

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
YEARS ENDED JUNE 30, 2014 AND 2013

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## Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Resources for Human Development, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, 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, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Resources for Human Development, Inc. and Subsidiaries as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Philadelphia, Pennsylvania  
December 10, 2014

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

**ASSETS**

	2014	2013
<b>Current assets:</b>		
Cash and cash equivalents	\$ 232,438	\$ 244,884
Limited use cash and cash equivalents, representative payee cash funds	1,490,930	1,348,675
Limited use investments	585,074	493,213
Accounts receivable, net of allowance for doubtful accounts of \$2,083,903 for 2014 and \$2,656,048 for 2013	36,570,961	41,161,971
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$100,248 for 2014 and \$111,814 for 2013	47,035	46,031
Inventory	650,637	603,431
Prepaid expenses	2,830,501	3,219,031
<b>Total current assets</b>	42,407,576	47,117,236
Property and equipment, net	26,869,227	23,686,180
Equity investments in companies	1,013,259	1,156,006
Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$186,476 for 2014 and \$186,439 for 2013	194,572	214,441
Other assets	491,664	500,582
<b>Total assets</b>	\$70,976,298	\$72,674,445

## LIABILITIES AND NET ASSETS

	2014	2013
<b>Current liabilities:</b>		
Lines of credit and short-term borrowings	\$ 2,170,347	\$ 1,134,857
Current portion of long-term debt	1,030,972	949,315
Obligation under capital lease	74,974	-
Accounts payable and accrued expenses	28,707,313	29,411,877
Deferred revenue	2,250,600	2,873,723
Contract advances, current	226,288	53,000
Deferred credits, current	3,000	3,000
Due to custodial clients	1,490,930	1,348,675
	<b>35,954,424</b>	<b>35,774,447</b>
<b>Total current liabilities</b>		
<b>Long-term liabilities:</b>		
Long-term debt, net of current portion	13,758,186	14,790,886
Contract advances, net of current portion	226,628	226,628
Deferred credits, net of current portion	36,000	39,000
Retirement plans, net of current portion	249,336	451,724
Other	314,863	393,010
	<b>50,539,437</b>	<b>51,675,695</b>
<b>Total liabilities</b>		
<b>Net assets:</b>		
Unrestricted	17,020,883	17,450,689
Temporarily restricted	2,830,904	2,692,779
	<b>19,851,787</b>	<b>20,143,468</b>
<b>Total net assets before noncontrolling interests</b>		
Noncontrolling interests	585,074	855,282
	<b>20,436,861</b>	<b>20,998,750</b>
<b>Total net assets</b>		
<b>Total liabilities and net assets</b>	<b>\$ 70,976,298</b>	<b>\$ 72,674,445</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES  
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS  
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>Support, revenue and other:</b>		
Support and revenue:		
Federal	\$ 6,565,865	\$ 5,328,714
Medicaid	111,230,983	104,890,738
Managed care	39,650,035	36,973,040
City of Philadelphia, PA	22,472,179	24,928,060
Montgomery County, PA	8,427,501	7,962,317
Other state and local	36,546,952	32,219,142
Patient/client fees	12,195,100	11,734,332
Other fees and sales	7,456,244	8,196,512
Grants and donations	1,587,165	1,892,568
Interest and miscellaneous	1,185,966	1,208,886
<b>Total unrestricted support and revenue</b>	<b>247,317,990</b>	<b>235,334,309</b>
Net assets released from temporary restrictions	1,064,556	543,925
<b>Total unrestricted support, revenue and other</b>	<b>248,382,546</b>	<b>235,878,234</b>
<b>Expenditures:</b>		
Program	212,580,033	200,183,465
Management and general	29,565,544	28,979,548
Fundraising	360,049	404,408
Other operating	6,488,608	6,479,796
<b>Total expenditures</b>	<b>248,994,234</b>	<b>236,047,217</b>
<b>Loss from operations</b>	<b>(611,688)</b>	<b>(168,983)</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES  
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>Other changes in unrestricted net assets:</b>		
Equity in net loss of investments	(137,147)	(256,109)
Change in fair value of interest rate swap	125,387	184,644
<b>Total other changes in unrestricted net assets</b>	<b>(11,760)</b>	<b>(71,465)</b>
<b>Changes in unrestricted net assets before noncontrolling interests and capital distributions</b>	<b>(623,448)</b>	<b>(240,448)</b>
Transfer of capital from noncontrolling interest	362,069	-
Noncontrolling interests in net (income) loss of investments	(1,760)	25,328
<b>Changes in unrestricted net assets before capital distributions</b>	<b>(263,139)</b>	<b>(215,120)</b>
Capital distributions	(166,667)	(166,667)
<b>Changes in unrestricted net assets</b>	<b>\$ (429,806)</b>	<b>\$ (381,787)</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>Unrestricted net assets:</b>		
Total unrestricted support and revenue	\$247,317,990	\$235,334,309
Net assets released from temporary restrictions	1,064,556	543,925
Total expenditures	(248,994,234)	(236,047,217)
Equity in net loss of investments	(137,147)	(256,109)
Change in fair value of interest rate swap	125,387	184,644
Noncontrolling interests in net (income) loss of investments	(1,760)	25,328
Transfer of capital from noncontrolling interest	362,069	-
Capital distributions	(166,667)	(166,667)
	(429,806)	(381,787)
<b>Changes in unrestricted net assets</b>		
<b>Temporarily restricted net assets:</b>		
Contributions	1,202,681	1,055,161
Net assets released from temporary restrictions	(1,064,556)	(543,925)
	138,125	511,236
<b>Changes in temporarily restricted net assets</b>		
<b>Changes in total net assets before noncontrolling interests</b>	(291,681)	129,449
<b>Noncontrolling interests:</b>		
Net income (loss) of investments	1,760	(25,328)
Contributions	104,380	334,891
Distributions	(14,279)	(17,306)
Transfer of capital	(362,069)	-
	(270,208)	292,257
<b>Changes in noncontrolling interests</b>		
<b>Change in total net assets</b>	(561,889)	421,706
<b>Total net assets, beginning of year</b>	20,998,750	20,577,044
<b>Total net assets, end of year</b>	\$ 20,436,861	\$ 20,998,750



**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2014

	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
Program										
LOWER MERION COUNSELING SERVICES										
MH Outpatient	\$ 408,915	\$ 84,644	\$ 390,387	\$ 147,845	\$ 25,362	\$ 22,623	\$ 12,428	\$ 13,648	\$ -	\$ 1,105,852
Student Assistance	4,608	1,451	-	10,184	-	-	-	-	-	16,243
Peer Support	16,139	3,295	-	1,160	676	492	1,047	1,229	2,500	26,538
Recovery	261,107	60,026	2,441	22,077	29,564	3,110	2,377	10,839	-	391,541
Case Management	36,261	9,878	-	4,819	1,219	50	-	-	-	52,227
CONSULTANTS IN CONTEXT	305,706	61,108	60,868	23,153	4,723	14,466	5,790	252	8,195	484,261
NEW FOUNDATIONS/WELLSPRINGS	896,990	228,200	36,970	391,140	32,246	81,573	8,403	225,304	32,700	1,933,526
COMPEER	29,235	9,404	164	8,872	6,441	4,018	2,419	15	-	60,568
NEW OPTIONS	537,962	156,335	16,828	142,841	20,275	84,778	6,995	81,789	-	1,047,803
POSITIVE RESOLUTIONS	801,273	228,393	86,922	228,586	49,197	106,226	17,639	77,411	-	1,595,647
COORDINATED HOMELESS OUTREACH CENTER	667,453	200,862	39,444	79,442	13,951	160,381	8,515	45,076	-	1,215,124
CRITICAL TIME INTERVENTION	205,075	56,446	8,142	18,826	10,046	5,215	5,099	11,791	-	320,640
RISE ABOVE	392,335	85,453	209,905	68,796	16,414	18,882	5,819	2,702	-	800,306
METHADONE CENTER	722,420	165,316	105,593	107,937	15,093	79,399	17,344	31,459	-	1,244,561
WOMANSPACE ARDMORE	227,874	61,389	891	52,213	5,888	40,976	1,371	18,544	-	409,146
FAMILY HOUSE NORRISTOWN	425,243	119,189	9,426	39,132	14,387	57,064	5,622	26,625	-	696,688
NOVA II	27,184	9,466	2,663	13,788	344	7,103	531	1,358	229	62,666
WOMANSPACE PHILADELPHIA	322,292	80,726	17,587	42,440	8,686	45,621	9,552	19,046	-	545,950
FAMILY HOUSE PHILADELPHIA	399,485	111,397	1,179	107,060	9,198	54,547	3,100	66,026	-	751,992
MORRIS HOUSE	419,323	107,771	17,442	126,478	13,489	72,245	12,042	88,948	-	857,738
BEHAVIORIAL HEALTH SERVICES CITY OF PHILA.	7,922,426	2,205,080	168,626	1,953,006	207,966	1,070,049	98,147	878,742	114,565	14,618,607
NOVA III	581,412	143,870	7,385	152,071	13,707	68,965	962	48,278	-	1,016,650
ATR	2,710	433	-	13	-	-	-	-	-	3,156
TEAM ARRIVE	891,743	216,849	18,568	59,230	44,160	22,963	36,660	28,498	-	1,318,671
PENNSYLVANIA IDD	29,066,667	8,392,963	1,853,783	4,317,232	434,334	2,162,631	499,435	2,633,458	63,289	49,423,792
EARLY INTERVENTION	158,398	41,317	276,947	18,759	7,722	4,162	2,388	3,640	-	513,333
RSS BASE	41,576	9,414	836	10,664	382	1,755	774	14,910	-	80,311
ADESHA VILLAGE -Department of Autism	63,646	18,156	2,311	10,606	1,390	7,274	1,192	19,374	-	123,949
SPECIALIZED TREATMENT SERVICES PA	161,160	39,452	2,993	60,309	6,532	3,793	4,717	11,427	-	290,383
RHD BRIDGES	555,144	147,563	103,138	86,079	13,070	58,764	10,309	27,004	-	1,001,071
CROMISA	259,107	63,464	15,143	78,102	9,789	90,943	5,079	38,793	8,018	568,438
CHILDRENS PROGRAMS										
CIRT	101,214	23,069	646	6,294	2,025	536	2,124	849	-	136,757
COSP	1,681,562	303,249	92,541	65,422	13,935	6,362	10,636	12,074	-	2,185,781
High Fidelity Wrap Around	213,753	54,764	873	26,118	6,043	4,997	8,463	4,157	-	319,168
Mastery	630,731	152,592	48,404	8,662	1,622	13,988	934	3,420	-	860,353
North E3 Center	14,380	1,541	2,819	165	627	8,837	777	-	-	29,146
School Therapeutic Services	2,447,653	585,630	600,599	66,086	30,682	33,603	5,536	36,998	-	3,806,787
Stepping Stones	891,017	254,313	157,474	315,831	16,039	51,573	7,957	45,885	23,445	1,763,534
Acute Partial	65,609	14,068	9,924	5,165	2,752	20,558	1,980	100,185	14,536	234,777
SUPPORTED ADULT-HUD	3,201	716	-	101,118	-	-	-	-	-	105,035
MAINSTREAM	97,404	25,706	-	1,537	1,163	36,352	24,208	-	-	186,370
FAMILIES IN TRANSITION	154,556	31,647	6,219	209,681	4,099	8,830	4,160	4,547	-	423,739
PROJECT ADVANTAGE	335,338	99,058	7,933	79,389	12,199	34,479	1,748	43,366	-	613,510
NEW START 1 & 2	946,862	227,297	120,222	185,484	13,883	152,877	17,507	72,768	6,225	1,743,125
FERNWOOD	858,446	251,133	8,586	115,239	18,206	27,528	313,466	47,561	-	1,640,165
FASST/CONNECTIONS	1,178,628	348,085	72,372	62,295	50,652	35,379	70,779	15,318	-	1,833,508

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2014

	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
Program										
WOODSTOCK SHELTER	859,416	270,892	5,400	32,123	16,929	65,400	6,614	34,951	-	1,291,725
<b>NORTHEAST PENNSYLVANIA (excludes IDD)</b>										
Hope House	439,899	116,161	51,833	35,168	6,675	26,575	1,849	20,844	-	699,004
New Perspectives - Residential	829,003	218,140	71,380	44,818	21,489	33,837	8,969	60,357	15,000	1,302,993
New Perspectives - CIT	105,690	27,344	2,293	2,461	1,513	2,292	1,552	50,530	57,338	251,013
Crossroads Flex Housing Fund	28,398	5,078	2,420	81,737	-	368,393	2,574	1,895	-	490,495
Lehigh County Medical Mobile	8,533	1,710	-	94,304	41	2,194	37	6,237	-	113,056
Lehigh Valley ACT & ICM	2,254,657	565,576	459,957	242,088	90,689	83,671	213,879	99,914	-	4,010,431
Work In Progress	44,784	8,884	68,513	2,925	1,095	1,938	-	5,077	-	133,216
Clover Hill Circle	1,782	499	54	4,513	-	1,997	268	9,265	21,311	39,689
Power	286,020	82,237	2,308	36,001	11,174	9,765	7,770	25,335	-	460,610
Fair Weather Lodge	280,963	72,735	5,393	113,691	8,059	79,463	15,712	75,035	174,680	825,731
Forensic Re-entry Initiative	7,061	75	45,148	-	-	66	2,329	-	-	54,679
LV Housing Support	12,127	2,121	-	160,995	279	-	-	35	-	175,557
Crossroads Community Services	311,888	85,776	4,602	53,538	15,637	1,854	5,092	9,841	-	488,228
Crossroads ESG - Day Program	24,523	6,137	-	3,405	2,243	2,514	-	1,197	26,408	66,427
Crossroads Individual	61,207	16,377	-	227,786	6,058	5,635	1,699	19,677	-	338,439
Crossroads Supportive Family Housing	51,312	14,884	-	142,217	3,632	13,864	(130)	11,713	46,406	283,898
Crossroads Housing	-	-	-	645	-	-	-	-	-	645
Hope Springs - Lehigh County	301,164	87,620	15,449	29,915	5,611	25,461	3,236	14,883	8,100	491,439
Hope Springs - Northampton County	384,185	106,802	24,592	35,684	6,356	48,239	5,861	17,146	5,580	634,445
Youth Hope Crisis Residence	500	42	-	90	-	-	30	-	(20,000)	(19,338)
<b>CONNECTICUT</b>	<b>4,640,303</b>	<b>1,206,952</b>	<b>379,025</b>	<b>527,255</b>	<b>66,693</b>	<b>276,236</b>	<b>230,434</b>	<b>423,881</b>	<b>16,545</b>	<b>7,767,324</b>
<b>DELAWARE</b>										
Brandywine Hills	441,091	100,765	20,545	73,970	3,080	44,484	10,972	19,504	-	714,411
Passages	790,362	177,599	40,049	140,939	9,747	78,668	21,074	52,222	-	1,310,660
ACT/ICM	2,298,891	426,443	945,488	346,990	78,511	253,742	155,355	141,925	-	4,647,345
Choices	748,443	202,126	26,921	23,668	9,136	60,629	6,789	24,699	-	1,102,411
Mainstay Delaware	693,479	174,682	14,395	112,882	23,858	70,538	11,934	16,604	55,498	1,173,870
Mainstay Delaware - Philadelphia	166,612	54,944	2,127	29,750	2,969	15,666	661	6,549	-	279,278
Specialized Treatment Services	94,716	17,532	4,552	11,928	1,595	3,111	13,054	-	-	146,488
<b>FLORIDA</b>	<b>3,623,664</b>	<b>1,077,909</b>	<b>63,180</b>	<b>461,311</b>	<b>57,503</b>	<b>339,290</b>	<b>41,882</b>	<b>363,777</b>	<b>-</b>	<b>6,028,516</b>
<b>LOUISIANA</b>										
Womanspace	460,071	119,630	2,312	4,637	7,553	32,182	3,364	17,872	-	647,621
Family House	744,504	192,204	40,311	167,861	13,109	63,357	2,808	33,179	-	1,257,333
Pathways	310,493	74,864	1,623	208,846	17,819	32,632	7,336	26,889	-	680,502
Reach-in C.A.R.E. / SAFE	224,991	51,521	613	19,982	5,222	8,301	7,275	11,833	-	329,738
ACT Team 1 & 2	1,347,945	289,512	473,036	87,575	41,224	43,247	41,346	79,372	(42)	2,403,215
Shelter Plus Care	-	-	70	81,719	-	-	-	-	-	81,789
Metropolitan ACT	877,207	181,707	237,246	69,730	30,291	22,534	28,372	37,474	(5,284)	1,479,277
Mobile Crisis	464,113	97,250	79,436	26,885	27,981	4,280	9,760	18,165	-	727,870
Metro Crisis	621,221	134,600	126,399	31,626	35,331	16,944	4,018	32,997	-	1,003,136
Homeless Outreach	147,380	31,973	35	7,483	3,634	3,730	229	22,228	-	216,692
Community Support Team	240,527	53,849	206	28,105	6,286	6,458	11,852	1,952	-	349,235
New Hope	457,807	99,322	22,872	57,373	3,418	31,125	1,444	10,484	-	683,845
<b>MASSACHUSETTS</b>	<b>3,432,869</b>	<b>888,491</b>	<b>22,961</b>	<b>936,944</b>	<b>73,548</b>	<b>323,068</b>	<b>40,783</b>	<b>288,240</b>	<b>30,436</b>	<b>6,037,340</b>
<b>MISSOURI</b>										

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2014

	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
Program										
St. Louis	2,434,573	730,076	18,259	503,812	42,750	134,965	125,139	136,196	-	4,125,770
Kansas City	1,158,446	340,960	3,210	325,857	32,720	66,068	107,135	45,258	-	2,079,654
NEBRASKA										
Lincoln	4,942,205	1,412,037	176,264	489,795	78,002	263,592	97,854	166,354	-	7,626,103
Omaha	1,197,751	288,578	73,142	161,972	37,139	80,007	30,993	87,125	24,815	1,981,522
NEW JERSEY										
Supported Adult-Passaic	469,114	120,871	13,592	456,164	23,498	45,994	16,177	84,264	(74)	1,229,600
Supported Adult/RIST-Ocean	1,421,712	304,396	34,484	1,298,865	68,936	90,672	20,368	277,753	158,462	3,675,648
NEW JERSEY (CONTINUED)										
Supported Adult-Tri-County	513,560	118,263	9,983	348,592	20,488	15,430	13,004	48,248	16,701	1,104,269
Camden Housing Program	245,420	74,644	21,719	394,561	14,469	20,497	9,250	20,403	-	800,963
Camden Mainstay	343,566	75,618	8,692	32,747	7,888	16,568	10,586	12,172	-	507,837
NORTH CAROLINA										
ACT/ESH	355,137	83,605	139,079	281,333	15,409	39,344	16,862	51,915	-	982,684
Residential	1,101,036	359,164	45,445	270,469	28,685	107,745	26,785	102,357	-	2,041,686
RHODE ISLAND	1,684,158	520,175	9,168	173,176	14,848	50,622	198,934	68,347	-	2,719,428
TENNESSEE										
IDD	7,801,992	2,183,909	113,834	240,265	109,451	124,270	180,140	595,593	-	11,349,454
Supportive Housing	181,185	41,392	2,181	248,999	9,618	17,572	28,588	7,823	-	537,358
VIRGINIA										
Specialized Treatment Services	189,672	41,531	10,953	21,292	5,028	3,906	12,285	23,509	8,500	316,676
Rise Above	63,696	14,984	1,197	46	777	1,539	4,807	46	-	87,092
FAMILY PRACTICE AND COUNSELING NETWORK	7,876,219	1,674,616	3,216,539	1,250,461	172,087	1,131,016	102,160	192,013	854,862	16,469,973
NAVIGATOR PROJECT	313,126	58,701	359,739	14,400	49,250	12,483	25,202	20,610	-	853,511
SALT CHESTER COUNTY	231,594	58,099	12,638	46,970	5,880	25,318	6,444	23,834	29,795	440,572
POINT TO POINT	799,582	208,166	971	75,290	35,075	5,554	372,845	261,368	-	1,758,851
NEW BEGINNINGS	528,498	119,349	484,826	62,594	39,469	141,603	46,939	14,030	-	1,437,308
FUTURE SEARCH	15,816	5,723	3,012	173	1,653	5,800	1,994	32	-	34,203
ENDOW-A-HOME	174,449	38,315	12,245	205,083	6,132	7,842	8,695	163,422	5,400	621,583
HIGH STREET	58,465	14,823	35	11,234	1,875	332	2,054	-	-	88,818
MISCELLANEOUS	1,051,939	193,211	150,187	209,776	11,044	62,406	496,889	194,709	51,000	2,421,161
Grand Totals	120,703,935	31,916,349	12,769,332	21,556,835	2,738,337	9,760,492	4,146,243	9,504,473	1,855,139	214,951,135
Property and equipment capitalized	-	-	-	-	-	-	-	-	(1,799,104)	(1,799,104)
Change in inventory costs capitalized	-	-	(750)	(12,641)	-	-	(190)	(3,362)	49,668	32,725
Depreciation and amortization expense	-	-	-	-	-	-	-	-	3,132,220	3,132,220
Long term debt principal payments made	-	-	-	(94,281)	-	-	-	-	-	(94,281)
Interunit charges and other activity	(54,432)	(6,612)	(184,841)	(1,337,512)	(25)	(34,834)	1,571	(1,472,146)	-	(3,088,831)
Vacation accrual	(33,682)	4,744	-	-	-	-	-	-	-	(28,938)
Elimination of program fundraising costs	(175,736)	(39,416)	-	-	(11,400)	-	-	-	-	(226,552)
Other consolidated entities	-	-	-	186,816	-	-	26,166	-	-	212,982
Elimination of consolidated activity	(58,465)	(14,823)	(314,540)	(119,234)	(1,875)	(332)	(2,054)	-	-	(511,323)
Total Program	\$ 120,381,620	\$ 31,860,242	\$ 12,269,201	\$ 20,179,983	\$ 2,725,037	\$ 9,725,326	\$ 4,171,736	\$ 8,028,965	\$ 3,237,923	\$ 212,580,033
Management and General	17,357,001	3,640,179	1,734,426	2,059,629	721,192	552,100	1,475,864	1,254,948	6,285,385	\$ 35,080,724
Property and equipment capitalized	-	-	-	-	-	-	-	-	(6,285,385)	(6,285,385)
Depreciation and amortization expense	-	-	-	-	-	-	-	-	1,172,387	1,172,387
Long term debt principal payments made	-	-	-	(161,303)	-	-	-	-	-	(161,303)
Elimination of admin fundraising costs	(105,854)	(21,271)	(1,295)	-	(14)	-	(5,061)	-	-	(133,495)
Other consolidated entities	-	-	-	-	-	-	27,784	-	-	27,784
Elimination of consolidated activity	-	-	-	-	-	-	(135,168)	-	-	(135,168)
Total Management and General	\$ 17,251,147	\$ 3,618,908	\$ 1,733,131	\$ 1,898,326	\$ 721,178	\$ 552,100	\$ 1,363,419	\$ 1,254,948	\$ 1,172,387	\$ 29,565,544
Fundraising	\$ 281,591	\$ 60,687	\$ 1,295	\$ -	\$ 11,415	\$ -	\$ 5,061	\$ -	\$ -	\$ 360,049

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2013

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATI-ONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
LOWER MERION COUNSELING SERVICES										
MH Outpatient	\$ 354,253	\$ 76,310	\$ 474,737	\$ 150,010	\$ 23,099	\$ 22,813	\$ 4,959	\$ 16,053	\$ -	\$ 1,122,234
Student Assistance	5,514	1,487	-	8,866	-	-	-	-	-	15,867
Recovery	241,849	48,071	1,183	22,957	26,244	7,656	1,590	15,862	-	365,412
Case Management	39,621	9,739	-	-	86	-	-	-	-	49,446
CONSULTANTS IN CONTEXT	306,596	55,587	36,090	22,832	3,993	7,216	12,847	682	-	445,843
NEW FOUNDATIONS/WELLSPRINGS	999,591	263,052	12,287	407,358	27,031	91,234	8,414	107,116	-	1,916,083
COMPEER	3,157	244	-	-	-	-	-	-	-	3,401
COMPEER	29,877	9,605	-	8,499	4,180	3,290	1,835	797	-	58,083
NEW OPTIONS	553,298	154,151	23,015	138,021	21,549	71,999	6,191	48,051	-	1,016,275
POSITIVE RESOLUTIONS	855,548	233,411	25,393	221,698	30,269	116,450	14,194	66,619	-	1,563,582
COORDINATED HOMELESS OUTREACH CENTER	646,293	180,747	3,779	49,850	15,443	140,477	2,715	56,920	10,400	1,106,624
CRITICAL TIME INTERVENTION	197,072	55,451	1,378	18,834	11,936	6,528	7,607	8,369	5,001	312,176
RISE ABOVE	450,303	87,816	203,257	69,789	19,430	24,984	7,363	2,455	-	865,397
METHADONE CENTER	716,545	165,185	92,159	104,293	13,483	61,430	15,587	27,570	-	1,196,252
WOMANSPACE ARDMORE	220,462	59,919	630	48,312	5,188	30,678	4,983	18,082	-	388,254
FAMILY HOUSE NORRISTOWN	426,133	107,714	39,291	35,802	11,714	61,196	5,080	64,995	-	751,925
NOVA II	30,222	9,434	1,419	10,841	313	4,929	39	2,461	1,198	60,856
WOMANSPACE PHILADELPHIA	328,371	79,577	19,556	43,053	9,600	56,088	9,659	25,294	-	571,198
FAMILY HOUSE PHILADELPHIA	379,520	97,771	17,065	161,064	7,570	53,545	3,902	49,038	19,175	788,650
MORRIS HOUSE	352,812	90,539	16,254	76,365	9,102	44,781	9,710	25,652	2,501	627,716
BEHAVIORAL HEALTH SERVICES CITY OF PHILA.	8,911,050	2,332,426	183,419	1,974,462	222,759	1,176,017	87,376	905,248	86,064	15,878,821
NOVA III	647,114	163,881	22,118	117,501	5,301	72,155	1,683	19,095	-	1,048,848
ATR	7,836	1,400	-	145	-	-	-	-	-	9,381
TEAM ARRIVE	603,116	133,532	17,106	24,175	32,853	18,300	21,464	36,149	14,215	900,910
PENNSYLVANIA IDD	28,236,773	7,517,629	1,241,471	3,990,735	411,184	1,930,916	450,830	2,526,115	191,383	46,497,036
EARLY INTERVENTION	270,555	61,097	367,877	29,120	11,370	8,454	4,388	5,872	-	758,733
RSS BASE	68,410	13,552	2,549	23,586	459	6,250	2,224	18,109	-	135,139
ADESHA VILLAGE -Department of Autism	88,864	21,500	103	5,027	1,608	4,475	1,985	10,840	-	134,402
SPECIALIZED TREATMENT SERVICES PA	186,073	39,104	8,001	54,371	6,849	16,339	5,239	1,710	-	317,686
RHD BRIDGES	527,012	130,333	69,587	76,634	15,131	65,348	15,728	43,346	20,833	963,952
CHILDRENS PROGRAMS										
CIRT	122,909	25,387	631	18,705	7,856	2,854	1,498	4,208	-	184,048
COSP	2,111,669	347,272	36,134	62,218	12,124	7,547	16,788	10,347	-	2,604,099
High Fidelity Wrap Around	213,311	49,294	1,150	23,648	7,285	4,431	8,635	4,267	-	312,021
Mastery	541,243	120,893	43,569	4,529	2,380	10,208	635	3,063	-	726,520
North E3 Center	446,798	111,405	14,242	122,741	10,781	61,294	28,901	60	-	796,222
School Therapeutic Services	2,088,853	444,459	504,934	58,732	39,750	42,369	4,350	36,379	-	3,219,826
Stepping Stones	839,236	224,346	155,219	353,489	14,529	64,785	9,070	45,332	-	1,706,006
SUPPORTED ADULT-1260 HOUSING	323,971	72,449	13,047	81,152	18,967	23,641	20,790	3,606	-	557,623
SUPPORTED ADULT-HUD	125,635	28,583	2,026	236,840	2,606	2,387	6,105	57	-	404,239
MAINSTREAM	99,296	26,268	720	1,882	-	166,342	25,910	2,691	-	323,109
FAMILIES IN TRANSITION	156,167	31,880	7,167	248,485	3,580	10,395	4,019	982	-	462,675
PROJECT ADVANTAGE	366,696	101,587	1,850	75,223	7,079	30,123	1,111	27,487	-	611,156
NEW START 1 & 2	925,809	224,774	145,612	188,241	11,861	126,943	14,391	200,473	73,096	1,911,200
FERNWOOD	807,626	230,221	2,563	7,689	16,561	35,326	145,336	55,266	-	1,300,588
FASST/CONNECTIONS	1,169,251	325,804	80,551	47,081	45,718	38,139	55,073	66,732	64,555	1,892,904
WOODSTOCK SHELTER	849,147	250,367	3,268	71,610	17,663	58,205	5,539	34,084	-	1,289,883

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2013

Program	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATI-ONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
<b>NORTHEAST PENNSYLVANIA (excludes IDD)</b>										
Hope House	426,161	100,571	49,280	34,232	6,790	28,099	3,381	9,212	-	657,726
New Perspectives - Residential	427,651	101,314	54,165	24,564	10,827	26,305	3,843	16,020	-	664,689
New Perspectives - Phone	267,578	68,854	8,338	7,184	6,865	4,138	1,244	3,101	-	367,302
New Perspectives - Mobile	163,092	40,686	15,348	6,851	3,405	1,403	1,181	23,846	-	255,812
New Perspectives - CIT	77,364	20,496	5,207	1,422	619	3,072	3,106	17,820	9,450	138,556
Crossroads Flex Housing Fund	26,969	4,827	2,554	50,753	91	351,355	3,174	3,429	-	443,152
Lehigh County Medical Mobile	13,610	2,934	-	83,513	44	2,183	252	1,150	-	103,686
Lehigh Valley ACT/ICM	2,250,921	544,992	663,978	181,301	85,369	173,314	209,511	151,641	35,949	4,296,976
Power	306,526	80,312	4,993	36,457	14,457	13,206	8,839	28,191	-	492,981
Fair Weather Lodge	287,325	69,605	16,106	103,061	7,934	70,331	13,809	47,193	46,125	661,489
Forensic Re-entry Initiative	11,001	143	40,825	-	-	77	337	-	-	52,383
LV Housing Support	6,614	1,011	-	177,248	272	-	-	98	-	185,243
CMP - Community Connections	277,529	75,333	5,278	59,930	13,250	1,687	11,183	23,135	-	467,325
Crossroads	57,463	15,443	-	238,990	4,598	2,988	1,949	16,902	-	338,333
Crossroads Supportive Family Housing	66,527	17,177	-	141,050	4,012	5,013	2,524	13,667	-	249,970
Hope Springs - Lehigh County	288,142	74,547	5,674	27,382	5,609	27,318	2,393	18,112	27,362	476,539
Hope Springs - Northampton County	380,217	94,385	6,927	36,538	6,092	43,930	4,250	21,234	21,800	615,373
Youth Hope Crisis Residence	8,500	728	5,472	5,872	-	-	1,911	-	20,000	42,483
<b>CONNECTICUT</b>	<b>4,460,039</b>	<b>1,048,692</b>	<b>301,406</b>	<b>492,217</b>	<b>74,851</b>	<b>323,585</b>	<b>247,924</b>	<b>326,475</b>	<b>-</b>	<b>7,275,189</b>
<b>DELAWARE</b>										
Brandywine Hills	419,644	90,865	29,999	75,945	4,238	50,940	8,092	27,956	-	707,679
Passages	778,133	165,291	53,919	145,990	9,026	92,572	12,371	62,605	4,001	1,323,908
ACT/ICM	1,512,666	266,417	700,600	229,118	61,242	271,141	115,239	141,534	-	3,297,957
Choices	710,194	183,228	34,056	13,009	8,697	74,544	14,294	29,557	-	1,067,579
Mainstay Delaware	614,420	154,274	14,838	93,234	24,252	72,919	11,123	14,383	45,628	1,045,071
Mainstay Delaware - Philadelphia	160,998	48,826	1,785	29,071	3,395	23,383	12,703	11,654	-	291,815
Specialized Treatment Services	94,394	15,969	8,227	5,545	2,650	4,276	6,838	1,540	-	139,439
<b>FLORIDA</b>	<b>3,216,261</b>	<b>941,380</b>	<b>27,881</b>	<b>443,692</b>	<b>51,241</b>	<b>312,696</b>	<b>29,125</b>	<b>388,518</b>	<b>-</b>	<b>5,410,794</b>
<b>LOUISIANA</b>										
Womanspace	441,108	115,110	3,808	20,150	8,431	27,453	3,934	19,682	-	639,676
Family House	652,027	144,999	34,588	164,480	10,475	92,469	4,172	74,136	-	1,177,346
Pathways	353,489	83,757	5,447	205,437	14,671	34,276	8,938	26,440	2,000	734,455
Reach-in C.A.R.E./SAFE	225,933	50,617	6,187	28,298	5,756	9,397	8,116	14,141	-	348,445
ACT Team 1 & 2	1,246,909	270,163	472,697	51,908	44,119	97,444	118,064	75,420	26,978	2,403,702
Shelter Plus Care	-	-	-	77,908	-	-	-	-	-	77,908
Metropolitan ACT	632,229	132,683	236,969	59,110	28,021	42,277	47,363	43,318	23,046	1,245,016
Mobile Crisis	633,637	111,049	82,298	24,038	28,733	9,849	24,418	18,446	-	932,468
Metro Crisis	977,251	197,519	145,087	88,703	32,840	36,214	4,417	55,773	59,813	1,597,617
Homeless Outreach	130,966	30,110	622	8,998	4,257	12,089	205	23,907	-	211,154
Community Support Team	771,353	198,771	3,162	57,740	19,102	32,351	32,750	4,069	-	1,119,298
<b>MASSACHUSETTS</b>	<b>3,244,107</b>	<b>838,612</b>	<b>8,831</b>	<b>849,898</b>	<b>58,538</b>	<b>301,131</b>	<b>31,436</b>	<b>240,650</b>	<b>22,840</b>	<b>5,596,043</b>
<b>MISSOURI</b>										
St. Louis	2,520,099	683,477	14,459	425,819	34,286	127,698	123,805	108,088	-	4,037,731
Kansas City	852,970	210,677	16,095	241,891	21,567	62,537	81,447	37,716	-	1,524,900
<b>NEBRASKA</b>										
Lincoln	4,438,950	1,135,467	5,782	398,723	79,903	266,350	94,477	146,111	-	6,565,763
Omaha	91,242	17,587	-	52,832	22,694	22,987	5,587	17,223	-	230,152
<b>NEW JERSEY</b>										
Supported Adult-Passaic	440,716	110,213	10,169	329,075	22,101	39,671	5,074	46,829	24,419	1,028,267
Supported Adult/RIST-Ocean County	770,075	189,675	19,685	916,756	31,609	66,135	9,302	69,929	40,586	2,113,752

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**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENDITURES  
YEAR ENDED JUNE 30, 2013

	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATI-ONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIPMENT AND MAINTENANCE	PROPERTY AND EQUIPMENT	TOTAL
<b>Program</b>										
<b>NEW JERSEY (CONTINUED)</b>										
Supported Adult-Tri-County	304,507	64,646	11,643	311,335	16,601	20,120	3,970	56,473	24,224	813,519
Camden Housing Program	255,263	69,328	10,225	392,672	10,069	16,911	7,834	23,984	-	786,286
Camden Mainstay	15,665	2,685	5,907	7,186	4,967	4,446	2,598	9,779	21,337	74,570
<b>NORTH CAROLINA</b>										
ACT	380,770	87,087	132,861	193,992	23,166	69,930	27,682	44,513	-	960,001
Residential	971,606	303,817	16,087	249,316	34,775	121,545	28,033	132,809	-	1,857,988
<b>RHODE ISLAND</b>	1,563,988	449,729	9,966	157,879	11,361	50,302	184,994	64,607	-	2,492,826
<b>TENNESSEE</b>										
IDD	6,923,294	1,870,570	84,462	243,889	111,235	160,442	150,996	529,013	57,848	10,131,749
Supportive Housing	166,195	30,273	405	241,747	12,458	17,482	9,993	12,864	-	491,417
<b>VIRGINIA</b>										
Specialized Treatment Services	207,961	43,164	4,360	15,211	4,320	2,237	4,394	19,956	-	301,603
Rise Above	63,502	13,543	2,118	211	3,213	499	4,170	463	-	87,719
<b>FAMILY PRACTICE AND COUNSELING NETWORK</b>	7,600,565	1,539,981	3,747,641	1,123,639	161,650	821,301	115,728	207,016	569,114	15,886,635
SALT CHESTER COUNTY	105,035	20,873	4,674	19,675	1,651	7,793	2,036	8,943	16,152	186,832
CHESTER YOUTH BUILD	18,637	1,764	4,550	6,570	4,334	541	79	325	-	36,800
POINT TO POINT	783,015	191,968	(1,120)	77,161	34,732	7,369	259,733	208,828	-	1,561,686
NEW BEGINNINGS	799,769	163,170	594,303	46,181	95,226	181,432	92,914	8,439	-	1,981,434
FUTURE SEARCH	13,998	7,370	25,354	-	1,696	10,628	2,519	45	-	61,610
ENDOW-A-HOME	172,205	36,609	14,666	200,661	4,442	7,913	9,875	147,723	7,200	601,294
HIGH STREET	58,966	13,309	35	10,724	2,108	483	2,550	1,866	-	90,041
MISCELLANEOUS	1,593,077	222,726	192,041	105,071	12,796	109,312	491,315	296,938	71,922	3,095,198
<b>Grand Totals</b>	<b>115,602,475</b>	<b>28,696,651</b>	<b>11,875,327</b>	<b>19,645,518</b>	<b>2,594,213</b>	<b>9,660,026</b>	<b>3,791,257</b>	<b>8,792,969</b>	<b>1,666,215</b>	<b>202,324,651</b>
Property and equipment capitalized	-	-	-	-	-	-	-	-	(1,602,752)	(1,602,752)
Change in inventory costs capitalized	(9,577)	(1,497)	(10,703)	(13,858)	-	(10,019)	(1,784)	(11,691)	66,831	7,702
Depreciation and amortization expense	-	-	-	-	-	-	-	-	3,217,767	3,217,767
Long term debt principal payments made	-	-	-	(89,775)	-	-	-	-	-	(89,775)
Interunit charges and other activity	-	-	(280,080)	(1,388,927)	-	(110,634)	(158,303)	(1,229,610)	-	(3,167,554)
Vacation accrual	115,663	2,795	-	-	-	-	-	-	-	118,458
Elimination of program fundraising costs	(196,116)	(40,322)	-	-	(19,978)	-	-	-	-	(256,416)
Other consolidated entities	-	-	-	187,242	-	-	26,823	-	-	214,065
Elimination of consolidated activity	(58,966)	(13,309)	(354,831)	(148,568)	(2,108)	(483)	(2,550)	(1,866)	-	(582,681)
<b>Total Program</b>	<b>\$ 115,453,479</b>	<b>\$ 28,644,318</b>	<b>\$ 11,229,713</b>	<b>\$ 18,191,632</b>	<b>\$ 2,572,127</b>	<b>\$ 9,538,890</b>	<b>\$ 3,655,443</b>	<b>\$ 7,549,802</b>	<b>\$ 3,348,061</b>	<b>\$ 200,183,465</b>
<b>Management and General</b>	<b>\$ 16,452,718</b>	<b>\$ 3,259,197</b>	<b>\$ 2,225,851</b>	<b>\$ 1,900,325</b>	<b>\$ 647,040</b>	<b>\$ 596,805</b>	<b>\$ 1,133,716</b>	<b>\$ 1,895,280</b>	<b>\$ 3,276,973</b>	<b>\$ 31,387,905</b>
Property and equipment capitalized	-	-	-	-	-	-	-	-	(3,276,973)	(3,276,973)
Depreciation and amortization expense	-	-	-	-	-	-	-	-	1,176,341	1,176,341
Long term debt principal payments made	-	-	-	(122,383)	-	-	-	-	-	(122,383)
Elimination of admin fundraising costs	(113,802)	(22,037)	(2,011)	-	(107)	-	(5,035)	(5,000)	-	(147,992)
Other consolidated entities	-	-	-	-	-	-	24,624	-	-	24,624
Elimination of consolidated activity	-	-	-	-	-	-	(61,974)	-	-	(61,974)
<b>Total Management and General</b>	<b>\$ 16,338,916</b>	<b>\$ 3,237,160</b>	<b>\$ 2,223,840</b>	<b>\$ 1,777,942</b>	<b>\$ 646,933</b>	<b>\$ 596,805</b>	<b>\$ 1,091,331</b>	<b>\$ 1,890,280</b>	<b>\$ 1,176,341</b>	<b>\$ 28,979,548</b>
<b>Fundraising</b>	<b>\$ 309,919</b>	<b>\$ 62,358</b>	<b>\$ 2,011</b>	<b>\$ -</b>	<b>\$ 20,085</b>	<b>\$ -</b>	<b>\$ 5,035</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 404,408</b>

# RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>Cash flows from operating activities:</b>		
Changes in total net assets before noncontrolling interests and capital distributions	\$ (487,083)	\$ 296,116
Adjustments to reconcile changes in total net assets before noncontrolling interests and capital distributions to net cash provided by (used in) operating activities:		
Noncontrolling interests in net income (loss) of investments	1,760	(25,328)
Loss (gain) on sale/disposition of property and equipment	7,821	(44,383)
Unrealized (gains) losses on limited use investments	(6,968)	27,341
Net (decrease) increase in allowances for doubtful accounts and uncollectible advances and loans	(583,674)	1,054,730
Depreciation and amortization	4,612,491	5,037,076
Equity in net losses of investments	142,747	256,109
Deferred credit forgiveness	(3,000)	(3,000)
Change in fair value of interest rate swap	(125,387)	(184,644)
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Accounts receivable	5,163,155	(8,008,396)
Inventory	(47,206)	30,860
Prepaid expenses	388,530	(591,257)
Other assets	8,918	23,354
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	(704,564)	1,228,135
Deferred revenue	(623,123)	778,983
Contract advances	173,288	(8,932)
Retirement plans	(202,388)	(174,318)
Other liabilities	47,240	-
<b>Net cash provided by (used in) operating activities</b>	<b>7,762,557</b>	<b>(307,554)</b>
<b>Cash flows from investing activities:</b>		
Acquisitions of property and equipment	(6,062,828)	(5,200,612)
Proceeds from sale of property and equipment	579,804	355,069
Purchases of limited use investments	(449,251)	(1,186,012)
Proceeds from sale of limited use investments	364,358	877,141
Net collection of advances and loans	30,394	9,008
<b>Net cash used in investing activities</b>	<b>(5,537,523)</b>	<b>(5,145,406)</b>

	<u>2014</u>	<u>2013</u>
<b>Cash flows from financing activities:</b>		
Net (payments)/proceeds on lines of credit and short-term borrowings	(1,134,857)	641,381
Principal borrowings on long-term debt	14,723	-
Principal payments on long-term debt	(965,766)	(942,891)
Principal payments on capital lease obligation	(75,014)	-
Contributed capital from noncontrolling interest	104,380	334,891
Distributions to noncontrolling interest	(14,279)	(17,306)
Capital distributions	<u>(166,667)</u>	<u>(166,667)</u>
<b>Net cash used in financing activities</b>	<u>(2,237,480)</u>	<u>(150,592)</u>
<b>Net decrease in cash and cash equivalents</b>	(12,446)	(5,603,552)
<b>Cash and cash equivalents, beginning of year</b>	<u>244,884</u>	<u>5,848,436</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 232,438</u>	<u>\$ 244,884</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 944,656</u>	<u>\$ 899,638</u>
Taxes paid	<u>\$ 5,637</u>	<u>\$ 4,860</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Debt incurred for the acquisition of property and equipment	<u>\$ 2,170,348</u>	<u>\$ 457,600</u>
Long term debt refinanced	<u>\$ 2,309,498</u>	<u>\$ -</u>
Capital lease obligation incurred for the purchase of equipment	<u>\$ 149,988</u>	<u>\$ -</u>
Noncash transfer of noncontrolling interest equity	<u>\$ 362,069</u>	<u>\$ -</u>
Decrease in long-term commitment and related investment	<u>\$ -</u>	<u>\$ 45,000</u>



**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Resources for Human Development, Inc. (RHD) is a comprehensive social services organization whose mission is to empower the most vulnerable and marginalized members of our society as they build the highest level of independence possible. RHD oversees and supports more than 160 locally-managed programs in 14 states, which helps tens of thousands of people of all abilities each year. These innovative and effective programs specialize in helping people who have mental illnesses or intellectual disabilities, those who are homeless, people rejoining society after incarceration, and people with histories of substance abuse, so that they may build better lives for themselves, their families, and their communities. Program areas encompass these community needs: arts, culture and humanities, community improvement and capacity building, crime prevention, education, employment readiness and job training, environmental quality, health care, homelessness prevention, behavioral health, substance abuse, intellectual disabilities, reintegration after incarceration, volunteer development, and youth development, wellness, and education.

Through its for-profit subsidiaries, RHD operates programs designed to assist businesses which provide quality low-moderate income jobs that lead to sustainable improvements in distressed communities, primarily by providing capital, investment funding and technical assistance. Through Murex, the Organization has invested in entities such as SQA Pharmacy (SQA). SQA is a "closed-door" pharmacy dedicated to providing high quality pharmaceutical services to both RHD managed and non-RHD managed health care facilities in the greater Philadelphia area as well as out of state. The pharmacy uses a share of its profits and dividends to donate funds to the health care community.

**Basis of Presentation**

The accompanying consolidated financial statements include the accounts of RHD, its for-profit subsidiaries, Murex Corporation (Murex) (100% owned by RHD) and Murex Investments, Inc. (Murex Investments) (93% owned by RHD), as well as two related not-for-profit organizations which RHD controls, The SQ Foundation (SQ) and The Non-Profit Housing Corporation of Pennsylvania (NPHO), and one trust which is consolidated as a variable interest entity, the RHD Special Needs Pooled Trust (SNPT) (collectively referred to hereafter as "the Organization"). The following entities have been consolidated with Murex and are reflected in the consolidated financial statements: Murex Motors Inc., SQA Pharmacy, LLC, Murex High Street, Inc., High Street Manor Associates, LP (High Street), Murex TRS, Inc. and TRS, LLP (Taunton Run). During fiscal year 2014, Murex and one of its subsidiaries obtained full ownership of High Street and Taunton Run, eliminating all Murex noncontrolling interests.

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

SNPT has been consolidated with the Organization under the requirements of the Financial Accounting Standards Board Accounting Standards Codification. SNPT is a variable interest entity in which RHD is the primary beneficiary.

Other operating expenditures included in the consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets relate to the operating expenses of the for-profit consolidated entities.

Accounting principles generally accepted in the United States of America 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 space, goods, and certain services are required to be reported at their fair market value in the year that they are contributed. The Organization records in-kind income and expenses for reporting to its funding sources in accordance with the associated contract requirements. The contract requirements for reporting donated services 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.

**Revenue and Support**

Revenue is recognized as services are provided based on contracted or established reimbursement rates. Some reimbursement rates are negotiated with payers and can be based on actual costs. Support from government contracts and grants, including overhead allowance, is generally recognized as the related expenses are incurred. The Organization has contracts and grants with various agencies of the federal, state and local governments, and departments of the City of Philadelphia.

**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.

*Permanently restricted net assets* – are those assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor that can be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets as of June 30, 2014 and 2013.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (continued)**

Restricted contributions received whose restrictions are for the purchase of property and equipment are released at a rate of the related depreciation of the property and equipment purchased.

**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.

**Cash and Cash Equivalents**

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.

**Limited Use Cash and Cash Equivalents**

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 also included as a current liability, due to custodial clients.

**Limited Use Investments**

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

**Accounts Receivable**

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory is recorded at the lower of cost, on a specific identification basis, or market (net realizable value) and consists of residential properties purchased or donated for resale and related construction-in-progress. Through its affordable housing programs, the Organization purchases, renovates and sells homes, primarily to eligible low-income families. Renovated homes are sold to any community member regardless of income. Inventory also consists of prescription and over-the-counter drugs used in the Organization's closed-door pharmacy and outpatient health centers.

**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 40 years, of the respective assets using the straight-line method. Maintenance and repairs are charged to activities as incurred. A 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.

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 accurate by capitalizing these assets.

**Equity Investments in Companies**

Equity 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.

**Advances and Loans**

Advances and loans consist of advances or loans receivables initiated by Murex and Murex Investments to certain partnerships and companies. These financing receivables are stated at the amount management expects to collect from balances outstanding at year end. Management has recorded an allowance for uncollectible advances and loans based on the specific identification of at-risk financing receivables. Management performs an at-risk assessment of each advance and loan on an annual basis.

**Deferred Revenue**

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Vacation Accrual**

All eligible employees (including program employees) of the Organization are able to carry over unused earned vacation time. Employees are able to use vacation time earned as of June 30<sup>th</sup> according to the PTO Plan Year. At June 30, 2014 and 2013, \$2,273,542 and \$2,302,481, respectively, of program vacation expenses and related taxes are included in accrued expenses. A portion of the vacation accrual related to program employees will ultimately be charged to and reimbursed by cost reimbursed programs, resulting in an accrual of program revenue of \$600,572 and \$623,803 at June 30, 2014 and 2013, respectively. At June 30, 2014 and 2013, there is \$1,672,970 and \$1,678,678, respectively, of program vacation expense accrued for which no revenue or receivable was recorded as these amounts were incurred under fee-for-service contracts. In addition, at June 30, 2014 and 2013, \$601,318 and \$568,845, respectively, of administrative vacation expenses and related taxes are also included in accrued expenses.

**Derivative Instruments**

Part of the Organization's interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert certain variable-rate debt to a fixed rate. Interest rate swap contracts designated and qualifying as hedges against future cash flows are reported at fair value. The gain or loss on the hedges is reflected in changes in unrestricted net assets.

**Tax Status**

RHD, SQ, and NPHO are exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state and local laws. SNPT is a grantor trust and as such is exempt from federal, state and local income taxes. Under Internal Revenue Code Sections 671-678, all trust income is taxable to the grantors, which in this case are the members of the trust. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements related to these entities. Murex, Murex Investments and three of their subsidiaries are for-profit corporations and are subject to federal, state and local taxation. Within Murex are various entities organized as limited partnerships or limited liability companies. These entities are not subject to federal or state income taxes. Income or losses from these entities are reflected in the members'/partners' tax returns.

**Use of Estimates**

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Instruments**

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

**Noncontrolling Interests**

Noncontrolling interests reflect the equity of subsidiaries which are not owned by RHD or its subsidiaries.

**Reclassifications**

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 financial statement presentation. These reclassifications did not result in any changes to previously reported net assets.

**2. PROMISES TO GIVE**

**Unconditional Promises to Give**

The Organization records unconditional promises to give when received. During the years ended June 30, 2014 and 2013, contributions were received with multiple year payment terms. These receivables were recorded at their present value using a discount rate of 3.25%.

	2014	2013
Gross unconditional promises to give	\$ 84,000	\$ 168,000
Less unamortized discount	(1,170)	(409)
	\$ 82,830	\$ 167,591
Amounts due:		
Within one year	\$ 56,500	\$ 155,000
Within two to five years	26,330	12,591
	\$ 82,830	\$ 167,591

The current portion of this receivable is reported as part of accounts receivable at June 30, 2014 and 2013, with the remaining balance reported as other assets in the consolidated statements of financial position.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**2. PROMISES TO GIVE (CONTINUED)**

**Conditional Promises to Give**

Conditional promises to give are not recognized until the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2014 and 2013, respectively, RHD had \$156,682 and \$199,544 of unrecorded conditional promises to give which will be recognized when the Organization can show evidence of satisfaction of specific conditions as set forth by the donor, which consist of specific programmatic objectives and/or a lease renewal.

**3. LIMITED USE INVESTMENTS**

Investments in SNPT, stated at fair value, as of June 30, 2014 and 2013, are as follows:

	2014	
	Cost	Fair Value
Fixed income securities	\$ 588,505	\$ 570,523
Money market funds	14,551	14,551
	\$ 603,056	\$ 585,074
	2013	
	Cost	Fair Value
Fixed income securities	\$ 517,517	\$ 492,646
Money market funds	567	567
	\$ 518,084	\$ 493,213

The following schedule summarizes the investment returns for the years ended June 30, 2014 and June 30, 2013:

	2014	2013
Investment income	\$ 12,574	\$ 5,910
Unrealized gain/(loss)	6,968	(27,341)
	\$ 19,542	\$ (21,431)

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**4. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment (at cost) and accumulated depreciation and amortization as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Real estate and improvements	\$ 26,944,098	\$ 27,346,389
Leasehold improvements	16,275,663	14,195,863
Furniture and fixtures	2,442,814	4,568,401
Computer equipment and software	4,891,242	6,572,490
Automobiles	<u>10,940,485</u>	<u>10,210,994</u>
	61,494,302	62,894,137
Less accumulated depreciation and amortization	<u>34,625,075</u>	<u>39,207,957</u>
	<u>\$ 26,869,227</u>	<u>\$ 23,686,180</u>

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Program	\$ 3,132,220	\$ 3,217,767
Management and general	1,172,387	1,176,341
Other operating	<u>307,884</u>	<u>642,968</u>
	<u>\$ 4,612,491</u>	<u>\$ 5,037,076</u>

**5. EQUITY INVESTMENTS IN COMPANIES AND NONCONTROLLING 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>
CSS Staffing, Inc.	30.00
Laptop Service Center	30.00
Murex Capital, LP	27.30
Murex Capital II, LP	33.30
Murex Investments I, LP	42.72
Murex Investments, LLC	20.00
Murex Investments II, LLC	20.00



**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**5. EQUITY INVESTMENTS IN COMPANIES AND NONCONTROLLING INTERESTS  
(CONTINUED)**

Aggregate cost and carrying values of these investments as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Original investments, at cost	\$ 4,226,690	\$ 4,232,290
Accumulated allocated net losses, distributions, and return of capital	<u>(3,213,431)</u>	<u>(3,076,284)</u>
Equity investments in companies	<u>\$ 1,013,259</u>	<u>\$ 1,156,006</u>

Over the past several years, the Organization has received donor designated grants and donations for the purpose of investing in companies through Murex and 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 Organization recognized approximately \$137,000 and \$256,000 of net losses from these investments during the years ended June 30, 2014 and 2013, respectively.

The Organization accounts for 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 it owns less than 20% and does not exercise significant influence. The Organization's losses are limited to the extent of its capital contributions.

The noncontrolling interest in Murex Investments consists of a 7% non-voting common stock ownership by another investor as of June 30, 2014 and 2013. The Organization owns all of the voting equity of this subsidiary. As of June 30, 2014 and 2013, the value of the noncontrolling interest was \$0.

Effective July 1, 2009, Murex adopted new authoritative guidance for noncontrolling interests in consolidated financial statements. This guidance requires, among other things, that the ownership interest in subsidiaries be clearly identified and presented in the consolidated statement of financial position within equity/net assets, but separate from the parent's equity/net assets.

As of June 30, 2014, there are no investments of Murex in which there is a noncontrolling interest. As of June 30, 2013, there are three investments of Murex in which there is a noncontrolling interest. Murex has control of the companies but only the majority ownership of one. Control results from the Organization's appointment of management or members of the board of directors. The companies and the noncontrolling equity interests of the stated companies as of June 30, 2013 are as follows: High Street Manor Associates 99%, TRS, LLP (Taunton Run) 99.9%, and SQA Pharmacy, LLC 11.1%.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**6. ADVANCES AND LOANS**

The Organization through its for-profit subsidiaries, Murex and Murex Investments, has made loans and advances to certain partnerships and companies. In addition, the Organization, through its subsidiary, Murex Investments, has made loans to certain companies in which it has an equity interest. Murex and Murex Investments invest in certain companies located in distressed areas of Philadelphia, Pennsylvania. Its investees adhere to certain principles, including a minimum level of hiring local people from welfare, a minimum wage in excess of the applicable minimum wage, and the sharing of profits with the employees. The major sources of funds for investing in and lending to these companies were restricted grants and donations. The investments in these companies are accounted for using the equity method of accounting.

These advances and loans have interest rates that range from 0% to 10% and varying payment terms ranging from amounts due on demand to defined payments through April 2040. Some advances which are due on demand are classified as long-term as it is not the intention of the Organization to call these advances for payment in the fiscal year ending June 30, 2015.

The nature of the significant advances and loans as of June 30, 2014 and 2013 are as follows:

	2014		
	Balance	Allowance	Net
Advances to affiliates	\$ 292,109	\$ (232,998)	\$ 59,111
Advances to companies	97,955	(53,726)	44,229
Mortgage note receivables	138,267	-	138,267
	528,331	(286,724)	241,607
Less current portion	147,283	(100,248)	47,035
	\$ 381,048	\$ (186,476)	\$ 194,572
	2013		
	Balance	Allowance	Net
Advances to affiliates	\$ 301,152	\$ (238,000)	\$ 63,152
Advances to companies	116,541	(60,253)	56,288
Mortgage note receivables	141,032	-	141,032
	558,725	(298,253)	260,472
Less current portion	157,845	(111,814)	46,031
	\$ 400,880	\$ (186,439)	\$ 214,441

## RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2014 AND 2013

#### 6. ADVANCES AND LOANS (CONTINUED)

Allowances are determined based on the Organization's assessment of the creditworthiness of the companies. Changes in the allowance for doubtful advances and loans for the years ended June 30, 2014 and 2013 is:

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 298,253	\$ 302,603
Written off	(5,000)	-
Recovered	(13,029)	(4,350)
Provision	<u>6,500</u>	<u>-</u>
Ending balance	<u>\$ 286,724</u>	<u>\$ 298,253</u>

#### 7. DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS

Murex Investments and Murex have recorded a net deferred income tax asset resulting from net operating loss carryforwards, unrealized gains and losses on investments, and allowances created against advances and loans to investees. As of June 30, 2014 and 2013, management has created a valuation allowance to account for the uncertainty that a portion of the deferred tax asset would be utilized.

The tax effects of temporary differences and carryforwards that give rise to deferred income tax assets as of June 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Net operating loss carryforwards	\$ 1,409,183	\$ 1,267,835
Unrealized gains on investments	(163,052)	(131,532)
Allowance on advances and loans to investees	<u>170,632</u>	<u>120,024</u>
Deferred income tax assets	1,416,763	1,256,327
Valuation allowance	<u>(1,102,496)</u>	<u>(942,060)</u>
	<u>\$ 314,267</u>	<u>\$ 314,267</u>

Deferred income tax assets are included in other assets in the consolidated statements of financial position.

Murex Investments has net operating loss carryforwards of approximately \$2,000,000 as of June 30, 2014 which are available to offset future federal taxable income. These carryforwards will begin to expire in 2024.

Murex has net operating loss carryforwards of approximately \$1,900,000 as of June 30, 2014 which are available to offset future federal taxable income. These carryforwards will begin to expire in 2030.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 YEARS ENDED JUNE 30, 2014 AND 2013

**7. DEFERRED INCOME TAXES AND NET OPERATING LOSS CARRYFORWARDS (CONTINUED)**

Provisions for income tax benefits are included in interest and miscellaneous income on the consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets and consist of the following components:

	2014	2013
Deferred income tax benefit/(expense)	\$ 160,436	\$ (120,463)
Change in valuation allowance	(160,436)	120,463
	\$ -	\$ -

**8. LINES OF CREDIT AND SHORT-TERM BORROWINGS**

The Organization has lines of credit and short-term borrowings as of June 30, 2014 and 2013 consisting of the following:

	2014	2013
Line of credit of \$22,000,000 (including letters of credit) with a bank; interest on borrowings under this agreement is LIBOR plus 2.5%. The effective interest rate at June 30, 2014 and 2013 was 2.66% and 2.69%, respectively; the line is collateralized by accounts receivable and other assets of the Organization. This renewed agreement will expire in April 2015.	\$ -	\$ 738,036
Construction line of credit of \$4,000,000 with a bank; interest on borrowings under this agreement is LIBOR plus 3%. The effective interest rate at June 30, 2014 was 3.15%; the line is collateralized by accounts receivable and other assets of the Organization. This line will convert to a permanent loan on the project completion date.	2,170,347	-
Line of credit of \$650,000 with a bank; interest on borrowings under this agreement is prime rate plus 1.0%; the effective interest rate at June 30, 2013 was 4.25%; the line was collateralized by all personal property of SQA Pharmacy. This line was extended until October 31, 2013 and not subsequently renewed.	-	396,821
	\$ 2,170,347	\$ 1,134,857

The Organization was obligated under outstanding letters of credit of \$9,166,026 and \$7,436,026 at June 30, 2014 and 2013, respectively.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**9. LONG-TERM DEBT**

Long-term debt as of June 30, 2014 and 2013 consist of the following:

	2014	2013
RHD:		
Mortgage notes, payable in monthly installments ranging from \$0 to \$7,559, mostly including interest ranging from 1.0% to 6.63%, collateralized by various properties, maturing at various times from March 2016 through December 2040.	\$ 6,421,537	\$ 6,662,397
Note payable, interest and principal due monthly, interest at LIBOR plus 1.5% through 2018 (effective rate was 1.65% and 1.69% at June 30, 2014 and 2013, respectively), collateralized by accounts receivable and other assets.	2,928,861	3,535,558
Murex Corporation:		
Mortgage notes (related to Taunton Run), payable in monthly installments ranging from \$0 to \$23,602, mostly including interest ranging from 1% to 7.1%, collateralized by rental property and equipment, maturing at various times from June 2027 through December 2028.	3,812,033	3,902,419
Mortgage notes (related to High Street), payable in monthly installments ranging from \$0 to \$2,672, mostly including interest ranging from 1% to 6.5%, collateralized by income producing assets, maturing at various times from 2021 through 2035.	630,441	643,541
Murex Investments:		
Notes payable, interest due semi-annually based on the participating percentage of operating distributions received from Murex Investments I, LP, outstanding principal due on March 24, 2018, collateralized by a participating interest in the investment in Murex Investments I, LP.	996,286	996,286
	14,789,158	15,740,201
Less current portion	1,030,972	949,315
Long-term portion	\$ 13,758,186	\$ 14,790,886

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 YEARS ENDED JUNE 30, 2014 AND 2013

**9. LONG-TERM DEBT (CONTINUED)**

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

<u>Year Ending June 30.</u>	
2015	\$ 1,030,972
2016	1,344,203
2017	1,154,191
2018	1,205,742
2019	1,564,968
Thereafter	<u>8,489,082</u>
Total	<u>\$ 14,789,158</u>

Interest expense for the years ended June 30, 2014 and 2013 was \$1,028,485 and \$988,685 respectively.

As noted above, the Organization has a note payable which bears interest at LIBOR plus 1.5%. However, the Organization entered into an interest rate swap contract that effectively converts the interest rate on the note to 6.45%. The Organization pays interest on the note based on the current interest rate terms. In addition, under the swap agreement, the Organization either pays or receives additional amounts on the outstanding notional amount based on the relationship of the current interest rate terms to 6.45%. The notional amount under the swap decreases as principal payments are made on the note so that the notional amount equals the principal outstanding under the note. The swap is designed to hedge the risk of changes in interest payments on the note caused by changes in LIBOR.

The swap was issued at market terms so that it had no fair value at its inception. The carrying amount of the swap has been adjusted to its fair value at the end of the year, which because of changes in forecasted levels of LIBOR resulted in reporting a liability for the fair value of the future net payments forecasted under the swap. As of June 30, 2014 and 2013, the fair value of the swap liability was \$267,623 and \$393,010, respectively. The liability is classified as noncurrent since management does not intend to discontinue the swap contract during fiscal year 2015.

**10. 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 this loan agreement are met, this balance will be forgiven over a period of 30 years. The loan bears 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 balance is as follows:

	<u>2014</u>	<u>2013</u>
First Trust Savings (originated June 1998 to be forgiven at the rate of \$3,000 per year over a 30-year period ending June 2027).	\$ <u>39,000</u>	\$ <u>42,000</u>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**11. LEASE COMMITMENTS**

**Operating Leases**

The Organization leases various buildings and equipment under leasing arrangements expiring through 2022. 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 required under lease arrangements at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 9,735,615
2016	5,975,044
2017	4,025,866
2018	2,589,753
2019	1,082,114
Thereafter	<u>1,032,139</u>
Total	<u>\$ 24,440,531</u>

The Organization also maintains numerous property leases with terms of up to one year which are not included in the above schedule. Rent expense for the years ended June 30, 2014 and 2013 totaled \$14,817,890 and \$13,436,333, respectively. Total equipment rental expense incurred for the years ended June 30, 2014 and 2013 was \$645,212 and \$536,133, respectively.

**Capital Lease**

The Company entered into a capital lease for computer equipment during the current fiscal year. As of June 30, 2014, \$149,988 of leased assets and \$24,998 of related accumulated depreciation have been included in property and equipment. The lease has an imputed interest rate of approximately 8% per annum. As of June 30, 2014, the Organization is obligated to future minimum lease payments during the fiscal year 2015 of \$80,355 of which \$5,381 is imputed interest.

**12. CAPTIVE AND SELF-INSURANCE**

The Organization belongs to a captive insurance program, which covers workers compensation and automobile insurance, for claims incurred prior to July 1, 2011. Effective July 1, 2011, the Organization is no longer part of this captive insurance program and has entered into a large deductible insurance program for workers compensation claims. Excess and other insurance policies are maintained with respect to the various other exposures, and claims are handled by third-party administrators. Included in accounts payable and accrued expenses at June 30, 2014 and 2013 is approximately \$5,503,000 and \$5,621,000, respectively, for future claims for all self-insured retentions, which represents an estimate by management. The ultimate cost, however, will depend on the magnitude and extent of future claims.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**12. CAPTIVE AND SELF-INSURANCE (CONTINUED)**

The Organization is also self-insured for unemployment claims in certain states, and therefore is responsible for paying actual unemployment claims as they are incurred. As a result, approximately \$4,991,000 and \$4,511,000 is included in accounts payable and accrued expenses as of June 30, 2014 and 2013, respectively, as a reserve for potential future unemployment claims. This also is an estimate by management and the ultimate cost will depend on the extent of future claims.

**13. RETIREMENT PLANS**

**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 of the dates on 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, 2014 and 2013, the liability amount recorded related to this benefit is \$216,265 and \$400,154, respectively. The current portion of this liability is \$92,029 and \$177,580, respectively, and has been included in accounts payable and accrued expenses.

**Medical Retirement Plan**

The Organization has implemented a non-qualified medical retirement plan. In order to receive a payment under this plan, an employee must have worked full-time for the Organization for 10 years, attained the age of 65, and have fully retired. The benefit amount for eligible expenditures is based on the number of years of service, ranges from \$3,000 to \$6,000 per year and is paid over the course of 2 to 10 years. At June 30, 2014 and 2013, the liability amount recorded related to this benefit is \$266,010 and \$324,257, respectively. The current portion of this liability is \$140,910 and \$95,107, respectively, and has been included in accounts payable and accrued expenses.

**Pension Plan**

The Organization maintains a "403(b)" plan for the benefit of its employees. Employee participation is voluntary and contributions by the employees are pursuant to salary reduction. The Organization does not match employee contributions.



**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**14. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Purchase of property and equipment and related depreciation	\$ 91,039	\$ 77,087
Programmatic purpose	2,657,036	2,208,340
Social investment	-	254,760
Time restrictions	<u>82,829</u>	<u>152,592</u>
	<u>\$ 2,830,904</u>	<u>\$ 2,692,779</u>

**15. SUPPORT AND REVENUE**

A breakdown of both unrestricted and restricted support and revenue by geographic region for RHD only is as follows for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
California	\$ 55,985	\$ 39,884
Connecticut	8,778,233	8,232,865
Delaware	10,315,751	8,587,558
Florida	6,808,764	6,352,415
Louisiana	11,339,485	12,335,366
Massachusetts	6,940,483	6,385,853
Missouri	6,684,923	6,468,719
Nebraska	10,536,318	7,474,689
New Jersey	8,314,260	6,136,943
North Carolina	2,856,393	2,653,354
Pennsylvania – Southeastern	116,545,157	115,589,793
Pennsylvania – Other	36,701,971	34,851,954
Rhode Island	2,991,061	2,569,418
Tennessee	13,367,642	12,496,615
Virginia	<u>471,501</u>	<u>409,629</u>
Total	<u>\$ 242,707,927</u>	<u>\$ 230,585,055</u>

**16. 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 \$250,000. As of June 30, 2014, approximately \$2,517,000 of cash balances exceeded insured limits.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**17. FAIR VALUE MEASUREMENTS**

The Organization's investments and swap liability are reported at fair value in the accompanying financial statements as follows for the year ended June 30, 2014 and 2013:

	Fair Value at June 30, 2014			
	Level 1	Level 2	Level 3	Total
Fixed Income AAAB Bond	\$ -	\$ 570,523	\$ -	\$ 570,523
Money Market Funds	14,551	-	-	14,551
	<u>\$ 14,551</u>	<u>\$ 570,523</u>	<u>\$ -</u>	<u>\$ 585,074</u>
Swap liability	<u>\$ -</u>	<u>\$ (267,623)</u>	<u>\$ -</u>	<u>\$ (267,623)</u>

  

	Fair Value at June 30, 2013			
	Level 1	Level 2	Level 3	Total
Fixed Income AAAB Bond	\$ -	\$ 492,646	\$ -	\$ 492,646
Money Market Funds	567	-	-	567
	<u>\$ 567</u>	<u>\$ 492,646</u>	<u>\$ -</u>	<u>\$ 493,213</u>
Swap liability	<u>\$ -</u>	<u>\$ (393,010)</u>	<u>\$ -</u>	<u>\$ (393,010)</u>

The Organization's investments and interest rate swap are reported at fair value in the accompanying consolidated statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments and interest rate swap. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 3 inputs were available to the Organization.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**17. FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 1 – Fair Value Measurements**

The fair value of money market funds is based on quoted net asset values (“NAV”) of the shares held by the Organization at year-end.

**Level 2 – Fair Value Measurements**

The fair value of government and corporate bonds (“bonds”) are valued based on the net asset values (“NAV”) of units held by the Organization at year-end. Although the bonds are not available in an active market, the NAV of the units are approximated based on the quoted prices of the underlying investments that are traded in an active market. The fair value of the interest rate swap liability is valued based on a financial model which incorporates assumptions regarding past, present and future market conditions. Although this liability is not traded on the active market, management feels this method approximates fair value.

**18. CONSOLIDATION OF VARIABLE INTEREST ENTITIES**

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

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

Assets, liabilities and capital related to this VIE included in the consolidated statements of financial position (before eliminations) as of June 30, 2014 and 2013 are as follows:

	2014	2013
Limited use investments	\$ 585,074	\$ 493,213
Equity	(585,074)	(493,213)
	\$ -	\$ -

**19. 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. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**19. OTHER COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Guarantee Commitment**

The Organization has applied the disclosure provisions of Topic 460 of the FASB Accounting Standards Codification, "Guarantees", to its agreements that contain guarantee clauses. These disclosure provisions expand those required by Topic 450 of the FASB Accounting Standards Codification, "Contingencies", by requiring a guarantor to disclose certain types of guarantees, even if the likelihood of requiring the guarantor's performance is remote. Topic 460 requires the Organization to record the guarantee commitments as liabilities in the statements 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 the arrangement 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 a ten year period 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, 2013, the Organization has received restricted contributions and grants available to fund this project, if necessary. During fiscal year 2014, the time period associated with this guarantee commitment has passed and the Organization was not required to provide funds. The present value of the liability at June 30, 2014 and 2013 was \$0 and \$5,600, respectively, and is reported as part of accounts payable and accrued expenses at June 30, 2014 and 2013 in the consolidated statements of financial position.

**Other Commitments**

SQA Pharmacy has a prime vendor agreement. This agreement provides that this vendor will be its primary provider of prescription and over-the-counter drugs purchased for resale.

**20. UNCERTAIN TAX POSITIONS**

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

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

**21. SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 10, 2014, the date on which the consolidated financial statements were available to be issued.

Murex Investments Inc. has an investment in a Small Business Administration leveraged New Markets Venture Capital Company, Murex Investments I LP. Subsequent to June 30, 2014, events occurred that Management believes may adversely impact the carrying value of this investment and the future repayment of the participating loan agreements reflected on the Statement of Financial Position of Murex Investments Inc.

As of the date of this report, December 10, 2014, Management is unable to quantify the effect of these occurrences on the future value of the asset and the related debt.

## **SUPPLEMENTARY INFORMATION**

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of Resources for Human Development, Inc. and Subsidiaries as of and for the years ended June 30, 2014 and 2013, and have issued our report thereon dated December 10, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements and selected notes included on pages 36-42 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information had been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures including comparing and reconciling such information directly to underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated statements themselves and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the consolidating information, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



Philadelphia, Pennsylvania  
December 10, 2014

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014

<b>ASSETS</b>	Resources for Human Development, Inc.				Other Entities			Eliminations	Total
	Operating	Equipment	Social Investment	Total	Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>Current assets:</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 154,001	\$ 49,884	\$ 28,553	\$ -	\$ 232,438
Limited use cash and cash equivalents, representative payee cash funds	1,490,930	-	-	1,490,930	-	-	-	-	1,490,930
Limited use investments	-	-	-	-	-	-	585,074	-	585,074
Accounts receivable, net of allowance for doubtful accounts of \$2,083,903	36,330,108	-	-	36,330,108	330,505	3,293	20,898	(113,843)	36,570,961
Advances and loans, current portion and net of allowance for uncollectible advances and loans of \$100,248	-	-	-	-	23,698	23,337	-	-	47,035
Inventory	135,142	-	-	135,142	515,495	-	-	-	650,637
Prepaid expenses	2,123,342	-	-	2,123,342	705,724	1,435	-	-	2,830,501
Interfund	4,691,974	-	-	4,691,974	-	-	-	(4,691,974)	-
<b>Total current assets</b>	<b>44,771,496</b>	<b>-</b>	<b>-</b>	<b>44,771,496</b>	<b>1,729,423</b>	<b>77,949</b>	<b>634,525</b>	<b>(4,805,817)</b>	<b>42,407,576</b>
Property and equipment, net	-	21,578,036	-	21,578,036	5,291,191	-	-	-	26,869,227
Equity investments in companies	40,553	-	-	40,553	36,000	936,706	-	-	1,013,259
Advances and loans, net of current portion and allowance for uncollectible advances and loans of \$186,476	6,092	-	2,157,113	2,163,205	147,961	40,554	-	(2,157,148)	194,572
Other assets	26,854	11,303	-	38,157	139,240	314,267	-	-	491,664
<b>Total assets</b>	<b>\$ 44,844,995</b>	<b>\$ 21,589,339</b>	<b>\$ 2,157,113</b>	<b>\$ 68,591,447</b>	<b>\$ 7,343,815</b>	<b>\$ 1,369,476</b>	<b>\$ 634,525</b>	<b>\$(6,962,965)</b>	<b>\$ 70,976,298</b>



**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
JUNE 30, 2014

	Resources for Human Development, Inc.				Other Entities			Eliminations	Total
	Operating	Equipment	Social Investment	Total	Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>LIABILITIES AND NET ASSETS</b>									
<b>Current liabilities:</b>									
Lines of credit and short-term borrowings	\$ -	\$ 2,170,347	\$ -	\$ 2,170,347	\$ 650,000	\$ -	\$ -	\$ (650,000)	\$ 2,170,347
Current portion of long-term debt	-	920,360	-	920,360	110,612	-	-	-	1,030,972
Obligation under capital lease	-	74,974	-	74,974	-	-	-	-	74,974
Accounts payable and accrued expenses	27,394,616	-	-	27,394,616	616,777	792,469	20,898	(117,447)	28,707,313
Deferred revenue	2,249,656	-	-	2,249,656	944	-	-	-	2,250,600
Contract advances, current	226,288	-	-	226,288	-	-	-	-	226,288
Deferred credits, current	-	3,000	-	3,000	-	-	-	-	3,000
Due to custodial clients	1,490,930	-	-	1,490,930	-	-	-	-	1,490,930
Interfund	-	4,023,156	668,818	4,691,974	-	-	-	(4,691,974)	-
<b>Total current liabilities</b>	<b>31,361,490</b>	<b>7,191,837</b>	<b>668,818</b>	<b>39,222,145</b>	<b>1,378,333</b>	<b>792,469</b>	<b>20,898</b>	<b>(5,459,421)</b>	<b>35,954,424</b>
<b>Long-term liabilities:</b>									
Long-term debt, net of current portion	-	8,430,038	-	8,430,038	4,331,862	996,286	-	-	13,758,186
Contract advances, net of current portion	226,628	-	-	226,628	-	-	-	-	226,628
Deferred credits, net of current portion	-	36,000	-	36,000	-	-	-	-	36,000
Retirement plans, net of current portion	249,336	-	-	249,336	-	-	-	-	249,336
Other	314,863	-	-	314,863	3,568,333	151,924	494,100	(4,214,357)	314,863
<b>Total liabilities</b>	<b>32,152,317</b>	<b>15,657,875</b>	<b>668,818</b>	<b>48,479,010</b>	<b>9,278,528</b>	<b>1,940,679</b>	<b>514,998</b>	<b>(9,673,778)</b>	<b>50,539,437</b>
<b>Stockholders' equity:</b>									
Common stock	-	-	-	-	100	-	-	(100)	-
Additional paid in capital	-	-	-	-	608,330	4,106,010	-	(4,714,340)	-
Accumulated deficit	-	-	-	-	(2,543,143)	(4,677,213)	-	7,220,356	-
<b>Net assets:</b>									
Unrestricted	9,952,813	5,840,425	1,488,295	17,281,533	-	-	(465,547)	204,897	17,020,883
Temporarily restricted	2,739,865	91,039	-	2,830,904	-	-	-	-	2,830,904
<b>Total net assets before noncontrolling interests</b>	<b>12,692,678</b>	<b>5,931,464</b>	<b>1,488,295</b>	<b>20,112,437</b>	<b>(1,934,713)</b>	<b>(571,203)</b>	<b>(465,547)</b>	<b>2,710,813</b>	<b>19,851,787</b>
<b>Noncontrolling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>585,074</b>	<b>-</b>	<b>585,074</b>
<b>Total net assets</b>	<b>12,692,678</b>	<b>5,931,464</b>	<b>1,488,295</b>	<b>20,112,437</b>	<b>(1,934,713)</b>	<b>(571,203)</b>	<b>119,527</b>	<b>2,710,813</b>	<b>20,436,861</b>
<b>Total liabilities and net assets</b>	<b>\$ 44,844,995</b>	<b>\$ 21,589,339</b>	<b>\$ 2,157,113</b>	<b>\$ 68,591,447</b>	<b>\$ 7,343,815</b>	<b>\$ 1,369,476</b>	<b>\$ 634,525</b>	<b>\$ (6,962,965)</b>	<b>\$ 70,976,298</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATING STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES  
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS  
YEAR ENDED JUNE 30, 2014

	Resources for Human Development, Inc.				Other Entities			Eliminations	Total
	Operating	Equipment	Social Investment	Total	Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>Support, revenue and other:</b>									
Support and revenue:									
Federal	\$ 6,565,865	\$ -	\$ -	\$ 6,565,865	\$ -	\$ -	\$ -	\$ -	\$ 6,565,865
Medicaid	111,230,983	-	-	111,230,983	-	-	-	-	111,230,983
Managed care	39,650,035	-	-	39,650,035	-	-	-	-	39,650,035
City of Philadelphia, PA	22,275,361	-	-	22,275,361	-	-	196,818	-	22,472,179
Montgomery County, PA	8,427,501	-	-	8,427,501	-	-	-	-	8,427,501
Other state and local	36,546,952	-	-	36,546,952	-	-	-	-	36,546,952
Patient/client fees	12,195,100	-	-	12,195,100	-	-	-	-	12,195,100
Other fees and sales	1,900,160	-	-	1,900,160	6,349,678	-	-	(793,594)	7,456,244
Grants and donations	1,330,165	257,000	-	1,587,165	-	-	25,000	(25,000)	1,587,165
Interest and miscellaneous	1,111,124	-	15,000	1,126,124	43,173	8,292	19,542	(11,165)	1,185,966
<b>Total unrestricted support and revenue</b>	<b>241,233,246</b>	<b>257,000</b>	<b>15,000</b>	<b>241,505,246</b>	<b>6,392,851</b>	<b>8,292</b>	<b>241,360</b>	<b>(829,759)</b>	<b>247,317,990</b>
<b>Net assets released from temporary restrictions</b>	<b>791,580</b>	<b>18,217</b>	<b>254,759</b>	<b>1,064,556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,064,556</b>
<b>Fund transfer</b>	<b>(3,276,818)</b>	<b>3,142,308</b>	<b>134,510</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total unrestricted support, revenue and other</b>	<b>238,748,008</b>	<b>3,417,525</b>	<b>404,269</b>	<b>242,569,802</b>	<b>6,392,851</b>	<b>8,292</b>	<b>241,360</b>	<b>(829,759)</b>	<b>248,382,546</b>
<b>Expenditures:</b>									
Program	209,594,762	3,132,220	151,392	212,878,374	-	-	212,982	(511,323)	212,580,033
Management and general	28,366,031	1,172,387	134,510	29,672,928	-	-	27,784	(135,168)	29,565,544
Fundraising	360,049	-	-	360,049	-	-	-	-	360,049
Other operating	-	-	-	-	6,710,722	95,663	-	(317,777)	6,488,608
<b>Total expenditures</b>	<b>238,320,842</b>	<b>4,304,607</b>	<b>285,902</b>	<b>242,911,351</b>	<b>6,710,722</b>	<b>95,663</b>	<b>240,766</b>	<b>(964,268)</b>	<b>248,994,234</b>
<b>Income (loss) from operations</b>	<b>427,166</b>	<b>(887,082)</b>	<b>118,367</b>	<b>(341,549)</b>	<b>(317,871)</b>	<b>(87,371)</b>	<b>594</b>	<b>134,509</b>	<b>(611,688)</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATING STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES  
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS (CONTINUED)  
YEAR ENDED JUNE 30, 2014

	Resources for Human Development, Inc.				Other Entities			Eliminations	Total
	Operating	Equipment	Social Investment	Total	Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>Other changes in unrestricted net assets:</b>									
Equity in net loss of investments	-	-	-	-	-	(137,147)	-	-	(137,147)
Change in fair value of interest rate swap	125,387	-	-	125,387	-	-	-	-	125,387
<b>Total other changes in unrestricted net assets</b>	<b>125,387</b>	<b>-</b>	<b>-</b>	<b>125,387</b>	<b>-</b>	<b>(137,147)</b>	<b>-</b>	<b>-</b>	<b>(11,760)</b>
<b>Changes in unrestricted net assets before noncontrolling interests and capital distributions</b>	<b>552,553</b>	<b>(887,082)</b>	<b>118,367</b>	<b>(216,162)</b>	<b>(317,871)</b>	<b>(224,518)</b>	<b>594</b>	<b>134,509</b>	<b>(623,448)</b>
Transfer of capital from noncontrolling interest	-	-	-	-	362,069	-	-	-	362,069
Noncontrolling interests in net income of investments	-	-	-	-	-	-	(1,760)	-	(1,760)
<b>Changes in unrestricted net assets before capital distributions</b>	<b>552,553</b>	<b>(887,082)</b>	<b>118,367</b>	<b>(216,162)</b>	<b>44,198</b>	<b>(224,518)</b>	<b>(1,166)</b>	<b>134,509</b>	<b>(263,139)</b>
Capital distributions	-	-	-	-	(166,667)	-	-	-	(166,667)
<b>Changes in unrestricted net assets</b>	<b>\$ 552,553</b>	<b>\$ (887,082)</b>	<b>\$ 118,367</b>	<b>\$ (216,162)</b>	<b>\$ (122,469)</b>	<b>\$ (224,518)</b>	<b>\$ (1,166)</b>	<b>\$ 134,509</b>	<b>\$ (429,806)</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2014

	Resources for Human Development, Inc.				Other Entities			Eliminations	Total
	Operating	Equipment	Social Investment	Total	Murex Corporation	Murex Investments, Inc.	SQ Foundation NPHO & SNPT		
<b>Unrestricted net assets:</b>									
Total unrestricted support and revenue	\$ 241,233,246	\$ 257,000	\$ 15,000	\$ 241,505,246	\$ 6,392,851	\$ 8,292	\$ 241,360	\$ (829,759)	\$ 247,317,990
Net assets released from temporary restrictions	791,580	18,217	254,759	1,064,556	-	-	-	-	1,064,556
Fund transfer	(3,276,818)	3,142,308	134,510	-	-	-	-	-	-
Total expenditures	(238,320,842)	(4,304,607)	(285,902)	(242,911,351)	(6,710,722)	(95,663)	(240,766)	964,268	(248,994,234)
Equity in net loss of investments	-	-	-	-	-	(137,147)	-	-	(137,147)
Change in fair value of interest rate swap	125,387	-	-	125,387	-	-	-	-	125,387
Noncontrolling interests in net income of investments	-	-	-	-	-	-	(1,760)	-	(1,760)
Transfer of capital from noncontrolling interest	-	-	-	-	362,069	-	-	-	362,069
Capital distributions	-	-	-	-	(166,667)	-	-	-	(166,667)
<b>Changes in unrestricted net assets</b>	<b>552,553</b>	<b>(887,082)</b>	<b>118,367</b>	<b>(216,162)</b>	<b>(122,469)</b>	<b>(224,518)</b>	<b>(1,166)</b>	<b>134,509</b>	<b>(429,806)</b>
<b>Temporarily restricted net assets:</b>									
Contributions	1,170,513	32,168	-	1,202,681	-	-	-	-	1,202,681
Net assets released from temporary restrictions	(791,580)	(18,217)	(254,759)	(1,064,556)	-	-	-	-	(1,064,556)
<b>Changes in temporarily restricted net assets</b>	<b>378,933</b>	<b>13,951</b>	<b>(254,759)</b>	<b>138,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,125</b>
<b>Changes in total net assets before noncontrolling interests</b>	<b>931,486</b>	<b>(873,131)</b>	<b>(136,392)</b>	<b>(78,037)</b>	<b>(122,469)</b>	<b>(224,518)</b>	<b>(1,166)</b>	<b>134,509</b>	<b>(291,681)</b>
<b>Noncontrolling interests:</b>									
Net income of investments	-	-	-	-	-	-	1,760	-	1,760
Contributions	-	-	-	-	-	-	104,380	-	104,380
Distributions	-	-	-	-	-	-	(14,279)	-	(14,279)
Transfer of capital	-	-	-	-	(362,069)	-	-	-	(362,069)
<b>Changes in noncontrolling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(362,069)</b>	<b>-</b>	<b>91,861</b>	<b>-</b>	<b>(270,208)</b>
<b>Change in total net assets</b>	<b>931,486</b>	<b>(873,131)</b>	<b>(136,392)</b>	<b>(78,037)</b>	<b>(484,538)</b>	<b>(224,518)</b>	<b>90,695</b>	<b>134,509</b>	<b>(561,889)</b>
<b>Total net assets, beginning of year</b>	<b>11,761,192</b>	<b>6,804,595</b>	<b>1,624,687</b>	<b>20,190,474</b>	<b>(1,450,175)</b>	<b>(346,685)</b>	<b>28,832</b>	<b>2,576,304</b>	<b>20,998,750</b>
<b>Total net assets, end of year</b>	<b>\$ 12,692,678</b>	<b>\$ 5,931,464</b>	<b>\$ 1,488,295</b>	<b>\$ 20,112,437</b>	<b>\$ (1,934,713)</b>	<b>\$ (571,203)</b>	<b>\$ 119,527</b>	<b>\$ 2,710,813</b>	<b>\$ 20,436,861</b>

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
SELECTED NOTES TO SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2014

**1. CONSOLIDATING FINANCIAL STATEMENTS, BASIS OF PRESENTATION**

**Resources for Human Development, Inc.**

*Operating*

The Operating column reflects the operating activities of RHD, excluding activities associated with the acquisition and depreciation of property and equipment (equipment column) and activities associated with certain restricted or designated grants and donations (social investment column).

*Equipment*

The acquisition cost, related depreciation and related debt of the property and equipment utilized within RHD programs is reflected in the Equipment column. The cost of property and equipment is included in program budgets and is typically funded directly or indirectly by governmental contracts or restricted grants and donations. The cost of property and equipment acquired is funded by operations or restricted grants and donations. Payment of principal on debt incurred to purchase property and equipment is also funded by annual transfers from operations. Expenditures reflected in the Equipment column represent the depreciation on property and equipment.

Net assets reflected on the consolidating statements of financial position will be utilized to fund future implementation of capital projects and offset depreciation in future years.

*Social Investment*

RHD receives grants and donations that are restricted or designated to be utilized for investment in companies and ventures, both for-profit and not-for-profit, which have a social impact. RHD historically has utilized this funding through investments made in its for-profit subsidiaries, Murex and Murex Investments, Inc., or loans and advances to these entities. The assets, liabilities and net assets associated with this activity are reflected on the consolidating statements of financial position. The revenue and expenditures, as well as the loss on investments made are reflected on the consolidating statements of unrestricted revenues, expenditures and other changes in unrestricted net assets and the consolidating statements of changes in net assets.

During the fiscal year, RHD transferred \$134,510 to the Social Investment column from the Operating column primarily for activities funded by operations that may not be recovered through social investment activities.

**Other Entities**

As discussed in footnote 1 in the Notes to consolidated financial statements, 100% of Murex Corporation and 93% of Murex Investments, Inc. are owned by RHD. In addition, RHD has control of two related not-for-profit organizations, The Non-Profit Housing Corporation of Pennsylvania and The SQ Foundation, as well as one trust, The RHD Special Needs Pooled Trust. The activity for these entities is reflected in the consolidating financial statements. In addition, the loss from RHD's investment in these entities is reflected in the Social Investment column within RHD. All activity between these entities has been eliminated and the eliminated activity is reflected in the Eliminations column on the consolidating financial statements.

**RESOURCES FOR HUMAN DEVELOPMENT, INC. AND SUBSIDIARIES**  
SELECTED NOTES TO SUPPLEMENTARY INFORMATION (CONTINUED)  
YEAR ENDED JUNE 30, 2014

**1. CONSOLIDATING FINANCIAL STATEMENTS, BASIS OF PRESENTATION (CONTINUED)**

**Other Entities (continued)**

The following entities have been consolidated with Murex Corporation and are reflected in the consolidating financial statements: Murex Motors Inc., SQA Pharmacy, LLC, Murex High Street, Inc., High Street Manor Associates, LP (High Street), Murex TRS, Inc. and TRS, LLP (Taunton Run).