------|--------------------|
| 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, 2004 and 2003, respectively, and is due on demand. | 164,000 | 198,000 |
| Various advances to companies, payable on demand and bearing a 5% interest rate. | 79,000 | - |
| Various advances to companies, payable on demand and bearing an 8% interest rate. | <u>42,981</u> | <u>28,045</u> |
| | 900,264 | 1,364,401 |
| Less allowance for uncollectible advances | (<u>54,253</u>) | (<u>737,125</u>) |
| | \$ <u>846,011</u> | \$ <u>627,276</u> |

In addition, the Organization purchases vehicles from a wholly-owned subsidiary. The intercompany sales were \$364,154 and \$280,550 for the years ended June 30, 2004 and 2003, respectively.

5. Deferred income taxes and net operating loss carryforwards

The for profit corporations (Murex and Murex Investments) have accumulated deferred income tax assets resulting primarily from allowances created against investments, notes, and accounts receivable and net operating loss carryforwards aggregating approximately \$900,000. A valuation allowance was created to offset the assets, as management believes it is not likely that they will be utilized.

The Companies have net operating loss carryforwards of approximately \$400,000 at December 31, 2003 (their latest tax year end) which are available to offset future federal taxable income. These carryforwards will begin to expire in 2019.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

6. Lines of credit and short term borrowings

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

| | <u>2004</u> | <u>2003</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, 2004 and 2003, the effective rate was 3.75% and 4.25%, respectively. It is collateralized by accounts receivable, inventory, furniture and fixtures and equipment. The line annually renews on April 30. | \$ 827,836 | \$ 772,705 |
| Notes payable, CLI, interest at 8.0% to 9.3%, collateralized by inventory; due at the end of the related project. | 153,951 | 337,481 |
| Line of credit of \$12,000,000 with another bank. Interest under this agreement is at the bank's prime rate which was 4.25% at June 30, 2004. It is collateralized by accounts receivable. The line annually renews on April 30. | <u>413,000</u> | <u>500,000</u> |
| | \$ <u>1,394,787</u> | \$ <u>1,610,186</u> |

The Organization is obligated under outstanding letters of credit of \$2,204,671 and \$1,200,000 at June 30, 2004 and 2003, respectively.

7. Long-term debt:

| | | |
|--|--------------|--------------|
| Mortgage notes, payable in monthly installments ranging from \$0 to \$4,313, mostly including interest ranging from 4.5% to 9.75%, collateralized by various properties, maturing at various times from July, 2003 through August, 2030. | \$ 4,339,187 | \$ 4,867,953 |
|--|--------------|--------------|

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

7. Long-term debt (continued)

| | | |
|---|----------------------|----------------------|
| 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. | 4,482,990 | 4,527,522 |
| 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. | 743,252 | 754,285 |
| Note payable, interest due semi-annually based on interest income received related to investment of these proceeds | 1,000,000 | 500,000 |
| Notes payable, due in monthly installments of \$1,825 including interest at 7.5%, uncollateralized, maturing July 2012. | 131,960 | 147,449 |
| Note payable maturing March 2007 including interest at 3% | <u>25,000</u> | <u>-</u> |
| | 10,722,389 | 10,797,209 |
| Less current portion | <u>204,133</u> | <u>220,088</u> |
| Long-term portion | \$ <u>10,518,256</u> | \$ <u>10,577,121</u> |

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

| | |
|-----------------------------|----------------------|
| <u>Year ending June 30,</u> | |
| 2005 | \$ 204,133 |
| 2006 | 158,870 |
| 2007 | 193,940 |
| 2008 | 274,153 |
| 2009 | 169,517 |
| Thereafter | <u>9,721,776</u> |
| | \$ <u>10,722,389</u> |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

7. Long-term debt (continued)

Interest expense for the years ended June 30, 2004 and 2003 was \$555,525 and \$773,825, respectively.

8. 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>2004</u> | <u>2003</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) | \$ 45,000 | \$ 52,500 |
| 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) | 105,000 | 120,000 |
| 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) | 16,796 | 21,463 |
| 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) | 3,526 | 7,051 |
| Montgomery County Home Program (originated June 1996 in the amount of \$68,333 to be forgiven in July, 2011) | 68,333 | 68,333 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

8. Deferred credits (continued)

| | <u>2004</u> | <u>2003</u> |
|---|-------------------|-------------------|
| 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) | 30,714 | 39,083 |
| 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) | 7,875 | 23,625 |
| Florida Department of Children and Families (originated July 2003 in the amount of \$11,180 to be forgiven 20% per year through June 2008) | <u>8,944</u> | <u>-</u> |
| | \$ <u>286,188</u> | \$ <u>332,055</u> |

During the year ending June 30, 2005, it is anticipated that \$49,173 of deferred credits will be forgiven.

9. Lease commitments

The Organization leases various buildings and equipment under leasing arrangements expiring through the year 2009. 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, 2004 are as follows:

| <u>Year ending June 30,</u> | |
|-----------------------------|---------------------|
| 2005 | \$ 4,682,796 |
| 2006 | 1,685,393 |
| 2007 | 752,709 |
| 2008 | 423,078 |
| 2009 | <u>163,337</u> |
| Total | \$ <u>7,707,313</u> |

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, 2004 and 2003 aggregated \$6,436,532 and \$6,147,996, respectively.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2004 AND 2003

9. Lease commitments (continued)

Capital lease obligations

The Company leases numerous automobiles under noncancellable capital leases. As a result, \$1,759,157 and \$1,951,518 of leased assets and \$1,337,745 and \$1,246,221 of related accumulated depreciation have been included in property and equipment as of June 30, 2004 and 2003, respectively. The leases have imputed interest rates ranging between 4% and 12% per annum. Future minimum lease payments are as follows:

| <u>Year ending June 30,</u> | | | |
|---|----|-----------------------|--|
| 2005 | \$ | 233,121 | |
| 2006 | | 115,975 | |
| 2007 | | 40,198 | |
| 2008 | | 18,156 | |
| 2009 | | <u>892</u> | |
| Minimum lease payments | | 408,342 | |
| Less amount representing interest | | <u>33,571</u> | |
| Present value of minimum lease payments | | 374,771 | |
| Current portion | | <u>213,322</u> | |
| Long-term portion | \$ | <u><u>161,449</u></u> | |

10. Self-insurance

The Organization maintained a self-insurance program for workers' compensation in Pennsylvania, and automobile, general liability and property coverage for the entire Organization for the year ended June 30, 2003. Effective July 1, 2003, the Organization joined a captive insurance program which covers workers compensation in all states, automobile and general liability. 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, 2004 and 2003 is \$841,064 and \$1,105,331, 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, 2004 AND 2003

11. Revenues - various states

A breakdown of funding from various states is as follows:

| | Years ended June 30, | |
|----------------|----------------------|---------------|
| | 2004 | 2003 |
| Connecticut | \$ 2,615,978 | \$ 2,448,739 |
| Delaware | 578,374 | 448,684 |
| Florida | 4,930,847 | 5,615,932 |
| Louisiana | 3,170,654 | 2,648,943 |
| Massachusetts | 4,757,997 | 4,325,701 |
| New Jersey | 948,218 | 513,143 |
| North Carolina | 591,318 | - |
| Pennsylvania | 1,431,947 | 1,171,818 |
| Total | \$ 19,025,333 | \$ 17,172,960 |

12. 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, 2004, approximately \$2,007,673 exceeded insured limits.

13. 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, 2004 AND 2003

13. 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 Murex Investments 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, 2004, the Organization has received restricted contributions and grants available to fund this project, if necessary. The present value of the liability at June 30, 2004 and 2003 was \$1,207,487 and \$1,276,796, respectively. The current portion of this liability is \$165,000 and is reported as part of accrued expenses at June 30, 2004 and 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, 2004 and 2003.

Capital commitment

Murex Investments is committed to invest \$2,350,000 in a limited partnership whose objective 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, 2004, \$839,086 had been funded.

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 72 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 & Etskovitz, P.C.

Philadelphia, PA
January 7, 2005

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004

| | <u>Resources for Human Development</u> | | | | | | |
|--|--|------------------|---------------|--------------------------|--------------------------------|---------------------|---------------|
| | <u>Operating</u> | <u>Equipment</u> | <u>Total</u> | <u>Murex Corporation</u> | <u>Murex Investments, Inc.</u> | <u>Eliminations</u> | <u>Total</u> |
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash available for general use | \$ 613,702 | \$ - | \$ 613,702 | \$ 268,776 | \$ 497,952 | \$ - | \$ 1,380,430 |
| Limited use cash, contractual restrictions | - | - | - | 135,000 | 753,403 | - | 888,403 |
| Cash and cash equivalents | 613,702 | - | 613,702 | 403,776 | 1,251,355 | - | 2,268,833 |
| Limited use cash, representative payee cash funds | 376,756 | - | 376,756 | - | - | - | 376,756 |
| Grants and services receivable, net of allowance for doubtful accounts of \$450,000 | 14,428,358 | 200 | 14,428,558 | 154,786 | 10,198 | (160,487) | 14,433,055 |
| Inventory | 1,568,923 | - | 1,568,923 | 18,960 | - | - | 1,587,883 |
| Prepaid expenses | 228,075 | - | 228,075 | 237,802 | 4,554 | - | 470,431 |
| Total current assets | 17,215,814 | 200 | 17,216,014 | 815,324 | 1,266,107 | (160,487) | 19,136,958 |
| Property and equipment, net | - | 8,605,404 | 8,605,404 | 6,690,253 | - | - | 15,295,657 |
| Other assets: | | | | | | | |
| Equity investments in companies, net of valuation allowances of \$996,970 | 2,412,754 | - | 2,412,754 | 238,444 | 597,549 | (1,164,453) | 2,084,294 |
| Advances and loans to investees, net of allowance for uncollectible advances and loans of \$54,253 | 1,546,141 | - | 1,546,141 | 60,166 | 1,200,281 | (1,960,577) | 846,011 |
| Other | - | 13,231 | 13,231 | 139,323 | - | - | 152,554 |
| Total assets | 3,958,895 | 13,231 | 3,972,126 | 437,933 | 1,797,830 | (3,125,030) | 3,082,859 |
| | \$ 21,174,709 | \$ 8,618,835 | \$ 29,793,544 | \$ 7,943,510 | \$ 3,063,937 | \$ (3,285,517) | \$ 37,515,474 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2004

| | Resources for Human Development | | | Murex Corporation | Murex Investments, Inc. | Eliminations | Total |
|--|---------------------------------|---------------------|----------------------|---------------------|-------------------------|-----------------------|----------------------|
| | Operating | Equipment | Total | | | | |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current liabilities: | | | | | | | |
| Lines of credit and short term borrowings | \$ 994,787 | \$ 400,000 | \$ 1,394,787 | \$ - | \$ - | \$ - | \$ 1,394,787 |
| Current portion of long-term debt | 50,000 | 119,115 | 169,115 | 35,018 | - | - | 204,133 |
| Current portion of obligations under capital leases | - | 213,322 | 213,322 | - | - | - | 213,322 |
| Accounts payable and accrued expenses | 8,060,460 | 3,144 | 8,063,604 | 327,177 | 4,712 | (42,772) | 8,352,721 |
| Deferred revenue, current | 2,787,966 | - | 2,787,966 | 135,000 | 200,000 | - | 3,122,966 |
| Due to custodial clients | 376,756 | - | 376,756 | - | - | - | 376,756 |
| Total current liabilities | 12,269,969 | 735,581 | 13,005,550 | 497,195 | 204,712 | (42,772) | 13,664,685 |
| Long-term debt, net of current portion | 1,000,000 | 4,302,032 | 5,302,032 | 6,519,852 | 1,134,564 | (2,438,192) | 10,518,256 |
| Obligations under capital leases, net of current portion | - | 161,449 | 161,449 | - | - | - | 161,449 |
| Long-term commitments | 1,042,487 | - | 1,042,487 | - | 100,000 | - | 1,142,487 |
| Deferred revenue, long term | - | - | - | - | 400,000 | - | 400,000 |
| Deferred credits | - | 286,188 | 286,188 | - | - | - | 286,188 |
| Total liabilities | 14,312,456 | 5,485,250 | 19,797,706 | 7,017,047 | 1,839,276 | (2,480,964) | 26,173,065 |
| Minority interests | - | - | - | 950,323 | 36,248 | - | 986,571 |
| Stockholders equity: | | | | | | | |
| Common stock | - | - | - | 100 | 4,106,010 | (4,106,110) | - |
| Additional paid in capital | - | - | - | 187,000 | - | (187,000) | - |
| Retained earnings | - | - | - | (210,960) | (2,917,597) | 3,128,557 | - |
| Net assets: | | | | | | | |
| Unrestricted | 1,258,546 | 3,133,585 | 4,392,131 | - | - | 360,000 | 4,752,131 |
| Temporarily restricted | 5,603,707 | - | 5,603,707 | - | - | - | 5,603,707 |
| Total equity and net assets | 6,862,253 | 3,133,585 | 9,995,838 | (23,860) | 1,188,413 | (804,553) | 10,355,838 |
| Total liabilities and net assets | \$ 21,174,709 | \$ 8,618,835 | \$ 29,793,544 | \$ 7,943,510 | \$ 3,063,937 | \$ (3,285,517) | \$ 37,515,474 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS
YEAR ENDED JUNE 30, 2004

| | Resources for Human Development | | | Murex Corporation | | Murex Investments, Inc. | | Eliminations | Total |
|--|---------------------------------|---------------------|--------------------|-------------------|---------------------|-------------------------|-------------------|-------------------|--------------------|
| | Operating | Equipment | Total | Corporation | Investments, Inc. | | | | |
| Support, revenue and other: | | | | | | | | | |
| Support: | | | | | | | | | |
| Federal | \$ 3,799,584 | \$ 2,634 | \$ 3,802,218 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,802,218 |
| Various states | 18,484,318 | 226,015 | 18,710,333 | 115,000 | 200,000 | - | - | - | 19,025,333 |
| City of Philadelphia, PA | 34,433,545 | 440,622 | 34,874,167 | - | - | - | - | - | 34,874,167 |
| Montgomery County, PA | 8,760,247 | 154,366 | 8,914,613 | - | - | - | - | - | 8,914,613 |
| Other PA counties | 8,768,949 | 233,656 | 9,002,605 | - | - | - | - | - | 9,002,605 |
| Medical assistance/managed care | 10,807,414 | 228,720 | 11,036,134 | - | - | - | - | - | 11,036,134 |
| Grants and donations | 792,863 | 69,049 | 861,912 | - | 10,000 | - | (10,000) | - | 861,912 |
| Total unrestricted support | 85,846,920 | 1,355,062 | 87,201,982 | 115,000 | 210,000 | (10,000) | (10,000) | (10,000) | 87,516,982 |
| Revenue: | | | | | | | | | |
| Patient/client fees | 10,118,122 | - | 10,118,122 | - | - | - | - | - | 10,118,122 |
| Other fees and sales | 1,835,673 | 17,425 | 1,853,098 | 1,271,599 | 49,568 | (178,833) | (178,833) | (178,833) | 2,995,432 |
| Interest and miscellaneous income | 319,750 | 371,393 | 691,143 | 18,323 | 155,873 | (56,110) | (56,110) | (56,110) | 809,229 |
| Total unrestricted revenue | 12,273,545 | 388,818 | 12,662,363 | 1,289,922 | 205,441 | (234,943) | (234,943) | (234,943) | 13,922,783 |
| Net assets released from temporary restrictions | 1,145,189 | - | 1,145,189 | - | - | - | - | - | 1,145,189 |
| Fund transfer | (249,616) | 249,616 | - | - | - | - | - | - | - |
| Total unrestricted support, revenue and other | 99,016,038 | 1,993,496 | 101,009,534 | 1,404,922 | 415,441 | (244,943) | (244,943) | (244,943) | 102,584,954 |
| Expenditures: | | | | | | | | | |
| Program | 85,969,992 | 1,591,101 | 87,561,093 | - | - | - | - | - | 87,561,093 |
| Management and general | 11,837,816 | 730,842 | 12,568,658 | 183,108 | 227,788 | (244,943) | (244,943) | (244,943) | 12,734,611 |
| Fundraising | 387,666 | - | 387,666 | - | - | - | - | - | 387,666 |
| Other operating | - | - | - | 1,247,290 | 149,208 | - | - | - | 1,396,498 |
| Total expenditures | 98,195,474 | 2,321,943 | 100,517,417 | 1,430,398 | 376,996 | (244,943) | (244,943) | (244,943) | 102,079,868 |
| Equity in net losses of investments | (378,528) | - | (378,528) | 61,973 | (604,635) | 378,528 | 378,528 | 378,528 | (542,662) |
| Changes in unrestricted net assets before minority interests | 442,036 | (328,447) | 113,589 | 36,497 | (566,190) | 378,528 | 378,528 | 378,528 | (37,576) |
| Minority interests in net losses of investments | - | - | - | 111,532 | 39,633 | - | - | - | 151,165 |
| Changes in unrestricted net assets | \$ 442,036 | \$ (328,447) | \$ 113,589 | \$ 148,029 | \$ (526,557) | \$ 378,528 | \$ 378,528 | \$ 378,528 | \$ 113,589 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATING STATEMENTS OF CHANGES IN EQUITY AND NET ASSETS
YEAR ENDED JUNE 30, 2004

| | Resources for Human Development | | | | | Total |
|--|---------------------------------|--------------|-------------------|-------------------------|--------------|----------------|
| | Operating | Equipment | Murex Corporation | Murex Investments, Inc. | Eliminations | |
| Unrestricted net assets: | | | | | | |
| Total unrestricted support and revenue | \$ 98,120,465 | \$ 1,743,880 | \$ 1,404,922 | \$ 415,441 | \$ (244,943) | \$ 101,439,765 |
| Net assets released from restrictions | 1,145,189 | - | - | - | - | 1,145,189 |
| Fund transfer | (249,616) | 249,616 | - | - | - | - |
| Total expenditures | (98,195,474) | (2,321,943) | (1,430,398) | (376,996) | 244,943 | (102,079,868) |
| Equity in net losses of investments | (378,528) | - | 61,973 | (604,635) | 378,528 | (542,662) |
| Minority interests in net losses of investments | - | - | 111,532 | 39,633 | - | 151,165 |
| Changes in unrestricted net assets | 442,036 | (328,447) | 148,029 | (526,557) | 378,528 | 113,589 |
| Temporarily restricted net assets: | | | | | | |
| Contributions | 1,220,788 | - | - | - | - | 1,220,788 |
| Net assets released from restrictions | (1,145,189) | - | - | - | - | (1,145,189) |
| Changes in temporarily restricted net assets | 75,599 | - | - | - | - | 75,599 |
| Change in total net assets | 517,635 | (328,447) | 148,029 | (526,557) | 378,528 | 189,188 |
| Capital contributions | - | - | - | 100,000 | (100,000) | - |
| Distributions to stockholders | - | - | (243,000) | - | 243,000 | - |
| Total equity and net assets at beginning of year | 6,344,618 | 3,462,032 | 71,111 | 1,614,970 | (1,326,081) | 10,166,650 |
| Total equity and net assets at end of year | \$ 6,862,253 | \$ 3,133,585 | \$ (23,860) | \$ 1,188,413 | \$ (804,553) | \$ 10,355,838 |

PROGRAM ACTIVITY: CITY OF PHILADELPHIA
 INVOICE SUMMARY: DEPARTMENT OF PUBLIC HEALTH
 [] MH [X] MR: OFFICE OF MENTAL HEALTH & MENTAL RETARDATION

AGENCY: RESOURCES FOR HUMAN DEVELOPMENT, INC.
 APPROVED: MS. MARY LOOMIS HOON
 FISCAL DIRECTOR: MR. ROBERT FISHMAN
 EXECUTIVE DIRECTOR: *Robert Fishman*

PERIOD: 07/01/03 TO 6/30/04
 DATE SUBMITTED: 08/16/04

| PROGRAM ACTIVITY | CODE | CONTRACT NUMBER | ELIGIBLE PERSONNEL | EXPENDITURES OPERATING | ADMINISTRATION | TOTAL | REVENUE | NET TO BE FUNDED | INELIGIBLE COST (MEMO) |
|------------------------|-------------------|-----------------|--------------------|------------------------|----------------|------------|---------|------------------|------------------------|
| CLA-FAMILY LIVING | 0200-1637 | 03-20019-01 | 18,180 | 782 | 2,844 | 21,806 | 0 | 21,806 | 0 |
| SIP-HOME/FAMILY SRVS | 0202-0942 | 03-20008-01 | | 499,014 | | 499,014 | 19,248 | 479,766 | 0 |
| DEV TRN- WVR MNT-HOME | 0260-1142 | 03-20019-01 | 179,069 | 0 | 26,860 | 205,929 | 573 | 205,356 | 0 |
| DEV TRN- WVR MNT-COM | 0260-1143 | 03-20019-01 | 919,695 | 63,698 | 147,509 | 1,130,902 | 0 | 1,130,902 | 0 |
| DEV TRN-THP WVR MT | 0260-1150 | 03-20019-01 | 0 | 143,143 | 21,471 | 164,615 | 0 | 164,615 | 0 |
| VOC-WVR MNT CIE-IND | 0260-1200 | 03-20019-01 | 223,335 | 5,191 | 34,279 | 262,805 | 0 | 262,805 | 0 |
| CLA-WAIVER MNT GENERAL | 0260-1300 | 03-20019-01 | 47,793 | 27,658 | 11,318 | 86,768 | 0 | 86,768 | 0 |
| CLA-WAIVER MNT SLA | 0260-1615 | 03-20019-01 | 6,652,054 | 2,068,526 | 1,307,787 | 10,026,367 | 370,545 | 9,655,822 | 0 |
| CLA-WAIVER MNT FAM LIV | 0260-1617 | 03-20019-01 | 252,763 | 179,096 | 64,779 | 496,639 | 15,824 | 480,814 | 0 |
| CLA-WVR EXP STA | 0260-1637 | 03-20019-01 | 123,963 | 14,224 | 20,728 | 158,914 | 8,501 | 150,414 | 0 |
| VOC-WVR EXP CIE-IND | 0260-1696 | 03-20019-01 | 19,220 | 11,441 | 4,305 | 34,966 | (0) | 34,966 | 0 |
| CLA-WVR EXP CIE-IND | 0261-1200st.ctr02 | 03-20019-01 | 30,802 | 0 | 4,620 | 35,423 | 0 | 35,423 | 0 |
| CLA-WVR MNT | 0261-1615st.ctr02 | 03-20019-01 | 130,317 | 42,102 | 25,863 | 198,281 | 1,798 | 196,483 | 0 |
| TOTALS: | | | 8,597,191 | 3,052,875 | 1,672,364 | 13,322,430 | 416,489 | 12,905,941 | 0 |

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH/MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
CONTRACT NO. 03-20019-01
YEAR ENDED JUNE 30, 2004**

Code nos. 0200-1637, 0202-0942, 0260-1142, 0260-1143, 0260-1150, 0260-1200, 0260-1300, 0260-1615, 0260-1617, 0260-1637, 0260-1696, 0261-1200st.ctr02, and 0261-1615st.ctr02.

There were no adjustments to the Program Activity Invoice Summary.

AGENCY: RESOURCES FOR HUMAN DEVELOPMENT, INC. PERIOD:
 APPROVED: MRS. MARGARET McWATT FROM: 07/01/03 TO: 06/30/04
 Chief Financial Operator *Margaret McWatt*
 Executive Director MR. ROBERT FISHMAN DATE SUBMITTED: 08/16/04

PROGRAM ACTIVITY CITY OF PHILADELPHIA
 Office of Behavioral Health/
 Mental Retardation Services

INVOICE SUMMARY
 [X] MH [] MR

| PROGRAM ACTIVITY | CODE | CONTRACT NUMBER | ELIGIBLE PERSONNEL | EXPENDITURES OPERATING | ADMINISTRATION | TOTAL | REVENUE | NET TO BE FUNDED | INELIGIBLE COST (MEMO) |
|----------------------------|------------|-----------------|--------------------|------------------------|----------------|------------|-----------|------------------|------------------------|
| SR-General | 01-00-1400 | 06-20008-01 | 424,363 | 139,733 | 84,614 | 648,710 | 889 | 647,821 | 0 |
| SR-Special Coordination | 01-00-1493 | 06-20008-01 | 15,119 | 20,577 | 5,354 | 41,050 | 9,665 | 31,385 | 0 |
| SR-Maximum CRR | 01-00-1602 | 06-20008-01 | 56,761 | | 8,514 | 65,275 | 0 | 65,275 | 0 |
| Res-Specialized Placements | 01-00-1612 | 06-20008-01 | 1,276,101 | 410,121 | 252,933 | 1,939,155 | 159,241 | 1,779,914 | 0 |
| Res-Behavior Shaping | 01-00-1613 | 06-20008-01 | 1,690,596 | 447,380 | 320,694 | 2,458,660 | 105,367 | 2,353,293 | 0 |
| Res-CLA | 01-00-1615 | 06-20008-01 | 1,162,683 | 148,381 | 237,160 | 1,818,224 | 140,825 | 1,677,399 | 0 |
| Res-Progressive Demand | 01-00-1616 | 06-20008-01 | 394,355 | 145,465 | 80,973 | 620,793 | 112,803 | 507,990 | 0 |
| Res-SIL | 01-00-1618 | 06-20008-01 | 408,690 | 459,974 | 130,299 | 998,963 | 691,829 | 307,134 | 0 |
| Res-Other Spec | 01-00-1619 | 06-20008-01 | 302,788 | 47,655 | 52,566 | 403,009 | 45,123 | 357,886 | 0 |
| Res-SR/Eld | 01-00-1621 | 06-20008-01 | 745,052 | 316,124 | 159,476 | 1,222,652 | 146,302 | 1,076,350 | 0 |
| Res-Homeless | 01-00-1626 | 06-20008-01 | 387,025 | 134,885 | 74,550 | 596,460 | 444,469 | 151,991 | 0 |
| Res-Program Enhancement | 01-00-1695 | 06-20008-01 | 154,518 | 44,591 | 29,866 | 228,975 | 9,415 | 219,560 | 0 |
| HS-SIL | 01-00-2218 | 06-20008-01 | 57,429 | 14,554 | 10,797 | 82,780 | 16,258 | 66,522 | 0 |
| Res-Progressive Demand | 01-02-1616 | 06-20008-01 | 823,466 | 385,391 | 181,329 | 1,390,186 | 289,307 | 1,100,879 | 0 |
| RA-Program Enhancement | 01-02-1695 | 06-20008-01 | 345,026 | 50,957 | 59,397 | 455,380 | 4,946 | 450,434 | 0 |
| RA-Start Up | 01-02-1696 | 06-20008-01 | 18,521 | 23,299 | | 41,820 | 0 | 41,820 | 0 |
| Res-Comm Liv AR | 01-04-1615 | 06-20008-01 | 423,920 | 105,985 | 79,485 | 609,390 | 27,246 | 582,144 | 0 |
| Res-Start Up | 01-06-1696 | 06-20008-01 | 762,226 | 311,745 | 161,095 | 1,235,066 | 69,183 | 1,165,883 | 0 |
| Res-Specialized Placements | 01-07-1612 | 06-20008-01 | 78,903 | 16,071 | 14,246 | 109,220 | 7,656 | 101,564 | 0 |
| RES-Forensics | 01-07-1620 | 06-20008-01 | 526,257 | 224,575 | 112,625 | 863,457 | 69,203 | 794,254 | 0 |
| Res-Medical | 01-08-1622 | 06-20008-01 | 534,982 | 148,104 | 102,463 | 785,549 | 48,256 | 737,293 | 0 |
| SR-Homeless Visiting Team | 01-40-1433 | 06-20008-01 | 444,081 | 34,586 | 71,800 | 550,467 | 0 | 550,467 | 0 |
| Res-Other Spec Re | 01-40-1619 | 06-20008-01 | 358,698 | 201,548 | 84,037 | 644,283 | 38,996 | 605,287 | 0 |
| Res-Homeless | 01-40-1626 | 06-20008-01 | 397,895 | 175,595 | 86,024 | 659,514 | 22,935 | 636,579 | 0 |
| Res-Family Support | 01-82-1526 | 06-20008-01 | 385,748 | 81,523 | 70,091 | 537,362 | 0 | 537,362 | 0 |
| AO-General | 01-90-0100 | 06-20008-01 | | 27,150 | | 27,150 | 27,150 | 0 | 0 |
| TOTALS: | | | 12,175,193 | 4,387,969 | 2,470,388 | 19,033,550 | 2,487,064 | 16,546,486 | 0 |

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH/MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
CONTRACT NO. 06-20008-01
YEAR ENDED JUNE 30, 2004**

Code nos. 01-00-1400, 01-00-1493, 01-00-1602, 01-00-1612, 01-00-1613, 01-00-1615, 01-00-1616, 01-00-1618, 01-00-1619, 01-00-1621, 01-00-1626, 01-00-1695, 01-00-2218, 01-02-1616, 01-02-1695, 01-02-1696, 01-04-1615, 01-06-1696, 01-07-1612, 01-07-1620, 01-08-1622, 01-40-1433, 01-40-1619, 01-40-1626, 01-82-1526 and 01-90-0100.

There were no adjustments to the Program Activity Invoice Summary.

EARLY INTERVENTION COST SETTLEMENT REPORT

City Of Philadelphia
 Department Of Public Health
 Office Of Mental Health
 & Mental Retardation

AGENCY: Resources for Human Development, Inc.
 PERIOD COVERED: 7/01/03-6/30/04

PROGRAM ACTIVITY: EIP - HOME/FAMILY SRVS
 CODE: 0202-0942
 DATE SUBMITTED: 8/16/04

ACTUAL COST

| CLASSIFICATION | SOCIAL WORK | HEALTH SERV | NURS SERV | NUTR SERV | OCCUP THER | PHYS THER | PSYCH SERV | SPEECH PATH | INTEL SCREEN | HEARING SENS | SERVICE COORD | SPEC INSTR | TOTAL |
|-------------------|-------------|-------------|-----------|-----------|------------|-----------|------------|-------------|--------------|--------------|---------------|------------|---------|
| 1. PERSONNEL | 8,414 | | | | 13,804 | 16,225 | | 0 | | | | 297,027 | 335,469 |
| 2. OPERATING | 2,859 | | | | | 688 | | | | | | 43,161 | 46,707 |
| 3. ADMINISTRATION | 1,691 | | | | 2,071 | 2,537 | | 0 | | | | 51,028 | 57,326 |
| 4. TOTAL ELIGIBLE | 12,964 | 0 | 0 | 0 | 15,874 | 19,449 | 0 | 0 | 0 | 0 | 0 | 391,215 | 439,503 |
| 5. OTHER REVENUE | | | | | | | | | | | | 2,747 | 2,747 |
| 6. NET COST | 12,964 | 0 | 0 | 0 | 15,874 | 19,449 | 0 | 0 | 0 | 0 | 0 | 388,468 | 436,756 |

FEE REVENUE

| | | | | | | | | | | | | | |
|--------------------------|--------|---|---|---|--------|--------|---|---|---|---|---|---------|---------|
| 7. DIRECT SERVICE UNITS | 935 | | | | 790 | 605 | | 0 | | | | 12,632 | 14,903 |
| 8. COLLATERAL UNITS | 0 | | | | 0 | 0 | | 0 | | | | 0 | 0 |
| 9. TRAVEL UNITS | 320 | | | | 329 | 287 | | 0 | | | | 4,934 | 5,870 |
| 10. MISSED APPOINTMENTS | 152 | | | | 88 | 84 | | 0 | | | | 3,604 | 3,928 |
| 11. TOTAL BILLABLE UNITS | 1,407 | 0 | 0 | 0 | 1,207 | 976 | 0 | 0 | 0 | 0 | 0 | 21,171 | 24,760 |
| 12. AUTHORIZED RATE | 20.37 | | | | 23.25 | 23.25 | | 0 | | | | 19.82 | |
| 13. TOTAL FEES | 28,657 | 0 | 0 | 0 | 28,063 | 22,688 | 0 | 0 | 0 | 0 | 0 | 419,606 | 499,014 |
| 14. MA/PI FEES | 11,244 | | | | 3,720 | 4,284 | | 0 | | | | | 19,248 |
| 15. COUNTY FEES | 17,412 | 0 | 0 | 0 | 24,343 | 18,404 | 0 | 0 | 0 | 0 | 0 | 419,606 | 479,766 |

FEES vs. COST COMPARISON

| | | | | | | | | | | | | | |
|--------------------------|--------|---|---|---|--------|--------|---|---|---|---|---|---------|---------|
| 16. TOTAL FEES (line 13) | 28,657 | 0 | 0 | 0 | 28,063 | 22,688 | 0 | 0 | 0 | 0 | 0 | 419,606 | 499,014 |
| 17. NET COST (line 6) | 12,964 | 0 | 0 | 0 | 15,874 | 19,449 | 0 | 0 | 0 | 0 | 0 | 388,468 | 436,756 |
| 18. SURPLUS/(DEFICIT) | 15,693 | 0 | 0 | 0 | 12,188 | 3,239 | 0 | 0 | 0 | 0 | 0 | 31,138 | 62,258 |

DIRECT RATE COMPARISON

| | | | | | | | | | | | | | |
|---------------------------|--------|------|------|------|--------|--------|------|------|------|------|------|---------|---------|
| 19. NET COST (line 6) | 12,964 | 0 | 0 | 0 | 15,874 | 19,449 | 0 | 0 | 0 | 0 | 0 | 388,468 | 436,756 |
| 20. DIRECT UNITS (line 7) | 935 | 0 | 0 | 0 | 790 | 605 | 0 | 0 | 0 | 0 | 0 | 12,632 | 14,963 |
| 21. ACTUAL RATE | 13.87 | 0.00 | 0.00 | 0.00 | 20.09 | 32.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30.75 | |
| 22. BUDGETED RATE | 20.37 | 0.00 | 0.00 | 0.00 | 23.25 | 23.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19.82 | |
| 23. DIFFERENCE | (6.50) | 0.00 | 0.00 | 0.00 | (3.16) | (8.88) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.93 | |

REPORT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2004

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 | FAM HOUSE SERVICE COORDIN | FH-NOW SERVICE COORDIN | NEW DIR OFFICE | NEW DIR IV | NEW DIR I | NEW DIRV11 | NEW DIR RESPITE | YOUTH EMPLOYMENT |
|--|-------------------|---------------------------|------------------------|----------------|------------|-----------|------------|-----------------|------------------|
| 1 SALARIES & WAGES | 57,376,105 | 38,792 | 34,200 | - | - | - | - | - | 147,091 |
| Administration | - | - | - | - | - | - | - | - | - |
| Professional | - | - | - | - | - | - | - | - | - |
| Clerical | - | - | - | - | - | - | - | - | - |
| Maintenance & Services | - | - | - | - | - | - | - | - | - |
| Child Care & Activities | - | - | - | - | - | - | - | - | - |
| Overtime | - | - | - | - | - | - | - | - | - |
| 6 F.I.C.A. | 4,389,269 | 3,008 | 2,760 | - | - | - | - | - | 10,573 |
| 7 Unemployment Comp | 1,408,267 | 564 | 976 | - | - | - | - | - | 2,681 |
| 8 Worker's Compensation | 1,874,208 | 1,894 | 1,726 | - | - | - | - | - | 919 |
| 9 Employee Health & Welfare Benefits | 5,865,835 | 4,799 | 2,334 | - | - | - | - | - | 16,065 |
| 30 TOTAL SALARIES & WAGES | 70,933,684 | 49,057 | 41,996 | - | - | - | - | - | 177,329 |
| OPERATING EXP & ADMIN | 4,103,407 | - | - | - | - | - | - | - | 20,392 |
| 31 Professional Fees & Contract Payment | 2,242,606 | - | - | 977 | - | - | 354 | 280 | 6,637 |
| 32 Supplies | 1,264,420 | 2,032 | (91) | 72 | - | - | 254 | - | 9,993 |
| 33 Telephone & Telegraph | 198,477 | - | - | - | - | - | - | - | 239 |
| 34 Postage & Shipping | 2,067,453 | 503 | 8 | 201 | - | - | - | - | 1,803 |
| 35 Local Transportation | 265,190 | - | - | - | - | - | - | - | 2,192 |
| 36 Outside Printing, Art Work, Etc. | 509,426 | - | 130 | - | - | - | - | - | 123 |
| 37 Conferences, Conventions, Meetings | 17,578 | - | - | - | - | - | - | - | - |
| 38 Subscriptions, Reference Publications | 63,972 | - | - | - | - | - | - | - | - |
| 39 Membership Dues | - | - | - | - | - | - | - | - | - |
| 40 Awards and Grants | 2,844,649 | - | 1,584 | 383 | - | - | - | - | 3,963 |
| 41 Equip., Furn. & Mtr. Veh. | 751,803 | 2,744 | - | 53 | - | - | - | - | 4,592 |
| 43 Fund Raising | 8,237 | 8,237 | 6,600 | - | - | - | - | - | 46,101 |
| 44 Other - Miscellaneous | - | - | - | - | - | - | - | - | - |
| Administrative Overhead Allocation | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSE | 14,328,981 | 13,516 | 8,231 | 1,686 | - | - | 608 | 280 | 96,035 |

REPORT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2004

AGENCY NAME AND ADDRESS

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

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

| OBJECT OF EXPENSES | TOTAL CORPORATION | FH - NOW SERVICE COORDIN | FH - NOW SERVICE COORDIN | NEW DIR OFFICE | NEW DIR IV | NEW DIR I | NEW DIRV11 | NEW DIR RESPITE | YOUTH EMPLOYMENT |
|--|--------------------|--------------------------|--------------------------|----------------|------------|-----------|---------------|-----------------|------------------|
| OCCUPANCY | | | | | | | | | |
| 50 Office Rent | 6,424,532 | - | - | - | - | - | 12,000 | 10,791 | 42,852 |
| 51 Bldg & Bldg Equipment Ins | 1,749,235 | - | - | - | - | - | - | - | 5,481 |
| 52 Building & Ground Upkeep | 2,870,695 | - | - | 10 | - | - | 384 | 4,696 | 7,945 |
| 53 Utilities | 1,611,601 | - | - | 49 | - | - | (84) | - | 10,209 |
| 57 Other | | - | - | - | - | - | - | - | - |
| Janitorial & Maint. Serv Cont | 352,411 | - | - | - | - | - | - | - | - |
| Mortgage Interest/Taxes | 929,902 | - | - | - | - | - | - | - | 5,528 |
| 62 TOTAL OCCUPANCY EXPENSE | 13,938,376 | - | - | 59 | - | - | 12,300 | 15,487 | 72,015 |
| CHILDREN'S DIRECT EXPENSE | | | | | | | | | |
| 63 Food or Board Payment | 1,817,033 | - | - | - | - | - | - | - | 1,777 |
| 65 Clothing, cleaning & repairing | 57,171 | - | - | - | - | - | - | 40 | 111 |
| 66 Activities: recreation, camp | - | - | - | - | - | - | - | - | - |
| 67 Personal Expenses | 93,591 | - | - | - | - | - | - | 80 | 222 |
| 68 Transportation | 358,925 | 615 | 372 | - | - | - | - | - | 5,950 |
| 69 Medical & Dental Fees & Supplies | 279,865 | - | - | - | - | - | - | - | - |
| 70 Other | - | - | - | - | - | - | - | - | - |
| 75 TOTAL CHILDREN'S DIRECT EXP. | 2,606,585 | 615 | 372 | - | - | - | - | 120 | 8,060 |
| 81 GRAND TOTAL ALL EXPENSES | 101,807,626 | 63,188 | 50,599 | 1,745 | - | - | 12,908 | 15,887 | 353,439 |
| Property and equipment capitalized | (1,520,130) | | | | | | | | |
| Depreciation and amortization expense | 2,150,522 | | | | | | | | |
| Change in inventory costs capitalized | 371,895 | | | | | | | | |
| Long term debt principal payments, net | (566,804) | | | | | | | | |
| Cost of fixed assets sold | 171,421 | | | | | | | | |
| Insurance administration | (659,391) | | | | | | | | |
| Net capitalization of investments and advances | 460,500 | | | | | | | | |
| Murex Corp. and Murex Investments, Inc. | 1,562,451 | | | | | | | | |
| Other costs capitalized | (21,748) | | | | | | | | |
| Elimination of Outreach and New Foundations | (298,691) | | | | | | | | |
| TOTAL CONSOLIDATED EXPENSES | 103,455,651 | | | | | | | | |
| TOTAL DAYS OF CARE - ALL CHILDREN | N/A | N/A | N/A | N/A | - | - | - | - | N/A |
| TOTAL DAYS OF CARE - DHS CHILDREN | N/A | N/A | N/A | N/A | - | - | - | - | N/A |
| CAPACITY OF ALL FACILITIES | N/A | N/A | N/A | N/A | - | - | - | - | N/A |

REPORT OF REVENUE BY
FUNCTIONAL PROGRAM

YEAR ENDED JUNE 30, 2004

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

| | TOTAL CORPORATION | FH - NOW SERVICE COORDIN | WS - PHILA SERVICE COORDIN | NEW DIR OFFICE | NEW DIR IV | NEW DIR I | NEW DIRV11 | NEW DIR RESPITE | YOUTH EMPLOYMENT |
|-------------------------------|-------------------|--------------------------|----------------------------|----------------|------------|-----------|------------|-----------------|------------------|
| 60 FEDERAL GOVERNMENT | 3,802,218 | | | | | | | | |
| 71 PA STATE GOVT | 1,231,947 | | | | | | | | |
| STATES - OTHER | 17,478,386 | | | | | | | | |
| 74 PHILADELPHIA CMH/MR | 29,534,178 | | | | | | | | |
| 75 DHS AND OTHER PHILA | 5,339,989 | | | 2,060 | | | | 16,026 | 350,212 |
| 76 MONTGOMERY COUNTY | 8,914,613 | 62,546 | 51,338 | | | | 11,124 | | |
| OTHER PA COUNTIES | 9,002,605 | | | | | | | | |
| 78 MEDICAL ASSISTANCE /CBHMAG | 11,036,134 | | | | | | | | |
| GRANTS/DONATIONS | 861,912 | | | | | | | | |
| PATIENT FEES | 10,266,233 | | | | | | | | |
| SALES & FEES | 3,060,747 | | | | | | | | |
| INTEREST & MISCELLANEOUS | 711,166 | | | | | | | | 75 |
| 95 GRAND TOTAL | 101,240,128 | 62,546 | 51,338 | 2,060 | 6,163 | 11,124 | 16,026 | 350,287 | |

| | |
|--|--------------------|
| Murex Corp. and Murex Investments, Inc. | 1,145,189 |
| Net assets released from temporary restriction | 1,575,420 |
| TOTAL CONSOLIDATED REVENUES | 103,960,737 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF SOURCE AND STATUS OF FUNDS
CONTRACT NO. 03-20480
YEAR ENDED JUNE 30, 2004

| | <u>CDBG funds</u> | <u>HOME income</u> | <u>Other city funds</u> | <u>Noncity funds</u> | <u>Total</u> |
|--|-----------------------|------------------------|-----------------------------|--------------------------|------------------|
| Total contract: | \$ 50,000 | \$ - | \$ - | \$ - | \$ 50,000 |
| Less: | | | | | |
| Funds drawn down - prior fiscal year | 3,000 | - | - | - | 3,000 |
| Funds drawn down - current fiscal year | <u>2,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,000</u> |
| Total funds drawn down | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,000</u> |
| Funds still available for draw down | <u>\$ 45,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,000</u> |
| | | | | | |
| Total funds drawn down | \$ 5,000 | \$ - | \$ - | \$ - | \$ 5,000 |
| Add: | | | | | |
| Program income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total funds received | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,000</u> |
| Less: | | | | | |
| Program income expended | - | - | - | - | - |
| Funds applied - prior fiscal year | 3,000 | - | - | - | 3,000 |
| Funds applied - current fiscal year | <u>2,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,000</u> |
| Total funds applied | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,000</u> |
| Total funds due from funding source | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total funds available for disposition | <u>\$ 45,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,000</u> |

RESOURCES FOR HUMAN DEVELOPMENT
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM INCOME
CONTRACT NO. 03-20480
YEAR ENDED JUNE 30, 2004

| | <u>Sale proceeds</u> | <u>Rent collected</u> | <u>Total</u> |
|---|--------------------------|---------------------------|--------------|
| Program income (cumulative through June 30, 2003) | \$ - | \$ - | \$ - |
| Less program income expended in prior years | <u>-</u> | <u>-</u> | <u>-</u> |
| Beginning balance, July 1, 2003 | - | - | - |
| 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, 2004 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES
CONTRACT NO. 03-20480
YEAR ENDED JUNE 30, 2004

| Contract categories | Project budget | | | | Accrued expenditures prior to July 1, 2003 | | | |
|------------------------|----------------|------------|------------------|-------------|--|------------|------------------|-------------|
| | CBDG funds | HOME funds | Other city funds | Total funds | CBDG funds | HOME funds | Other city funds | Total funds |
| Direct personnel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Direct fringe benefits | - | - | - | - | - | - | - | - |
| Travel | - | - | - | - | - | - | - | - |
| Rental payments | - | - | - | - | - | - | - | - |
| Occupancy | - | - | - | - | - | - | - | - |
| Consumable supplies | - | - | - | - | - | - | - | - |
| Equipment rental/lease | - | - | - | - | - | - | - | - |
| Professional services | - | - | - | - | - | - | - | - |
| Insurance | - | - | - | - | - | - | - | - |
| Program expenses | 50,000 | - | - | 50,000 | 3,000 | - | - | 3,000 |
| Operating subtotal | 50,000 | - | - | 50,000 | 3,000 | - | - | 3,000 |
| Audit costs | - | - | - | - | - | - | - | - |
| Contract total | \$ 50,000 | \$ - | \$ - | \$ 50,000 | \$ 3,000 | \$ - | \$ - | \$ 3,000 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES (CONTINUED)
CONTRACT NO. 03-20480
YEAR ENDED JUNE 30, 2004

| Contract categories | Accrued expenditures July 1, 2003 to June 30, 2004 | | | | Accrued expenditures cumulative to June 30, 2004 | | | |
|------------------------|---|---------------|---------------------|----------------|---|---------------|---------------------|----------------|
| | CBDG funds | HOME funds | Other city funds | Total funds | CBDG funds | HOME funds | Other city funds | Total funds |
| Direct personnel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Direct fringe benefits | - | - | - | - | - | - | - | - |
| Travel | - | - | - | - | - | - | - | - |
| Rental payments | - | - | - | - | - | - | - | - |
| Occupancy | - | - | - | - | - | - | - | - |
| Consumable supplies | - | - | - | - | - | - | - | - |
| Equipment rental/lease | - | - | - | - | - | - | - | - |
| Professional services | - | - | - | - | - | - | - | - |
| Insurance | - | - | - | - | - | - | - | - |
| Program expenses | 2,000 | - | - | 2,000 | 5,000 | - | - | 5,000 |
| Operating subtotal | 2,000 | - | - | 2,000 | 5,000 | - | - | 5,000 |
| Audit costs | - | - | - | - | - | - | - | - |
| Contract total | \$ 2,000 | \$ - | \$ - | \$ 2,000 | \$ 5,000 | \$ - | \$ - | \$ 5,000 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
RECONCILIATION SCHEDULE
CONTRACT NO. 03-20480
YEAR ENDED JUNE 30, 2004

| | Amount per audit report | Amount per June 30, 2004 subrecipient invoices | Differences |
|--------------------|----------------------------|---|-------------|
| Contract amount | \$ 50,000 | \$ 50,000 | \$ - |
| Program cost | | | |
| Current year | 2,000 | 2,000 | - |
| Cumulative | 5,000 | 5,000 | - |
| Funds drawn down | | | |
| Current year | 2,000 | 2,000 | - |
| Cumulative | 5,000 | 5,000 | - |
| Balance of advance | \$ - | \$ - | \$ - |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF SOURCE AND STATUS OF FUNDS
CONTRACT NO. 04-20089
YEAR ENDED JUNE 30, 2004

| | CDBG funds | HOME income | Other city funds | Noncity funds | Total |
|--|------------------|------------------|---------------------|------------------|------------------|
| Total contract: | \$ 90,733 | \$ 217,200 | \$ - | \$ - | \$ 307,933 |
| Less: | | | | | |
| Funds drawn down - prior fiscal year | - | - | - | - | - |
| Funds drawn down - current fiscal year | 76,625 | 192,633 | - | - | 269,258 |
| Total funds drawn down | 76,625 | 192,633 | - | - | 269,258 |
| Funds still available for draw down | <u>\$ 14,108</u> | <u>\$ 24,567</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,675</u> |
| Total funds drawn down | \$ 76,625 | \$ 192,633 | \$ - | \$ - | \$ 269,258 |
| Add: | | | | | |
| Program income | - | - | - | - | - |
| Total funds received | <u>76,625</u> | <u>192,633</u> | <u>-</u> | <u>-</u> | <u>269,258</u> |
| Less: | | | | | |
| Program income expended | - | - | - | - | - |
| Funds applied - prior fiscal year | - | - | - | - | - |
| Funds applied - current fiscal year | 76,625 | 192,633 | - | - | 269,258 |
| Total funds applied | 76,625 | 192,633 | - | - | 269,258 |
| Total funds due from funding source | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total funds available for disposition | <u>\$ 14,108</u> | <u>\$ 24,567</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,675</u> |

RESOURCES FOR HUMAN DEVELOPMENT
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM INCOME
CONTRACT NO. 04-20089
YEAR ENDED JUNE 30, 2004

| | Sale proceeds | Rent collected | Total |
|---|------------------|-------------------|-------------|
| Program income (cumulative through June 30, 2003) | \$ - | \$ - | \$ - |
| Less program income expended in prior fiscal years | - | - | - |
| Beginning balance, July 1, 2003 | - | - | - |
| Add program income received in current fiscal year | - | - | - |
| Less program income expended in current fiscal year | - | - | - |
| Ending balance, July 30, 2004 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES
CONTRACT NO. 04-20089
YEAR ENDED JUNE 30, 2004

| Contract categories | Project budget | | | | | Accrued expenditures prior to July 1, 2003 | | |
|------------------------|----------------|------------|------------------|-------------|------------|--|------------------|-------------|
| | CBDG funds | HOME funds | Other city funds | Total funds | CBDG funds | HOME funds | Other city funds | Total funds |
| Direct personnel | \$ 28,325 | - | \$ - | \$ 28,325 | \$ - | \$ - | \$ - | \$ - |
| Direct fringe benefits | 9,066 | - | - | 9,066 | - | - | - | - |
| Travel | 5,500 | - | - | 5,500 | - | - | - | - |
| Rental payments | - | 217,200 | - | 217,200 | - | - | - | - |
| Occupancy | 15,300 | - | - | 15,300 | - | - | - | - |
| Consumable supplies | 7,150 | - | - | 7,150 | - | - | - | - |
| Equipment rental/lease | 2,000 | - | - | 2,000 | - | - | - | - |
| Professional services | 11,842 | - | - | 11,842 | - | - | - | - |
| Insurance | 7,100 | - | - | 7,100 | - | - | - | - |
| Program expenses | 4,450 | - | - | 4,450 | - | - | - | - |
| Operating subtotal | 90,733 | 217,200 | - | 307,933 | - | - | - | - |
| Audit costs | - | - | - | - | - | - | - | - |
| Contract total | \$ 90,733 | \$ 217,200 | \$ - | \$ 307,933 | \$ - | \$ - | \$ - | \$ - |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES (CONTINUED)
CONTRACT NO. 04-20089
YEAR ENDED JUNE 30, 2004

| Contract categories | Accrued expenditures July 1, 2003 to June 30, 2004 | | | | Accrued expenditures cumulative to June 30, 2004 | | | |
|------------------------|---|---------------|---------------------|----------------|---|---------------|---------------------|----------------|
| | CBDG funds | HOME funds | Other city funds | Total funds | CBDG funds | HOME funds | Other city funds | Total funds |
| Direct personnel | \$ 22,613 | - | \$ - | \$ 22,613 | \$ 22,613 | \$ - | - | \$ 22,613 |
| Direct fringe benefits | 4,772 | - | - | 4,772 | 4,772 | - | - | 4,772 |
| Travel | 2,843 | - | - | 2,843 | 2,843 | - | - | 2,843 |
| Rental payments | - | 192,633 | - | 192,633 | - | 192,633 | - | 192,633 |
| Occupancy | 15,283 | - | - | 15,283 | 15,283 | - | - | 15,283 |
| Consumable supplies | 6,469 | - | - | 6,469 | 6,469 | - | - | 6,469 |
| Equipment rental/lease | 1,992 | - | - | 1,992 | 1,992 | - | - | 1,992 |
| Professional services | 9,995 | - | - | 9,995 | 9,995 | - | - | 9,995 |
| Insurance | 7,082 | - | - | 7,082 | 7,082 | - | - | 7,082 |
| Program expenses | 5,576 | - | - | 5,576 | 5,576 | - | - | 5,576 |
| Operating subtotal | 76,625 | 192,633 | - | 269,258 | 76,625 | 192,633 | - | 269,258 |
| Audit costs | - | - | - | - | - | - | - | - |
| Contract total | \$ 76,625 | \$ 192,633 | \$ - | \$ 269,258 | \$ 76,625 | \$ 192,633 | \$ - | \$ 269,258 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
RECONCILIATION SCHEDULE
CONTRACT NO. 04-20089
YEAR ENDED JUNE 30, 2004

| | Amount per audit report | Amount per June 30, 2004 subrecipient invoices | Differences |
|--------------------|----------------------------|---|-------------|
| Contract amount | \$ 307,933 | \$ 307,933 | \$ - |
| Program cost | | | |
| Current year | 269,258 | 269,258 | - |
| Cumulative | 269,258 | 269,258 | - |
| Funds drawn down | | | |
| Current year | 269,258 | 269,258 | - |
| Cumulative | 269,258 | 269,258 | - |
| 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. 03-20019
YEAR ENDED JUNE 30, 2004

| | Endow-a-Home Outpatient Services Contract No. <u>03-20019</u> |
|---|--|
| Expenditures by cost center: | |
| Total personnel services | \$ 47,427 |
| Total operating expenses | - |
| Total fixed assets | <u>15,403</u> |
| Total expenditures by cost center | <u>62,830</u> |
| Funding sources: | |
| Client fees | - |
| City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse | 62,830 |
| Other | <u>-</u> |
| Total funding sources | <u>62,830</u> |
| Excess of expenditures over funding sources | <u>\$ -</u> |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C3226
YEAR ENDED JUNE 30, 2004

| | |
|------------------------------|------------------|
| <u>Expenditures:</u> | |
| Personnel: | |
| Salaries | \$ 28,601 |
| Fringe benefits | 4,862 |
| | <hr/> |
| Total personnel expenditures | 33,463 |
| | <hr/> |
| Operating: | |
| Occupancy | 7,030 |
| Communications | 973 |
| Education/Program supplies | 466 |
| Printing | - |
| Other | 2,923 |
| | <hr/> |
| Total operating expenditures | 11,392 |
| | <hr/> |
| Equipment: | |
| Lease/rental | 990 |
| | <hr/> |
| Total equipment expenditures | 990 |
| | <hr/> |
| Total direct expenditures | 45,845 |
| | <hr/> |
| Administration | 4,219 |
| | <hr/> |
| Total expenditures | 50,064 |
| | <hr/> |
| <u>Program revenue</u> | - |
| | <hr/> |
| Net AACO funded expenditures | <u>\$ 50,064</u> |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER C4226
YEAR ENDED JUNE 30, 2004

| | |
|------------------------------|-------------------------|
| <u>Expenditures:</u> | |
| Personnel: | |
| Salaries | \$ 24,515 |
| Fringe benefits | <u>5,743</u> |
| Total personnel expenditures | <u>30,258</u> |
| Operating: | |
| Occupancy | 4,972 |
| Communications | - |
| Education/Program supplies | 514 |
| Printing | - |
| Other | <u>103</u> |
| Total operating expenditures | <u>5,589</u> |
| Equipment: | |
| Lease/rental | <u>626</u> |
| Total equipment expenditures | <u>626</u> |
| Total direct expenditures | 36,473 |
| Administration | <u>3,355</u> |
| Total expenditures | 39,828 |
| <u>Program revenue</u> | <u>-</u> |
| Net AACO funded expenditures | <u><u>\$ 39,828</u></u> |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO AWARD NUMBER G4438
YEAR ENDED JUNE 30, 2004

Expenditures:

| | |
|------------------------------|-----------|
| Personnel: | |
| Salaries | \$ 32,315 |
| Fringe benefits | 7,601 |
| | 39,916 |
| | |
| Operating: | |
| Occupancy | - |
| Communications | - |
| Education/Program supplies | 3,746 |
| Printing | - |
| Other | - |
| | 3,746 |
| | |
| Equipment: | |
| Lease/rental | - |
| | - |
| | |
| Total equipment expenditures | - |
| | |
| Total direct expenditures | 43,662 |
| | |
| Administration | 4,018 |
| | 47,680 |
| | |
| Total expenditures | 47,680 |
| | |
| Program revenue | - |
| | - |
| | |
| Net AACO funded expenditures | \$ 47,680 |

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
CARBON-MONROE-PIKE DEPARTMENT OF MENTAL HEALTH AND RETARDATION
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2004**

| | 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 | \$ 295,153 | \$ 24,194 | \$ 105,060 | - | \$ - | \$ - | \$ - |
| Retained Revenue Request | - | - | - | - | - | - | - |
| Use of Prior Years Retained Revenue | - | - | - | - | - | - | - |
| Food Pantry Grant | 3,000 | - | - | - | - | - | - |
| Federal FFP | 141,446 | 8,598 | 35,439 | - | - | - | - |
| County Support (HUD Program) | - | - | - | - | - | - | 50,000 |
| HUD Funds | - | - | - | - | - | 79,459 | 216,791 |
| Program Funding | - | 260,344 | 20,590 | 52,200 | 175,000 | - | - |
| Transfer of funds | 31,176 | 5,264 | (36,439) | - | - | - | - |
| Other Income (CR client rent) | 50 | - | 4,941 | 1,279 | - | - | 21,778 |
| Total Revenue | 470,825 | 298,400 | 129,591 | 53,479 | 175,000 | 79,459 | 288,569 |
| Expenses: | | | | | | | |
| Salaries & Wages | 261,971 | 159,890 | 57,402 | 20,163 | 101,119 | 37,342 | 129,942 |
| Taxes/Benefits | 65,230 | 34,850 | 10,124 | 3,698 | 23,735 | 7,055 | 29,630 |
| Staff Development | 441 | 673 | 110 | 3,750 | 147 | 301 | 908 |
| Purchased Personnel & Services | 25,700 | 23,958 | 5,343 | 106 | 4,721 | 962 | 288 |
| Rent | 14,213 | 14,069 | 3,244 | 1,920 | 4,857 | 3,872 | 10,391 |
| Utilities | 4,013 | 3,353 | 892 | 228 | 733 | 686 | 966 |
| Insurance-Building & Contents | 121 | 109 | 27 | 90 | 215 | 189 | 491 |
| Insurance-Service | 6,702 | 3,481 | 1,990 | 465 | 2,692 | 1,222 | 4,469 |
| Housekeeping/Moving Costs | 2,798 | 2,433 | 624 | 218 | 704 | 617 | 2,084 |
| Communications | 7,266 | 7,703 | 3,230 | 1,010 | 4,551 | 3,284 | 4,260 |
| Office/Computer Supplies | 1,571 | 2,400 | 393 | 2,106 | 6,436 | 3,415 | 5,611 |
| Medical Supplies | 246 | 20 | 3 | 3 | 23 | 32 | 211 |
| Food | 16,063 | - | 6 | - | 3 | - | 264 |
| Rehabilitation Supplies | 1,084 | 447 | 73 | 58 | 362 | 2,392 | 79 |
| Household Goods | 2,135 | 1,666 | 470 | - | - | - | 10,427 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CARBON-MONROE-PIKE DEPARTMENT OF MENTAL HEALTH AND RETARDATION
SCHEDULE OF REVENUES AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2004

| | Residential Crisis | Telephone Crisis | Mobile Crisis | Consumer Satisfaction Team | OARS (Community Services) | Community Connections (Social Rehab) | HUD Supportive Housing (a) |
|--|-----------------------|---------------------|------------------|----------------------------------|---------------------------------|--|----------------------------------|
| Expenses (continued): | | | | | | | |
| Staff Travel | 1,721 | 571 | 518 | 2,643 | 400 | 1,040 | 590 |
| Client Transportation | 3,860 | 310 | 9,065 | 40 | 4,505 | 7,474 | 10,550 |
| Miscellaneous Operating Equipment and Furnishings-Large | 402 | 316 | 62 | 38 | 539 | 188 | 1,726 |
| Equipment and Furnishings-Small | 1,852 | 1,786 | - | 6,676 | 1,992 | 1,429 | 9,482 |
| Building Repair & Maintenance | 433 | 1,706 | 571 | 1,096 | 326 | - | 11,984 |
| Equipment Repair & Maintenance | 12,988 | 10,131 | 2,857 | - | - | - | - |
| Motor Vehicle Expense | 945 | 1,443 | 237 | 108 | 1,031 | 735 | 1,333 |
| Motor Vehicle Insurance | - | - | 20,590 | 4,201 | - | - | 46,358 |
| Total Direct Expenses | 431,755 | 271,315 | 117,831 | 48,617 | 159,091 | 72,235 | 282,044 |
| Administrative Overhead | 43,175 | 27,131 | 11,783 | 4,862 | 15,909 | 7,224 | 6,525 |
| Total Expenses | 474,930 | 298,446 | 129,614 | 53,479 | 175,000 | 79,459 | 288,569 |
| Support and revenue (under)/over expenses | \$ (4,105) | \$ (46) | \$ (23) | \$ - | \$ - | \$ - | \$ - |

REQUEST FOR RETAINED REVENUE

| | | | | | | | |
|---------------------|---------|---------|---------|-----|-----|-----|-----|
| UOS PROVIDED | 5,143 | 3,274 | 4,940 | N/A | N/A | N/A | N/A |
| (b) NET UNIT RATE | \$57.39 | \$86.91 | \$25.44 | N/A | N/A | N/A | N/A |
| (c) GROSS UNIT RATE | \$92.34 | \$91.16 | \$26.24 | N/A | N/A | N/A | N/A |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
 CARBON-MONROE-PIKE DEPARTMENT OF MENTAL HEALTH AND RETARDATION
 SCHEDULE OF UNITS OF SERVICE (UOS)
 PROVIDER NO. RES 110
 YEAR ENDED JUNE 30, 2004

| Type of Service | MA UOS | FFP \$ | MA Dollars Match \$ | Total \$ | Non-MA UOS | Non-MA Dollars | Total UOS | Total Dollars |
|---------------------------------|--------|-------------|---------------------|-----------|------------|----------------|-----------|---------------|
| Residential Crisis | 2,981 | | | | 2,162 | | 5,143 | |
| Established rate: | | \$85.69 (1) | \$109,891 | \$255,442 | | \$185,262 | | \$440,704 |
| Adjustments after final billing | | (\$4,104) | | (\$4,104) | | | | (\$4,104) |
| | | | | \$251,338 | | | | \$436,600 |
| Telephone Crisis | 1,513 | | | | 1,761 | | 3,274 | |
| Established rate: | | \$10.03 (1) | \$6,531 | \$15,175 | | \$17,663 | | \$32,838 |
| Adjustments after final billing | | | (\$46) | (\$46) | | | | (\$46) |
| | | | | \$15,129 | | | | \$32,792 |
| Team Mobile Crisis | 1,758 | | | | 1,959 | | 3,717 | |
| Established rate: | | \$30.01 (1) | \$22,697 | \$52,758 | | \$58,790 | | \$111,548 |
| Individual Mobile Crisis | 313 | | | | 777 | | 1,090 | |
| Established rate: | | \$20.00 (1) | \$2,695 | \$6,260 | | \$15,540 | | \$21,800 |
| Adjustments after final billing | | | (\$23) | (\$23) | | | | (\$23) |
| | | | | \$6,237 | | | | \$21,777 |
| Medical Mobile Crisis | 59 | | | | 74 | | 133 | |
| Established rate: | | \$53.95 (1) | \$1,346 | \$3,183 | | \$3,992 | | \$7,175 |

(1) Established rate set by the State.

**RESOURCES FOR HUMAN DEVELOPMENT
LEHIGH COUNTY MENTAL HEALTH PROGRAMS
SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 2004**

| | Hope Springs Almond Rd. | Hope Springs Friedens Rd. | LVACT | Flexible Funds |
|---------------------------------------|----------------------------|------------------------------|-------------------|-------------------|
| Revenue: | | | | |
| FFS Revenue | \$ - | \$ - | \$ 103,439 | \$ - |
| Recruitment and Retention | 6,760 | 7,338 | - | - |
| Room, Board | 15,829 | 16,626 | - | - |
| Request for Retained Revenue | - | - | - | - |
| Use of Prior Years' Retained Revenue | - | - | - | - |
| Other income | - | - | - | - |
| Program Funding | 228,390 | 218,349 | - | 104,405 |
| Total Revenue | \$ 250,979 | \$ 242,313 | \$ 103,439 | \$ 104,405 |
| Expenses: | | | | |
| Salaries & Wages | 146,944 | 138,512 | 55,249 | - |
| Social Security | 11,544 | 10,741 | 4,288 | - |
| Retirement | - | - | - | - |
| Other Benefits | 27,828 | 25,950 | 9,077 | - |
| Staff Development | 711 | 683 | 844 | - |
| Purchased Personnel & Services | 466 | 1,202 | 7,866 | - |
| Vocational Support Svcs (Flex only) | - | - | - | 2,010 |
| On-Site Psychiatric (Hope House only) | - | - | - | - |
| Rent | 5,109 | 4,937 | 3,671 | 84,363 |
| Real Estate Taxes | - | - | - | - |
| Utilities | 2,657 | 2,462 | 6 | - |
| Insurance-Contents | 96 | 96 | 23 | - |
| Insurance-Service | 3,574 | 3,564 | 1,557 | - |
| Housekeeping | 4,982 | 3,616 | 23 | 1,619 |
| Communications | 3,476 | 2,636 | 2,979 | - |
| Office/Computer Supplies | 996 | 752 | 1,176 | - |
| Computer Services | - | - | - | - |
| Copy Machine Lease | - | - | - | - |
| Medical Supplies | 90 | 104 | 24 | 279 |
| Medications | - | - | - | 7,238 |
| Clothing | - | - | - | 189 |
| Food | 5,043 | 5,533 | - | 1,614 |
| Rehabilitation Supplies | 1,324 | 1,122 | 51 | 2,814 |
| Recreation | 254 | 252 | - | - |
| Household Goods | 1,836 | 1,834 | - | 1,436 |

**RESOURCES FOR HUMAN DEVELOPMENT
LEHIGH COUNTY MENTAL HEALTH PROGRAMS
SCHEDULE OF REVENUE AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2004**

| | Hope Springs Almond Rd. | Hope Springs Friedens Rd. | LVACT | Flexible Funds |
|--|----------------------------|------------------------------|-------------------|-------------------|
| Expenses: | | | | |
| Staff Travel | 453 | 548 | 5,099 | - |
| Client Transportation | - | - | - | 1,565 |
| Library | 16 | 125 | 124 | - |
| Miscellaneous Operating | 431 | 126 | 199 | 870 |
| Purchased Residential (LVACT Only) | - | - | 1 | 160 |
| Equipment and Furnishings-Large | 422 | 422 | 1,456 | - |
| Equipment and Furnishings-Small | 1,366 | 1,433 | 219 | 248 |
| Equipment Leasing | - | - | - | - |
| Building Repair & Maintenance | 5,342 | 7,230 | - | - |
| Land & Building | - | - | - | - |
| Equipment Repair & Maint. Contracts | 602 | 913 | 124 | - |
| Motor Vehicle Lease/Purchase | - | - | 2,804 | - |
| Motor Vehicle Expense | 1,645 | 1,695 | 303 | - |
| Motor Vehicle Repairs/Supplies | 974 | 1,324 | 233 | - |
| Motor Vehicle Insurance | 2,175 | 2,175 | 504 | - |
| Total Direct Expenses | <u>230,356</u> | <u>219,987</u> | <u>97,900</u> | <u>104,405</u> |
| Administrative Overhead | 26,166 | 25,176 | 11,748 | - |
| Total Expenses | <u>\$ 256,522</u> | <u>\$ 245,163</u> | <u>\$ 109,648</u> | <u>\$ 104,405</u> |
| SUPPORT AND REVENUE OVER / (UNDER) EXPENSES | <u>\$ (5,543)</u> | <u>\$ (2,850)</u> | <u>\$ (6,209)</u> | <u>\$ -</u> |

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
MONTGOMERY COUNTY FUNDED PROGRAMS
SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 2004**

Mental Health

| | LMCS - MH Outpatient | LMCS - Student Assistance | PIC - MH TASC | Consultants in Context | Renaissance | New Foundations | Wellspring | New Options | Positive Resolutions | Compeer | Family Support Services | Totals |
|--|----------------------|---------------------------|-----------------|------------------------|-----------------|-----------------|------------------|------------------|----------------------|-------------------|-------------------------|------------------|
| Revenue: | | | | | | | | | | | | |
| Montico Program Fund | \$ 140,153 | \$ 16,000 | \$ 13,950 | \$ - | \$ - | \$ 11,900 | \$ - | \$ - | \$ - | \$ 48,750 | \$ 7,357 | \$ 238,110 |
| Montico - Fee-For-Service | - | - | 31,050 | 155,380 | 728,097 | 624,833 | 315,490 | 997,157 | 1,432,375 | - | - | 4,284,382 |
| Montico Other | 1,300 | - | (190) | - | 2,740 | - | - | - | - | - | - | 3,850 |
| Medical assistance | 16,708 | - | - | - | - | 101,978 | - | - | - | - | - | 16,708 |
| Magellan Behavioral | 122,840 | - | - | - | - | - | - | - | - | - | - | 224,818 |
| Private insurance | 156,835 | - | - | - | - | - | - | - | - | - | - | 156,835 |
| Program/client fee | - | - | - | - | 128,187 | 73,179 | 90,545 | 104,655 | 81,752 | - | - | 478,318 |
| Grants/donations | 44,954 | - | - | - | - | - | 150 | - | - | 85,244 | - | 130,348 |
| Miscellaneous income | 5,255 | - | - | - | - | 152 | 2 | - | - | 20 | - | 18,552 |
| Total revenue | 488,045 | 16,000 | 44,810 | 155,380 | 859,024 | 812,042 | 406,187 | 1,101,812 | 1,514,127 | 134,014 | 20,480 | 5,551,921 |
| Expenses: | | | | | | | | | | | | |
| Salaries | 147,924 | 12,819 | 15,074 | 52,332 | 398,667 | 387,028 | 175,162 | 540,366 | 697,301 | 74,688 | - | 2,501,361 |
| Taxes/benefits | 31,746 | 2,679 | 2,705 | 10,321 | 109,878 | 101,990 | 47,836 | 146,513 | 189,604 | 13,884 | - | 637,156 |
| Purchased personnel | 174,779 | - | 12,200 | 60,730 | 158 | 1,786 | 217 | 2,484 | 20,977 | 5,316 | - | 278,647 |
| Rent, utilities and housekeeping | 72,224 | 3,778 | 6,379 | - | 156,381 | 75,367 | 92,837 | 102,545 | 92,600 | 2,915 | - | 605,026 |
| Insurance | 8,117 | 247 | 400 | 2,199 | 14,383 | 12,425 | 7,418 | 18,113 | 23,693 | - | - | 86,995 |
| Communications | 9,948 | 58 | 1,204 | 927 | 6,074 | 7,442 | 5,230 | 7,397 | 22,216 | 2,633 | - | 63,129 |
| Office and program supplies | 12,102 | - | 1,512 | 373 | 16,921 | 32,670 | 4,456 | 30,866 | 45,664 | 17,029 | - | 161,593 |
| Food | - | - | - | 793 | 29,202 | 26,891 | 894 | 32,946 | 31,540 | - | - | 122,266 |
| Staff travel | 93 | - | - | 7,725 | 1,401 | 2,527 | 884 | - | 3,232 | 2,648 | - | 18,510 |
| Purchased equipment | 653 | - | - | - | 1,152 | 22,017 | 2,732 | 4,141 | 12,829 | 486 | 20,480 | 64,490 |
| Property and building maintenance | 1,606 | - | - | - | 8,332 | 29,299 | 3,329 | 52,333 | 96,755 | 359 | - | 192,013 |
| Transportation-vehicle | - | - | - | - | 5,933 | 9,145 | 3,267 | 23,357 | 31,515 | - | - | 73,217 |
| Total direct expenses | 459,192 | 19,581 | 39,474 | 135,400 | 748,482 | 708,587 | 344,262 | 961,061 | 1,267,926 | 119,958 | 20,480 | 4,824,403 |
| Administrative overhead | 64,287 | 2,741 | 5,526 | 18,956 | 105,110 | 100,312 | 48,203 | 134,549 | 177,510 | 16,794 | - | 673,988 |
| Total expenses | 523,479 | 22,322 | 45,000 | 154,356 | 853,592 | 808,899 | 392,465 | 1,095,610 | 1,445,436 | 136,752 | 20,480 | 5,498,391 |
| Support and revenue (over)/under expenses | \$ (35,433) | \$ (6,322) | \$ (190) | \$ 1,025 | \$ 5,431 | \$ 3,143 | \$ 13,723 | \$ 6,202 | \$ 68,690 | \$ (2,739) | \$ - | \$ 53,530 |
| Request for retained revenue | | | | | | | | | | | | \$ 98,214 |

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
MONTGOMERY COUNTY FUNDED PROGRAMS
SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 2004**

| | RSS | LMVTC | Family Support Services | IT Funding | Totals |
|---|------------------|-----------------|-------------------------|---------------|------------------|
| Mental Retardation | | | | | |
| Revenue: | | | | | |
| Montco Program Fund | \$ - | \$ - | \$ 93,829 | \$ 10,184 | \$ 104,013 |
| Montco - Fee-For-Service | 2,188,800 | 707,932 | - | - | 2,896,732 |
| Montco Other | - | (3,165) | - | - | (3,165) |
| Montoc - FY 02/03 retained revenue | 25,902 | - | - | - | 25,902 |
| Medical assistance | - | - | - | - | - |
| Other Co./State | - | 10,607 | - | - | 10,607 |
| Private insurance | - | - | - | - | - |
| Program/client fee | 160,676 | 143,631 | - | - | 304,307 |
| Grants/donations | - | 497 | - | - | 497 |
| Miscellaneous income | 13,435 | 17,027 | 7,964 | - | 38,426 |
| Total revenue | <u>2,388,813</u> | <u>876,529</u> | <u>101,793</u> | <u>10,184</u> | <u>3,377,319</u> |
| Expenses: | | | | | |
| Salaries | 1,017,388 | 441,006 | 16,134 | - | 1,474,528 |
| Taxes/benefits | 259,136 | 130,132 | 2,009 | - | 391,277 |
| Purchased personnel | 191,259 | 3,448 | 67,011 | - | 261,718 |
| Rent, utilities and housekeeping | 294,008 | 68,336 | - | - | 362,344 |
| Insurance | 35,724 | 18,355 | 2,308 | - | 56,387 |
| Communications | 12,198 | 10,185 | - | - | 22,383 |
| Office and program supplies | 44,407 | 36,444 | - | - | 80,851 |
| Food | 50,687 | 886 | - | - | 51,573 |
| Staff travel | 11,543 | 519 | - | - | 12,062 |
| Purchased equipment | 10,186 | 6,873 | 14,331 | 8,933 | 40,323 |
| Property and building maintenance | 36,201 | 38,335 | - | - | 74,536 |
| Transportation-vehicle | 103,069 | 7,597 | - | - | 110,666 |
| Total direct expenses | 2,065,806 | 762,116 | 101,793 | 8,933 | 2,938,648 |
| Administrative overhead | 289,270 | 106,696 | - | 1,251 | 397,217 |
| Total expenses | <u>2,355,076</u> | <u>868,812</u> | <u>101,793</u> | <u>10,184</u> | <u>3,335,865</u> |
| Support and revenue (over)/under expenses | \$ <u>33,737</u> | \$ <u>7,717</u> | \$ - | \$ - | \$ <u>41,454</u> |
| Request for retained revenue | \$ <u>33,737</u> | \$ <u>7,717</u> | | | \$ <u>41,454</u> |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
MONTGOMERY COUNTY FUNDED PROGRAMS
SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 2004

Drug and Alcohol

| | LMCS - Outpatient | LMCS - Student Assistance | PIC - D&A Outpatient | PIC - Continuity | PIC - D&A Case Management | MC Methadone Center | Montco Hospital Prenatal | Womanspace | Family House | Totals |
|--------------------------|----------------------|---------------------------------|-------------------------|---------------------|---------------------------------|---------------------------|--------------------------------|------------|-----------------|-----------|
| Revenue: | | | | | | | | | | |
| Montco Program Fund | | | | | | | | | | |
| Montco - Fee-For-Service | 6,163 | 518 | 174,702 | 33,000 | 222,053 | 568,784 | 73,026 | 9,523 | 12,465 | 307,544 |
| Montco Other | (221) | - | 233,765 | 21,495 | - | 23,927 | - | - | 12,312 | 805,002 |
| Medical assistance | (326) | - | - | - | - | - | - | 292,873 | 163,169 | 255,260 |
| Other Co./State | 1,690 | - | 2,602 | - | - | - | - | 40,893 | 1,791 | 479,748 |
| Magellan Behavioral | (11) | - | 51,275 | - | - | 452,835 | - | 12,139 | 193,038 | 710,977 |
| Private insurance | - | - | 31,979 | - | - | 41,274 | - | - | - | 73,242 |
| Program/client fee | - | - | 113,116 | - | - | 137,111 | - | 11,155 | 510 | 261,892 |
| Grants/donations | - | - | 389 | - | - | 82 | - | - | 373 | 844 |
| Miscellaneous income | - | - | 1,721 | - | - | 59 | - | 557 | 10,084 | 12,421 |
| Total revenue | 7,295 | 518 | 609,549 | 54,495 | 222,053 | 1,224,072 | 73,026 | 367,140 | 393,742 | 2,951,890 |

Expenses:

| | | | | | | | | | | |
|-----------------------------------|--------|---|---------|--------|---------|-----------|--------|---------|---------|-----------|
| Salaries | 5,306 | - | 269,987 | 31,907 | 122,715 | 586,649 | 41,309 | 172,978 | 229,603 | 1,460,454 |
| Taxes/benefits | 1,000 | - | 49,717 | 6,547 | 24,482 | 120,723 | 9,670 | 40,661 | 56,497 | 309,297 |
| Purchased personnel | - | - | 79,180 | 3,535 | 10,294 | 127,359 | - | 19,262 | 3,987 | 243,617 |
| Rent, utilities and housekeeping | 2,389 | - | 62,964 | 1,416 | 11,936 | 81,948 | 8,078 | 34,128 | 38,438 | 241,297 |
| Insurance | 282 | - | 9,226 | 880 | 3,265 | 18,840 | 1,084 | 5,330 | 7,451 | 46,358 |
| Communications | 200 | - | 7,482 | - | 4,781 | 10,723 | - | 6,239 | 9,199 | 38,624 |
| Office and program supplies | - | - | 31,717 | 449 | 10,072 | 72,737 | 2,134 | 14,135 | 10,483 | 141,727 |
| Food | - | - | 471 | 168 | - | - | - | 15,359 | 14,994 | 30,992 |
| Staff travel | - | - | 687 | - | 5,953 | 1,174 | 1,519 | 2,393 | 3,044 | 14,770 |
| Purchased equipment | 378 | - | 11,738 | - | - | 7,952 | - | 1,559 | 1,661 | 23,288 |
| Property and building maintenance | - | - | 633 | - | 1,285 | 15,388 | 263 | 14,100 | 14,151 | 45,820 |
| Transportation-vehicle | - | - | - | - | - | - | - | (2) | - | (2) |
| Total direct expenses | 9,555 | - | 523,802 | 44,902 | 194,783 | 1,043,493 | 64,057 | 326,142 | 389,508 | 2,596,242 |
| Administrative overhead | 1,338 | - | 73,332 | 6,286 | 27,270 | 146,089 | 8,968 | 45,660 | 54,531 | 363,474 |
| Total expenses | 10,893 | - | 597,134 | 51,188 | 222,053 | 1,189,582 | 73,025 | 371,802 | 444,039 | 2,959,716 |

Support and revenue (over)/under expenses \$ 518 \$ 12,415 \$ 3,307 \$ - \$ 34,490 \$ 1 \$ (4,662) \$ (50,297) \$ (7,826)

Request for retained revenue \$ 518 \$ 12,415 \$ 3,306 \$ - \$ 34,490 \$ - \$ - \$ - \$ 50,729

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
 FAMILY HOUSE AND WOMANSPACE
 SCHEDULE OF PROGRAM UNITS OF SERVICE
 YEAR ENDED JUNE 30, 2004**

| 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 - Notristown | 134 | \$ 199 | \$ 26,568 | \$ 26,568 | \$ 26,568 | \$ - |
| | 2,391 | \$ 149 | 356,207 | 356,207 | 356,207 | - |
| | - | \$ 61 | - | - | - | - |
| | - | Misc | N/A | 10,968 | N/A | - |
| Total | 2,525 | | <u>\$ 382,775</u> | <u>\$ 393,743</u> | <u>\$ 382,775</u> | <u>\$ -</u> |
| Womanspace | 3,118 | \$ 114 | \$ 355,428 | \$ 355,428 | \$ 355,428 | \$ - |
| | - | Misc | N/A | 12,330 | N/A | - |
| Total | 3,118 | | <u>\$ 355,428</u> | <u>\$ 367,758</u> | <u>\$ 355,428</u> | <u>\$ -</u> |

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
NORTHAMPTON COUNTY MENTAL HEALTH PROGRAMS
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2004**

| | Hope House | Hope House Outpatient Services | Hope Springs Almond Road | Hope Springs Friedens Road | LVACT | Flexible Funds |
|---|----------------|--------------------------------------|-----------------------------|-------------------------------|----------------|-------------------|
| Revenue: | | | | | | |
| FFS Revenue | \$ 171,847 | \$ 62,633 | \$ - | \$ - | \$ 113,714 | \$ - |
| Recruitment and Retention Room, Board | 24,841 | - | 17,277 | 13,620 | - | - |
| | - | - | 15,829 | 16,626 | - | - |
| Use of Prior Years' Retained Revenue | - | - | - | - | - | - |
| Other Income: Escrow Refund (Almond), Miscellaneous | 4,506 | - | - | - | - | (1,356) |
| Program Funding | 11,234 | - | 228,390 | 218,349 | - | 82,671 |
| Total Revenue | 212,428 | 62,633 | 261,496 | 248,595 | 113,714 | 81,315 |
| Expenses: | | | | | | |
| Salaries & Wages | 117,954 | 19,215 | 146,944 | 138,512 | 55,179 | - |
| Social Security | 9,367 | 1,470 | 11,544 | 10,741 | 4,282 | - |
| Other Benefits | 20,240 | 790 | 27,828 | 25,950 | 9,065 | - |
| Staff Development | 394 | - | 711 | 683 | 843 | - |
| Purchased Personnel & Services | 9,617 | 34,500 | 466 | 1,202 | 7,856 | 121 |
| On-Site Psychiatric | - | - | - | - | - | - |
| Rent | 2,549 | - | 5,109 | 4,937 | 3,666 | 61,967 |
| Utilities | 2,531 | - | 2,657 | 2,462 | 7 | - |
| Insurance-Contents | 90 | - | 96 | 96 | 23 | - |
| Insurance-Service | 3,138 | - | 3,574 | 3,564 | 1,555 | - |
| Housekeeping | 1,308 | - | 4,982 | 3,616 | 23 | 7 |
| Communications | 4,480 | - | 3,476 | 2,636 | 2,975 | - |
| Office/Computer Supplies | 1,944 | - | 996 | 752 | 1,174 | - |
| Computer supplies | 129 | - | - | - | - | - |
| Medical Supplies | 201 | - | 90 | 104 | 24 | 169 |
| Medications | 108 | - | - | - | - | 13,693 |
| Clothing | - | - | - | - | - | 160 |
| Food | 4,404 | - | 5,043 | 5,533 | - | 1,910 |
| Rehabilitation Supplies | 859 | - | 1,324 | 1,122 | 51 | 2,793 |
| Recreation | 203 | - | 254 | 252 | - | - |
| Household Goods | 1,114 | - | 1,836 | 1,834 | - | 322 |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
 NORTHAMPTON COUNTY MENTAL HEALTH PROGRAMS
 SCHEDULE OF REVENUES AND EXPENSES (CONTINUED)
 YEAR ENDED JUNE 30, 2004

| | Hope House | Hope House Outpatient Services | Hope Springs Almond Road | Hope Springs Friedlens Road | Hope Springs Road | LVACT | Flexible Funds |
|---|------------|--------------------------------------|-----------------------------|--------------------------------|----------------------|------------|-------------------|
| Expenses (continued): | | | | | | | |
| Staff Travel | 297 | - | 453 | 548 | 5,093 | - | - |
| Client Transportation | - | - | - | - | - | 1,008 | - |
| Library | 181 | - | 16 | 125 | 124 | - | - |
| Miscellaneous Operating | 394 | - | 431 | 126 | 199 | 100 | - |
| Purchased Residential | - | - | - | - | 1 | - | - |
| Equipment and Furnishings-Large | 36 | - | 422 | 422 | 1,454 | - | - |
| Equipment and Furnishings-Small | 849 | - | 1,366 | 1,433 | 219 | 421 | - |
| Building Repair & Maintenance | 4,826 | - | 5,342 | 7,230 | - | - | - |
| Equipment Repair & Maint. Contracts | 409 | - | 602 | 913 | 124 | - | - |
| Motor Vehicle Lease/Purchase | - | - | - | - | 2,800 | - | - |
| Motor Vehicle Expense | 314 | - | 1,645 | 1,695 | 302 | - | - |
| Motor Vehicle Repairs/Supplies | 56 | - | 974 | 1,324 | 232 | - | - |
| Motor Vehicle Insurance | 1,037 | - | 2,175 | 2,175 | 503 | - | - |
| Total Direct Expenses | 189,029 | 55,975 | 230,356 | 219,987 | 97,774 | 82,671 | - |
| Administrative Overhead | 21,631 | 6,658 | 26,166 | 25,176 | 11,733 | - | - |
| Total Expenses | 210,660 | 62,633 | 256,522 | 245,163 | 109,507 | 82,671 | - |
| Support and revenue over/(under) expenses | \$ 1,768 | \$ - | \$ 4,974 | \$ 3,431 | \$ 4,207 | \$ (1,356) | \$ - |
| Request for retained revenue | \$ 7,373 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NORTHAMPTON COUNTY MENTAL RETARDATION PROGRAMS
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2004

| | On Our Way |
|--|-------------------|
| Revenue: | |
| Northampton County MR | \$ 609,598 |
| Client room and board | 7,438 |
| Northampton County C&Y | 226,920 |
| Other counties MH/MR | - |
| Recruitment and retention | - |
| Other | - |
| Total Revenue | 843,956 |
| Expenses: | |
| Salaries & Wages | 494,965 |
| Employee benefits | 123,312 |
| Miscellaneous personnel | 5,094 |
| Occupancy | 37,491 |
| Communications | 11,797 |
| Supportive Services | 36,350 |
| Transportation | 16,958 |
| Miscellaneous expense | 13,600 |
| Equipment and fixed assets | 1,582 |
| Repair and improvements | 1,131 |
| Other administrative supplies | 7,557 |
| Administrative overhead expenses | 89,981 |
| | 839,818 |
| Less client room and board | |
| Private Pay | - |
| Other | - |
| Unallowable expenses per 4300 regs | - |
| Total net allowable expenses per 4300 regs | 839,818 |
| Support and revenue over/(under) expenses | \$ 4,138 |
| Request for retained revenue | \$ 16,719 |

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
NORTHAMPTON COUNTY MENTAL RETARDATION PROGRAMS
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2004**

| | Trisha | Karoly | Highland | Somerset | Mainstay North | Milton | Ackermanville | Family Living | Total On Our Own |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------------|
| Revenue: | | | | | | | | | |
| Northampton County MR Room, Board | \$ 496,662 | \$ 487,719 | \$ 365,385 | \$ 525,787 | \$ 308,508 | \$ 437,136 | \$ 476,054 | \$ 22,141 | \$ 3,119,392 |
| Recruitment & Retention | 15,026 | 20,232 | 14,916 | 14,378 | 4,664 | 14,035 | 9,728 | 5,015 | 97,994 |
| Other Income | 6,077 | 7,849 | 5,663 | 7,917 | 4,573 | 6,756 | 22,643 | - | 61,478 |
| | 1,000 | 3,000 | 1,000 | 1,500 | 2,285 | - | 1,000 | 412 | 10,197 |
| Total revenue | 518,765 | 518,800 | 386,964 | 549,582 | 320,030 | 457,927 | 509,425 | 27,568 | 3,289,061 |
| Expenses: | | | | | | | | | |
| Salaries & Wages | 294,197 | 310,011 | 215,159 | 314,382 | 170,346 | 259,691 | 293,852 | 4,866 | 1,862,504 |
| Employee benefits | 80,276 | 77,376 | 58,084 | 84,184 | 40,087 | 68,721 | 76,849 | 1,955 | 487,532 |
| Miscellaneous personnel | 2,088 | 2,180 | 2,195 | 6,624 | 4,815 | 1,954 | 2,459 | 15,384 | 37,699 |
| Occupancy | 22,695 | 21,423 | 23,924 | 29,630 | 17,919 | 26,743 | 26,248 | 116 | 168,698 |
| Communications | 3,521 | 3,755 | 3,616 | 4,417 | 4,119 | 3,523 | 4,204 | 206 | 27,361 |
| Supportive services | 28,459 | 23,091 | 22,086 | 18,771 | 22,009 | 17,770 | 18,341 | 153 | 150,680 |
| Transportation | 18,790 | 12,864 | 9,907 | 16,121 | 15,434 | 18,009 | 18,924 | 672 | 110,721 |
| Miscellaneous expense | 7,802 | 8,294 | 7,155 | 8,174 | 4,105 | 7,446 | 8,521 | 626 | 52,123 |
| Equipment and fixed assets | 1,937 | 355 | 355 | 355 | 355 | 355 | 1,255 | - | 4,967 |
| Repair and improvements | 233 | 1,044 | 556 | 3,286 | 1,762 | 2,427 | 1,389 | 7 | 10,704 |
| Other (list) - administrative supplies | 3,836 | 3,663 | 3,073 | 5,603 | 5,280 | 2,948 | 5,246 | 549 | 30,198 |
| Administrative overhead expenses | 54,931 | 54,744 | 40,854 | 58,035 | 33,799 | 48,340 | 52,157 | 2,945 | 345,805 |
| Total expenses | 518,765 | 518,800 | 386,964 | 549,582 | 320,030 | 457,927 | 509,445 | 27,479 | 3,288,992 |
| Less client room and board | - | - | - | - | - | - | - | - | - |
| Private pay | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Unallowable expense per 4300 regs | - | - | - | - | - | - | - | - | - |
| Total net allowable expenses per 4300 regs | 518,765 | 518,800 | 386,964 | 549,582 | 320,030 | 457,927 | 509,445 | 27,479 | 3,288,992 |
| Support and revenue over/(under) expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (20) | \$ 89 | \$ 69 |
| Request for retained revenue | \$ 8,849 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,849 |



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 as of and for the year ended June 30, 2004, and have issued our report thereon dated January 7, 2005. 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*. However, we noted certain immaterial instances of noncompliance, which we have reported to management in a separate letter dated January 7, 2005.

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 04-1.

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 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 7, 2005.

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 & Stekowitz, P.C.

Philadelphia, PA
January 7, 2005



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, 2004. 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, 2004.

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 04-2 to 04-4.

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, 2004, and have issued our report thereon dated January 7, 2005. 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.

Philadelphia, PA
January 7, 2005

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

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2004

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|---|------------------------------------|---|--|------------------------------|-----------------------------|
| Federal Financial Assistance | | | | | |
| <u>U.S. Department of Agriculture</u> | | | | | |
| Pass-through Philadelphia Workforce Development Corporation Work Opportunities | 10.561 | 090-03-811-1 | 07/01/03 - 06/30/04 | 874 | - |
| Total U.S. Department of Agriculture | | | | 874 | |
| <u>U.S. Department of Education</u> | | | | | |
| Pass-through Pennsylvania Department of Public Welfare/ Philadelphia Department of Public Health Office of Mental Health/Mental Retardation | 84.181 | 03-20019 | 07/01/03 - 06/30/04 | 87,372 | - |
| Total U.S. Department of Education | | | | 87,372 | |
| <u>U.S. Department of Health and Human Services</u> | | | | | |
| Abbottsford/Schuycill Falls Abbottsford/Schuycill Falls | 93.224 93.224 | 10H80 CS 00718-01 3H1B CS 00047-11 | 09/01/03 - 08/31/04 09/01/01 - 08/31/03 | 946,142 176,538 | - - |
| Pass-through Carbon Monroe Pike Community Service (Oars Program) | 93.958 | N/A | 07/01/03 - 06/30/04 | 175,000 | - |

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, 2004**

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|--|----------------------------|-------------------------------------|---------------------|--------------------------|-------------------------|
| pass-through Florida Department of Children and Families Developmental Services Program | | | | | |
| Districts One, Two & Seven | 93.645 | MWA10 | 07/01/03 - 06/30/04 | 484 | - |
| Districts One, Two & Seven | 93.667 | MWA10 | 07/01/03 - 06/30/04 | 49,421 | - |
| Districts One, Two & Seven | 93.658 | MWA10 | 07/01/03 - 06/30/04 | 380 | - |
| pass-through Louisiana Family House | 93.230 | 5H79T112730-02 | 10/01/02 - 09/30/03 | 52,861 | - |
| Family House | 93.230 | 5H79T112730-03 | 10/01/03 - 09/30/04 | 105,723 | - |
| Womanspace | 93.150 | 032317 | 07/01/03 - 06/30/04 | 9,922 | - |
| pass-through Pennsylvania Department of Health Allegheny County - Community Passages | 93.778 | 20849 | 07/01/03 - 06/30/04 | 825,561 | - |
| pass-through Pennsylvania Department of Health/ Family Planning Council Abbottsford/Schuykill Falls | 93.994 | 43901 | 07/01/03 - 06/30/04 | 1,595 | - |
| pass-through Pennsylvania Department of Public Welfare Community Connections | 93.558 | ME011134058 | 07/01/03 - 06/30/04 | 23,309 | - |
| Community Connections | 93.558 | ME011134009 | 07/01/03 - 06/30/04 | 222,723 | - |
| RARE-3 | 93.558 | ME01134089 | 11/01/02 - 10/31/03 | 103,917 | - |
| RARE-4 | 93.558 | ME01134089 | 11/01/03 - 10/31/04 | 109,301 | - |
| pass-through Pennsylvania Department of Public Welfare/ Development Disabilities Planning Council Parents Exchange | 93.630 | 91490022 | 01/01/04 - 12/31/04 | 21,839 | - |
| Parents Resource | 93.630 | 91490020 | 01/01/02 - 12/31/03 | 87,031 | - |

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, 2004**

| <u>federal grantor/pass-through grantor/program title</u> | Federal | | Passthrough | | Grant | 2004 | Questioned |
|---|---------|-------------|-------------|--------|---------------------|-----------|------------|
| | CFDA | Number | Grantor's | Number | | | |
| Pass-through Pennsylvania Department of Public Welfare/ Family Planning Council Abbottsford/Schuylkill Falls | 93.667 | 43901 | | | 07/01/03 - 06/30/04 | 4,586 | - |
| Pass-through Pennsylvania Department of Public Welfare/ Philadelphia Department of Public Health AAO - HIV Prevention Project | 93.940 | 03-20530 | | | 01/01/03 - 12/31/03 | 50,064 | - |
| AAO - HIV Prevention Project | 93.940 | 04-20589 | | | 01/01/04 - 06/30/04 | 39,828 | - |
| CODAAP - Endow - A - Home | 93.959 | 03-20019 | | | 07/01/03 - 06/30/04 | 56,330 | - |
| OESS - Phoenix People | 93.667 | 03-20462 | | | 07/01/03 - 06/30/04 | 560,872 | - |
| Office of Mental Health/Mental Retardation | 93.150 | 03-20008 | | | 07/01/03 - 06/30/04 | 1,154,734 | - |
| Office of Mental Health/Mental Retardation | 93.778 | 03-20019 | | | 07/01/03 - 06/30/04 | 6,860,747 | - |
| Office of Mental Health/Mental Retardation | 93.667 | 03-20019 | | | 07/01/03 - 06/30/04 | 21,965 | - |
| Pass-through Pennsylvania Department of Public Welfare/ Various Counties Montgomery County - D&A | 93.959 | N/A | | | 07/01/03 - 06/30/04 | 690,698 | - |
| Montgomery County - D&A | 93.667 | N/A | | | 07/01/03 - 06/30/04 | 2,602 | - |
| Montgomery County - MR | 93.778 | N/A | | | 07/01/03 - 06/30/04 | 1,224,678 | - |
| Montgomery County - MR | 93.667 | N/A | | | 07/01/03 - 06/30/04 | 79,323 | - |
| Montgomery County - MR | 93.778 | N/A | | | 07/01/03 - 06/30/04 | 26,906 | - |
| Northampton County - MR | 93.778 | 141735 | | | 07/01/03 - 06/30/04 | 1,974,326 | - |
| Pass-through Philadelphia Department of Human Services ACES | 93.558 | 02-20545-02 | | | 07/01/03 - 06/30/04 | 261,950 | - |
| Pass-through Philadelphia Department of Human Services/ Family Planning Council Abbottsford/Schuylkill Falls | 93.217 | 43901 | | | 07/01/03 - 06/30/04 | 6,579 | - |

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, 2004**

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|---|------------------------------------|---|-------------------------|------------------------------|-----------------------------|
| Pass-through Philadelphia Workforce Development Corporation Work Opportunities | 93.558 | 090-03-814-1 | 07/01/03 - 06/30/04 | 10,313 | - |
| Total U.S. Department of Health and Human Services | | | | <u>15,938,248</u> | |
| <u>U.S. Department of Housing and Urban Development</u> | | | | | |
| AHAD | 14.235 | PA01B00-0006 | 07/01/03 - 06/30/04 | 376,257 | - |
| Chester Youthbuild | 14.235 | Y01IMPA-0118 | 07/01/03 - 06/30/04 | 130,461 | - |
| Chester Youthbuild | 14.235 | Y02IMPA-0054 | 07/01/03 - 06/30/04 | 313,567 | - |
| Crossroads | 14.235 | PA01B20-9001 | 01/01/04 - 12/31/04 | 129,624 | - |
| Crossroads | 14.235 | PA01B90-9001 | 01/01/03 - 12/31/03 | 256,422 | - |
| Supportive Housing | 14.235 | PA01B00-0015 | 04/01/01 - 03/31/04 | 932,503 | - |
| Pass-through 1260 Housing Development Corporation Families in Transition | 14.235 | PA01B100007 | 10/01/02 - 09/30/05 | 412,840 | - |
| Pass-through Chester Economic Development Authority Chester Youthbuild | 14.218 | N/A | 07/01/03 - 06/30/04 | 25,000 | - |
| Pass-through Louisiana New Options | 14.235 | LA48B203013 | 01/01/03 - 01/05/04 | 311,588 | - |
| New Options | 14.235 | LA48B303002 | 01/06/04 - 01/05/05 | 276,332 | - |
| Pathways | 14.235 | LA48B203015 | 04/01/03 - 03/31/04 | 358,596 | - |
| Project Reach | 14.235 | LA48B103015 | 10/01/02 - 09/30/03 | 25,326 | - |
| Project Reach | 14.235 | LA48B203016 | 10/01/03 - 09/30/04 | 54,000 | - |
| Project Renewal | 14.235 | LA48B103002 | 10/01/02 - 09/30/03 | 47,076 | - |
| Project Renewal | 14.235 | LA48B203003 | 10/01/03 - 09/30/04 | 91,511 | - |

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, 2004**

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|--|------------------------------------|---|-------------------------|------------------------------|-----------------------------|
| Pass-through Philadelphia Office of Emergency Shelter Services | | | | | |
| Ridge Shelter & Woodstock Shelter | 14.231 | 03-20361 | 07/01/03 - 06/30/04 | 121,211 | - |
| Ridge Shelter & Woodstock Shelter | 14.235 | 03-20361 | 07/01/03 - 06/30/04 | 467,462 | - |
| Pass-through Philadelphia Office of Housing and Community Development | | | | | |
| Affordable Housing | 14.218 | 03-20480 | 07/01/03 - 06/30/04 | 2,000 | - |
| Families in Transition | 14.218 | 04-20089 | 07/01/03 - 06/30/04 | 76,625 | - |
| Families in Transition | 14.239 | 04-20089 | 07/01/03 - 06/30/04 | 192,633 | - |
| Total U.S. Department of Housing and Urban Development | | | | <u>4,601,034</u> | |
| <u>U.S. Department of Labor</u> | | | | | |
| Pass-through Philadelphia Workforce Development Corporation Work Opportunities | 17.258 | 090-03-301-1 | 07/01/03 - 06/30/04 | 9,570 | - |
| Total U.S. Department of Labor | | | | <u>9,570</u> | |
| <u>U.S. Department of Veterans Affairs</u> | | | | | |
| Womanspace | 64.009 | 629/COS65 | 07/01/03 - 06/30/04 | 19,380 | - |
| Total U.S. Department of Veterans Affairs | | | | <u>19,380</u> | |
| Total Federal Financial Assistance | | | | <u>20,656,478</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, 2004**

| <u>Summary of Federal Financial Assistance by CFDA</u> | <u>\$</u> | <u>874</u> |
|--|-----------|-------------------|
| 10.561- State Administrative Matching Grants for Food Stamp Program | | 103,625 |
| 14.218- Community Development Block Grants | | 121,211 |
| 14.231- Emergency Shelter Grants Program | | 4,183,565 |
| 14.235- Supportive Housing Program | | 192,633 |
| 14.239- HOME Investment Partnerships Program | | 9,570 |
| 17.258- WIA Adult Program | | 19,380 |
| 64.009- Veterans Medical Care Benefits | | 87,372 |
| 84.181- Special Education- Grants for Infants and Families with Disabilities | | 1,164,656 |
| 93.150- Projects for Assistance in Transition from Homelessness | | 6,579 |
| 93.217- Family Planning - Services | | 1,122,680 |
| 93.224- Community Health Centers | | 158,584 |
| 93.230- Consolidated Knowledge Development and Application Program | | 731,513 |
| 93.558- Temporary Assistance for Needy Families | | 108,870 |
| 93.630- Developmental Disabilities Basic Support and Advocacy Grants | | 484 |
| 93.645- Child Welfare Services State Grants | | 380 |
| 93.658- Foster Care Title IV-E | | 718,769 |
| 93.667- Social Services Block Grant | | 10,912,218 |
| 93.778- Medical Assistance Program | | 89,892 |
| 93.940- HIV Prevention Activities: Health Department Based | | 175,000 |
| 93.958- Block Grants for Community Mental Health Services | | 747,028 |
| 93.959- Block Grants for Prevention and Treatment of Substance Abuse | | 1,595 |
| 93.994- Maternal and Child Health Services Block Grant to the States | | <u>20,656,478</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, 2004

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|---|----------------------------|-------------------------------------|---------------------|--------------------------|-------------------------|
| State/County Financial Assistance | | | | | |
| <u>Connecticut</u> | | | | | |
| Residential & Day Program | N/A | CTHSMR/04 | 07/01/03 - 06/30/04 | 2,615,978 | - |
| Total Connecticut | | | | 2,615,978 | |
| <u>Delaware</u> | | | | | |
| Brandywine Hills Group Home | N/A | 010480 | 01/27/04 - 06/30/04 | 181,141 | - |
| Wilmington NOW | N/A | 010471 | 07/01/03 - 06/30/04 | 397,233 | - |
| Total Delaware | | | | 578,374 | |
| <u>Florida</u> | | | | | |
| DeFuniak Springs | N/A | | 07/01/03 - 06/30/04 | 26,000 | - |
| Department of Children and Family | N/A | MWA10 | 07/01/03 - 06/30/04 | 42,413 | - |
| Department of Children and Family | N/A | MWA10 | 07/01/03 - 06/30/04 | 4,812,149 | - |
| Total Florida | | | | 4,880,562 | |
| <u>Louisiana</u> | | | | | |
| Family House | N/A | 173 | 07/01/03 - 06/30/04 | 289,872 | - |
| Family House | N/A | 240 | 07/01/03 - 06/30/04 | 437,291 | - |
| Focused Case Management | N/A | 336 | 07/01/03 - 06/30/04 | 114,040 | - |
| Intensive Family in Home | N/A | 146 | 07/01/03 - 06/30/04 | 162,000 | - |
| Mobile Crisis Act | N/A | 313 | 07/01/03 - 06/30/04 | 617,384 | - |
| Pathways | N/A | 608 | 04/01/03 - 03/31/04 | 79,133 | - |
| Student Crisis | N/A | 193 | 07/01/03 - 06/30/04 | 137,999 | - |
| Total Louisiana | | | | 1,837,719 | |

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, 2004

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|---|----------------------------|-------------------------------------|---------------------|--------------------------|-------------------------|
| <u>Massachusetts</u> | | | | | |
| Department of Mental Retardation | | | | | |
| Axis - Individual Supports | N/A | SCDMR23804380950 | 07/01/03 - 06/30/04 | 7,091 | - |
| Axis - Individual Supports | N/A | SCDMR23804380975 | 07/01/03 - 06/30/04 | 3,354 | - |
| Axis - Individual Supports | N/A | SCDMR26004600356 | 07/01/03 - 06/30/04 | 34,941 | - |
| Axis - Individual Supports | N/A | SCDMR26004600367 | 07/01/03 - 06/30/04 | 46,293 | - |
| Axis - Individual Supports | N/A | SCDMR26104610356 | 07/01/03 - 06/30/04 | 10,078 | - |
| Axis - Individual Supports | N/A | SCDMR26404640356 | 07/01/03 - 06/30/04 | 85,518 | - |
| Axis - Individual Supports | N/A | SCDMR26504650356 | 07/01/03 - 06/30/04 | 1,131 | - |
| Axis - Individual Supports | N/A | SCDMR26604660356 | 07/01/03 - 06/30/04 | 78 | - |
| Axis - Individual Supports | N/A | SCDMR26704670356 | 07/01/03 - 06/30/04 | 118 | - |
| Axis - Individual Supports | N/A | SCDMR26904690356 | 07/01/03 - 06/30/04 | 44,203 | - |
| Axis - Outside the Lines | N/A | SCDMR26004600368 | 07/01/03 - 06/30/04 | 355,045 | - |
| Axis - Residential Services | N/A | SCDMR26004600345 | 07/01/03 - 06/30/04 | 3,823,867 | - |
| Axis - Urban Youth Collaborative | N/A | SCDMR26004600364 | 07/01/03 - 06/30/04 | 47,555 | - |
| | | | | <u>4,459,272</u> | |
| Watertown Public Schools | | | | | |
| Axis - Individual Supports | N/A | 61592 | 07/01/03 - 06/30/04 | 298,725 | - |
| | | | | <u>4,757,997</u> | |
| <u>New Jersey</u> | | | | | |
| Department of Human Services | | | | | |
| Residential Intensive Support | N/A | 30415 | 07/01/03 - 06/30/04 | 866,191 | - |
| | | | | <u>866,191</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, 2004**

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|---|------------------------------------|---|--|------------------------------|-----------------------------|
| <u>North Carolina</u> | | | | | |
| Wake County Human Services | N/A | | 09/01/03 - 06/30/04 | 591,318 | - |
| SALT Wake County | | | | <u>591,318</u> | |
| Total North Carolina | | | | | |
| <u>Pennsylvania</u> | | | | | |
| Pass-through Chester Upland School District | N/A | | 07/01/03 - 06/30/04 | 80,500 | - |
| Chester Youthbuild | | | | <u>80,500</u> | |
| Pass-through Juniata Valley Tri-County Drug & Alcohol Family House | N/A | | 07/01/03 - 06/30/04 | 1,791 | - |
| | | | | <u>1,791</u> | |
| Pass-through KRA Corporation Career Development Center | N/A | | 07/01/03 - 06/30/04 | 122,800 | - |
| | | | | <u>122,800</u> | |
| Pass-through PMHCC Consultants in Context Family House | N/A N/A | | 07/01/03 - 06/30/04 07/01/03 - 06/30/04 | 11,868 113,884 | - - |
| | | | | <u>125,752</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, 2004**

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|--|----------------------------|-------------------------------------|---------------------|--------------------------|-------------------------|
| Pennsylvania Department of Health Abbottsford/Schuylkill Falls | N/A | ME 03115 | 07/01/03 - 06/30/04 | 97,000 | - |
| | | | | <u>97,000</u> | |
| Pennsylvania Department of Public Welfare Pass-through BHSI | N/A | ACT 152 | 07/01/03 - 06/30/04 | 172,244 | - |
| New Start | N/A | ACT 152 | 07/01/03 - 06/30/04 | 128,646 | - |
| New Start II | N/A | ACT 152 | 07/01/03 - 06/30/04 | 16,493 | - |
| Womanspace | | | | <u>317,383</u> | |
| Pass-through Family Planning Council Abbottsford/Schuylkill Falls | N/A | St 155 | 07/01/03 - 06/30/04 | 6,777 | - |
| | | | | <u>6,777</u> | |
| Pass-through Philadelphia Department of Human Services ACES | N/A | ACT 148 | 07/01/03 - 06/30/04 | 66,178 | - |
| | | | | <u>66,178</u> | |
| Pass-through Philadelphia Department of Public Health Safeguards | N/A | 04-20535 | 07/01/03 - 06/30/04 | 97,300 | - |
| Office of Mental Health/Mental Retardation | N/A | 03-20008 | 07/01/03 - 06/30/04 | 12,686,725 | - |
| Office of Mental Health/Mental Retardation | N/A | 03-20019 | 07/01/03 - 06/30/04 | 5,913,076 | - |
| | | | | <u>18,697,101</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, 2004

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|---|----------------------------|-------------------------------------|---------------------|--------------------------|-------------------------|
| Pass-through Philadelphia Office of Emergency Shelter Services Ridge Shelter & Woodstock Shelter | N/A | 03-20361 | 07/01/03 - 06/30/04 | 762,413 | - |
| | | | | <u>762,413</u> | |
| Pass-through Philadelphia Workforce Development Corporation Work Opportunities | N/A | 090-03-815-1 | 07/01/03 - 06/30/04 | 6,292 | - |
| | | | | <u>6,292</u> | |
| Pass-through various counties | | | | | |
| Allegheny County - Community Passages | N/A | 20849 | 07/01/03 - 06/30/04 | 883,698 | - |
| Carbon, Monroe, Pike - MH/MR | N/A | | 07/01/03 - 06/30/04 | 887,000 | - |
| Chester County D&A - Womanspace | N/A | ACT 152 | 07/01/03 - 06/30/04 | 17,556 | - |
| Chester County - Chester Youthbuild CCIP | N/A | | 07/01/03 - 06/30/04 | 10,085 | - |
| Delaware County - DHS | N/A | | 07/01/03 - 06/30/04 | 28,291 | - |
| Lehigh County - LVACT | N/A | 02-MHMR-261 | 07/01/03 - 06/30/04 | 668,682 | - |
| Montgomery County - D&A | N/A | | 07/01/03 - 06/30/04 | 399,321 | - |
| Montgomery County - D&A | N/A | | 07/01/03 - 06/30/04 | 114,649 | - |
| Montgomery County - MH | N/A | | 07/01/03 - 06/30/04 | 4,193,093 | - |
| Montgomery County - MH | N/A | | 07/01/03 - 06/30/04 | 452,449 | - |
| Montgomery County - MR | N/A | | 07/01/03 - 06/30/04 | 1,566,427 | - |
| Montgomery County - MR | N/A | | 07/01/03 - 06/30/04 | 31,957 | - |
| Montgomery County - PPI | N/A | | 01/01/03 - 12/31/03 | 107,254 | - |

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, 2004

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|---|----------------------------|-------------------------------------|---------------------|--------------------------|-------------------------|
| Montgomery County - PPI | N/A | | 01/01/04 - 12/31/04 | 109,935 | - |
| Northampton County - MR | N/A | 141735 | 07/01/03 - 06/30/04 | 1,841,707 | - |
| Northampton County - Hope House | N/A | 141735 | 07/01/03 - 06/30/04 | 233,385 | - |
| Northampton County - On Our Way | N/A | 141735 | 07/01/03 - 06/30/04 | 915,448 | - |
| | | | | <u>12,460,937</u> | |
| Total Pennsylvania Department of Public Welfare | | | | <u>32,317,081</u> | |
| Total Pennsylvania | | | | <u>32,744,924</u> | |
| Total State / County Financial Assistance | | | | <u>48,873,063</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, 2004

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|--|----------------------------|-------------------------------------|---------------------|--------------------------|-------------------------|
| City Financial Assistance | | | | | |
| Philadelphia Aids Activities Coordinating Office HIV Prevention Project | N/A | 04-20483 | 07/01/03 - 06/30/04 | 47,680 | - |
| Philadelphia Coordinating Office for Drug and Alcohol Abuse Programs Endow - A - Home | N/A | 03-20019 | 07/01/03 - 06/30/04 | 6,500 | - |
| Philadelphia Department of Human Services ACES | N/A | 02-20545-02 | 07/01/03 - 06/30/04 | 16,543 | - |
| Philadelphia Office of Emergency Shelter Services Ridge Shelter & Woodstock Shelter | N/A | 03-20361 | 07/01/03 - 06/30/04 | 2,015,083 | - |

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, 2004**

| <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>2004 Expenditures</u> | <u>Questioned Costs</u> |
|--|------------------------------------|---|--|------------------------------|-----------------------------|
| Philadelphia Department of Public Health Office of Mental Health/Mental Retardation Office of Mental Health/Mental Retardation | N/A N/A | 03-20008 03-20019 | 07/01/03 - 06/30/04 07/01/03 - 06/30/04 | 2,733,342 <u>38,503</u> | - - |
| | | | | <u>2,771,845</u> | |
| Philadelphia Redevelopment Authority Affordable Housing | N/A | | 07/01/03 - 06/30/04 | <u>350,820</u> | - |
| | | | | <u>350,820</u> | |
| Total City Financial Assistance | | | | <u>5,208,471</u> | |
| Total Federal, State And City Financial Assistance | | | | <u>74,738,012</u> | |

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, 2004**

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, 2004**

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 |

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 |
|---------------|-----|-------|----|

Qualification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|--|
| 14.235 | Supportive Housing Program |
| 93.150 | Projects for Assistance in Transition from Homelessness |
| 93.224 | Community Health Centers |
| 93.558 | Temporary Assistance for Needy Families |
| 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:

\$531,643

Auditee qualified as low-risk auditee

| | | | |
|---------------|-----|-------|----|
| _____ x _____ | yes | _____ | no |
|---------------|-----|-------|----|

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings

04-1 Payroll

Condition: The number of total hours worked per day on employee time sheets was 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, 2004

Section III - Federal Awards and Questioned Costs

DEPARTMENT OF HEALTH AND HUMAN SERVICES

04-2 Medical Assistance Program - CFDA No. 93.778 - Year ended June 30, 2004

Reportable condition: The reportable condition at Finding 04-1 also applies to this program.

04-3 Community Health Centers - CFDA No. 93.224 - Year ended June 30, 2004

Reportable condition: The reportable condition at Finding 04-1 also applies to the program.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

04-4 Supportive Housing Program - CFDA No. 14.235 - Year ended June 30, 2004

Reportable condition: The reportable condition at Finding 04-1 also applies to this program.



RESOURCES
FOR
HUMAN DEVELOPMENT, INC.

January 7, 2005

Department of Health and Human Services

Resources for Human Development, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2004.

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, 2004.

The findings from the June 30, 2004 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

04-1 Payroll

Recommendation: The Organization needs to ensure that timesheet procedures are followed consistently by all programs. Periodic inspections of timesheets and time summaries should be made through the internal audit function to confirm that there is adherence to the procedures.

Action Taken: We concur with the recommendation. Our internal auditors will continue their audits throughout the current fiscal year. Any errors found are corrected when identified. Any necessary additional training is also completed.

In addition the organization has automated the time collection process for a majority of the programs which will eliminate the computation errors in the total number of hours

worked per day. We anticipate that the implementation of this automated process throughout the organization will be completed by June 30, 2005.

Findings – Federal Award Programs Audit

Department of Health and Human Services

04-2 Medical Assistance Program – CFDA No. 93.778

Reportable Condition: See Finding 04-1.

04-3 Community Health Centers – CFDA No. 93.224

Reportable Condition: See Finding 04-1.

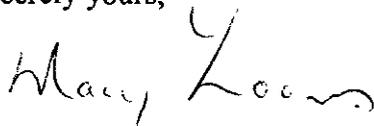
Department of Housing and Urban Development

04-4 Supportive Housing Program – CFDA No. 14.235

Reportable Condition: See Finding 04-1.

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". The signature is written in dark ink and is positioned above the typed name and title.

Mary Loomis
Chief Financial Officer

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2004**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 03-2 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 was 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 their audits. Any errors found are corrected when identified. Any necessary additional training is also completed.

In addition, the Organization has automated the time collection process for a majority of the programs which is expected to eliminate the computation errors in the total number of hours worked per day. It is expected that the implementation of this automated process throughout the Organization will be completed by June 30, 2005.

Finding 03-3 Supportive Housing Program - CFDA No. 14.235

Condition: This finding was a reportable condition stating that the number of total hours worked per day on employee time sheets was 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 their audits. Any errors found are corrected when identified. Any necessary additional training is also completed.

In addition, the Organization has automated the time collection process for a majority of the programs which is expected to eliminate the computation errors in the total number of hours worked per day. It is expected that the implementation of this automated process throughout the Organization will be completed by June 30, 2005.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2004**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Condition: This finding was a reportable condition stating that the number of total hours worked per day on employee time sheets was 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 their audits. Any errors found are corrected when identified. Any necessary additional training is also completed.

In addition, the Organization has automated the time collection process for a majority of the programs which is expected to eliminate the computation errors in the total number of hours worked per day. It is expected that the implementation of this automated process throughout the Organization will be completed by June 30, 2005.

**Finding 03-5 Block Grant for Prevention and Treatment of Substance Abuse –
CFDA No. 93-959**

Condition: This finding was a reportable condition stating that the number of total hours worked per day on employee time sheets was 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 their audits. Any errors found are corrected when identified. Any necessary additional training is also completed.

In addition, the Organization has automated the time collection process for a majority of the programs which is expected to eliminate the computation errors in the total number of hours worked per day. It is expected that the implementation of this automated process throughout the Organization will be completed by June 30, 2005.



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 as of and for the year ended June 30, 2004, and have issued our report thereon dated January 7, 2005.

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, 2004 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, 2004 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 7, 2005



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, 2005 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 2005 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, 2005 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 7, 2005

Shechtman, Marks, Dewar & Gokharity, P.C.

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

June 30, 2004



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

Certified Public Accountants



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

Certified Public Accountants

January 3, 2005

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, 2004, 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, 2004

Payroll – Calculation of Hours Worked

At each unit, hourly workers manually record their start-time and end-time and calculate 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 there were numerous instances in which errors occurred. 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 subsequent to year-end, management has implemented a new software system to electronically gather data at the source, transmit it to the

Central office and then electronically calculate the time worked. However, because the implementation occurred after year-end, we have not tested its accuracy. We recommend that management monitor and test the system in order to determine its effectiveness and make any necessary adjustments until they can be satisfied that payroll accuracy has substantially improved.

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 they became payable are 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.

Accounting for Fundraising Activities

For years, all costs related to fundraising have been required to be reported separately in the financial statements of not-for-profit organizations. These requirements include Financial Accounting Standard #117 and Statement of Position (SOP) 98-2, Accounting for Costs of Activities of Non-Profit Organizations, as well as those of many state and local governmental agencies. The reason is basically that all federal funds as well as those grants of other municipalities, are specifically forbidden to be used for the solicitation of funds. In the past, fundraising activities performed by RHD have been relatively insignificant. Nevertheless, RHD has always fairly reported its limited fundraising costs in accordance with federal guidelines.

Recently, the Organization has increased its efforts in fundraising. Accordingly, we recommend that RHD expand the accounting procedures in place to accurately account for all fundraising activities and comply with federal reporting requirements. To accomplish this, we suggest that the accounting department create a separate unit within its system to account for all expenses related to fundraising. The costs contained in the unit would include (but not be limited to) payroll and related costs of all people involved in fundraising activities, printing, mailing and travel.

Accounting for Temporarily Restricted Contributions

During the course of our audit testing, we discovered that grants and contributions are being solicited at both the corporate level as well as the unit level. Any contribution or grant made to RHD that has stipulations regarding its use is considered to be temporarily restricted.

A few years ago, there was a management letter comment about distinguishing between unrestricted and temporarily restricted contributions. As a result, RHD purchased software named Raiser's Edge. The software has the capabilities to properly record all contributions, but it is only as good as the data which is entered into it. The current problem appears to be due to information at the unit level not being shared with the corporate offices. No one at the central office has Organization-wide responsibility to control all contribution-related information and reporting.

We recommend that one person, under the direction of the Chief Financial Officer, be assigned the responsibility to ensure that the accounting treatment of all contributions is accurate and in accordance with generally accepted accounting procedures. This person can perform this task, probably quarterly, by using the general ledger to compile all contributions for the period. This person should then contact each unit that recorded any contribution in excess of some amount, say \$5,000, and obtain all related documentation. Upon reviewing the documentation, the individual should be able to determine if there are any additional promises to contribute as well as whether there are any restrictions related to the contributions. Furthermore, this person would be able to more effectively utilize the contribution-related software. In addition, we suggest educating all people throughout the Organization who have any involvement in soliciting contributions and grants, so that they know what information they should pass onto the Central Office.

Accounting for Commitments to Contribute over Extended Time Periods

Upon examining some of the contributions received at the unit level, we discovered that some of them contained promises to make extended payments over more than one year. None of these promises had been recorded in the general ledger. In some cases, no one in the corporate offices was even aware of these promises. Accounting standards state that unconditional promises to contribute should be recorded as revenue in the period the promise is made.

Based on the current system, revenue related to promises to give over multiple years is not being recorded in the proper period. The result is that in some years, revenues, changes in net assets and net assets are understated and in other periods, they are overstated. Although the error is only a timing difference that self-corrects over time, generally accepted accounting principles require all revenues to be recorded in the proper period.

We recommend that procedures be developed to ensure that RHD properly records all revenue from promises to pay contributions and grants for periods longer than one year in the proper period. In addition, these procedures need to address determining whether the associated

revenue should be considered as unrestricted, temporarily restricted or permanently restricted. We feel that the previous recommendation regarding the assignment of responsibility to an individual under the direction of the Chief Financial Officer will also assist in correcting this matter.

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, 2004. 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. The system seems to be safeguarded from external attacks to disable, destroy or exploit business systems and information. It is protected from hardware failures; malicious intent by disgruntled users; sites disasters resulting from fire, theft, etc. and shared resources seem secure. However, we noted certain matters that we feel should be brought to the attention of management in order to avoid potential problems.

Disaster Recovery and Business Continuity Plan

Based on our discussions, there is a general disaster recovery and business continuity plan. 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 CDs and mirrored on another computer at the Midvale location. However, in the event that a major catastrophe occurred to the headquarters building and the premises could not be used to operate the Organization, the plan needs to be more specific as to the restart and relocation of operations.

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 more detailed 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. While it had identified Midvale as the location at which it could restart operations, it is only large enough to temporarily house your most critical transactional operations – payroll, accounts payable and accounts receivable. There is no room for the rest of the Central Office personnel.

We recommend that the plan identify allowable down times for its operations, with a focus on restoring the most critical operations as quickly as reasonably possible. Based on discussions, the order of importance of critical operations would first contain payroll, then accounts receivable billing and collection, and then accounts payable. There should also be a process for communicating the Organization's intentions to the personnel. RHD's management would most likely be the central source of disseminating information.

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. During the course of our audit, we witnessed the impact that a virus caused by shutting down the system for multiple days. We also feel that the Organization exposes itself by allowing outside visitors and vendors to use its network without first confirming that the user is virus-free.

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 infect the Organization's computer network as well as prevent unwanted employment-related lawsuits and prevent improper use of company assets for personal use.

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.



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RESOURCES
FOR
HUMAN DEVELOPMENT, INC.

Please find enclosed our financial statements and memorandum of advisory comments for the year ended June 30, 2004.

If you have any questions, please call Mary Loomis at 215-951-0300.

Sincerely,

Mary Loomis
CFO



RESOURCES
FOR
HUMAN DEVELOPMENT, INC.

Resources for Human Development, Inc. (RHD) responses to the June 30, 2004 Memorandum of Advisory Comments

Payroll - Calculation of Hours Worked

RHD's internal audit department continues to audit a sample of the manual timesheets and summaries. In addition we have 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 timesheet data and the automation of the calculation of the daily hours worked during the payroll period. We had anticipated the software implementation to be completed by June 2004. The necessary software modifications and testing process was extended and therefore completion of the implementation will hopefully be done by June 2005. We believe that this will eliminate or greatly reduce the error rate in the calculation of total daily hours on the timesheets.

Outstanding Payroll and Vendor Checks

RHD has spent significant time researching, contacting individuals and vendors and reissuing checks for the stale outstanding checks. We will plan to submit the appropriate stale checks to the State by June 30, 2005.

Accounting for Fundraising Activities

RHD agrees to create a cost center specifically to capture fundraising types of costs for the year ended June 30, 2005.

Accounting for Temporarily Restricted Contributions

RHD agrees with the recommendation to collect all contribution related documentation in the corporate fiscal department on a quarterly basis. This will be done for contributions received in the amount of \$5,000 or more. This will allow easier tracking of any restrictions and awareness in the development of our donor database.

Accounting for Commitments to Contribute over Extended Time Periods

RHD agrees that by implementing the collection of contribution documentation we will be able to be aware of multi year donation pledges on a timely basis. This will allow the corporate fiscal department to account for the multi year pledge in the initial year.

Disaster Recovery and Business Continuity Plan

RHD agrees that the disaster recovery and business continuity plan is currently known by a select number of people included in its development. This group is currently formalizing the documentation of the plan to allow for distribution. The plan does include a solution that allows for all critical Central Office personnel to have a workspace and tools to complete their daily tasks. The plan also documents the expected time required for the Organization to be fully operating.

Acceptable Use Procedures

RHD does believe that current virus scanning softwares are critical and are currently in place. RHD management believes that it is the supervisor's responsibility to be aware of and 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.