

C A M P A I G N F O R

**ACCOUNTABILITY**

September 5, 2019

**By email: [gretchen.whitmer@michigan.gov](mailto:gretchen.whitmer@michigan.gov)**

The Honorable Gretchen Whitmer  
Governor of Michigan  
P.O. Box 30013  
Lansing, Michigan 48909

**By email: [miag@mi.gov](mailto:miag@mi.gov)**

The Honorable Dana Nessel  
Michigan Attorney General  
P.O. Box 30212  
Lansing, MI 48909  
Fax: (517) 373-3042

**By online form**

Mr. Doug Ringler  
Michigan Auditor General  
201 N. Washington Square, Sixth Floor  
Lansing, MI 48913

**Re: Request for Termination of Michigan's Contract with Real Alternatives**

Dear Governor Whitmer, Attorney General Nessel, and Auditor General Ringler:

Campaign for Accountability (“CfA”) respectfully renews its requests that you investigate and terminate Michigan’s contract with Real Alternatives’ (“RA”), a non-profit organization that receives state funding to run the Michigan Pregnancy and Parenting Support Program (the “MPPSP”).<sup>1</sup> CfA’s initial January 14, 2019 complaint (“January Complaint”)<sup>2</sup> described RA’s apparent misuse of taxpayer money and ongoing failures to deliver the health services that it has agreed to provide to Michigan women and children. Additional documents obtained by CfA appear to show that RA is continuing to divert a portion of the taxpayer money intended to compensate maternal and family service providers for its private use. For the reasons set forth

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<sup>1</sup> See Ex. A (2018 Grant Agreement Between Michigan Department of Health and Human Services and Real Alternatives for Pregnancy and Parenting Support Services Program, Part I § (2)(A), Contract No. E20182832 (Dec. 6, 2017)).

<sup>2</sup> See Ex. B (CfA letter to Governor Whitmer, Attorney General Nessel, and Auditor General Ringler (Jan. 14, 2019)).

The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringler  
September 5, 2019  
Page 2

below, CfA renews its request for an investigation of RA's administration of the MPPSP and termination of the contract to ensure RA does not continue to misuse Michigan taxpayer funds.

### **Background**

RA was formed in Pennsylvania in 1996 and on June 13, 2013, Michigan passed an omnibus appropriations bill that included a \$700,000 appropriation for MPPSP for fiscal year 2014.<sup>3</sup> Over the course of its five years administering the MPPSP, and despite receiving \$2.6 million in Michigan taxpayer funds, RA has delivered few services to Michigan residents.

As described in CfA's January Complaint, RA's management of the MPPSP has been plagued by inefficiency and self-enrichment.<sup>4</sup> First, RA misallocates MPPSP funding, prioritizing payments for its executives and ineffective advertising instead of providing services to Michigan women. RA collects approximately 3% of the MPPSP funding intended for the service providers for RA's own private use, even though RA's administrative expenses are separately provided for in the MPPSP contract. Second, RA has lied to Michigan governmental officials and provided false pretenses for its receipt of MPPSP funds. Third, RA has consistently failed to satisfy its agreement with HHS. RA initially promised to serve 2,000 women within a single year of the contract, but in practice only 3,771 pregnant women received services over the first four and a half years that the MPPSP contracts were in place.<sup>5</sup> Further, RA has failed to report to HHS the referrals for additional prenatal, pediatric, medical, and social services made by MPPSP service providers despite being required to do so by the terms of the MPPSP agreements.<sup>6</sup>

Based on these issues, on January 14, 2019, CfA filed a complaint with your offices requesting the investigation and termination of RA's contract. While there is no publicly available information as to whether or not such an investigation was initiated, the RA contract has not yet been terminated. Governor Whitmer's proposed FY 2020 budget does not include funding for RA,<sup>7</sup> yet the Michigan Senate nevertheless has proposed increasing RA's funding from \$700,000 to \$750,000 using TANF dollars.<sup>8</sup> In the Michigan House's proposed budget, RA's funding remains at \$700,000.<sup>9</sup>

### **New Information**

Under the terms of its FY 2018 grant agreement with the Michigan Department of Health

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<sup>3</sup> See Ex. B at 1-2 (CfA letter to Governor Whitmer, Attorney General Nessel, and Auditor General Ringler (Jan. 14, 2019)).

<sup>4</sup> *Id.*

<sup>5</sup> See Ex. C at 5 (Real Alternatives Quarterly Status Report (Jan. 1 2018 – Mar. 31, 2018)).

<sup>6</sup> See Ex. A at 26-31 (2018 Grant Agreement Between Michigan Department of Health and Human Services and Real Alternatives for Pregnancy and Parenting Support Services Program, Attachment A – Statement of Work, Contract No. E20182832 (Dec. 6, 2017)).

<sup>7</sup> See Health and Human Services, S.B. 139, Real Alternatives Funding at 39, 209 (as reported by Senate Fiscal Agency, Jun. 17, 2019), available at [http://www.senate.michigan.gov/sfa/Departments/DecisionDoc/DDhhs\\_web.pdf](http://www.senate.michigan.gov/sfa/Departments/DecisionDoc/DDhhs_web.pdf).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringle  
September 5, 2019  
Page 3

and Human Services (the “Department”), RA is designated as a subrecipient of the grant.<sup>10</sup> As such, Part II Section I(G)(1)(c) of the grant agreement requires RA to “submit an Audit Exemption Notice that certifies” its exceptions from any Single Audit and Financial Related Audit requirements.<sup>11</sup> In addition, Part II Section I(G)(2) of the same grant agreement states:

Grantees exempt from the Single Audit and Financial Related Audit requirements (that are required to submit an Audit Exemption Notice . . . ) must also submit to the Department a Financial Statement Audit prepared in accordance with generally accepted auditing standards if the audit includes disclosures that may negatively impacts [sic] the Department funded programs including, but not limited to fraud, going concern uncertainties, financial statement misstatements, and violations of contract and grant provisions. If submitting a Financial Statement Audit, Grantees must also submit a corrective action plan for any audit findings that impacts the Department funded programs.<sup>12</sup>

RA submitted Financial Statement Audits to the Department that correspond to FYs 2017 and 2018.<sup>13</sup> These audits show that RA is continuing to pocket a portion of taxpayer dollars for its private use. In 2017, like in 2016, RA lists “Program Development and Advancement Agreement” as a source of revenue, but failed to define or identify its source, despite doing so for other revenue sources.<sup>14</sup> In 2018, RA listed a similarly undefined source of revenue as “Program Defense and Advancement Fund Revenue.”<sup>15</sup> Notably, unlike prior financial statements, starting in FY 2017 RA stopped identifying how this revenue stream was distributed between the three states where RA operates.<sup>16</sup> It appears that RA is continuing to convert Michigan taxpayer money designated for serving women and children, along with taxpayer money from Pennsylvania and Indiana, to its own private account for an unspecified use.

### **RA Violated the Terms of Its Contract**

RA’s apparent pocketing of a portion of the taxpayer money allocated for contractors providing pregnancy support to Michigan women seemingly constitutes “audit findings that

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<sup>10</sup> See Ex. A (2018 Grant Agreement Between Michigan Department of Health and Human Services and Real Alternatives for Pregnancy and Parenting Support Services Program, Part I § (2)(A), Contract No. E20182832 (Dec. 6, 2017)).

<sup>11</sup> *Id.* Part II § I(G)(1)(c).

<sup>12</sup> *Id.* Part II § I(G)(2).

<sup>13</sup> See Ex. D (Real Alternatives Financial Statements with Supplementary Information, Years Ended June 30, 2017); see also Ex. E (Real Alternatives Financial Statements with Supplementary Information, Years Ended June 30, 2018).

<sup>14</sup> Compare Ex. F at 4 (Real Alternatives Financial Statements with Supplementary Information, Years Ended June 30, 2016, Statement of Activities), with Ex. D at 4-5 (Real Alternatives Financial Statements with Supplementary Information, Years Ended June 30, 2017, Statement of Activities).

<sup>15</sup> See Ex. E at 4 (Real Alternatives Financial Statements with Supplementary Information, Years Ended June 30, 2018).

<sup>16</sup> Compare Ex. F at 4 (Real Alternatives Financial Statements with Supplementary Information, Years Ended June 30, 2016, Statement of Activities), with Ex. D at 4-5 (Real Alternatives Financial Statements with Supplementary Information, Years Ended June 30, 2017, Statement of Activities).

The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringler  
September 5, 2019  
Page 4

impact[] the Department funded programs.”<sup>17</sup> Consequently, under the terms of its MPPSP contract, RA should have submitted a corrective action plan in addition to its Financial Statement Audit.<sup>18</sup> RA failed to do so.<sup>19</sup>

The MPPSP agreement entered into by HHS and RA is a “bargained for exchange of obligations entered into by choice by parties who have mutually agreed to all essential terms” that governs their relationship, making it a contract under Michigan law.<sup>20</sup> According to Michigan law, a contract is breached when its terms require specific performance, a party to the contract fails to perform as agreed, and that failure results in injury.<sup>21</sup> In addition to the breaches CfA identified in its January Complaint, RA has further breached this contract by failing to fulfill its obligation to submit a corrective action plan addressing its improper “Program Defense and Advancement Fund.”

RA’s 2017 Program Development and Advancement Agreement and 2018 Program Defense and Advancement Fund appear to constitute efforts by RA to take, for its own private use, some portion of the MPPSP funds meant to compensate the service providers for the services that they are providing to Michigan women. Such “failure, neglect, or refusal . . . to pay, deliver, or refund” the Michigan taxpayer money entrusted to RA and earmarked for the service providers “is prima facie proof of intent to embezzle.”<sup>22</sup> RA has disclosed neither the existence nor the purpose of these fees to the Department. In Pennsylvania, however, RA has explained that these fees are to “promote the development and expansion of Real Alternatives initiatives . . . both locally and nationally.”<sup>23</sup> Thus, it appears RA’s leadership is intentionally converting and/or appropriating this Michigan funding for RA’s own use.

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<sup>17</sup> See Ex. A (2018 Grant Agreement Between Michigan Department of Health and Human Services and Real Alternatives for Pregnancy and Parenting Support Services Program, Part I § (2)(A), Contract No. E20182832 (Dec. 6, 2017)).

<sup>18</sup> *Id.*

<sup>19</sup> On April 15, 2019 CfA requested copies of “all Audit Status Notification Letters, Audit Exemption Notices, Financial Statement Audits, and corrective action plans” submitted by RA to the Department since January 1, 2014. See Ex. G (Campaign for Accountability Public Records Request to Michigan Department of Health and Human Services, submitted on Apr. 15, 2019). On April 23, 2019, CfA received copies of RA’s Financial Statement Audits, but no corrective action plans, from the Department. The Department stated “To the best of the Department’s knowledge, information, and belief, these are all the records in the possession of the Department falling within the scope of [CfA’s] request.” See Ex. H (Email from the Department to CfA, sent Apr. 23, 2019).

<sup>20</sup> See, e.g., *Button Realty v. Charter Commerce & Country Hills Dev.*, 2011 Mich. App. LEXIS 1637, \*17-18 (Sep. 22, 2011); *Ford Motor Co. v. Bruce Twp.*, 264 Mich. App. 1, 12; 689 N.W. 2d. 764 (2004), *rev’d on other grounds*, 475 Mich. 425 (2006).

<sup>21</sup> See, e.g., *Farha v. Cogent Healthcare of Mich.*, 164 F. Supp. 3d 974, 986 (E.D. Mich. 2016); *I.B. Mini-Mart II v. JSC Corp.*, No. 09-030208-CZ, 2011 Mich. App. LEXIS 681, \*6-7 (Mich. Ct. App. Apr. 14, 2011); *Synthesis Spine Co, LP v. Calvert*, 270 F. Supp. 2d 939, 942-43 (E.D. Mich. 2003); *In re Brown*, 342 F.3d 620, 628 (6th Cir. 2003) (construing Michigan law).

<sup>22</sup> See *People v. Miller*, 2011 Mich. App. LEXIS 1740, at \*4 (Mich. Ct. App. Oct. 4, 2011) (omission in original) (citing MCL §750.174(10)).

<sup>23</sup> Pennsylvania Department of the Auditor General, *Auditor General DePasquale Says Audit Stopped Abuse of State Funds by Abortion Alternative Provider Real Alternatives* (Sept. 19, 2017), available at <http://www.paauditor.gov/press-releases/auditor-general-depasquale-says-audit-stopped-abuse-of-state-funds-by-abortion-alternative-provider-real-alternatives>.

The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringler  
September 5, 2019  
Page 5

### Conclusion

In light of the newly obtained evidence, CfA renews its request that your offices investigate RA and that Michigan terminate its contract with the organization. It is apparent that over the course of five years of administering the MPPSP, RA has delivered few services to Michigan residents. Over the same period, and continuing through today, RA has converted a portion of the Michigan taxpayer money designated to advance the well-being of women and children to its own private account for an unspecified use. Michigan should not do business with an organization that pockets this extra payment in addition to the administrative expenses the state already covers under the MPPSP. Michigan should immediately terminate RA's contract and direct the money designated for RA to be rerouted to an organization with a demonstrated ability to serve the women and children of Michigan.

Thank you for your attention to this matter.

Sincerely,



Alice C.C. Huling  
Counsel<sup>24</sup>

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<sup>24</sup> Admitted to practice in New York only. Practicing in D.C. under the supervision of a member of the D.C. Bar.

# **EXHIBIT A**

**Grant Agreement Between**  
**Michigan Department of Health and Human Services**  
**hereinafter referred to as the "Department"**  
**and**  
**Real Alternatives**  
**7810 Allentown Blvd Suite 304**  
**Harrisburg PA 17112**  
**Federal I.D.#: 23-2868660, DUNS#:**  
**hereinafter referred to as the "Grantee"**  
**for**  
**Pregnancy and Parenting Support Services Program - 2018**  
**Part I**

**1. Period of Agreement:**

This agreement will commence on October 1, 2017, and continue through September 30, 2018. No service will be provided and no costs to the state will be incurred prior to October 1, 2017 of the Agreement. Through the Agreement October 1, 2017 shall be referred to as the begin date. This agreement is in full force and effect for the period specified.

**2. Program Budget and Agreement Amount:**

**A. Agreement Amount**

The total amount of this agreement is \$650,000.00. The Department under the terms of this agreement will provide funding not to exceed \$650,000.00.

The grant agreement is designated as a:

- X Subrecipient relationship; or
- Recipient relationship (non-federal funding).

The grant agreement is designated as:

- Research and development project; or
- X Not a research and development project.

**B. Equipment Purchases and Title**

Any Grantee equipment purchases supported in whole or in part through this agreement must be listed in the supporting Equipment Inventory Schedule. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Title to items having a unit acquisition cost of less than \$5,000 shall vest with the Grantee upon acquisition. The Department reserves the right to retain or transfer the title to all items of equipment having a unit acquisition cost of \$5,000 or more, to the extent that the Department's proportionate interest in such equipment supports such retention or transfer of title.

**C. Deviation Allowance**

A deviation allowance modifying an established budget category by \$10,000 or 15%, whichever is greater, is permissible without prior written approval of the Department. Any modification or deviations in excess of this provision, including any adjustment to the total amount of this agreement, must be made in writing and executed by all parties to this agreement before the modifications can be implemented. This deviation allowance does not authorize new categories, subcontracts, equipment items or positions not shown in the attached Program Budget Summary and supporting detail schedules.

**3. Purpose:**

The focus of the program is to provide pregnancy and parent support services to women and parents of infants to promote childbirth and alternatives to abortion.

**4. Statement of Work:**

The Grantee agrees to undertake, perform and complete the services described in Attachment A, which is part of this agreement through reference.

**5. Financial Requirements:**

The financial requirements shall be followed as described in Part II of this agreement and Attachments B, which are part of this agreement through reference.

**6. Performance/Progress Report Requirements:**

The progress reporting methods shall be followed as described in Part II and Attachment C, which are part of this agreement through reference.

**7. General Provisions:**

The Grantee agrees to comply with the General Provisions outlined in Part II and Attachment E, which are part of this agreement through reference.





**10. Special Conditions:**

- A. This agreement is valid upon approval and execution by the Department which may be contingent upon approval by the State Administrative Board and Signature by the Grantee.
- B. This agreement is conditionally approved subject to and contingent upon the availability of funds.
- C. The Department will not assume any responsibility or liability for costs incurred by the Grantee prior to the signing of this agreement.
- D. The Grantee is required by PA 533 of 2004 to receive payments by electronic funds transfer.

**11. Special Certification:**

The individual or officer signing this agreement certifies by his or her signature that he or she is authorized to sign this agreement on behalf of the responsible governing board, official or Grantee.

**12. Signature Section:**

**FOR the GRANTEE  
Real Alternatives**

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Name	Title	Date
<b>For the Michigan Department of Health and Human Services</b>		
Christine H. Sanches		12/06/2017
<hr/>		
Christine H. Sanches, Director		Date
Bureau of Grants and Purchasing		

**Part II**  
**General Provisions**

**I. Responsibilities - Grantee**

The Grantee in accordance with the general purposes and objectives of this agreement shall:

**A. Publication Rights**

1. Where the Grantee exclusively develops books, films, or other such copyrightable materials through activities supported by this agreement, the Grantee may copyright those materials. The materials that the Grantee copyrights cannot include service recipient information or personal identification data. Grantee grants the Department a royalty-free, non-exclusive and irrevocable license to reproduce, publish and use such materials copyrighted by the Grantee and authorizes others to reproduce and use such materials.
2. Any materials copyrighted by the Grantee or modifications bearing acknowledgment of the Department's name must be approved by the Department before reproduction and use of such materials. The State of Michigan may modify the material copyrighted by the Grantee and may combine it with other copyrightable intellectual property to form a derivative work. The State of Michigan will own and hold all copyright and other intellectual property rights in any such derivative work, excluding any rights or interest granted in this agreement to the Grantee. If the Grantee ceases to conduct business for any reason, or ceases to support the copyrightable materials developed under this agreement, the State of Michigan has the right to convert its licenses into transferable licenses to the extent consistent with any applicable obligations the Grantee has.
3. Give recognition to the Department in any and all publications, papers and presentations arising from the program and service contract herein; the Department will do likewise. Prior written authorization must be requested from the Department's Communication office.
4. Notify the Department's Bureau of Grants and Purchasing 30 days before applying to register a copyright with the U.S. Copyright Office. The Grantee must submit an annual report for all copyrighted materials developed by the Grantee through activities supported by this agreement and must submit a final invention statement and certification within 90 days of the end of the agreement period.
5. Not make any media releases related to this agreement, without prior written authorization from the Department's Communication office.

**B. Fees**

1. Guarantee that any claims made to the Department under this Agreement shall not be financed by any sources other than the Department under the terms of this Agreement. If funding is received through any other source, the Grantee agrees to budget the additional source of funds and reflect the source of funding on the Financial Status Report.
2. Make reasonable efforts to collect 1st and 3rd party fees, where applicable, and report those collections on the Financial Status Report. Any underrecoveries of otherwise available fees resulting from failure to bill for eligible services will be excluded from reimbursable expenditures.

**C. Grant Program Operation**

Provide the necessary administrative, professional, and technical staff for operation of the grant program. Obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of this Agreement.

**D. Reporting**

Utilize all report forms and reporting formats required by the Department at the effective date of this agreement, and provide the Department with timely review and commentary on any new report forms and reporting formats proposed for issuance thereafter.

**E. Record Maintenance/Retention**

Maintain adequate program and fiscal records and files, including source documentation, to support program activities and all expenditures made under the terms of this agreement, as required. Assure that all terms of the agreement will be appropriately adhered to and that records and detailed documentation for the grant project or grant program identified in this agreement will be maintained for a period of not less than three years from the date of termination, the date of submission of the final expenditure report or until litigation and audit findings have been resolved. This Section applies to Grantee, any parent, affiliate, or subsidiary organization of Grantee, and any subcontractor that performs Agreement Activities in connection with this Agreement.

**F. Authorized Access**

1. Permit within 10 calendar days of providing notification and at reasonable times, access by authorized representatives of the Department, Federal Grantor Agency, Inspector Generals, Comptroller General of the United States and State Auditor General, or any of their duly authorized representatives, to records, papers, files, documentation and personnel related to this agreement, to the extent authorized by applicable state or federal law, rule or regulation.
2. The rights of access in this section are not limited to the required

retention period but last as long as the records are retained.

3. Grantee must cooperate and provide reasonable assistance to authorized representatives of the Department and others when those individuals have access to Grantee's grant records.

## **G. Audits**

This section only applies to Grantees designated as subrecipients by the Department (see Part I, Section 2. A.).

### 1. Required Audit or Audit Exemption Notice

Grantees must submit to the Department either a Single Audit, Financial Related Audit, or Audit Exemption Notice as described below. A Financial Related Audit is applicable to for-profit Grantees that are designated as subrecipients. If submitting a Single Audit or Financial Related Audit, Grantees must also submit a corrective action plan prepared in accordance with Title 2 Code of Federal Regulations, Section 200.511(c) for any audit findings that impacts the Department funded programs, and management letter (if issued) with a corrective action plan.

#### a. Single Audit

Grantees that are a state, local government, or non-profit organization that expend \$750,000 or more in federal awards during the Grantee's fiscal year, must submit a Single Audit to the Department, regardless of the amount of funding received from the Department. The Single Audit must comply with the requirements of Title 2 Code of Federal Regulations, Subpart F. The Single Audit reporting package must include all components described in Title 2 Code of Federal Regulations, Section 200.512 (c).

#### b. Financial Related Audit

Grantees that are for-profit organizations that expend \$750,000 or more in federal awards during the Grantee's fiscal year must submit either a financial related audit prepared in accordance with Government Auditing Standards relating to all federal awards; or an audit that meets the requirements contained in Title 2 Code of Federal Regulations, Subpart F, if required by the federal awarding agency.

#### c. Audit Exemption Notice

Grantees exempt from the Single Audit and Financial Related Audit requirements (a. and b. above) must submit an Audit Exemption Notice that certifies these exemptions. The template Audit Exemption Notice and further instructions are available at State of Michigan - MDHHS by selecting Inside

## MDHHS – MDHHS Audit.

### 2. Financial Statement Audit

Grantees exempt from the Single Audit and Financial Related Audit requirements (that are required to submit an Audit Exemption Notice as described above) must also submit to the Department a Financial Statement Audit prepared in accordance with generally accepted auditing standards if the audit includes disclosures that may negatively impacts the Department funded programs including, but not limited to fraud, going concern uncertainties, financial statement misstatements, and violations of contract and grant provisions. If submitting a Financial Statement Audit, Grantees must also submit a corrective action plan for any audit findings that impacts the Department funded programs.

### 3. Due Date and Where to Send

The required audit and any other required submissions (i.e. corrective action plan, and management letter with a corrective action plan), and/or Audit Exemption Notice must be submitted to the Department within nine months after the end of the Grantee's fiscal year by e-mail at MDHHS-AuditReports@michigan.gov. The required submissions must be assembled in PDF files and compatible with Adobe Acrobat (read only). The subject line must state the agency name and fiscal year end. The Department reserves the right to request a hard copy of the audit materials if for any reason the electronic submission process is not successful.

### 4. Penalty

#### a. Delinquent Single Audit or Financial Related Audit

If the Grantee does not submit the required Single Audit or Financial Related Audit, including any management letter and applicable corrective action plan(s) within nine months after the end of the Grantee's fiscal year, the Department may withhold any payment from the Department to the Grantee an amount equal to five percent of the audit year's grant funding (not to exceed \$200,000) until the required filing is received by the Department. The Department may retain the amount withheld if the Grantee is more than 120 days delinquent in meeting the filing requirements. The Department may terminate the current grant if the Grantee is more than 180 days delinquent in meeting the filing requirements.

#### b. Delinquent Audit Exemption Notice

Failure to submit the Audit Exemption Notice, when required, may result in withholding payment from Department to Grantee an amount equal to one percent of the audit year's grant funding until the Audit Exemption Notice is received.

5. Other Audits

The Department or federal agencies may also conduct or arrange for “agreed upon procedures” or additional audits to meet their needs.

**H. Subrecipient/Contractor Monitoring**

When passing federal funds through to a subrecipient (if the agreement does not prohibit the passing of federal funds through to a subrecipient), the Grantee must:

1. Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the information required by 2 CFR 200.331 (a).
2. Evaluate each subrecipient’s risk for noncompliance as required by 2 CFR 200.331(b).
3. Ensure the subrecipient complies with all the requirements of the original grant.
4. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subawards; that subaward performance goals are achieved; and that all monitoring requirements of 2 CFR 200.331(d) are met including reviewing financial and programmatic reports, following up on corrective actions, and issuing management decisions for audit findings.
5. Verify that every subrecipient is audited as required by Subpart F of 2 CFR 200.

The Grantee must develop a subrecipient monitoring plan that addresses the above requirements and provides reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts, and that performance goals are achieved. The subrecipient monitoring plan should include a risk-based assessment to determine the level of oversight, and monitoring activities, such as reviewing financial and performance reports, performing site visits, and maintaining regular contact with subrecipients.

The Grantee must establish requirements to ensure compliance for for-profit subrecipients as required by Title 2 (CFR), Section 200.501(h), as applicable. The Grantee must ensure that transactions with contractors comply with laws, regulations, and provisions of contracts or grant agreements in compliance with Title 2 CFR, Section 200.501(h), as applicable.

**I. Notification of Modifications**

Provide timely notification to the Department, in writing, of any action by its governing board or any other funding source that would require or result in significant modification in the provision of services, funding or compliance with operational procedures.

**J. Software Compliance**

Ensure software compliance and compatibility with the Department's data systems for services provided under this agreement including, but not limited to: stored data, databases, and interfaces for the production of work products and reports. All required data under this agreement shall be provided in an accurate and timely manner without interruption, failure or errors due to the inaccuracy of the Grantee's business operations for processing date/time data. All information systems, electronic or hard copy, that contain state or federal data must be protected from unauthorized access.

**K. Human Subjects**

Comply with Protection of Human Subjects Act, 45 CFR, Part 46. The Grantee agrees that prior to the initiation of the research, the Grantee will submit Institutional Review Board (IRB) application material for all research involving human subjects, which is conducted in programs sponsored by the Department or in programs which receive funding from or through the state of Michigan, to the Department's IRB for review and approval, or the IRB application and approval materials for acceptance of the review of another IRB. All such research must be approved by a federally assured IRB, but the Department's IRB can only accept the review and approval of another institution's IRB under a formally-approved IRB Authorization Agreement. The manner of the review will be agreed upon between the Department's IRB Signatory Official and the Grantee's IRB Signatory Official.

**L. Mandatory Disclosures**

1. Disclose to the Department in writing within 14 days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "Proceeding") involving Grantee, a subcontractor, or an officer or director of Grantee or subcontract, or that arises during the term of this Agreement including:
  - a. All violations of federal and state criminal law involving fraud, bribery, or gratuity violations potentially affecting the agreement;
  - b. A criminal Proceeding;
  - c. A parole or probation Proceeding;
  - d. A Proceeding under the Sarbanes-Oxley Act;
  - e. A civil Proceeding involving:
    1. A claim that might reasonably be expected to adversely affect Grantee's viability or financial stability; or
    2. A governmental or public entity's claim or written allegation of fraud; or
  - f. A Proceeding involving any license that Grantee is required to possess in order to perform under this Agreement.



2. Notify the Department, at least 90 calendar days before the effective date, of a change in Grantee's ownership or executive management.

**M. Statement of Work Progress Reports**

Submit quarterly Statement of Work progress reports to the Department via the EGrAMS website by the 15th of the month following the end of the quarter and a final report by November 15th.

**N. Conflict of Interest and Code of Conduct Standards**

1. The Grantee is subject to the provisions of 1968 PA 317, as amended, 1973 PA 196, as amended, and Title 2 Code of Federal Regulations, Section 200.318 (c) (1) and (2).
2. The Grantee will uphold high ethical standards and is prohibited from:
  - a. Holding or acquiring an interest that would conflict with this Agreement;
  - b. Doing anything that creates an appearance of impropriety with respect to the award or performance of this Agreement;
  - c. Attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or
  - d. Paying or agreeing to pay any person, other than employees and consultants working for Grantee, any consideration contingent upon the award of this Agreement.
3. Immediately notify the Department of any violation or potential violation of these standards. This Section applies to Grantee, any parent, affiliate, or subsidiary organization of Grantee, and any subcontractor that performs activities in connection with this agreement.

**O. Travel Costs**

1. Be reimbursed for travel cost (including mileage, meals, and lodging) budgeted and incurred related to services provided under this agreement.
2. If the Grantee has a documented policy related to travel reimbursement for employees and if the Grantee follows that documented policy, the Department will reimburse the Grantee for travel costs at the Grantee's documented reimbursement rate for employees. Otherwise, the State of Michigan travel reimbursement rate applies.
3. State of Michigan travel rates may be found at the following website:  
[http://www.michigan.gov/dtmb/0,5552,7-150-9141\\_13132-.00.html](http://www.michigan.gov/dtmb/0,5552,7-150-9141_13132-.00.html).

**P. Federal Funding Accountability and Transparency Act (FFATA)**

1. Complete and upload the FFATA Executive Compensation report to the EGrAMS agency profile if:
  - a. The grantee's federal revenue was 80% or more of the grantees annual gross revenue;

- b. Grantee's gross revenue from federal awards was \$25,000,000 or more; AND
  - c. The public does not have access to the information about executive officers compensation through periodic reports filed under Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 or Section 6104 of the Internal Revenue Code of 1986.
2. FFATA Executive Compensation report template can be found in Attachment F or in the MI E-Grants documents.

**Q Insurance Requirements**

- 1. Maintain a minimum of the insurances or governmental self-insurances listed below and is responsible for all deductibles. All required insurance or self-insurance must:
  - a. Protect the State of Michigan from claims that may arise out of, are alleged to arise out of, or result from Grantee's or a subcontractor's performance;
  - b. Be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and
  - c. Be provided by a company with an A.M. Best rating of "A" or better and a financial size of VII or better.
- 2. Insurance Types
  - a. Commercial General Liability Insurance or Governmental Self-Insurance: Except for Governmental Self—Insurance, policies must be endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 2010 07 04 and CG 2037 07 04.
 

If the Grantee will deal with children, schools, or the cognitively impaired, coverage must not have exclusions or limitations related to sexual abuse and molestation liability.
  - b. Workers' Compensation Insurance or Governmental Self-Insurance: Coverage according to applicable laws governing work activities. Waiver of subrogation, except where waiver is prohibited by law.
  - c. Employers Liability Insurance or Governmental Self-Insurance
- 3. Grantees must require that subcontractors maintain the required insurances contained in this Section.
- 4. This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of the Grantee from any obligations under this agreement.
- 5. Each Party must promptly notify the other Party of any knowledge

regarding an occurrence which the notifying Party reasonably believes may result in a claim against either Party. The Parties must cooperate with each other regarding such claim.

## II. **Responsibilities - Department**

The Department in accordance with the general purposes and objectives of this agreement will:

### A. **Reimbursement**

Provide reimbursement in accordance with the terms and conditions of this agreement based upon appropriate reports, records, and documentation maintained by the Grantee.

### B. **Report Forms**

Provide any report forms and reporting formats required by the Department at the effective date of this agreement, and provide to the Grantee any new report forms and reporting formats proposed for issuance thereafter at least 90 days prior to their required usage in order to afford the Grantee an opportunity to review and offer comment.

## III. **Assurances**

The following assurances are hereby given to the Department:

### A. **Compliance with Applicable Laws**

The Grantee will comply with applicable federal and state laws, guidelines, rules and regulations in carrying out the terms of this agreement. The Grantee will also comply with all applicable general administrative requirements, such as Title 2 Code of Federal Regulations (CFR) covering cost principles, grant/agreement principles, and audits, in carrying out the terms of this agreement. The Grantee will comply with all applicable requirements in the original grant awarded to the Department if the Grantee is a subgrantee. The Department may determine that the Grantee has not complied with applicable federal or state laws, guidelines, rules, and regulations in carrying out the terms of this agreement and may then terminate this agreement under Part II Section V.

### B. **Anti-Lobbying Act**

The Grantee will comply with the Anti-Lobbying Act, 31 USC 1352 as revised by the Lobbying Disclosure Act of 1995, 2 USC 1601 et seq, and Section 503 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies section of the FY 1997 Omnibus Consolidated Appropriations Act (Public Law 104-208). Further, the Grantee shall require that the language of this assurance be included in the award documents of all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

**C. Non-Discrimination**

1. In the performance of any contract or purchase order resulting herefrom, the Grantee agrees not to discriminate against any employee or applicant for employment or service delivery and access, with respect to their hire, tenure, terms, conditions or privileges of employment, programs and services provided or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position or to receive services. The Grantee further agrees that every subcontract entered into for the performance of any contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, service delivery and access, as herein specified binding upon each subcontractor. This covenant is required pursuant to the Elliot-Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2201 et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101 et seq., and any breach thereof may be regarded as a material breach of the contract or purchase order.
2. The Grantee will comply with all federal statutes relating to nondiscrimination. These include but are not limited to:
  - a. Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin;
  - b. Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex;
  - c. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of disabilities;
  - d. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age;
  - e. The Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse;
  - f. The Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616) as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism;
  - g. §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to

- confidentiality of alcohol and drug abuse patient records;
- h. Any other nondiscrimination provisions in the specific statute(s) under which application for federal assistance is being made; and
  - i. The requirements of any other nondiscrimination statute(s) which may apply to the application.
3. Additionally, assurance is given to the Department that proactive efforts will be made to identify and encourage the participation of minority-owned and women- owned businesses, and businesses owned by persons with disabilities in contract solicitations. The Grantee shall incorporate language in all contracts awarded: (1) prohibiting discrimination against minority-owned and women-owned businesses and businesses owned by persons with disabilities in subcontracting; and (2) making discrimination a material breach of contract.

**D. Debarment and Suspension**

The Grantee will comply with Federal Regulation, 2 CFR part 180 and certifies to the best of its knowledge and belief that it, its employees and its subcontractors:

- 1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or contractor;
- 2. Have not within a three-year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- 3. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state or local) with commission of any of the offenses enumerated in section 2; and
- 4. Have not within a three-year period preceding this agreement had one or more public transactions (federal, state or local) terminated for cause or default.

**E. Federal Requirement: Pro-Children Act**

- 1. The Grantee will comply with Public Law 103-227, also known as the Pro-Children Act of 1994, 20 USC 6091 et seq, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are

funded by federal programs either directly or through state or local governments, by federal grant, contract, loan or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, and Children (WIC) coupons are redeemed. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity. The Grantee also assures that this language will be included in any subawards which contain provisions for children's services.

2. The Grantee also assures, in addition to compliance with Public Law 103-227, any service or activity funded in whole or in part through this agreement will be delivered in a smoke-free facility or environment. Smoking shall not be permitted anywhere in the facility, or those parts of the facility under the control of the Grantee. If activities or services are delivered in facilities or areas that are not under the control of the Grantee (e.g., a mall, restaurant or private work site), the activities or services shall be smoke-free.

**F. Hatch Political Activity Act and Intergovernmental Personnel Act**

The Grantee will comply with the Hatch Political Activity Act, 5 USC 1501-1509 and 7324-7328, and the Intergovernmental Personnel Act of 1970, as amended by Title VI of the Civil Service Reform Act, Public Law 95-454, 42 USC 4728 - 4763. Federal funds cannot be used for partisan political purposes of any kind by any person or organization involved in the administration of federally-assisted programs.

**G. National Defense Authorization Act Employee Whistleblower Protections**

The Grantee will comply with the National Defense Authorization Act "Pilot Program for Enhancement of Grantee Employee Whistleblower Protections".

1. This agreement and employees working on this agreement will be subject to the whistleblower rights and remedies in the pilot program on Grantee employee whistleblower protections established at 41 U.S.C.4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2012 and FAR 3.908.
2. The Grantee shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation.
3. The Grantee shall insert the substance of this clause, including this

paragraph (3), in all subcontracts over the simplified acquisition threshold.

**H. Clean Air Act and Federal Water Pollution Control Act**

The Grantee will comply with the Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended.

- a. This agreement and anyone working on this agreement will be subject to the Clean Air Act and Federal Water Pollution Control Act and must comply with all applicable standards, orders or regulations issue pursuant to these Acts. Violations must be reported to the Department.

**I. Subcontracts**

For any subcontracted service, activity or product, the Grantee will ensure:

1. That a written subcontract is executed by all affected parties prior to the initiation of any new subcontract activity. Exceptions to this policy may be granted by the Department if the Grantee asks the Department in writing within 30 days of execution of the agreement.
2. That any executed subcontract to this agreement shall require the subcontractor to comply with all applicable terms and conditions of this agreement. In the event of a conflict between this agreement and the provisions of the subcontract, the provisions of this agreement shall prevail.

A conflict between this agreement and a subcontract, however, shall not be deemed to exist where the subcontract:

- a. Contains additional non-conflicting provisions not set forth in this agreement;
  - b. Restates provisions of this agreement to afford the Grantee the same or substantially the same rights and privileges as the Department; or
  - c. Requires the subcontractor to perform duties and/or services in less time than that afforded the Grantee in this agreement.
3. That the subcontract does not affect the Grantee's accountability to the Department for the subcontracted activity.
  4. That any billing or request for reimbursement for subcontract costs is supported by a valid subcontract and adequate source documentation on costs and services.
  5. That the Grantee will submit a copy of the executed subcontract if requested by the Department.

**J. Procurement**

Grantee will ensure that all purchase transactions, whether negotiated or advertised, shall be conducted openly and competitively in accordance with the principles and requirements of Title 2 Code of Federal Regulations, Part

200. Funding from this agreement shall not be used for the purchase of foreign goods or services. Records shall be sufficient to document the significant history of all purchases and shall be maintained for a minimum of three years after the end of the agreement period.

**K. Health Insurance Portability and Accountability Act**

To the extent that the Health Insurance Portability and Accountability Act (HIPAA) is applicable to the Grantee under this agreement, the Grantee assures that it is in compliance with requirements of HIPAA including the following:

1. The Grantee must not share any protected health information provided by the Department that is covered by HIPAA except as permitted or required by applicable law; or to a subcontractor as appropriate under this agreement.
2. The Grantee will ensure that any subcontractor will have the same obligations as the Grantee not to share any protected health data and information from the Department that falls under HIPAA requirements in the terms and conditions of the subcontract.
3. The Grantee must only use the protected health data and information for the purposes of this agreement.
4. The Grantee must have written policies and procedures addressing the use of protected health data and information that falls under the HIPAA requirements. The policies and procedures must meet all applicable federal and state requirements including the HIPAA regulations. These policies and procedures must include restricting access to the protected health data and information by the Grantee's employees.
5. The Grantee must have a policy and procedure to immediately report to the Department any suspected or confirmed unauthorized use or disclosure of protected health information that falls under the HIPAA requirements of which the Grantee becomes aware. The Grantee will work with the Department to mitigate the breach, and will provide assurances to the Department of corrective actions to prevent further unauthorized uses or disclosures. The Department may demand specific corrective actions and assurances and the Grantee must provide the same to the Department.
6. Failure to comply with any of these contractual requirements may result in the termination of this agreement in accordance with Part II, Section V. Agreement Termination.
7. In accordance with HIPAA requirements, the Grantee is liable for any claim, loss or damage relating to unauthorized use or disclosure of protected health data and information, including without limitation the Department's costs in responding to a breach, received by the Grantee from the Department or any other source.



8. The Grantee will enter into a business associate agreement should the Department determine such an agreement is required under HIPAA.

**L. Website Incorporation**

The Department is not bound by any content on Grantee's website unless expressly incorporated directly into this Agreement. The Department is not bound by any end user license agreement or terms of use unless specifically incorporated in this agreement or any other agreement signed by the Department.

**M. Survival**

The provisions of this Agreement that impose continuing obligations will survive the expiration or termination of this Agreement.

**N. Non-Disclosure of Confidential Information**

1. The Grantee agrees that it will use Confidential Information solely for the purpose of this agreement. The Grantee agrees to hold all Confidential information in strict confidence and not to copy, reproduce, sell, transfer or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontracts of a party who have a need to know in connection with this Agreement or to use such Confidential Information for any purpose whatsoever other than the performance of this Agreement. The Grantee must take all reasonable precautions to safeguard the Confidential Information. These precautions must be at least as great as the precautions the Grantee takes to protect its own confidential or proprietary information.

2. Meaning of Confidential Information

For the purpose of this Agreement the term "Confidential Information" means all information and documentation of a party that:

- a. Has been marked "confidential" or with words or similar meaning, at the time of disclosure by such party;
  - b. If disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning;
  - c. Should reasonably be recognized as confidential information of the disclosing party;
  - d. Is unpublished or not available to the general public; or
  - e. Is designated by law as confidential.
3. The term "Confidential Information" does not include any information or documentation that was:
    - a. Subject to disclosure under the Michigan Freedom of Information Act (FOIA);

- b. Already in the possession of the receiving party without an obligation of confidentiality;
  - c. Developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights;
  - d. Obtained from a source other than the disclosing party without an obligation of confidentiality; or
  - e. Publicly available when received or thereafter became publicly available (other than through an unauthorized disclosure by, through or on behalf of, the receiving part).
4. The Grantee must notify the Department within one (1) business day after discovering any unauthorized use or disclosure of Confidential Information. The Grantee will cooperate with the Department in every way possible to assist the Grantee regain possession of the Confidential Information and prevent further unauthorized use or disclosure.

#### **IV. Financial Requirements**

##### **A. Operating Advance**

An operating advance may be requested by the Grantee to assist with program operations. The request should be addressed to the Contract Manager identified in Part I, Item 8. The operating advance will be administered as follows:

1. The advance amount requested must be reasonable in relationship to the program requirements, billing cycle, etc.; and in no case may the advance exceed the amount required for 60 days operating expense. Operating advances will be monitored and adjusted by the Department according to total Department agreement amount.
2. The advance must be recorded as an account payable to the Department in the Grantee's financial records. The operating advance payable must remain in the Grantee's financial records until fully recovered by the Department.
3. The monthly Financial Status Report (FSR) reimbursement for actual expenditures by the Department should be used by the Grantee to replenish the operating advance used for program operations.
4. The advance must be returned to the Department within 30 days of the end date of this agreement unless the Grantee has a recurring agreement with the Department, and may not be held pending agreement audit. Subsequent Department agreements may be withheld pending recovery of the outstanding advance from a prior agreement. If the Grantee has a recurring agreement with the Department, the Department requires an annual confirmation of the outstanding operating advance.

The Department may obtain the Michigan Department of Treasury's assistance in collecting outstanding operating advances. The Department will comply with the Michigan Department of Treasury's Due Process procedures prior to forwarding claims to Treasury. Specific Due Process procedures include the following:

- a. Department offer of a hearing to dispute the debt, identifying the time, place and date of such hearing.
  - b. A hearing by an impartial official.
  - c. An opportunity for the Grantee to examine department's associated records.
  - d. An opportunity for the Grantee to present evidence in person or in writing.
  - e. A hearing official with full authority to correct errors and make a decision not to forward debt to Treasury.
  - f. Grantee representation by an attorney and presentation of witnesses if necessary.
5. At the end of either the agreement period or Department's fiscal year, whichever is first, the Grantee must respond to the Department's request for confirmation of the operating advance. Failure to respond to the confirmation request may result in the Department recovering all or part of an outstanding operating advance.

**B. Reimbursement Method**

The Grantee will be reimbursed in accordance with the staffing grant reimbursement method as follows:

Reimbursement from the Department is based on the understanding that Department funds will be paid up to the total Department allocation as agreed to in the approved budget. Department funds are first source after the application of fees and earmarked sources unless a specific local match condition exists.

**C. Financial Status Report Submission**

Financial Status Reports (FSRs) shall be prepared and submitted electronically to the Department via the website <http://egram-mi.com/dch>.

FSRs must be submitted on a monthly basis, no later than 30 days after the close of each calendar month. The monthly FSRs must reflect total actual program expenditures, regardless of the source of funds.

Failure to meet financial reporting responsibilities as identified in this agreement may result in withholding future payments.

By submitting the FSR the individual is certifying to the best of their knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements, and cash receipts are for the purposes and objectives set forth in the terms and conditions of this agreement. The individual submitting the

FSR should be aware that any false, fictitious, or fraudulent information, or the omission of any material facts, may subject them to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

The instructions for completing the FSR form are available on the website <http://egram-mi.com/dch>. Send FSR questions to [FSRMDHHS@michigan.gov](mailto:FSRMDHHS@michigan.gov).

**D. Reimbursement Mechanism**

All Grantees must sign up through the on-line vendor registration process to receive all State of Michigan payments as Electronic Funds Transfers (EFT)/Direct Deposits, as mandated by MCL 18.1283a. Vendor registration information is available through the Department of Technology Management and Budget's website.

**E. Final Obligations and Financial Status Reporting Requirements**

1. Obligation Report

The Obligation Report, based on annual guidelines, must be submitted by the due date using the format provided by the Department's Accounting Division. The Grantee must provide an estimate of total expenditures for the entire agreement period. The information on the report will be used to record the Department's year-end accounts payables and receivables for this agreement.

2. Department-wide Payment Suspension

A temporary payment suspension is in effect on agreements during the department's year-end closing period beginning September 20 until mid-November. FSRs through the August period should be submitted by September 13 to ensure payment prior to the payment suspension period.

3. Final FSRs

Final FSRs are due 60 days following the end of the fiscal year or agreement period. The final FSR must be clearly marked "Final." Final FSRs not received by the due date may result in the loss of funding requested on the Obligation Report and may result in the potential reduction in the subsequent year's agreement amount.

**F. Unobligated Funds**

Any unobligated balance of funds held by the Grantee at the end of the agreement period will be returned to the Department within 30 days of the end of the agreement or treated in accordance with instructions provided by the Department.

**G. Indirect Costs**

The Grantee is allowed to use an approved federal indirect rate in their budget calculations and financial status reporting. If the Grantee does not have an existing approved federal indirect rate, they may use a 10% de minimis rate in

accordance with Title 2 Code of Federal Regulations (CFR) Part 200 to recover their indirect costs. Approved indirect rates will appear on Attachment 1.

**V. Agreement Termination**

The Department may cancel this agreement without further liability or penalty to the Department for any of the following reasons:

- A. This agreement may be terminated by either party by giving 30 days written notice to the other party stating the reasons for termination and the effective date.
- B. This agreement may be terminated on 30 days prior written notice upon the failure of either party to carry out the terms and conditions of this agreement, provided the alleged defaulting party is given notice of the alleged breach and fails to cure the default within the 30 day period.
- C. This agreement may be terminated immediately if the Grantee or an official of the Grantee or an owner is convicted of any activity referenced in Section III.D. of this agreement during the term of this agreement or any extension thereof.

**VI. Stop Work Order**

The Department may suspend any or all activities under this Agreement at any time. The Department will provide the Grantee with a written stop order detailing the suspension. Grantee must comply with the stop work order upon receipt. The Department will not pay for Activities, Grantee's lost profits, or any additional compensation during a stop work period.

**VII. Final Reporting Upon Termination**

Should this agreement be terminated by either party, within 30 days after the termination, the Grantee shall provide the Department with all financial, performance and other reports required as a condition of this agreement. The Department will make payments to the Grantee for allowable reimbursable costs not covered by previous payments or other state or federal programs. The Grantee shall immediately refund to the Department any funds not authorized for use and any payments or funds advanced to the Grantee in excess of allowable reimbursable expenditures.

**VIII. Severability**

If any part of this Agreement is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Agreement and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Agreement will continue in full force and effect.

**IX. Waiver**

Failure to enforce any provision of this Agreement will not constitute a waiver.

**X. Amendments**

Any changes to this agreement will be valid only if made in writing and accepted by all parties to this agreement. Any change proposed by the Grantee which would affect the Department funding of any project, in whole or in part in Part I, Section 2.C. of the agreement, must be submitted in writing to the Department for approval immediately upon determining the need for such change. The Grantee shall, upon request of the Department and receipt of a proposed amendment, amend this Agreement.

**XI. Liability**

All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities, such as direct service delivery, to be carried out by the Grantee in the performance of this agreement shall be the responsibility of the Grantee, and not the responsibility of the Department, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act on the part of the Grantee, any subcontractor, anyone directly or indirectly employed by the Grantee, provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the Grantee or its employees by statute or court decisions. The Department is not liable for consequential, incidental, indirect or special damages, regardless of the nature of the action.

**XII. State of Michigan Agreement**

This is a State of Michigan Agreement and must be exclusively governed by the laws and construed by the laws of Michigan, excluding Michigan's choice-of-law principle. All claims related to or arising out of this agreement, or its breach, whether sounding in contract, tort, or otherwise, must likewise be governed exclusively by the laws of Michigan, excluding Michigan's choice-of-law principles. Any dispute as a result of this agreement shall be resolved in the State of Michigan.

**A Attachment A - Statement of Work**

- Objective :** 1. Assist pregnant women in Michigan to maintain pregnancy and achieve positive healthy pregnancy outcomes through provision of pregnancy support services and referrals to care.
- Activity :** a. Provide compassionate, caring and free services through approved life-affirming pregnancy support centers, social service agencies, maternity homes and adoption agencies
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Some of the current Service Provider Contractors will activate more inactive sites and/or open new sites. New potential Service Provider Contractors will choose to submit to the approval process to become approved Service Provider Contractors in the Program.
- Measurement :** Increase to 15 - 20 active Service Provider Contractor sites.
- Activity :** b. An evaluation of the client's needs is made by the counselor during the counseling sessions.
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Counselors will provide core services consisting of life-affirming information and counseling and necessary support services and related support services.
- Measurement :** Number of clients who feel supported will be in the 90-100% range.
- Activity :** c. Provide pregnancy and parenting support services support utilizing trained crisis intervention counselors (degreed, non-degreed and volunteers)
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Each counselor must certify that they are degreed, or have received training through their Service Provider Contractor organization in pregnancy and parenting support counseling.
- Measurement :** No counselor is able to access the billing portion of the system and therefore are unable to submit bills for reimbursement for services without this required certification. This is tested at annual Site Monitorings.
- Activity :** d. Provide referrals to other available community services to support pregnant woman who are experiencing unplanned/crisis pregnancies, including referrals for prenatal and pediatric care, medical care, social services, and other supports as required and available.
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Every Service Provider Contractor organization must maintain and use a pro-life referral list.
- Measurement :** This is tested at annual Site Monitorings.
- Activity :** e. Ensure client feedback is obtained to assure client support during crisis and counseling interventions.
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Clients will feel supported through the services rendered by the Service Provider Contractor organization counselors.
- Measurement :** The number of clients who feel supported will be in the 90 - 100% range.
- Objective :** 2. Assist new Michigan mothers establish positive parenting practices through provision of parenting support services.

- Activity :** a. Provide counseling and parenting education and referrals to pediatric care, social services, child care, financial support, housing, education for improving skills or obtaining a GED, job service and vocational training programs
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Program counselors will provide counseling and classes on pregnancy and parenting skills topics, in addition to referring clients to other community services.
- Measurement :** By the number of clients who visit or plan to visit a healthcare professional for pre-natal care; who take their child for pediatric appointments; and whose children have up-to-date immunizations.
- Activity :** b. Provide parenting support utilizing trained counselors (degreed, non-degreed and volunteers)
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Each counselor must certify that they are degreed, or have received training through their Service Provider Contractor organization in pregnancy and parenting support counseling.
- Measurement :** No counselor is able to access the billing portion of the system and therefore are unable to submit bills for reimbursement for services without this required certification. This is tested at annual Site Monitorings.
- Objective :** 3. Assist women in Michigan who thought they were experiencing an unplanned/crisis pregnancy, but who are found to be not pregnant
- Activity :** a. Provide information on the risks of sexually transmitted diseases, relationship counseling, decision- making counseling, chastity information, teen pregnancy prevention programs, and other counseling to modify risk-taking behavior
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Counselors will provide information on the advantages of abstinence to avoid unintended pregnancies and sexually transmitted diseases.
- Measurement :** By the number of clients receiving abstinence/chastity skills counseling and classes.
- Activity :** b. Provide services to women in this category utilizing trained counselors (degreed, non-degreed and volunteers)
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Each counselor must certify that they are degreed, or have received training through their Service Provider Contractor organization in pregnancy and parenting support counseling.
- Measurement :** No counselor is able to access the billing portion of the system and therefore are unable to submit bills for reimbursement for services without this required certification. This is tested at annual Site Monitorings.
- Objective :** 4. Serve approximately 2000 women and parents of infants at approximately 8000 visits.
- Activity :** a. Provide services to women and families
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Conduct limited Google Ads campaign to the extent of the advertising funding to inform Michigan women of the availability of pregnancy and parenting support program services.
- Measurement :** Service Provider Contractors will serve at least 2000 women at approximately 8000 visits.



- Objective :** 5. Have Service Provider Contractors establish and maintain referral lists to life-affirming Michigan public and nonprofit organizations providing care to mothers and infants to assure ongoing care and services.
- Activity :** a. Each Service Provider Contractor organization must have the appropriate referral resources to serve clients with essential and beneficial referrals including:
- i. Referrals for prenatal and pediatric care.
  - ii. Referrals for medical care.
  - iii. Referrals for social services organizations and support services such as:
    - i. WIC, or other nutrition programs; MIHP, or other home visiting programs; local Department of Human Services; local health department; adoption agencies; child care; financial support; housing; education for improving skills or obtaining a GED; job service and vocational training programs; or transportation services as needed.
- Responsible Staff :** Vendors: Real Alternatives / Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Every Service Provider Contractor organization must maintain and use a comprehensive pro-life referral list.
- Measurement :** This is tested at annual Site Monitorings.
- Activity :** b. Service Provider Contractor organizations are responsible to assure that referral sources are pro-life and continue to be pro-life.
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Every Service Provider Contractor organization must maintain and use a comprehensive pro-life referral list.
- Measurement :** This is tested at annual Site Monitorings.
- Activity :** c. Service Provider Contractor organizations are responsible to evaluate referral organizations to assure they comply with life-affirming client service needs.
- Responsible Staff :** Vendors: Real Alternatives Service Provider Contractors
- Date Range :** 10/01/2017 - 09/30/2018
- Expected Outcome :** Every Service Provider Contractor organization must maintain and use a comprehensive pro-life referral list.
- Measurement :** This is tested at annual Site Monitorings.
- Objective :** 6. Assure that program Service Provider Contractors meet the following criteria:

- Activity :**
- a. Are a nonprofit organization with 501 (c)3 tax exempt status
  - b. Operate an alternatives to abortion program that has a stated policy of actively promoting childbirth instead of abortion
  - c. Maintain a pro-life mission and agree not to promote, refer, or counsel abortion as an option to a crisis or unplanned pregnancy
  - d. Are physically and financially separate from any entity that advocates, performs, counsels, or refers for abortion
  - e. Understand that the funding for alternative to abortion services under this program does not include funding for the provision, referral, or advocacy of contraceptive services, drugs, or devices
  - f. Provide core services consisting of information and counseling that promotes childbirth instead of abortion, and assists pregnant women in their decision regarding adoption or parenting
  - g. Are nondiscriminatory
  - h. Agree not to promote the teaching or philosophy of any religion or religious organization while providing program services to the client
  - i. Have been in operation a minimum of one year providing core alternative to abortion services to women in a crisis pregnancy
  - j. Provide abstinence education as the best and only method of avoiding unplanned pregnancies and sexually transmitted infections
  - k. Agree to serve all eligible clients, including those with Limited English Proficiency
  - l. Will annually verify that all staff and volunteers have current Michigan State Police and Child Abuse background check clearances
  - m. Maintain client confidentiality
  - n. Will submit their counselor training materials, and policies and procedures manual for evaluation
  - o. Do not charge a fee for services to eligible clients.
  - p. Provide handicapped accessible services.

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Only Service Provider Contractors who have successfully completed an extensive Potential Service Provider Contractor Approval Process are permitted to participate in the Program.

**Measurement :** Through the extensive Potential Service Provider Contractor Approval Process.

**Objective :** 7. Assure Service Provider Contractor compliance with program policies and objectives, including:

- Activity :**
- a. Annual site monitoring of Service Provider Contractor sites performed
  - b. Assure accurate record-keeping of client eligibility
  - c. Assure accurate submission of billing forms
  - d. Assure all services are provided in a respectful and non-judgmental manner
    - i. Assure all services are provided to eligible clients with limited English, hearing or visual capabilities
    - ii. Assure all services are provided with appropriate cultural sensitivities
  - e. Assure financial accountability through program site monitoring
  - f. Ongoing quality assurance measures performed

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Real Alternatives will conduct annual Site Monitorings of every Service Provider Contractor organization in the Program.

**Measurement :** Results are reported and submitted to MI DHHS.

**Objective :** 8. Assure compliance with program reporting requirements. Quarterly Reports will, at a minimum, provide a total accounting of the following activities of the Service Provider Contractors:

- Activity :**
- a. Monitoring activities completed

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Real Alternatives will conduct annual Site Monitorings of every Service Provider Contractor organization in the Program.

**Measurement :** Results are reported and submitted to MI DHHS.

**Activity :** b. Monitoring Report findings for each site monitored and subsequent corrective actions taken;  
**Responsible Staff :** Real Alternatives  
**Date Range :** 10/01/2017 - 09/30/2018  
**Expected Outcome :** Real Alternatives will conduct annual Site Monitorings of every Service Provider Contractor organization in the Program.  
**Measurement :** Results are reported and submitted to MI DHHS.

**Activity :** c. Technical assistance provided  
**Responsible Staff :** Real Alternatives  
**Date Range :** 10/01/2017 - 09/30/2018  
**Expected Outcome :** Inform as to deficiencies; deductions for billing errors; Program retraining as required.  
**Measurement :** Real Alternatives has and will continue to provide these services and more as necessary.

**Activity :** d. Follow-up on site monitoring findings for Service Provider Contractors  
**Responsible Staff :** Real Alternatives  
**Date Range :** 10/01/2017 - 09/30/2018  
**Expected Outcome :** Real Alternatives will take all necessary deductions, and will require Service Provider Contractor organizations to comply with required compliance issues that may be detected on Site Monitorings.  
**Measurement :** Whether or not deductions were taken and compliance occurred.

**Activity :** e. Direct service activities such as information/services provided or referrals made  
**Responsible Staff :** Real Alternatives  
**Date Range :** 10/01/2017 - 09/30/2018  
**Expected Outcome :** Counselors are required to follow contract terms and conditions.  
**Measurement :** Statistics provided in Quarterly Reports.

**Activity :** f. Significant Project(s) Status Report(s) including a brief narrative of projects described in the Work Plan, and any other significant projects or activities  
**Responsible Staff :** Real Alternatives  
**Date Range :** 10/01/2017 - 09/30/2018  
**Expected Outcome :** Will be carried out throughout the term of the contract.  
**Measurement :** Reported on in Quarterly Reports.

**Activity :** g. The number of pregnant women, non-pregnant women and parenting women served (separate reports for each of these three client types), by their county of residence, and their age reported by the following age groups:  
1. Less than 16 years old;  
2. 16 years old through 20 years old;  
3. 21 years old through 25 years old;  
4. 26 years old through 30 years old;  
5. 31 years old through 35 years old;  
6. 36 years old through 40 years old;  
7. 41 years old through 45 years old;  
8. 46 years old and older.  
**Responsible Staff :** Real Alternatives  
**Date Range :** 10/01/2017 - 09/30/2018  
**Expected Outcome :** Continues throughout contract term.  
**Measurement :** Reported on in Quarterly Reports.

**Activity :** h. The number of pregnant women, non-pregnant women and parenting women served (separate reports for each of these three client types), by race, by county, by age (White, African American, Native American, Asian, multi-racial, unknown/not declared)

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Continues throughout contract term.

**Measurement :** Reported on in Quarterly Reports.

**Activity :** i. The number of pregnant women, non-pregnant women and parenting women served (separate reports for each of these three client types), by ethnicity, by county, by age (Hispanic, non--Hispanic)

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Continues throughout contract term.

**Measurement :** Reported on in Quarterly Reports.

**Activity :** j. The number of visits by pregnant women, non-pregnant women and parenting women (separate reports for each of these three client types), by county, by age.

1. Hotline calls from Michigan and number of subsequent referrals to Service Provider Contractors
2. Public Information activities in Michigan

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Continues throughout contract term.

**Measurement :** Reported on in Quarterly Reports.

**Activity :** k. Report number of Service Provider Contractor referrals by type:

1. Prenatal care providers
2. Pediatric care providers

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Continues throughout contract term.

**Measurement :** Reported on in Quarterly Reports.

**Activity :** l. Report of client outcomes

1. Number of clients indicating they are choosing childbirth
2. Number of clients who visited or are planning to visit a health care provider for prenatal care.
3. Number of clients who have taken their child to a pediatric appointment.
4. Number of clients with infants up to date in immunizations.
5. Number of clients who felt supported at the end of their counseling session.

**Responsible Staff :** Real Alternatives

**Date Range :** 10/01/2017 - 09/30/2018

**Expected Outcome :** Continues throughout contract term.

**Measurement :** Reported on in Quarterly Reports.

B1 Attachment B1 - Program Budget Summary

<b>PROGRAM</b> Pregnancy and Parenting Support Services Program - 2018			<b>DATE PREPARED</b> 12/12/2017		
<b>CONTRACTOR NAME</b> Real Alternatives			<b>BUDGET PERIOD</b> From : 10/1/2017 To : 9/30/2018		
<b>MAILING ADDRESS (Number and Street)</b> 7810 Allentown Blvd Suite 304			<b>BUDGET AGREEMENT</b> <input checked="" type="checkbox"/> Original <input type="checkbox"/> Amendment		<b>AMENDMENT #</b> 0
<b>CITY</b> Harrisburg	<b>STATE</b> PA	<b>ZIP CODE</b> 17112	<b>FEDERAL ID NUMBER</b> 23-2868660		

	Category	Amount	Total
<b>DIRECT EXPENSES</b>			
<b>Program Expenses</b>			
1	Salary & Wages	63,500.00	63,500.00
2	Fringe Benefits	19,000.00	19,000.00
3	Travel	2,100.00	2,100.00
4	Supplies & Materials	28,200.00	28,200.00
5	Contractual	440,250.00	440,250.00
6	Equipment	0.00	0.00
7	Other Expense	96,950.00	96,950.00
<b>Total Program Expenses</b>		650,000.00	650,000.00
<b>TOTAL DIRECT EXPENSES</b>		650,000.00	650,000.00
<b>INDIRECT EXPENSES</b>			
<b>Indirect Costs</b>			
1	Indirect Costs	0.00	0.00
<b>Total Indirect Costs</b>		0.00	0.00
<b>TOTAL INDIRECT EXPENSES</b>		0.00	0.00
<b>TOTAL EXPENDITURES</b>		<b>650,000.00</b>	<b>650,000.00</b>

**SOURCE OF FUNDS**

	Category	Amount	Cash	Inkind	Total
1	<b>Source of Funds</b>				
	Fees and Collections	0.00	0.00	0.00	0.00
	State Agreement	650,000.00	0.00	0.00	650,000.00
	Local	0.00	0.00	0.00	0.00
	Federal	0.00	0.00	0.00	0.00
	Other	0.00	0.00	0.00	0.00
	<b>Total Source of Funds</b>	650,000.00	0.00	0.00	650,000.00
	<b>Totals</b>	650,000.00	0.00	0.00	650,000.00

B2 Attachment B2 - Program Budget - Cost Detail Schedule

	Line Item	Qty	Rate	Units	UOM	Total
<b>DIRECT EXPENSES</b>						
<b>Program Expenses</b>						
<b>1</b>	<b>Salary &amp; Wages</b>					
	Chief Executive Officer Notes : President/CEO - Administrative expense	1.0000	20500.000	0.000		20,500.00
	Vice President - Administration Notes : Vice President - Administration - Administrative expense	1.0000	10000.000	0.000		10,000.00
	Accountant Notes : Accountant - Administrative expense	1.0000	2250.000	0.000		2,250.00
	Bookkeeper Notes : Bookkeeper - Administrative expense	1.0000	1250.000	0.000		1,250.00
	Vice President - Operations Notes : Vice President - Operations - Services expense	1.0000	17000.000	0.000		17,000.00
	Services Coordinator Notes : Services Coordinator - Services expense	1.0000	3000.000	0.000		3,000.00
	Services Assistance Notes : Services Assistance - Services expense	1.0000	2000.000	0.000		2,000.00
	Billing Coordinator Notes : Billing Coordinator	1.0000	2500.000	0.000		2,500.00
	Service Provider Monitoring Notes : Service Provider Monitoring - Services expense	1.0000	2750.000	0.000		2,750.00
	Service Provider Approval Notes : Service Provider Approval - Services Expense	1.0000	1750.000	0.000		1,750.00
	Hotline Counselor Notes : Hotline Counselor - Services expense	1.0000	500.000	0.000		500.00
<b>Total for Salary &amp; Wages</b>						<b>63,500.00</b>
<b>2</b>	<b>Fringe Benefits</b>					
	All Composite Rate Notes : Fringe Benefits: All Composite Rate:  Administrative expense:	0.0000	29.920	63500.000		19,000.00

	Line Item	Qty	Rate	Units	UOM	Total
	\$11,250 Services expense: \$7,750					
<b>3</b>	<b>Travel</b>					
	Travel					2,100.00
<b>4</b>	<b>Supplies &amp; Materials</b>					
	Client Education Materials Notes : Other: Client Education Materials: Services expense	0.0000	0.000	0.000		14,000.00
	Pregnancy Test Kits Notes : Other: Pregnancy Test Kits: Services expense	0.0000	0.000	0.000		2,000.00
	Office Supplies Notes : Office Supplies: Administrative expense	0.0000	0.000	0.000		2,200.00
	Computer Notes : Computer: Services expense	0.0000	0.000	0.000		10,000.00
<b>Total for Supplies &amp; Materials</b>						<b>28,200.00</b>
<b>5</b>	<b>Contractual</b>					
	Client Services Notes : Other: Client Services - Services expense Contact Details : Client Services partner agencies Partner agencies, Multiple cities,MI,48933, Phone : 1111111111	0.0000	0.000	0.000		440,250.00
<b>6</b>	<b>Equipment</b>					
<b>7</b>	<b>Other Expense</b>					
	Database Consulting Notes : Other: Database Consulting - Services expense	0.0000	0.000	0.000		5,000.00
	Services Advertising Notes : Other: Services Advertising - Services expense	0.0000	0.000	0.000		35,000.00
	Meetings Notes : Meetings - Services expense	0.0000	0.000	0.000		9,000.00
	Hotline Referral System Notes : Other: Hotline Referral System- Services expense	0.0000	0.000	0.000		500.00

Line Item	Qty	Rate	Units	UOM	Total
Contract Closeout Notes : Other: Contract Closeout - Services expense	0.0000	0.000	0.000		30,000.00
Accounting Services Notes : Accounting Services (accounting and computer consulting services) - Administrative expense	0.0000	0.000	0.000		1,500.00
Legal Fees Notes : Legal Fees - Administrative expense	0.0000	0.000	0.000		500.00
Equipment Leasing Notes : Equipment Leasing (copier service contract) - Administrative expense	0.0000	0.000	0.000		750.00
Audit Services Notes : Audit Services - Administrative expense	0.0000	0.000	0.000		2,000.00
Space/Facility Costs Notes : Space/Facility Costs (rent and utilities) - Administrative expense	0.0000	0.000	0.000		7,500.00
Business and Directors/Officers Insuranc Notes : Other: Business and Directors/Officers insurance - Administrative expense	0.0000	0.000	0.000		1,500.00
Communication Costs Notes : Communication Costs (telephone, internet and postage) - Administrative expense	0.0000	0.000	0.000		3,000.00
Professional Development/Job Advertising Notes : Other: Professional Development and Job Advertising:  Professional Development: \$500 - Administrative expense  Job Advertising: \$200 - Administrative expense	0.0000	0.000	0.000		700.00
<b>Total for Other Expense</b>					96,950.00
<b>Total Program Expenses</b>					650,000.00
<b>TOTAL DIRECT EXPENSES</b>					650,000.00
<b>INDIRECT EXPENSES</b>					



	Line Item	Qty	Rate	Units	UOM	Total
<b>Indirect Costs</b>						
1	Indirect Costs					
<b>Total Indirect Costs</b>						0.00
<b>TOTAL INDIRECT EXPENSES</b>						0.00
<b>TOTAL EXPENDITURES</b>						<b>650,000.00</b>

- B3**    **Attachment B3 - Equipment Inventory Schedule**  
[Attachment B3 - Equipment Inventory Schedule](#)
- C**     **Attachment C - Performance Report Requirements**  
[Attachment C - Performance/Progress Report Requirements](#)
- E**     **Attachment E - Program Requirements**  
[Attachment E - Program Specific Requirements](#)

# **EXHIBIT B**

C A M P A I G N F O R

**ACCOUNTABILITY**

January 14, 2019

**By email: [gretchen.whitmer@michigan.gov](mailto:gretchen.whitmer@michigan.gov)**

The Honorable Gretchen Whitmer  
Governor of Michigan  
P.O. Box 30013  
Lansing, Michigan 48909

**By email: [miag@mi.gov](mailto:miag@mi.gov)**

The Honorable Dana Nessel  
Michigan Attorney General  
P.O. Box 30212  
Lansing, MI 48909  
Fax: (517) 373-3042

**By online form**

Mr. Doug Ringler  
Michigan Auditor General  
201 N. Washington Square, Sixth Floor  
Lansing, MI 48913

**Re: Request for Termination of Michigan's Contract with Real Alternatives**

Dear Governor Whitmer, Attorney General Nessel, and Auditor General Ringler:

Campaign for Accountability (“CfA”) respectfully requests that you investigate and terminate Michigan’s contract with Real Alternatives’ (“RA”), a non-profit organization that receives state funding to run the Michigan Pregnancy and Parenting Support Program (the “MPPSP”).<sup>1</sup> RA appears to be misusing taxpayer money while failing to deliver the health services that it has agreed to provide to Michigan women and children.

**Background**

RA was formed in Pennsylvania in 1996. The organization’s only office is its Harrisburg, Pennsylvania headquarters, where it is run by Kevin Bagatta, RA’s president and CEO. Bagatta

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<sup>1</sup> Part II, Section (V)(A) of the MPPSP Agreement allows for either party to terminate the contract, without cause, upon 30 days written notice to the other party. See Ex. A (MPPSP 2014 Grant Agreement, at 14, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-pl>.

The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringler  
January 14, 2019  
Page 2

is a Pennsylvania attorney who became RA's CEO by answering a 1995 newspaper advertisement seeking a director to start a Pennsylvania-wide government-funded anti-abortion program, which became RA.<sup>2</sup>

In 1997, RA entered a contract with the State of Pennsylvania to administer the state's alternatives to abortion program, which is substantially similar to the MPPSP. RA continues to be the sole administrator of Pennsylvania's program, and receives almost \$7 million a year from Pennsylvania.<sup>3</sup> Because of RA's experience with the Pennsylvania program, other states, including Indiana and Michigan, selected it to implement their own alternatives to abortion programs.<sup>4</sup> Pennsylvania, however, has remained RA's main contract and is worth millions more than RA's other contracts combined. RA's leadership remains fully in Pennsylvania.

On June 13, 2013, Michigan passed an omnibus appropriations bill that included a \$700,000 appropriation for MPPSP for fiscal year 2014. To effectuate the legislation, the Michigan Department of Health and Human Services ("HHS")<sup>5</sup> entered into a contract with RA to oversee the MPPSP, which began to run on October 1, 2013, the start of Michigan's 2014 fiscal year. The parties amended and extended the original contract seven times before allowing it to expire in September 2017. *See* Appendix 1, MPPSP Agreements and Amendments Table, outlining RA's MPPSP agreements and their corresponding amendments. RA and HHS then signed a new contract—currently in effect—for the 2018 fiscal year. In total, RA has received approximately \$2.6 million from Michigan tax payers for its administration of the MPPSP program.

RA implements the MPPSP by recruiting crisis pregnancy centers—which counsel women not to have abortions—as service providers.<sup>6</sup> RA's agreements with these service providers specify that they must not provide or refer women to other clinics for abortions or even discuss contraception, and that the service providers will not be reimbursed by RA for "the provision, referral, or advocacy" of any kind of contraception.<sup>7</sup>

RA's management of the MPPSP has been plagued by inefficiency and self-enrichment. First, RA misallocates MPPSP funding, prioritizing payments for its executives and ineffective advertising

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<sup>2</sup> ZENIT Daily Dispatch, *Finding Real Alternatives to Abortion: Interview with Official of Pro-Life Government-Funded Agency*, ETERNAL WORLD TELEVISION NETWORK (Apr. 19, 2007), available at <https://www.ewtn.com/library/PROLIFE/zaltabort.HTM>.

<sup>3</sup> *See* Ex. B at 4-5 (Real Alternatives Financial Statements with Supplementary Information, Statement of Activities for 2014 and 2015), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p38>; Ex. C at 4-5 (Real Alternatives Financial Statements with Supplementary Information, Statement of Activities for 2015 and 2016), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p79>.

<sup>4</sup> Real Alternatives, *History*, available at <https://www.realalternatives.org/history/>.

<sup>5</sup> HHS was created in April 2015 via a merger of the then Department of Human Services and Department of Community Health. RA's initial contract with the state, signed in 2013, was at the time countersigned and administered by the Department of Community Health.

<sup>6</sup> RA is the sole entity that oversees and directly collects state money under the MPPSP. *See* Ex. A at 2-3 (MPPSP 2014 Grant Agreement, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p1>.

<sup>7</sup> *Id.*, Statement of Work § 6(e).

instead of providing services to Michigan women. RA withholds 3% of the MPPSP funding intended for the service providers for RA's own private use, even though RA's administrative expenses are separately provided for in the MPPSP contract. Further, RA's executive salaries and bloated advertising expenses have depleted resources intended to fund MPPSP services for Michigan women. Second, RA has lied to Michigan governmental officials and provided false pretenses for its receipt of MPPSP funds. Third, RA has consistently failed to satisfy its agreement with HHS. Many fewer women have received MPPSP services than the agreed upon target numbers. Further, RA has failed to report to HHS the referrals for additional prenatal, pediatric, medical, and social services made by MPPSP service providers, despite the requirement under the MPPSP agreements.<sup>8</sup>

### **Real Alternative's Improper Use of MPPSP Funds**

#### *Real Alternatives' Self Enrichment*

RA is the sole administrator of Pennsylvania's alternatives to abortion program. In 2016, Pennsylvania's Auditor General (the "PA Auditor") opened an investigation into RA's invoicing and reimbursement procedures, as well as the overall effectiveness of RA's operations. The PA Auditor discovered that RA was siphoning additional state funds into its own coffers, beyond those administrative fees already paid by Pennsylvania.

The audit revealed that RA had reimbursed its service providers for only 97% of the program services they provided, withholding the remaining 3% for itself as a "Program Development and Advancement Fee." RA explained that the purpose of this 3% fee was to "promote the development and expansion of Real Alternatives initiatives . . . both locally and nationally."<sup>9</sup> RA had not previously disclosed the existence of this 3% fee to Pennsylvania, nor to any other state in which RA had contracts.<sup>10</sup> RA's service providers generally believed that the fee was a requirement to do business with RA.<sup>11</sup>

The Pennsylvania Auditor concluded RA's siphoning of roughly \$500,000 in taxpayer funds for the generic purpose of promoting and advancing RA's own development was improper. Rather than engage in a lengthy, tax-funded legal action, Pennsylvania changed the terms of its agreement with RA to mandate that RA reimburse its service providers for 100% of the value of the services

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<sup>8</sup> *Id.*, Statement of Work §§ 8(e), 8(k).

<sup>9</sup> Pennsylvania Department of the Auditor General, *Auditor General DePasquale Says Audit Stopped Abuse of State Funds by Abortion Alternative Provider Real Alternatives* (Sept. 19, 2017), available at <http://www.paauditor.gov/press-releases/auditor-general-depasquale-says-audit-stopped-abuse-of-state-funds-by-abortion-alternative-provider-real-alternatives>. RA successfully sued Pennsylvania to maintain the privacy of its records regarding how the funds collected from the 3% fee were used. See, Marie McCullough, *Dispute Questions Anti-Abortion Group's Use of Taxpayer Dollars*, THE PHILADELPHIA INQUIRER (Mar. 16, 2018), available at <http://www.philly.com/philly/health/real-alternatives-audit-department-human-services-taxpayer-money-20180316.html>.

<sup>10</sup> *Id.*

<sup>11</sup> Molly Born, *State to Begin Audit of Abortion-Alternative Group*, PITTSBURGH POST-GAZETTE (Sept. 26, 2016), available at <http://www.post-gazette.com/news/state/2016/09/26/State-to-begin-audit-of-abortion-alternative-group/stories/201609260035>.

they provided.<sup>12</sup> RA agreed to comply with the mandate, but then began requiring the service providers to sign additional, separate agreements, to which Pennsylvania was not a party, requiring the service providers to remit a 3% fee back to RA after receiving the 100% reimbursements.<sup>13</sup> Thus, while RA is technically in compliance with Pennsylvania's new requirement, functionally RA continues to siphon Pennsylvania taxpayers' money into its own coffers.

Like Pennsylvania's program, Michigan's MPPSP also provides for administrative expenses.<sup>14</sup> This has not prevented RA from skimming additional funds. RA's MPPSP contract does not contain any reference to a 3% Program and Development fee, either as a part of or separate from the 10 to 15% of the MPPSP funding dedicated to covering RA's administrative expenses. Nevertheless, RA's financial statements confirm that a portion of Michigan taxpayers' dollars, like Pennsylvania's, are being pocketed by RA for the organization's private use, specifically including 3% for "Program Advancement and Development."<sup>15</sup> It is unclear whether RA is making 97% reimbursements to Michigan service providers while withholding 3% of the reimbursement amount, or reimbursing the full 100% while requiring Michigan service providers to pay RA a 3% fee via separate agreements. Regardless, RA is converting Michigan taxpayer money designated for serving women and children to its own private account for an unspecified use.

Michigan should not do business with an organization that demands a 3% payment in addition to the administrative expenses the state already covers under the MPPSP.

*Real Alternatives Increased Executive Salaries  
Despite Failing to Satisfy MPPSP Agreements*

From the start, RA's primary focus has been to ensure its executives are highly compensated, rather than to implement and expand the MPPSP.<sup>16</sup> Under the original contract, only 2.34% of the organization's budget was allocated for executive salaries.<sup>17</sup> When amended ten months later to

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<sup>12</sup> Kate Giammarise, *Officials: State-Funded Anti-Abortion Group Does Not Have to Return Fees*, PITTSBURGH POST-GAZETTE (Mar. 27, 2018), available at <http://www.post-gazette.com/news/state/2018/03/27/Pennsylvania-DHS-won-t-see-funds-back-from-anti-abortion-group-Real-Alternatives/stories/201803260122>.

<sup>13</sup>The new contract between DHS and RA "merely says the company must pay its subcontractors without any deduction," and DHS "decided not to recoup the contested taxpayer funds because that would require a protracted lawsuit using taxpayer funds." See McCullough, *supra* note 9.

<sup>14</sup> See, e.g., Ex. A at 20 (MPPSP 2014 Grant Agreement, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p1>.

<sup>15</sup> RA refers to its 3% fee in these statements as a "Program Advancement and Development" Agreement or Fee, depending on the year the statements reference. See Ex. B at 4-5 (Real Alternatives Financial Statements with Supplementary Information, Statement of Activities for 2014 and 2015), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p38>; Ex. C at 4-5 (Real Alternatives Financial Statements with Supplementary Information, Statement of Activities for 2015 and 2016), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p79>.

<sup>16</sup> See, e.g., Ex. D at 3-5 (Emails between RA President K. Bagatta and HHS, sent in July and August 2015), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p121>.

<sup>17</sup> Ex. A at 20-22 (MPPSP 2014 Grant Agreement, Budget, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p1>.

The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringler  
January 14, 2019  
Page 5

extend the performance period by three months without any funding increase,<sup>18</sup> the budget for executive salaries almost doubled to 4.43%, even as the overall budget for salaries dipped slightly.<sup>19</sup> In sum, the amendment resulted in more Michigan taxpayer money for RA executives and less to provide services to Michigan women.

By 2018, when RA was negotiating its second contract with HHS, executive pay had ballooned to account for 7.31% of the total budget, more than triple the percent of the 2014 budget so dedicated.<sup>20</sup> RA received \$50,000 less in its 2018 MPPSP contract than its original 2014 contract. Nevertheless, RA president's MPPSP salary—which constitutes only a small fraction of the president's annual total compensation from RA, some \$280,468 in FY 2015<sup>21</sup>—grew from \$8,200 to \$20,500 and the vice president in charge of operations saw a similar salary increase, from \$8,200 to \$17,000.<sup>22</sup> These salary increases do not coincide with a corresponding increase in services by RA; the targets of women served and patient visits have remained the same since 2013. Given the increased executive salaries, however, fewer resources are now dedicated to achieving these targets.

#### *Real Alternatives' Ineffective Advertising Wastes Michigan Taxpayer Money*

Throughout RA's administration of the MPPSP, RA has budgeted money for advertising. In its initial statement of work, RA budgeted \$13,000 for "Services Advertising," and noted that "[a]dvertising is imperative to inform women that there [is] this program in the state of Michigan to help them."<sup>23</sup> RA repeatedly sought increases to the amount of funding allocated to advertising,<sup>24</sup> yet RA never managed to achieve its target participation rates.

In 2014 RA stated "[a] stronger advertising strategy is needed" and proposed a "relatively inexpensive[]" way would be to place ads for RA's hotline in buses, since "[RA's] client takes

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<sup>18</sup> See App. 1 (MPPSP Agreements and Amendments Table).

<sup>19</sup> Ex. E at 3-5 (Amendment 1, MPPSP 2014 Grant Agreement, Revised Budget, Sept. 10, 2014), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html> - p128.

<sup>20</sup> Ex. F at 31-35 (MPPSP 2018 Grant Agreement, Budget, Oct. 1, 2017), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html> - p135.

<sup>21</sup> See RA's FY 2015 Form 990, at 7, available at [https://pp-990.s3.amazonaws.com/2017\\_03\\_EO/23-2868660\\_990\\_201606.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIAI7C6X5GT42DHYZIA%2F20181107%2Fus-east-1%2Fs3%2Faws4\\_request&X-Amz-Date=20181107T220342Z&X-Amz-Expires=1800&X-Amz-SignedHeaders=host&X-Amz-Signature=3e68f0adf79a3f6623dfaf37637596a9ad74b9cf9137b65eb38c561deade0862](https://pp-990.s3.amazonaws.com/2017_03_EO/23-2868660_990_201606.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIAI7C6X5GT42DHYZIA%2F20181107%2Fus-east-1%2Fs3%2Faws4_request&X-Amz-Date=20181107T220342Z&X-Amz-Expires=1800&X-Amz-SignedHeaders=host&X-Amz-Signature=3e68f0adf79a3f6623dfaf37637596a9ad74b9cf9137b65eb38c561deade0862).

<sup>22</sup> Compare Ex. A at 21-22 (MPPSP 2014 Grant Agreement, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html> - p1, with Ex. F at 32 (MPPSP 2018 Grant Agreement, Oct. 1, 2017), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html> - p135.

<sup>23</sup> Ex. A at 28 (MPPSP 2014 Grant Agreement, Program Description and Work Plan, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html> - p1.

<sup>24</sup> Ex. G (Emails between RA Vice President of Operations T. Lang and HHS employees, sent on February 2, 2016), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html> - p172; Ex. H (Emails between RA President K. Bagatta and HHS employees, sent on June 9, 2016), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html> - p176.



public transportation.”<sup>25</sup> As Michigan officials noted, RA “may again be relying on experience from Texas and Pennsylvania that may not prove as useful in Michigan” when pinning its advertising strategy on buses given that “Michigan is such a ‘car state’” and the bus system, even around Detroit, does not have high ridership.<sup>26</sup> Furthermore, as HHS recognized, the bus advertisements that RA did suggest made no mention of the Michigan service providers involved in MPPSP.<sup>27</sup> RA’s generic bus advertisements, which could have run anywhere in the country, contained no Michigan-specific information, instead providing only RA’s national hotline and website.<sup>28</sup> Over a year after RA had begun administering the MPPSP, RA had failed to develop an advertising campaign specific to and appropriate for Michigan.

Similarly, in 2017, RA’s contract included an additional \$50,000, all of which, the organization sought to spend on advertising.<sup>29</sup> RA advocated spending the entire increase on Google ads—an advertising strategy suggested to RA by HHS in 2014—rather than use any of it to provide services to Michigan women.<sup>30</sup> HHS rejected this plan, allowing RA to devote only 20% of the additional funding, equal to \$10,000, to extra advertising.<sup>31</sup> The additional Google advertising did not result in any discernable increase of women being served.

### **Real Alternatives Lied to Michigan Government Officials**

In August 2013, RA submitted a draft work plan proposal to HHS in which it claimed to have received “3 perfect Department of Public Welfare Contract Compliance Audits” and “2 perfect Pennsylvania Comptroller Multi-Year Contract Compliance Audits” for its Pennsylvania programming.<sup>32</sup> Yet when CfA requested copies, neither Pennsylvania’s Department of Health and Human Services<sup>33</sup> nor its Office of the Budget Agency could provide any such audits.<sup>34</sup> The

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<sup>25</sup> Ex. I at 4 (RA’s Proposed Adjustments to MPPSP, sent to HHS on Dec. 31, 2014), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p181.

<sup>26</sup> Ex. J at 1-2 (Internal HHS email from B. Derman to K. Broessel and P. Dobyne Dunbar discussing RA’s proposed program adjustments, sent Jan. 27, 2015), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p186.

<sup>27</sup> *Id.*; *see also* Ex. I at 4 (RA’s Proposed Adjustment to MPPSP, sent to HHS on Dec. 31, 2014), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p181.

<sup>28</sup> Ex. I at 4 (RA’s Proposed Adjustment to MPPSP, sent to HHS on Dec. 31, 2014), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p181.

<sup>29</sup> *See* App. 1 (MPPSP Agreements and Amendments Table).

<sup>30</sup> Ex. H (Emails between RA President K. Bagatta and HHS employees, sent on June 9, 2016), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p176.

<sup>31</sup> *Id.*

<sup>32</sup> Ex. K at 29 (RA presentation titled *Pennsylvania’s Pregnancy and Parenting Support Program*, sent to HHS on Aug. 30, 2013), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p190.

<sup>33</sup> Pennsylvania’s Department of Public Works is now the Department of Health and Human Services. *See*, Larkin Page-Jacobs, *It’s Official: The PA Department of Public Welfare Is Now the Department of Human Services*, 90.5 WESA PITTSBURGH’S NPR NEWS STATION (Nov. 24, 2014), *available at* <http://www.wesa.fm/post/its-official-pa-department-public-welfare-now-department-human-services#stream/0>.

<sup>34</sup> *See* Ex. L (Letter from Pennsylvania Department of Health and Human Services to CfA, Apr. 9, 2018 (attaching the Audit Report of Real Alternatives, Apr. 25, 2016)), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p211; Ex. M

Pennsylvania Department of Health and Human Services explained that it does not conduct “Contract Compliance Audits.” In fact, the department’s only completed audit related to RA was the report questioning RA’s 3% fee, issued almost three years after RA reported to Michigan about receiving three perfect Contract Compliance Audits.<sup>35</sup> Similarly, the Office of the Budget Agency informed CfA that it possessed only an unissued, draft audit of RA covering the period from July 1, 1998 to June 30, 1999, but had conducted no “multi-year contract compliance audits.”<sup>36</sup>

### **Real Alternatives Relied on Junk Science**

RA claimed in its Program Description and Work Plan (attached to the 2014 MPPSP contract), that it would improve women’s health by lowering Michigan’s abortion rate.<sup>37</sup> RA asserted that abortions cause breast cancer, ergo by lowering abortion rates in Michigan, RA would decrease the incidence of breast cancer in the state.<sup>38</sup> RA appears to have ignored the entire body of medical literature debunking a causal relationship between abortion and incidence of breast cancer.<sup>39</sup> Instead, RA mischaracterized several unrelated or inconclusive studies and cited medically inaccurate articles championed by anti-choice advocates as support for this claim. For example, RA cited “The Breast Cancer Epidemic: Modeling and Forecasts Based on Abortion and Other Risk Factors,” published in the *Journal of American Physicians and Surgeons*,<sup>40</sup> a small professional organization of doctors with a history of aggressively pushing politically conservative causes.<sup>41</sup>

Notably, according to the Michigan Department of Health and Human Services, the number of abortions performed in 2013 and 2017—26,120 and 26,594, respectively<sup>42</sup>—were “about the

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(Letter from Pennsylvania’s Office of the Budget Agency to CfA, Apr. 9, 2018), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p239.

<sup>35</sup> Ex. L (Letter from Pennsylvania Department of Health and Human Services to CfA, Apr. 9, 2018 (attaching the Audit Report of Real Alternatives, Apr. 25, 2016)), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p211.

<sup>36</sup> Ex. M (Letter from Pennsylvania’s Office of the Budget Agency to CfA, Apr. 9, 2018), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p239.

<sup>37</sup> Ex. A at 27 (MPPSP 2014 Grant Agreement, Program Description and Work Plan, Oct. 1, 2013), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p1.

<sup>38</sup> *Id.* at 34 n.3.

<sup>39</sup> The American Cancer Society *See, e.g., Abortion and Breast Cancer Risk*, THE AMERICAN CANCER SOCIETY (June 19, 2014) (“Linking these topics creates a great deal of emotion and debate. But scientific research studies have not found a cause-and-effect relationship between abortion and breast cancer.”), *available at* <https://www.cancer.org/cancer/cancer-causes/medical-treatments/abortion-and-breast-cancer-risk.html>.

<sup>40</sup> *See* Ex. A at 34 n.3 (MPPSP 2014 Grant Agreement, Program Description and Work Plan, Oct. 1, 2013), *available at* <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p1.

<sup>41</sup> *See* Barry Meier, *Vocal Physicians Group Renews Health Law Fight*, THE NEW YORK TIMES (Jan. 18, 2011) (“Its internal periodical has published studies arguing that abortion increases breast cancer risks, a tie rejected by an expert panel of the National Cancer Institute.”), *available at* <https://www.nytimes.com/2011/01/19/business/19physicians.html>.

<sup>42</sup> Michigan Department of Health and Human Services, Table A: Number, Ratio and Rate of Reported Induced Abortions Occurring in Michigan, 1982-2017, *available at* [https://www.mdch.state.mi.us/pha/osr/abortion/Tab\\_A.asp](https://www.mdch.state.mi.us/pha/osr/abortion/Tab_A.asp)

same.”<sup>43</sup> At the same time, again according to Michigan health officials, among Michigan women, “breast cancer is the most common newly diagnosed cancer.”<sup>44</sup> In 2013, 7,676 Michigan women were diagnosed with breast cancer and the state estimated 8,160 new cases would be diagnosed in 2017.<sup>45</sup> Thus, RA’s efforts in Michigan have led neither to a decrease in abortion nor—as ridiculous as the suggestion was—the incidence of breast cancer.

### **RA Consistently Fails to Satisfy the Terms of the Agreement**

#### *Real Alternatives Does Not Properly Refer Women to Alternate Pregnancy Resources*

RA fails to fulfill the plainly stated terms of the MPPSP contract, which require RA to refer its clients to pregnancy and prenatal service providers. While negotiating the MPPSP agreement, HHS urged RA to set up procedures for referring women under the federally-funded and state-managed Special Supplemental Nutrition Program for Women, Infants, and Children (“WIC”) and Michigan’s self-funded Maternal Infant Health Program (“MIHP”) to ensure that women receiving MPPSP services also received other necessary and related services.<sup>46</sup> Emails obtained by CfA through open records requests show that RA adamantly resisted HHS’s suggested referral terms,<sup>47</sup> insisting, despite HHS refutations, that the entities administering WIC and MIHP also provide abortion services and contraception.<sup>48</sup> Eventually the parties settled on MPPSP contract language stating that RA would:

Provide referrals to other available community services to support pregnant women who are experiencing unplanned/crisis pregnancies, including referrals for prenatal and pediatric care, medical care, social services, and other supports as required and available.<sup>49</sup>

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<sup>43</sup> Michigan Department of Health and Human Services, Characteristics of Induced Abortions Reported in Michigan, available at <https://www.mdch.state.mi.us/pha/osr/abortion/summary.asp>.

<sup>44</sup> Michigan Department of Health and Human Services, Breast Cancer in Michigan Fact Sheet, April 2017, available at [https://www.michigan.gov/documents/mdch/BreastCaFactSheet\\_497915\\_7.pdf](https://www.michigan.gov/documents/mdch/BreastCaFactSheet_497915_7.pdf).

<sup>45</sup> *Id.*

<sup>46</sup> Ex. N (Internal HHS email recapping contracting problems with RA, sent Mar. 11, 2014); available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p245>.

<sup>47</sup> Ex. O at 1 (Internal HHS emails discussing inclusion of WIC and MIHP referral requirements from Nov. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p247>; Ex. P (Internal HHS emails discussing the status of the RA contract from Dec. 17-18, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p254>.

<sup>48</sup> *Id.*; Ex. Q at 1 (Internal HHS email regarding RA’s refusal to work with the MIHP and WIC programs from Jan. 13, 2014), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p257>; Ex. R at 1 (Internal HHS email regarding issues that arose during RA’s pilot year, including RA’s ability to track referrals, sent Mar. 4, 2014), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p261>; Ex. N (Internal HHS email recapping contracting problems with RA, sent Mar. 11, 2014); available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p245>.

<sup>49</sup> Ex. A at 16 (MPPSP 2014 Grant Agreement, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p1>; Ex. F at 25 (MPPSP 2018 Grant Agreement, stating that RA’s service providers must “maintain and use a pro-life referral list,”

The statement of work further provided:

Each [service provider] must have the appropriate referral resources to serve clients with essential and beneficial referrals including... [r]eferrals for prenatal and pediatric care . . . [r]eferrals for medical care . . . [r]eferrals for social services organizations and support services such as WIC, or other nutrition programs; MIHP, or other home visiting programs....<sup>50</sup>

The statement of work also required RA to report, by type, the number of service provider referrals it made to the women that it served, as RA had previously stated it could do.<sup>51</sup>

Notwithstanding the contract, HHS's intent, or RA's prior assertions that the organization was capable of tracking and reporting the types of referrals being made,<sup>52</sup> it does not appear that RA tracked and/or reported any referrals made through the MPPSP program despite including a so-called "Counseling/Referral Client Summary" with each quarterly report submitted to HHS.<sup>53</sup> In violation of RA's contractual obligations, this summary fails to differentiate between the counseling sessions provided by the MPPSP service providers and the services, if any, for which their clients may have been referred, or even specify whether or not such contractually required referrals were made at all.

*Real Alternatives Consistently Fails to Meet Program Goals*

RA repeatedly failed to meet its own projections for implementing the MPPSP and providing services to Michigan women. RA failed to meet its targets regarding the number of women the organization would serve, the time frame within which those women would be served, the number of service providers that it would recruit, and the time period within which it would recruit them.

The 2013 MPPSP agreement expected service providers to conduct 8,000 individual visits and serve a total of 2,000 Michigan women within FY 2014.<sup>54</sup> Yet during FY 2014, RA only managed to oversee a mere 785 visits and serve only 403 women.<sup>55</sup> When RA fell far short of its promised targets, the MPPSP contract had to be amended repeatedly to allow RA a second year to assist the

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Oct. 1, 2017), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p135>.

<sup>50</sup> Ex. A at 17 (MPPSP 2014 Grant Agreement, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p1>.

<sup>51</sup> *Id.* at 18-19; Ex. F at 29-30 (MPPSP 2018 Grant Agreement, Oct. 1, 2017), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p135>.

<sup>52</sup> Ex. R at 1 (Internal HHS email regarding issues that arose during RA's pilot year, including RA's ability to track referrals, sent Mar. 4, 2014), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p261>.

<sup>53</sup> *See, e.g.,* Ex. S at 47-48 (RA's Q1 2018 Status Report), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p264>; *see also* Ex. N (Internal HHS email recapping contracting problems with RA, sent Mar. 11, 2014); available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p245>.

<sup>54</sup> Ex. A (MPPSP 2014 Grant Agreement at 17, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p1>.

<sup>55</sup> Ex. T at 5 (RA's Q3 2014 Status Report), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p334>.

number of women that should have been served in the initial year of the program.<sup>56</sup> In its third year, RA agreed to conduct 12,000 individual visits and serve 4,500 Michigan women,<sup>57</sup> but again failed, requiring three more amendments to the contract that doubled RA's performance period before the targets were met.<sup>58</sup> RA has repeatedly required HHS to lengthen its runway in order for it to meet the service requirements under the MPPSP Agreement.

At the outset of the pilot program, RA was expected to oversee at least 32,000 visits and provide services to at least 8,000 women within the first four years of the MPPSP program.<sup>59</sup> Instead, RA reached little over half of those number, with only 19,753 individual visits and 5,104 Michigan women—only 3,234 of whom were pregnant—receiving services.<sup>60</sup> The targets for the 2018 MPPSP contract remain the same as those in 2013, demonstrating that RA has been unable to expand its reach in the intervening years.

In the 2013 work plan proposal submitted to HHS, RA projected partnering with up to ten Service Provider Contractors in fiscal year 2014 and up to twenty-five by the end of fiscal year 2015.<sup>61</sup> In reality, it appears that RA enlisted only three Service Provider Contractors in fiscal year 2014.<sup>62</sup> RA attempted to downplay this shortfall in its communications with HHS by conflating the number of Service Provider Contractors and the number of service provider sites.<sup>63</sup> But RA cannot obfuscate that it had only seven Service Provider Contractors in its Michigan network as of March 31, 2018, two-and-a-half years after RA was to have made twenty-five such partnerships.<sup>64</sup>

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<sup>56</sup> See App. 1 (MPPSP Agreements and Amendments Table).

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> These projections are calculated based upon the targets agreed upon for the pilot year of the program, when 8,000 visits and 2,000 Michigan women were to be served. These estimates may even be on the low end of what would have been expected at the MPPSP's outset because, once established, RA should have been able to expand the amount of services rendered beyond those projected for the first year of its contract.

<sup>60</sup> Ex. U at 5 (RA's Q3 2017 Status Report), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p375>.

<sup>61</sup> Ex. K at 37 (RA presentation titled *Pennsylvania's Pregnancy and Parenting Support Program*, sent to HHS on Aug. 30, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p190>.

<sup>62</sup> See Ex. V at 1 (MPPSP status update email sent from RA President K. Bagatta to HHS on June 24, 2014), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p477>; Ex. W at 5 (RA's Q2 2014 Status Report), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p481>; Ex. T at 5 (RA's Q3 2014 Status Report), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p334>.

<sup>63</sup> In June 2014, RA told HHS that it hoped to have 14 Service Provider sites, run by only 5 Service Provider Contractors, by the end of fiscal year 2014 and that it "[would] meet the contract goal of 10-20 Service Provider sights," without mentioning the stated targets for Service Provider Contractors that RA would. See Ex. V at 1 (MPPSP status update email sent from RA President K. Bagatta to HHS on June 24, 2014), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p477>.

<sup>64</sup> Ex. S at 60 (RA's Q1 2018 Status Report), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p264>.



The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringler  
January 14, 2019  
Page 11

RA initially stated that its low participation numbers were in keeping with its roll-out in Pennsylvania,<sup>65</sup> but by 2015 RA had to concede that “Michigan Service providers [*sic*] were much slower to respond to the program” than service providers had been in other states.<sup>66</sup> Whatever the reason, RA has consistently failed to meet its targeted number of Service Provider Contractors, its targeted number of visits and women served, and its targeted budgets. As a direct result of these failures, RA has served several thousand fewer Michigan women than expected under the MPPSP contracts.

### **Violations of Michigan Law**

#### *Embezzlement of Public Funds*

Under Michigan law, a person who is an agent of a government entity and who “takes or secretes with the intent to convert to his or her own use without the consent of his or her principal, any money. . . of his or her principal that has come to that person’s possession or that is under his or her charge or control by virtue of his or her being an agent. . . is guilty of embezzlement.”<sup>67</sup> Similarly, an agent of a person holding public office in Michigan, “who knowingly and unlawfully appropriates to his own use, or the use of any other person, the money or property received by him in his official capacity or employment, of the value of 50 dollars or upwards, shall be guilty of a felony, punishable by imprisonment.”<sup>68</sup>

Via its Program and Development fee, RA appears to be embezzling for its own private use 3% of the MPPSP funds meant to compensate the service providers for the services that they are providing to Michigan women. Such “failure, neglect, or refusal . . . to pay, deliver, or refund” the Michigan taxpayer money entrusted to RA and earmarked for the service providers “is prima facie proof of intent to embezzle.”<sup>69</sup> RA has not disclosed the existence nor the purpose of this 3% Program and Development fee to HHS. However, RA’s statements about the same 3% fee in Pennsylvania indicate that it is meant to “promote the development and expansion of Real Alternatives initiatives . . . both locally and nationally.”<sup>70</sup> Thus, it appears RA’s leadership is intentionally converting and/or appropriating this Michigan funding for RA’s own use.

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<sup>65</sup> Ex. X at 1 (Email from RA President K. Bagatta to HHS regarding expanding RA’s service area in Michigan, sent on Apr. 8, 2014), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p538>.

<sup>66</sup> Ex. D at 3 (Email from RA President K. Bagatta to HHS, sent Aug. 11, 2015), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p121>.

<sup>67</sup> Depending on the value of the embezzled money and the status of the victim as a nonprofit corporation or charitable organization, a person found guilty of embezzlement can be fined up to three times the value of the embezzled money and/or imprisoned. MCL § 750.174.

<sup>68</sup> MCL § 750.175.

<sup>69</sup> See *People v. Miller*, 2011 Mich. App. LEXIS 1740, at \*4 (Mich. Ct. App. Oct. 4, 2011) (omission in original) (citing MCL § 750.174(10)).

<sup>70</sup> Pennsylvania Department of the Auditor General, *Auditor General DePasquale Says Audit Stopped Abuse of State Funds by Abortion Alternative Provider Real Alternatives* (Sept. 19, 2017), available at <http://www.paauditor.gov/press-releases/auditor-general-depasquale-says-audit-stopped-abuse-of-state-funds-by-abortion-alternative-provider-real-alternatives>.

*Misappropriation of Public Funds*

Michigan law permits Michigan residents and tax payers to “institute suits or actions at law or in equity on behalf of or for the benefit of the treasurer of such political subdivision, for an accounting and/or the recovery of funds or moneys misappropriated or unlawfully expended by any public officer, board or commission of such political subdivision” after first instituting a demand on the public officer, board or commission whose duty it is to maintain such a unit.<sup>71</sup>

RA’s continuous attempts to use funding—which is earmarked for pregnancy counseling services for Michigan women and children—for executive compensation and the undisclosed 3% Program and Development fee appear to constitute misappropriations of MPPSP funding provided by tax payers. Michigan taxpayers, therefore, could institute an action for an accounting or recovery of these misappropriated funds.

It need not fall to Michigan taxpayers to hold state contractors responsible. Your offices all have the jurisdiction and authority to prevent this misappropriation and recover misspent funds. The MPPSP clearly states the “agreement may be terminated by either party by giving thirty (30) days written notice to the other party stating the reasons for termination and the effective date.”<sup>72</sup> Former Governor Snyder previously proposed reducing RA’s funding.<sup>73</sup> Governor Whitmer should exercise her executive authority and direct HHS to terminate the MPPSP agreement.<sup>74</sup> In addition, Attorney General Nessel should investigate whether RA has misused public funds in violation of Michigan law,<sup>75</sup> and Auditor General Ringler should conduct thorough financial and performance audits of RA to account for RA’s use of its public funds.

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<sup>71</sup> MCL § 129.61.

<sup>72</sup> Ex. A at 14 (MPPSP 2014 Grant Agreement, Oct. 1, 2013), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p1>.

<sup>73</sup> See *Department of Health and Human Services FY 2017-18 Decision Document* at 175, HOUSE FISCAL AGENCY (Apr. 21, 2017), available at [https://www.house.mi.gov/hfa/Archives/PDF/DHHS\\_DecDoc\\_Boilerplate\\_Part2\\_Hse\\_Subcmte\\_fy17-18.pdf](https://www.house.mi.gov/hfa/Archives/PDF/DHHS_DecDoc_Boilerplate_Part2_Hse_Subcmte_fy17-18.pdf); *Department of Health and Human Services FY 2018-19 Final Decision Document* at 104, HOUSE FISCAL AGENCY (July 18, 2018), available at [https://www.house.mi.gov/hfa/PDF/Summaries/DHHS\\_Final\\_DecDoc\\_Part1\\_Appropriations\\_fy2018-19.pdf](https://www.house.mi.gov/hfa/PDF/Summaries/DHHS_Final_DecDoc_Part1_Appropriations_fy2018-19.pdf).

<sup>74</sup> In February 2018 former Governor Snyder announced that his administration was not extending its contract with Trinity Food Services, the private company handling food service in Michigan’s correctional facilities, after determining that his administration’s experiment with privatization of this service had not been “successful.” See *Snyder Plans to End Private Prison Food Service*, CBS DETROIT (Feb. 7, 2018), available at <https://detroit.cbslocal.com/2018/02/07/snyder-plans-to-end-private-prison-food-service/>. Michigan’s contract with RA has been similarly unsuccessful, and Governor Whitmer should ensure that RA’s contract is also terminated.

<sup>75</sup> Former Attorney General Schuette’s investigation into the Flint water crisis resulted in his office bringing several lawsuits. See Kayla Ruble, *Michigan Attorney General Sues Companies Linked to Flint Water Crisis*, VICE NEWS (June 22, 2016), available at [https://news.vice.com/en\\_us/article/pa4wng/michigan-attorney-general-sues-three-companies-linked-to-flint-water-crisis](https://news.vice.com/en_us/article/pa4wng/michigan-attorney-general-sues-three-companies-linked-to-flint-water-crisis). Attorney General Nessel should similarly investigate RA and bring whatever lawsuits are appropriate.

### *False Pretenses with the Intent to Defraud*

Under Michigan law, it is a crime to “with the intent to defraud or cheat make[] or use[] false pretense[s]” in order to “obtain from a person any money or personal property or the use of any instrument, facility, article, or other valuable thing or service.”<sup>76</sup> Larceny by false pretenses is established when (1) the defendant used a pretense or made a false statement relating to either past or then existing facts and circumstances, (2) knowing it was false, (3) with the intent to defraud someone, (4) which was relied upon by the accuser, (5) causing the accuser to lose money or other valuable thing, (6) that had a market value of over \$100 at the time of the crime.<sup>77</sup> Furthermore, Michigan courts have found that a defendant’s intent to defraud can be inferred from the facts and circumstances presented, and that “minimal circumstantial evidence is sufficient.”<sup>78</sup>

RA’s false statement that it received five “perfect” audits from Pennsylvania state agencies, appears to constitute such false pretenses. RA knew that no Pennsylvania agency had conducted even a single audit of the organization at the time RA made the claim it had been audited five times. RA made the claim specifically to buttress its credibility with HHS. It seems likely HHS relied on RA’s misrepresentations when awarding grants of well over \$100 to RA. Finally, by failing to deliver services to the number of women required by the terms of the agreement with HHS, the state of Michigan lost taxpayer funds.

### *Breach of Contract*

The MPPSP agreement entered into by HHS and RA is a “bargained for exchange of obligations entered into by choice by parties who have mutually agreed to all essential terms” that governs their relationship, making it a contract under Michigan law.<sup>79</sup> RA has breached this contract by failing to fulfill its obligations. According to Michigan law, a contract is breached when the terms of the contract require a certain action, that action is not performed as obligated, and that failure of performance causes injury.<sup>80</sup>

The MPPSP contract requires that Michigan women receiving services from MPPSP service providers be properly referred to other appropriate service providers in Michigan, but there is no record indicating RA made such referrals. RA’s contract also included a workplan identifying

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<sup>76</sup> MCL § 750.218(1)(c).

<sup>77</sup> See *People v. Hardrick*, 2017 Mich. App. LEXIS 2087, at \*6-8 (Mich. Ct. App. Dec. 19, 2017) (holding that defendant made false statements which he plausibly knew to be false) (citing *People v. Lueth*, 253 Mich. App. 670, 680-81, 660 N.W.2d 322, 331 (Mich. Ct. App. 2002)).

<sup>78</sup> *People v. Schmidt*, 2012 Mich. App. LEXIS 1545, at \*3-4 (Mich. Ct. App. Aug. 7, 2018) (finding that evidence of defendant’s behavior prior to a house’s sale was sufficient to support jury’s determination that defendant had intent to defraud at the time of closing).

<sup>79</sup> See, e.g., *Button Realty v. Charter Commerce & Country Hills Dev.*, 2011 Mich. App. LEXIS 1637, \*17-18 (Sep. 22, 2011); *Ford Motor Co. v. Bruce Twp.*, 264 Mich. App. 1, 12; 689 N.W. 2d. 764 (2004), *rev’d on other grounds*, 475 Mich. 425 (2006).

<sup>80</sup> See, e.g., *Farha v. Cogent Healthcare of Mich.*, 164 F. Supp. 3d 974, 986 (E.D. Mich. 2016); *I.B. Mini-Mart II v. JSC Corp.*, No. 09-030208-CZ, 2011 Mich. App. LEXIS 681, \*6-7 (Mich. Ct. App. Apr. 14, 2011); *Synthesis Spine Co, LP v. Calvert*, 270 F. Supp. 2d 939, 942-43 (E.D. Mich. 2003); *In re Brown*, 342 F.3d 620, 628 (6th Cir. 2003) (construing Michigan law).



The Honorable Gretchen Whitmer  
The Honorable Dana Nessel  
Mr. Doug Ringler  
January 14, 2019  
Page 14

program performance goals. Falling far short of these goals, RA has required HHS to approve several amendments to the MPPSP contract providing RA with an ever-extending timeframe in which to satisfy the terms of the contract.<sup>81</sup> RA's failures to satisfy the agreed upon terms have resulted in fewer Michigan women receiving diminished MPPSP services than originally bargained for, which is a clear injury to Michigan citizens.

### **Conclusion**

The facts reveal that over the course of nearly five years of administering the MPPSP, and despite receiving \$2.6 million in Michigan taxpayer funds, RA has delivered few services to Michigan residents. RA initially promised to serve 2,000 women within a single year of the contract, but in practice only 3,771 pregnant women have received services over the first four and a half years that the MPPSP contracts have been in place.<sup>82</sup> Michigan should immediately terminate RA's contract and direct the money designated for RA to be rerouted to an organization with a demonstrated ability to serve the women and children of Michigan.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alice C.C. Huling".

Alice C.C. Huling  
Counsel

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<sup>81</sup> See App. 1 (MPPSP Agreements and Amendments Table).

<sup>82</sup> Ex. S at 60 (RA's Q1 2018 Status Report), available at <https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/-p264>.

## **Appendix 1**

**Table 1: MPPSP Agreements and Amendments**

Agreement/ Amendment	Performance Period	Amount of State Funding Provided	Number of Clients to be Served	Number of Visits to be Conducted
<b>2014 Grant Agreement<sup>1</sup></b>	<b>FY 2014</b>	<b>\$700,000</b>	<b>2,000 clients</b>	<b>8,000 visits</b>
<b>Amendment 1<sup>2</sup></b>	Extended agreement to <b>Jan. 1, 2015</b>	No additional funding	No additional clients to be served	No additional visits to be conducted
<b>Amendment 2<sup>3</sup></b>	Extended agreement through <b>FY 2015</b>	No additional funding	No additional clients to be served	No additional visits to be conducted
<b>Amendment 3<sup>4</sup></b>	Through FY 2015	No additional funding	No additional clients to be served	No additional visits to be conducted
<b>Amendment 4<sup>5</sup></b>	Extended agreement through <b>FY 2016</b>	<b>\$1,500,000</b> (Provided an additional \$800,000 in funding)	<b>4,500 clients</b> (Required an additional 2,500 clients be served)	<b>12,000 visits</b> (Provided an additional 4,000)
<b>Amendment 5<sup>6</sup></b>	Through FY 2016	No additional funding	No additional clients to be served	No additional visits to be conducted
<b>Amendment 6<sup>7</sup></b>	Extended agreement to <b>Dec. 31, 2016</b>	<b>\$1,550,000</b> (Provided an additional \$50,000 in funding)	No additional clients to be served	No additional visits to be conducted
<b>Amendment 7<sup>8</sup></b>	Extended agreement through <b>FY 2017</b>	<b>\$1,950,000</b> (Provided for an additional \$400,000 in funding)	No additional clients to be served	No additional visits to be conducted
<b>2018 Grant Agreement<sup>9</sup></b>	New agreement for <b>FY 2018</b>	<b>\$650,000</b>	<b>2,000 clients</b>	<b>8,000 visits</b>

<sup>1</sup> See Ex. A (MPPSP 2014 Grant Agreement, at 14, Oct. 1, 2013), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p1.

<sup>2</sup> See Ex. E (Amendment 1, MPPSP 2014 Grant Agreement, Sept. 10, 2014), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p128.

<sup>3</sup> See Ex. Y (Amendment 2, MPPSP 2014 Grant Agreement, Feb. 24, 2015), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p542.

<sup>4</sup> See Ex. Z (Amendment 3, MPPSP 2014 Grant Agreement, Apr. 28, 2015), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p546.

<sup>5</sup> See Ex. AA (Amendment 4, MPPSP 2014 Grant Agreement, Sept. 8, 2015), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p552.

<sup>6</sup> See Ex. BB (Amendment 5, MPPSP 2014 Grant Agreement, Mar. 15, 2016), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p574.

<sup>7</sup> See Ex. CC (Amendment 6, MPPSP 2014 Grant Agreement, June 29, 2016), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p596.

<sup>8</sup> See Ex. DD (Amendment 7, MPPSP 2014 Grant Agreement, Dec. 28, 2016), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p607.

<sup>9</sup> See Ex. F (MPPSP 2018 Grant Agreement, Oct. 1, 2017), available at

<https://www.documentcloud.org/documents/5674632-RA-Mich-Letter-Exhibits-Merged.html/> - p135.

# **EXHIBIT C**



**Real Alternatives<sup>SM</sup>**

*Empowering Women for Life<sup>SM</sup>*

FREE PREGNANCY SUPPORT SERVICES

1-888-LIFE-AID

## **Quarterly Status Report**

**January 1, 2018 to March 31, 2018**

**Michigan Pregnancy and Parenting  
Support Services Program**

## Table of Contents

- I. Quarterly Administrative Report
  - A. Significant Project Status Jan 1, 2018 to Mar 31, 2018
  - B. Service Provider Site Monitoring and Site Visit Reports
  - C. Total DHS Grant Funds Expended - Administrative Activities
  
- II. Quarterly Statistical Report - Total Services
  - A. Clients by Age
    - 1. Clients by Age, Total
    - 2. Clients by Age, Client Type
    - 3. Clients by Age, Race and Client Type
    - 4. Clients by Age, Ethnicity
  - B. Visits by Age
    - 1. Visits by Age, Total
    - 2. Visits by Age, Client Type
  - C. Type of Counseling / Referral Provided by Age
  - D. Classes / Assistance Provided by Age
  - E. Hours of Counseling and Education Provided by Service Provider
  - F. Number of Calls Received on Hot Line
  - G. Number of Referrals on Hot Line by Service Provider
  
- III. Miscellaneous Items
  - A. Grant Goals and Objective Status
  - B. Service Provider Reimbursement per Month
  - C. Client Outcomes

# **I. Quarterly Administrative Report**

## **A. Significant Project Status**



# MI Significant Project Status Report

## January 1, 2018 to March 31, 2018

### **Program Update**

- Since the inception of the Program on October 1, 2013, our Program Service Providers have provided pregnancy and parenting support services to a total of 5,925 clients at 23,505 visits!

- Of the total 5,925 clients, 3,771 pregnant clients visited at 16,228 appointments, 1,579 Parent of Child clients visited at 6,443 appointments, and 575 Non-Pregnant clients visited at 834 appointments.

### **Advertising Campaign**

**School Nurse Letter:** In response to an introductory mailing to Michigan school nurses that included available sample educational materials, four additional school nurses requested and received brochures, bookmarks and client cards for distribution to students.

**University Health Center Director Letter:** In response to an introductory mailing to Michigan university health center directors that included available sample educational materials, an additional director requested and received brochures and client cards for distribution to students.

### **Toll-Free Hotline**

The toll-free hotline, which provides information or patches callers directly to the nearest Service Provider, served one caller statewide during this quarter.

### **Site Monitoring Reviews**

There were none to report this quarter

### **Initial Site Visits**

There were none to report this quarter

### **Site Relocation**

There were no site relocations this quarter

**B. Service Provider Site Monitoring  
and Site Visit Reports**

**None to Report this Quarter**

**C. Total Grant Funds Expended  
Administrative Activities**

**Real Alternatives**  
**The Michigan Pregnancy and Parenting Support Services Program Expended on**  
**Grantee's Administrative Activities**  
**October 2017 - September 2018**

October-17	6,166.51
November-17	7,143.75
December-17	4,533.51
January-18	16,416.15
February-18	8,730.37
March-18	4,109.78
April-18	
May-18	
June-18	
July-18	
August-18	
September-18	

\$ 47,100.07

## **II. Quarterly Statistical Report Total Services**

## **A. Clients by Age**

- **Total**
- **Client Type**
- **Race and Client Type**
- **Ethnicity**

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

All Sites

1/1/2018 - 3/31/2018 TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Allegan	0	0	2	3	2	0	0	0	7
Alpena	0	0	0	1	0	0	0	0	1
Barry	0	0	0	2	1	0	0	0	3
Bay	0	0	0	2	0	0	0	0	2
Berrien	0	35	65	51	23	9	3	2	188
Branch	0	0	1	0	0	0	0	0	1
Calhoun	0	0	0	1	0	0	0	0	1
Cass	0	10	20	13	6	0	1	0	50
Emmet	0	0	0	1	0	0	0	0	1
Kalamazoo	0	24	37	26	15	10	0	0	112
Kent	0	1	8	1	2	1	0	0	13
Lenawee	0	0	0	1	0	0	0	0	1
Livingston	0	0	0	1	1	0	0	0	2
Macomb	0	4	8	6	11	2	0	0	31
Mecosta	0	0	1	0	0	0	0	0	1
Monroe	0	2	2	1	1	0	0	0	6
Muskegon	0	3	1	3	0	1	0	0	8
Newaygo	0	0	0	1	0	0	0	0	1
Oakland	0	1	2	3	1	1	0	0	8
Ottawa	0	0	2	3	1	0	0	0	6
Saint Clair	0	0	0	0	1	1	0	0	2
Saint Joseph	0	0	0	2	0	0	0	0	2
Van Buren	0	1	1	2	0	1	0	0	5
Washtenaw	0	2	6	6	2	1	1	0	18
Wayne	2	31	52	62	41	19	11	0	218
<b>GrandTotals:</b>	<b>2</b>	<b>114</b>	<b>208</b>	<b>192</b>	<b>108</b>	<b>46</b>	<b>16</b>	<b>2</b>	<b>688</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

All Sites

1/1/2018 - 3/31/2018 Pregnant - TOTAL

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Allegan	0	0	2	2	1	0	0	0	5
Barry	0	0	0	2	1	0	0	0	3
Berrien	0	29	45	39	21	2	2	1	139
Branch	0	0	1	0	0	0	0	0	1
Cass	0	9	20	9	4	0	1	0	43
Kalamazoo	0	13	18	18	11	5	0	0	65
Kent	0	1	1	1	1	0	0	0	4
Lenawee	0	0	0	1	0	0	0	0	1
Livingston	0	0	0	0	1	0	0	0	1
Macomb	0	2	5	4	5	0	0	0	16
Monroe	0	2	2	1	0	0	0	0	5
Muskegon	0	1	1	2	0	1	0	0	5
Oakland	0	1	0	3	1	1	0	0	6
Ottawa	0	0	0	2	1	0	0	0	3
Saint Clair	0	0	0	0	0	1	0	0	1
Saint Joseph	0	0	0	2	0	0	0	0	2
Van Buren	0	1	1	1	0	1	0	0	4
Washtenaw	0	0	2	1	0	0	0	0	3
Wayne	1	19	38	37	28	10	6	0	139
<b>GrandTotals:</b>	<b>1</b>	<b>78</b>	<b>136</b>	<b>125</b>	<b>75</b>	<b>21</b>	<b>9</b>	<b>1</b>	<b>446</b>



Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

All Sites

1/1/2018 - 3/31/2018 Non-Preg - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	3	9	3	0	2	0	1	18
Cass	0	1	0	1	0	0	0	0	2
Kalamazoo	0	2	1	0	0	1	0	0	4
Macomb	0	1	1	0	0	0	0	0	2
Wayne	0	4	3	2	2	0	1	0	12
<b>GrandTotals:</b>	<b>0</b>	<b>11</b>	<b>14</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>38</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Clients By Age

All Sites

1/1/2018 - 3/31/2018 Parent - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Allegan	0	0	0	1	1	0	0	0	2
Alpena	0	0	0	1	0	0	0	0	1
Bay	0	0	0	2	0	0	0	0	2
Berrien	0	3	11	9	2	5	1	0	31
Calhoun	0	0	0	1	0	0	0	0	1
Cass	0	0	0	3	2	0	0	0	5
Emmet	0	0	0	1	0	0	0	0	1
Kalamazoo	0	9	18	8	4	4	0	0	43
Kent	0	0	7	0	1	1	0	0	9
Livingston	0	0	0	1	0	0	0	0	1
Macomb	0	1	2	2	6	2	0	0	13
Mecosta	0	0	1	0	0	0	0	0	1
Monroe	0	0	0	0	1	0	0	0	1
Muskegon	0	2	0	1	0	0	0	0	3
Newaygo	0	0	0	1	0	0	0	0	1
Oakland	0	0	2	0	0	0	0	0	2
Ottawa	0	0	2	1	0	0	0	0	3
Saint Clair	0	0	0	0	1	0	0	0	1
Van Buren	0	0	0	1	0	0	0	0	1
Washtenaw	0	2	4	5	2	1	1	0	15
Wayne	1	8	11	23	11	9	4	0	67
<b>GrandTotals:</b>	<b>1</b>	<b>25</b>	<b>58</b>	<b>61</b>	<b>31</b>	<b>22</b>	<b>6</b>	<b>0</b>	<b>204</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

All Sites

1/1/2018 - 3/31/2018 Asian - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	0	0	0	1	0	0	1	2
Cass	0	0	1	0	0	0	0	0	1
Kalamazoo	0	0	1	0	1	1	0	0	3
Macomb	0	0	1	0	1	0	0	0	2
Wayne	0	0	1	1	2	0	0	0	4
<b>GrandTotals:</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>12</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

All Sites

1/1/2018 - 3/31/2018 Pregnant - Asian - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	0	0	0	1	0	0	0	1
Cass	0	0	1	0	0	0	0	0	1
Kalamazoo	0	0	0	0	1	1	0	0	2
Wayne	0	0	1	1	2	0	0	0	4
<b>GrandTotals:</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>8</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Non-Preg - Asian - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Berrien	0	0	0	0	0	0	0	1	1
<b>GrandTotals:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

## All Sites

1/1/2018 - 3/31/2018 Parent - Asian - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Kalamazoo	0	0	1	0	0	0	0	0	1
Macomb	0	0	1	0	1	0	0	0	2
<b>GrandTotals:</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 African American - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Berrien	0	7	5	5	4	1	1	1	24
Cass	0	0	3	1	1	0	0	0	5
Kalamazoo	0	10	14	11	4	2	0	0	41
Kent	0	0	4	0	0	0	0	0	4
Macomb	0	3	4	6	7	0	0	0	20
Monroe	0	0	1	0	1	0	0	0	2
Muskegon	0	2	0	1	0	0	0	0	3
Oakland	0	1	2	2	0	1	0	0	6
Ottawa	0	0	1	0	0	0	0	0	1
Saint Clair	0	0	0	0	0	1	0	0	1
Washtenaw	0	2	2	3	0	0	1	0	8
Wayne	2	25	45	37	29	9	5	0	152
<b>GrandTotals:</b>	<b>2</b>	<b>50</b>	<b>81</b>	<b>66</b>	<b>46</b>	<b>14</b>	<b>7</b>	<b>1</b>	<b>267</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Pregnant - African American - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Berrien	0	6	3	5	3	0	0	1	18
Cass	0	0	3	1	1	0	0	0	5
Kalamazoo	0	6	3	6	3	1	0	0	19
Kent	0	0	1	0	0	0	0	0	1
Macomb	0	1	2	4	4	0	0	0	11
Monroe	0	0	1	0	0	0	0	0	1
Oakland	0	1	0	2	0	1	0	0	4
Saint Clair	0	0	0	0	0	1	0	0	1
Washtenaw	0	0	1	1	0	0	0	0	2
Wayne	1	15	35	26	21	7	3	0	108
<b>GrandTotals:</b>	<b>1</b>	<b>29</b>	<b>49</b>	<b>45</b>	<b>32</b>	<b>10</b>	<b>3</b>	<b>1</b>	<b>170</b>



Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

## All Sites

1/1/2018 - 3/31/2018 Non-Preg - African American - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	0	1	0	0	0	0	0	1
Kalamazoo	0	2	0	0	0	0	0	0	2
Macomb	0	1	1	0	0	0	0	0	2
Wayne	0	4	2	1	1	0	1	0	9
<b>GrandTotals:</b>	<b>0</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>14</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Parent - African American - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Berrien	0	1	1	0	1	1	1	0	5
Kalamazoo	0	2	11	5	1	1	0	0	20
Kent	0	0	3	0	0	0	0	0	3
Macomb	0	1	1	2	3	0	0	0	7
Monroe	0	0	0	0	1	0	0	0	1
Muskegon	0	2	0	1	0	0	0	0	3
Oakland	0	0	2	0	0	0	0	0	2
Ottawa	0	0	1	0	0	0	0	0	1
Washtenaw	0	2	1	2	0	0	1	0	6
Wayne	1	6	8	10	7	2	1	0	35
<b>GrandTotals:</b>	<b>1</b>	<b>14</b>	<b>28</b>	<b>20</b>	<b>13</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>83</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

All Sites

1/1/2018 - 3/31/2018 Multi Racial - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	1	1	2	0	0	0	0	4
Cass	0	0	0	0	1	0	0	0	1
Kalamazoo	0	6	2	2	1	0	0	0	11
Macomb	0	0	1	0	0	0	0	0	1
Saint Joseph	0	0	0	1	0	0	0	0	1
Van Buren	0	1	0	0	0	0	0	0	1
Wayne	0	1	0	0	0	0	1	0	2
<b>GrandTotals:</b>	<b>0</b>	<b>9</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>21</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Non-Preg - Multi Racial - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
<b>Berrien</b>	0	0	1	0	0	0	0	0	1
<b>GrandTotals:</b>	0	0	1	0	0	0	0	0	1

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

## All Sites

1/1/2018 - 3/31/2018 Pregnant - Multi Racial - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	1	0	2	0	0	0	0	3
Kalamazoo	0	4	1	2	1	0	0	0	8
Macomb	0	0	1	0	0	0	0	0	1
Saint Joseph	0	0	0	1	0	0	0	0	1
Van Buren	0	1	0	0	0	0	0	0	1
Wayne	0	1	0	0	0	0	1	0	2
<b>GrandTotals:</b>	<b>0</b>	<b>7</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>16</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Clients By Age

All Sites

1/1/2018 - 3/31/2018 Parent - Multi Racial - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Cass	0	0	0	0	1	0	0	0	1
Kalamazoo	0	2	1	0	0	0	0	0	3
<b>GrandTotals:</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

## All Sites

1/1/2018 - 3/31/2018 Native American - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	2	0	0	1	0	0	0	3
Emmet	0	0	0	1	0	0	0	0	1
Kalamazoo	0	0	1	0	1	0	0	0	2
Kent	0	0	1	0	0	0	0	0	1
Washtenaw	0	0	0	1	0	0	0	0	1
Wayne	0	0	0	1	0	0	0	0	1
<b>GrandTotals:</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Clients By Age

All Sites

1/1/2018 - 3/31/2018 Pregnant - Native American - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	2	0	0	1	0	0	0	3
Kalamazoo	0	0	1	0	1	0	0	0	2
Wayne	0	0	0	1	0	0	0	0	1
<b>GrandTotals:</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>



Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Clients By Age

All Sites

1/1/2018 - 3/31/2018 Parent - Native American - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Emmet	0	0	0	1	0	0	0	0	1
Kent	0	0	1	0	0	0	0	0	1
Washtenaw	0	0	0	1	0	0	0	0	1
<b>GrandTotals:</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Clients By Age

All Sites

1/1/2018 - 3/31/2018 White - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Allegan	0	0	2	3	2	0	0	0	7
Alpena	0	0	0	1	0	0	0	0	1
Barry	0	0	0	2	1	0	0	0	3
Bay	0	0	0	2	0	0	0	0	2
Berrien	0	22	56	41	15	7	2	0	143
Branch	0	0	1	0	0	0	0	0	1
Calhoun	0	0	0	1	0	0	0	0	1
Cass	0	10	15	10	4	0	1	0	40
Kalamazoo	0	7	15	12	8	7	0	0	49
Kent	0	1	3	1	1	1	0	0	7
Lenawee	0	0	0	1	0	0	0	0	1
Livingston	0	0	0	1	1	0	0	0	2
Macomb	0	0	1	0	3	2	0	0	6
Mecosta	0	0	1	0	0	0	0	0	1
Monroe	0	2	1	1	0	0	0	0	4
Muskegon	0	1	1	2	0	1	0	0	5
Newaygo	0	0	0	1	0	0	0	0	1
Oakland	0	0	0	1	1	0	0	0	2
Ottawa	0	0	1	3	1	0	0	0	5
Saint Clair	0	0	0	0	1	0	0	0	1
Saint Joseph	0	0	0	1	0	0	0	0	1
Van Buren	0	0	1	2	0	1	0	0	4
Washtenaw	0	0	4	2	2	1	0	0	9
Wayne	0	3	3	15	6	6	1	0	34
<b>GrandTotals:</b>	<b>0</b>	<b>46</b>	<b>105</b>	<b>103</b>	<b>46</b>	<b>26</b>	<b>4</b>	<b>0</b>	<b>330</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Pregnant - White - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Allegan	0	0	2	2	1	0	0	0	5
Barry	0	0	0	2	1	0	0	0	3
Berrien	0	17	39	30	15	2	2	0	105
Branch	0	0	1	0	0	0	0	0	1
Cass	0	9	15	7	3	0	1	0	35
Kalamazoo	0	3	11	10	5	3	0	0	32
Kent	0	1	0	1	1	0	0	0	3
Lenawee	0	0	0	1	0	0	0	0	1
Livingston	0	0	0	0	1	0	0	0	1
Macomb	0	0	1	0	1	0	0	0	2
Monroe	0	2	1	1	0	0	0	0	4
Muskegon	0	1	1	2	0	1	0	0	5
Oakland	0	0	0	1	1	0	0	0	2
Ottawa	0	0	0	2	1	0	0	0	3
Saint Joseph	0	0	0	1	0	0	0	0	1
Van Buren	0	0	1	1	0	1	0	0	3
Washtenaw	0	0	1	0	0	0	0	0	1
Wayne	0	2	1	6	4	2	0	0	15
<b>GrandTotals:</b>	<b>0</b>	<b>35</b>	<b>74</b>	<b>67</b>	<b>34</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>222</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Clients By Age

All Sites

1/1/2018 - 3/31/2018 Non-Preg - White - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	3	7	2	0	2	0	0	14
Cass	0	1	0	0	0	0	0	0	1
Kalamazoo	0	0	0	0	0	1	0	0	1
Wayne	0	0	1	1	1	0	0	0	3
GrandTotals:	0	4	8	3	1	3	0	0	19

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Parent - White - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Allegan	0	0	0	1	1	0	0	0	2
Alpena	0	0	0	1	0	0	0	0	1
Bay	0	0	0	2	0	0	0	0	2
Berrien	0	2	10	9	0	3	0	0	24
Calhoun	0	0	0	1	0	0	0	0	1
Cass	0	0	0	3	1	0	0	0	4
Kalamazoo	0	4	4	2	3	3	0	0	16
Kent	0	0	3	0	0	1	0	0	4
Livingston	0	0	0	1	0	0	0	0	1
Macomb	0	0	0	0	2	2	0	0	4
Mecosta	0	0	1	0	0	0	0	0	1
Newaygo	0	0	0	1	0	0	0	0	1
Ottawa	0	0	1	1	0	0	0	0	2
Saint Clair	0	0	0	0	1	0	0	0	1
Van Buren	0	0	0	1	0	0	0	0	1
Washtenaw	0	0	3	2	2	1	0	0	8
Wayne	0	1	1	8	1	4	1	0	16
<b>GrandTotals:</b>	<b>0</b>	<b>7</b>	<b>23</b>	<b>33</b>	<b>11</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>89</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

## All Sites

1/1/2018 - 3/31/2018 Unknown - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	3	3	3	2	1	0	0	12
Cass	0	0	1	2	0	0	0	0	3
Kalamazoo	0	1	4	1	0	0	0	0	6
Kent	0	0	0	0	1	0	0	0	1
Macomb	0	1	1	0	0	0	0	0	2
Wayne	0	2	3	8	4	4	4	0	25
<b>GrandTotals:</b>	<b>0</b>	<b>7</b>	<b>12</b>	<b>14</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>49</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

## All Sites

1/1/2018 - 3/31/2018 Pregnant - Unknown - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	3	3	2	1	0	0	0	9
Cass	0	0	1	1	0	0	0	0	2
Kalamazoo	0	0	2	0	0	0	0	0	2
Macomb	0	1	1	0	0	0	0	0	2
Wayne	0	1	1	3	1	1	2	0	9
GrandTotals:	0	5	8	6	2	1	2	0	24

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Non-Preg - Unknown - TOTAL**

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	0	0	1	0	0	0	0	1
Cass	0	0	0	1	0	0	0	0	1
Kalamazoo	0	0	1	0	0	0	0	0	1
<b>GrandTotals:</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>



**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Parent - Unknown - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Berrien	0	0	0	0	1	1	0	0	2
Kalamazoo	0	1	1	1	0	0	0	0	3
Kent	0	0	0	0	1	0	0	0	1
Wayne	0	1	2	5	3	3	2	0	16
<b>GrandTotals:</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>22</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

## Clients By Age

## All Sites

1/1/2018 - 3/31/2018 Hispanic - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	1	3	2	2	2	1	0	11
Cass	0	1	0	0	0	0	0	0	1
Kalamazoo	0	4	3	2	1	1	0	0	11
Kent	0	0	1	0	0	0	0	0	1
Monroe	0	0	1	0	0	0	0	0	1
Ottawa	0	0	0	1	0	0	0	0	1
Saint Joseph	0	0	0	1	0	0	0	0	1
Wayne	0	4	3	8	5	4	0	0	24
<b>GrandTotals:</b>	<b>0</b>	<b>10</b>	<b>11</b>	<b>14</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>51</b>

**Real Alternatives**  
**Michigan Pregnancy and Parenting Support Services**

**Clients By Age**

**All Sites**

**1/1/2018 - 3/31/2018 Non-Hispanic - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Allegan	0	0	2	3	2	0	0	0	7
Alpena	0	0	0	1	0	0	0	0	1
Barry	0	0	0	2	1	0	0	0	3
Bay	0	0	0	2	0	0	0	0	2
Berrien	0	34	62	49	21	7	2	2	177
Branch	0	0	1	0	0	0	0	0	1
Calhoun	0	0	0	1	0	0	0	0	1
Cass	0	9	20	13	6	0	1	0	49
Emmet	0	0	0	1	0	0	0	0	1
Kalamazoo	0	20	34	24	14	9	0	0	101
Kent	0	1	7	1	2	1	0	0	12
Lenawee	0	0	0	1	0	0	0	0	1
Livingston	0	0	0	1	1	0	0	0	2
Macomb	0	4	8	6	11	2	0	0	31
Mecosta	0	0	1	0	0	0	0	0	1
Monroe	0	2	1	1	1	0	0	0	5
Muskegon	0	3	1	3	0	1	0	0	8
Newaygo	0	0	0	1	0	0	0	0	1
Oakland	0	1	2	3	1	1	0	0	8
Ottawa	0	0	2	2	1	0	0	0	5
Saint Clair	0	0	0	0	1	1	0	0	2
Saint Joseph	0	0	0	1	0	0	0	0	1
Van Buren	0	1	1	2	0	1	0	0	5
Washtenaw	0	2	6	6	2	1	1	0	18
Wayne	2	27	49	54	36	15	11	0	194
<b>GrandTotals:</b>	<b>2</b>	<b>104</b>	<b>197</b>	<b>178</b>	<b>100</b>	<b>39</b>	<b>15</b>	<b>2</b>	<b>637</b>

## **B. Visits by Age**

- **Total**
- **Client Type**

**Real Alternatives**  
**Michigan Pregnancy and Parenting Support Services**

**Visits By Age**

**All Sites**

**1/1/2018 - 3/31/2018 (InvPd) TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Allegan	0	0	4	8	10	0	0	0	22
Alpena	0	0	0	5	0	0	0	0	5
Barry	0	0	0	9	4	0	0	0	13
Bay	0	0	0	18	0	0	0	0	18
Berrien	0	76	164	155	55	34	9	2	495
Branch	0	0	2	0	0	0	0	0	2
Calhoun	0	0	0	1	0	0	0	0	1
Cass	0	18	68	26	17	0	2	0	131
Emmet	0	0	0	3	0	0	0	0	3
Kalamazoo	0	109	98	83	57	21	0	0	368
Kent	0	4	27	4	3	4	0	0	42
Lenawee	0	0	0	8	0	0	0	0	8
Livingston	0	0	0	3	4	0	0	0	7
Macomb	0	7	12	8	27	3	0	0	57
Mecosta	0	0	1	0	0	0	0	0	1
Monroe	0	2	5	1	2	0	0	0	10
Muskegon	0	14	3	9	0	3	0	0	29
Newaygo	0	0	0	4	0	0	0	0	4
Oakland	0	1	4	4	3	2	0	0	14
Ottawa	0	0	15	8	1	0	0	0	24
Saint Clair	0	0	1	0	1	1	0	0	3
Saint Joseph	0	0	0	5	0	0	0	0	5
Van Buren	0	2	3	2	0	2	0	0	9
Washtenaw	0	7	19	24	9	6	5	0	70
Wayne	3	47	127	165	105	69	29	0	545
<b>GrandTotals:</b>	<b>3</b>	<b>287</b>	<b>553</b>	<b>553</b>	<b>298</b>	<b>145</b>	<b>45</b>	<b>2</b>	<b>1,886</b>

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Visits By Age**

**All Sites**

**1/1/2018 - 3/31/2018 (InvPd) Pregnant - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Allegan	0	0	4	7	4	0	0	0	15
Alpena	0	0	0	1	0	0	0	0	1
Barry	0	0	0	9	4	0	0	0	13
Bay	0	0	0	10	0	0	0	0	10
Berrien	0	69	139	133	44	4	3	1	393
Branch	0	0	2	0	0	0	0	0	2
Cass	0	17	67	14	14	0	2	0	114
Kalamazoo	0	60	63	63	39	13	0	0	238
Kent	0	1	5	4	2	0	0	0	12
Lenawee	0	0	0	8	0	0	0	0	8
Livingston	0	0	0	2	4	0	0	0	6
Macomb	0	4	7	5	12	1	0	0	29
Monroe	0	2	5	1	0	0	0	0	8
Muskegon	0	9	3	3	0	3	0	0	18
Newaygo	0	0	0	3	0	0	0	0	3
Oakland	0	1	1	4	3	2	0	0	11
Ottawa	0	0	6	7	1	0	0	0	14
Saint Clair	0	0	1	0	0	1	0	0	2
Saint Joseph	0	0	0	5	0	0	0	0	5
Van Buren	0	2	3	1	0	2	0	0	8
Washtenaw	0	0	6	10	0	0	4	0	20
Wayne	2	24	88	95	82	28	21	0	340
<b>GrandTotals:</b>	<b>2</b>	<b>189</b>	<b>400</b>	<b>385</b>	<b>209</b>	<b>54</b>	<b>30</b>	<b>1</b>	<b>1,270</b>

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Visits By Age

All Sites

1/1/2018 - 3/31/2018 (InvPd) Non-Preg - TOTAL

County	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total
Berrien	0	3	10	3	0	2	0	1	19
Cass	0	1	1	1	0	0	0	0	3
Kalamazoo	0	2	2	0	0	1	0	0	5
Macomb	0	1	1	0	0	0	0	0	2
Wayne	0	4	3	2	2	0	1	0	12
<b>GrandTotals:</b>	<b>0</b>	<b>11</b>	<b>17</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>41</b>

**Real Alternatives**  
**Michigan Pregnancy and Parenting Support Services**

**Visits By Age**

**All Sites**

**1/1/2018 - 3/31/2018 (InvPd) Parent - TOTAL**

<b>County</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>
Allegan	0	0	0	1	6	0	0	0	7
Alpena	0	0	0	4	0	0	0	0	4
Bay	0	0	0	8	0	0	0	0	8
Berrien	0	4	15	19	11	28	6	0	83
Calhoun	0	0	0	1	0	0	0	0	1
Cass	0	0	0	11	3	0	0	0	14
Emmet	0	0	0	3	0	0	0	0	3
Kalamazoo	0	47	33	20	18	7	0	0	125
Kent	0	3	22	0	1	4	0	0	30
Livingston	0	0	0	1	0	0	0	0	1
Macomb	0	2	4	3	15	2	0	0	26
Mecosta	0	0	1	0	0	0	0	0	1
Monroe	0	0	0	0	2	0	0	0	2
Muskegon	0	5	0	6	0	0	0	0	11
Newaygo	0	0	0	1	0	0	0	0	1
Oakland	0	0	3	0	0	0	0	0	3
Ottawa	0	0	9	1	0	0	0	0	10
Saint Clair	0	0	0	0	1	0	0	0	1
Van Buren	0	0	0	1	0	0	0	0	1
Washtenaw	0	7	13	14	9	6	1	0	50
Wayne	1	19	36	68	21	41	7	0	193
<b>GrandTotals:</b>	<b>1</b>	<b>87</b>	<b>136</b>	<b>162</b>	<b>87</b>	<b>88</b>	<b>14</b>	<b>0</b>	<b>575</b>



**C. Type of Counseling/ Referral  
Provided by Age**

**Real Alternatives**  
**Michigan Pregnancy and Parenting Support Services**

**Counseling/Referral Client Summary**

All Sites

1/1/2018 - 3/31/2018 (InvPd) TOTAL

Counseling/Referral	<16	16..20	21..25	26..30	31..35	36..40	41..45	>45	Total	
Abortion Risks & Info:	0	24	36	24	16	5	1	0	106	15.41%
Abstinence/Chastity:	0	9	15	12	6	5	1	0	48	6.98%
Abuse (Emotional):	0	1	5	7	1	0	0	0	14	2.03%
Abuse (Physical):	0	2	5	7	1	0	0	0	15	2.18%
Abuse (Sexual):	0	1	3	2	0	0	0	0	6	0.87%
Adoption Education:	0	9	10	15	6	2	0	0	42	6.10%
Anger Management:	0	0	0	1	1	0	0	0	2	0.29%
Breastfeeding:	0	19	40	42	17	7	5	0	130	18.90%
Child Care:	0	19	40	43	13	12	3	0	130	18.90%
Childbirth Issues:	0	15	35	35	13	9	4	0	111	16.13%
Decision Making:	0	37	36	36	13	12	0	1	135	19.62%
Depression:	0	7	17	13	4	4	0	1	46	6.69%
Drug/Alcohol:	0	5	13	8	5	0	0	1	32	4.65%
Education:	0	49	43	30	13	5	1	1	142	20.64%
Family Spt: -Birth Father	0	0	6	2	0	1	0	0	9	1.31%
Family Spt: -Boyfriend	0	1	0	0	0	0	0	0	1	0.15%
Family Spt: -Father	0	1	0	0	0	0	0	0	1	0.15%
Family Spt: -Foster Parent	0	0	0	0	0	0	0	0	0	0.00%
Family Spt: -Grandparent	0	0	1	2	0	0	0	0	3	0.44%
Family Spt: -Husband	0	0	0	0	1	0	0	0	1	0.15%
Family Spt: -Lgl Guardian	0	0	0	0	0	0	0	0	0	0.00%
Family Spt: -Mother	0	3	1	0	1	0	1	0	6	0.87%
Family Spt: -Sibling	0	0	0	1	0	0	0	0	1	0.15%
Fetal Development:	0	49	87	68	37	12	7	1	261	37.94%
Financial/Job:	0	56	110	84	42	20	5	1	318	46.22%
Grief -Adoption:	0	0	1	0	0	0	0	0	1	0.15%
Grief -Infant Death:	0	0	0	0	0	0	0	0	0	0.00%
Grief -Miscarriage:	0	1	0	0	0	0	0	0	1	0.15%
Housing:	0	59	89	72	33	17	4	2	276	40.12%
Initial Intake:	0	52	98	79	47	19	8	2	305	44.33%
Legal:	0	4	12	21	9	8	3	0	57	8.28%
Life Skills:	0	11	18	30	9	4	3	0	75	10.90%
Medical/Health:	0	73	109	98	54	22	6	2	364	52.91%
Mental Health:	0	3	5	13	1	3	0	1	26	3.78%

**Real Alternatives**  
**Michigan Pregnancy and Parenting Support Services**

**Counseling/Referral Client Summary**

All Sites

1/1/2018 - 3/31/2018 (InvPd) TOTAL

<b>Counseling/Referral</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>	
Nutrition:	0	27	56	43	27	16	4	0	173	25.15%
Other:	0	43	72	77	37	16	8	1	254	36.92%
Pantry Needs:	0	7	9	11	12	10	4	0	53	7.70%
Parenting Skills:	0	35	65	69	28	18	7	0	222	32.27%
Post Delivery Stress:	1	10	15	27	10	5	1	0	69	10.03%
Pregnancy Counseling & Info:	0	44	82	67	34	9	7	1	244	35.47%
Relationship:	0	61	98	83	34	15	5	2	298	43.31%
STD Risks & Information:	0	10	23	16	9	5	2	1	66	9.59%
Stress Management:	0	15	39	37	9	14	4	1	119	17.30%

**D. Classes/ Assistance Provided by  
Age**

**Real Alternatives  
Michigan Pregnancy and Parenting Support Services**

**Classes Assistance Client Summary**

**All Sites**

**1/1/2018 - 3/31/2018 (InvPd) TOTAL**

<b>Class/Assistance</b>	<b>&lt;16</b>	<b>16..20</b>	<b>21..25</b>	<b>26..30</b>	<b>31..35</b>	<b>36..40</b>	<b>41..45</b>	<b>&gt;45</b>	<b>Total</b>	
Chastity Class:	0	4	9	14	9	2	1	0	39	5.67%
Childbirth Class:	0	6	9	10	6	2	0	0	33	4.80%
Parenting Class:	0	21	44	50	33	12	5	0	165	23.98%
Pregnancy Class:	1	11	9	18	15	4	0	0	58	8.43%
Family Support Class:	0	2	13	9	11	5	1	0	41	5.96%
In-House Clothing:	2	64	116	105	59	22	12	0	380	55.23%
In-House Food:	0	40	78	58	32	15	7	1	231	33.58%
In-House Furniture:	0	40	84	63	38	17	8	0	250	36.34%
Pregnancy Test Kit:	0	16	27	14	13	6	2	0	78	11.34%

**E. Hours of Counseling and  
Education by Service Provider**

Real Alternatives  
Michigan Pregnancy and Parenting Support Services

Provider Summary Report  
1/1/2018 - 3/31/2018 (InvPd) TOTAL

	Counsel Time	Referral Time	Chastity Class	Childbth Class	Parent Class	Preg Class	Family Class	Clothing Pantry Visit	Food Pantry Visit	Furn Pantry Visit	Preg Kit	Total
01 Women's Care Center	15,332 \$16,711.88	0 \$0.00	0 \$0.00	0 \$0.00	254 \$5,537.20	0 \$0.00	1 \$21.80	283 \$3,084.70	284 \$3,095.60	279 \$3,041.10	0 \$0.00	\$31,492.28
	Total Time: \$16,711.88				Total Class: \$5,559.00		Total Pantry: \$9,221.40					
02 Catholic Charities/Kalamazoo	9,892 \$10,782.28	35 \$38.15	35 \$763.00	210 \$4,578.00	176 \$3,836.80	18 \$392.40	0 \$0.00	38 \$414.20	11 \$119.90	18 \$196.20	6 \$65.40	\$21,186.33
	Total Time: \$10,820.43				Total Class: \$9,570.20		Total Pantry: \$730.30					
03 Catholic Charities/Southeast MI	12,448 \$13,568.32	71 \$77.39	0 \$0.00	0 \$0.00	0 \$0.00	0 \$0.00	0 \$0.00	78 \$850.20	51 \$555.90	42 \$457.80	0 \$0.00	\$15,509.61
	Total Time: \$13,645.71				Total Class: \$0.00		Total Pantry: \$1,863.90					
04 Catholic Charities West Michigan	10,549 \$11,498.41	116 \$128.44	0 \$0.00	0 \$0.00	0 \$0.00	0 \$0.00	0 \$0.00	6 \$65.40	1 \$10.90	3 \$32.70	4 \$43.60	\$11,777.45
	Total Time: \$11,624.85				Total Class: \$0.00		Total Pantry: \$109.00					
05 Pregnancy Aid	5,671 \$6,181.39	0 \$0.00	0 \$0.00	0 \$0.00	67 \$1,460.60	69 \$1,504.20	96 \$2,092.80	114 \$1,242.60	4 \$43.60	35 \$381.50	46 \$501.40	\$13,408.09
	Total Time: \$6,181.39				Total Class: \$5,057.60		Total Pantry: \$1,667.70					
06 Lennon Pregnancy Center	334 \$364.06	0 \$0.00	0 \$0.00	0 \$0.00	18 \$392.40	18 \$392.40	0 \$0.00	20 \$218.00	1 \$10.90	3 \$32.70	22 \$239.80	\$1,650.26
	Total Time: \$364.06				Total Class: \$784.80		Total Pantry: \$261.60					
07 Catholic Social Services Washtenaw County	4,587 \$4,998.83	211 \$229.99	7 \$152.60	0 \$0.00	81 \$1,765.80	0 \$0.00	0 \$0.00	11 \$119.90	3 \$32.70	3 \$32.70	0 \$0.00	\$7,333.52
	Total Time: \$5,228.82				Total Class: \$1,918.40		Total Pantry: \$185.30					

Real Alternatives  
Michigan Pregnancy and Parenting Support Services  
Provider Summary Report  
1/1/2018 - 3/31/2018 (InvPd) TOTAL

Counsel Time	Referral Time	Chastity Class	Childbth Class	Parent Class	Preg Class	Family Class	Clothing Pantry Visit	Food Pantry Visit	Furn Pantry Visit	Preg Kit	Total
58,813	433	42	210	596	105	97	550	355	383	78	
\$64,106.17	\$471.97	\$915.60	\$4,578.00	\$12,992.80	\$2,289.00	\$2,114.60	\$5,995.00	\$3,869.50	\$4,174.70	\$850.20	
<b>Grand Total Time:</b>	<b>\$64,578.14</b>		<b>Grand Total Class:</b>	<b>\$22,890</b>		<b>Grand Total Pantry:</b>	<b>\$14,039</b>	<b>\$850</b>		<b>\$102,357.54</b>	

**Grand Totals**



**F. Calls Received on Hotline**



**G. Number of Referrals on Hotline  
by Service Provider**

5/11/2018 1:50:54PM

Real Alternatives  
The MI Alternative to Abortion Services Program  
Calls Referred or Patched By Provider  
1/1/2018 - 3/31/2018

Provider	Referral Info	Patches Called	Total
Women's Care Center Niles	1	0	1
<b>Grand Totals</b>	<b>1</b>	<b>0</b>	<b>1</b>

### **III. Miscellaneous Items**

**A. Grant Goals and Objectives  
Status**



## MI PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM GRANT GOALS AND OBJECTIVES STATUS

GOALS	OBJECTIVE	METHOD	MEASURE	TIME	STATUS
1	To promote childbirth as a viable and positive alternative to abortion and empower women throughout the Southern Region of Michigan facing unexpected pregnancies to choose childbirth rather than abortion.	To identify and provide grants to social service agencies, pregnancy centers, adoption agencies and maternity homes statewide that offer core services.  To implement a regional advertising campaign to inform women in Michigan that pregnancy and parenting support services are available.	-Contact pregnancy centers, adoption agencies and maternity homes, notifying them of the Department of Community Health grant requirements, and inviting participation.  -Contract advertising and information outreach.	-To have participating 10 to 20 Service Provider Sites by the end of the fiscal year.  -To have served 2000 clients	-As of March 31, 2018 - Total of 17 Service Providers with a total of 19 approved sites functional.  -As of March 31, 2018 - Total of 5,925 clients have been served at 23,505 visits.  -688 clients served this quarter.  <u>Advertising Campaign</u> <u>School Nurse Letter:</u> In response to an introductory mailing to Michigan school nurses that included available sample educational materials, four additional school nurses requested and received brochures, bookmarks and client cards for distribution to students.  <u>University Health Center Director Letter:</u> In response to an introductory mailing to Michigan university health center directors that included available sample educational materials, an additional director requested and received brochures and client cards for distribution to students.
2	To facilitate the use of centers that provide pregnancy and parenting support by advertising and operating the Toll-Free Referral System (1-888-LIFE-AID).	To facilitate the use of centers that provide pregnancy and parenting support by advertising and operating the Toll-Free Referral System (1-888-LIFE-AID).	-Number of callers counseled and referrals made to service providers.  -Number of women served per year as a consequence of an advertising campaign.	-To provide 7.5 hr/day, 5 day/week coverage for Contract Period 16-17.	One (1) hotline calls received during this quarter.
3	To provide support to women experiencing unexpected pregnancies during their pregnancy and for 12 months after birth.	To provide core services consisting of life-affirming information and counseling and necessary support services and related support services.	Number of women supported.	-Continuous throughout the life of the contract.	-As of March 31, 2018 - Total of 3,771 Pregnant clients have been served.  -446 Pregnant clients served this quarter.
3	To assist women in achieving improved reproductive health.	Provide information on the advantages of abstinence to avoid unintended pregnancies and sexually transmitted diseases.	-Number of clients receiving abstinence/chastity skills counseling. -Number of clients attending abstinence/chastity classes.	-Continuous throughout the length of the contract.	- 48 clients received Abstinence and chastity counseling this quarter.  - 39 clients participated in Abstinence and Chastity classes this quarter.

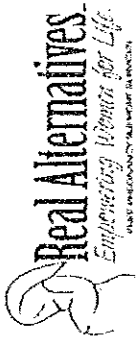


**MI PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
 GRANT GOALS AND OBJECTIVES STATUS**

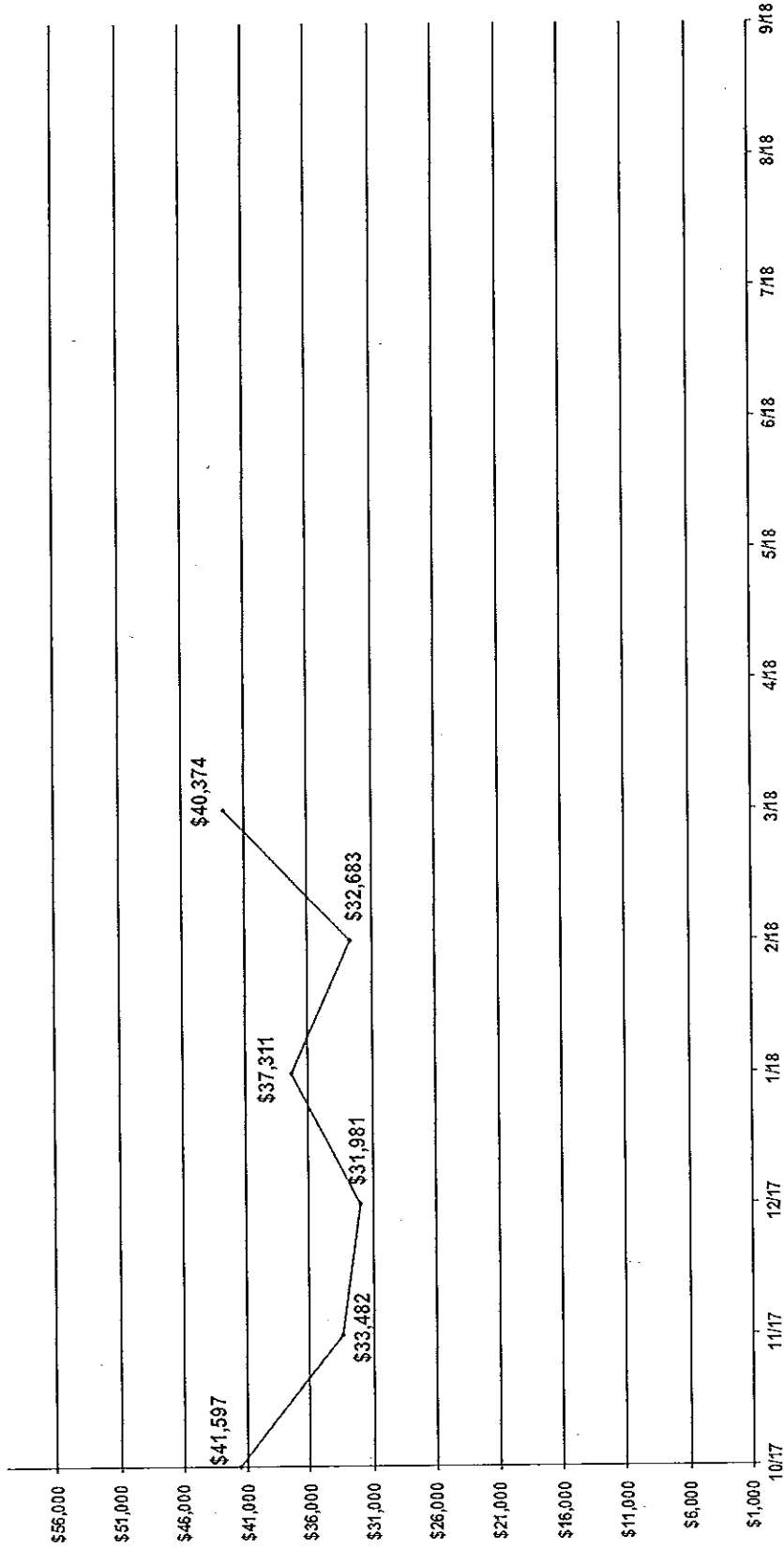
4	To assist women in developing sound parenting skills.	Provide information, counseling, and classes on parenting skills.	-Offer parenting skills counseling, referrals, and classes.	- Number of clients who visited or plan to visit a health care provider for prenatal care. - Number of Clients who have taken their child to a pediatric appointment. - Number of clients with infants up to date in immunizations.	-Continuous throughout the length of the contract.	-568 clients have visited or plan to visit a healthcare provider for prenatal care this quarter. -161 clients have taken their child for a pediatric appointment this quarter. -154 clients with children indicated that child's immunizations were up to date this quarter. -165 clients have taken Parenting classes this quarter. - 222 clients have received Parenting counseling this quarter.
5	To increase awareness of adoption as an option for women with an unexpected pregnancy.	Provide accurate information on adoption.	-Provide information and training on adoption to Service Providers.	-The number of times adoption is counseled to clients.	-Continuous throughout the length of the contract.	- 42 clients were counseled about adoption this quarter.



**B. Service Provider  
Reimbursements Per Month**



# MI Pregnancy and Parenting Support Services Program

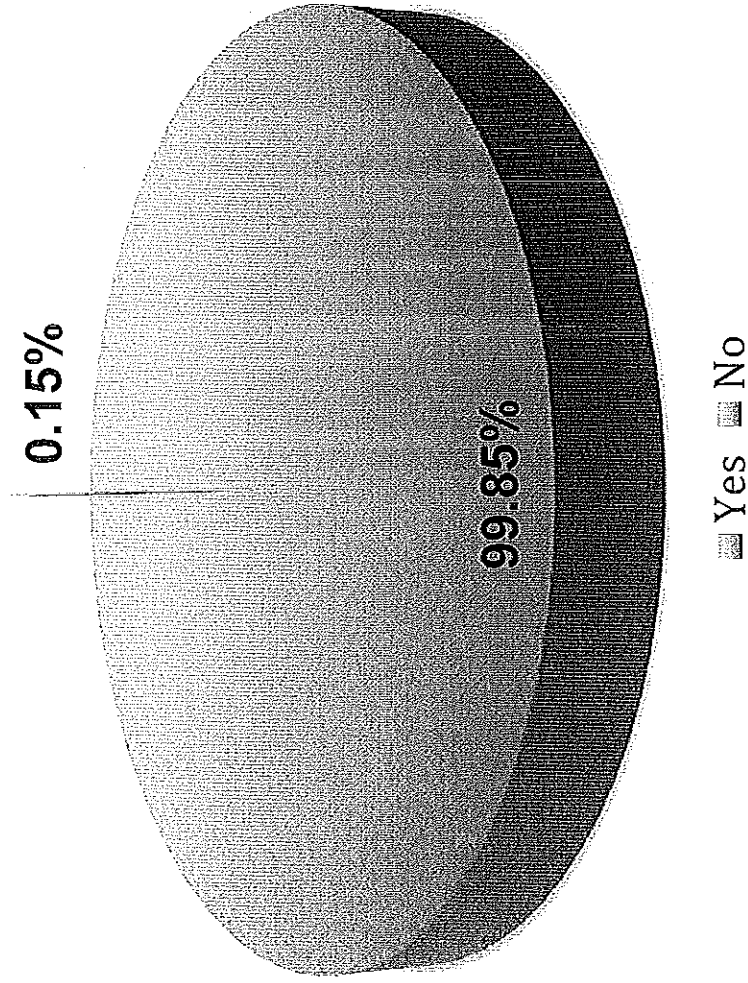


Service Provider Reimbursement Per Month

## **C. Client Outcomes**

Michigan Pregnancy and Parenting Support Services Program  
01/01/2018 to 03/31/2018

**Clients Who Felt Supported from Services**

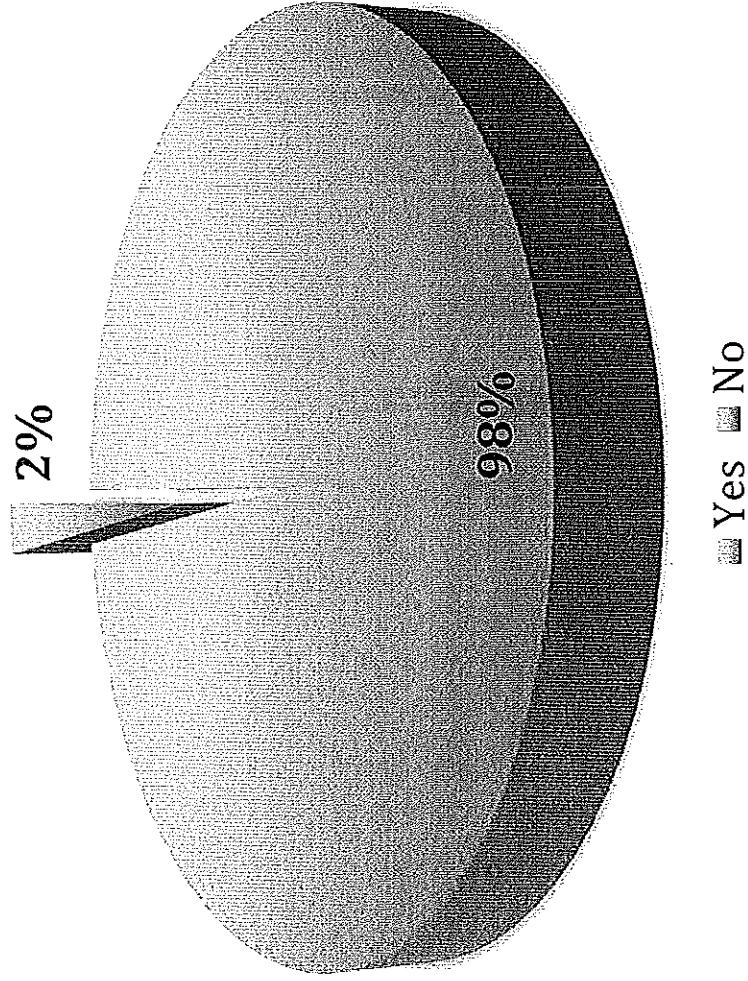


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**Reporting:** 688 (687 Yes, 1 No) Clients Reported Indicator  
From the 688 Total Clients were served this Quarter

Michigan Pregnancy and Parenting Support Services Program  
01/01/2018 to 03/31/2018

**Clients Who Visited and/or Planning a Pre-natal Care Visit**

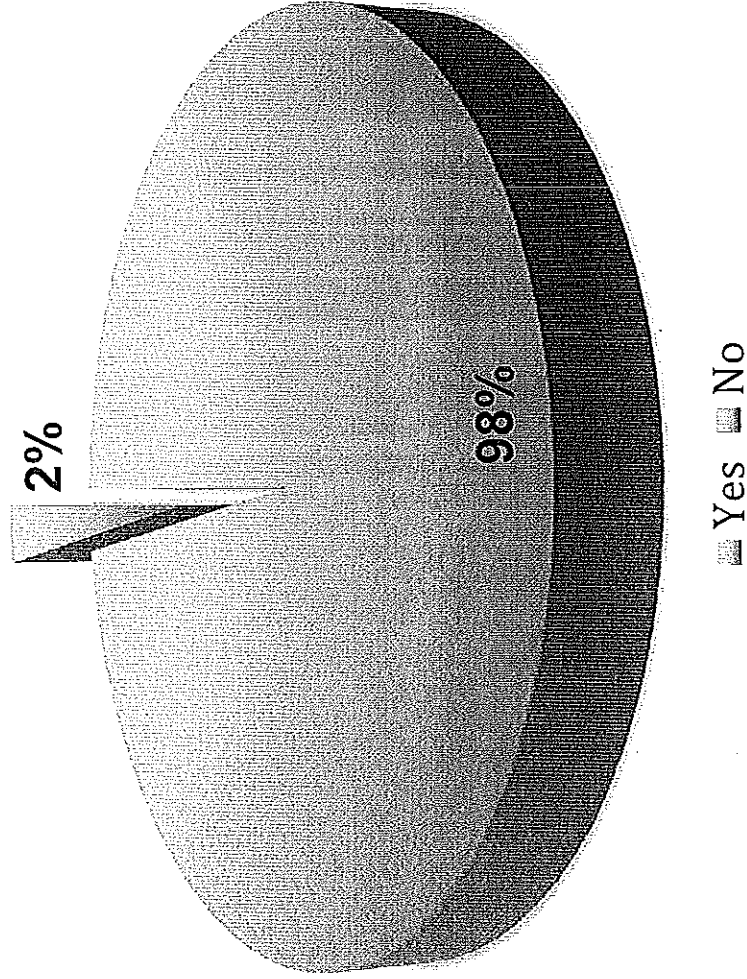


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**Reporting:** 580 (568 Yes, 12 No) Clients Reported Indicator  
From the 688 Total Clients were served this Quarter

Michigan Pregnancy and Parenting Support Services Program  
01/01/2018 to 03/31/2018

**Clients Who Chose Childbirth**

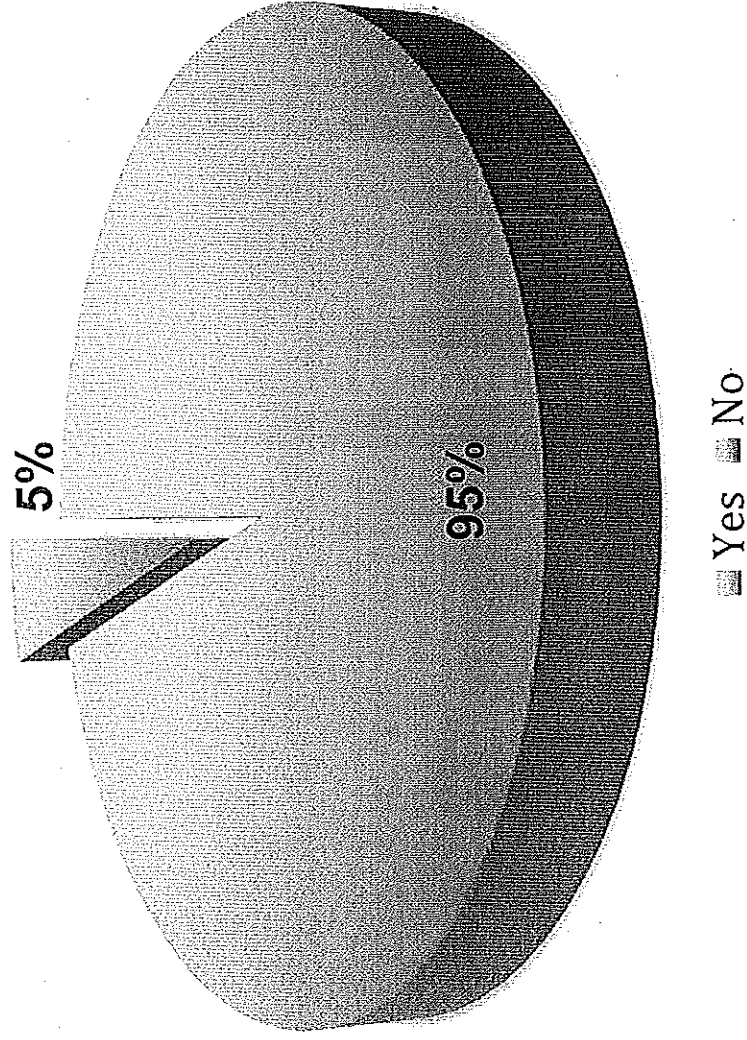


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**Reporting:** 467 (456 Yes, 11 No) Clients Reported Indicator  
From the 688 Total Clients were served this Quarter

Michigan Pregnancy and Parenting Support Services Program  
01/01/2018 to 03/31/2018

**Clients Who took Child For Pediatric Appointments**

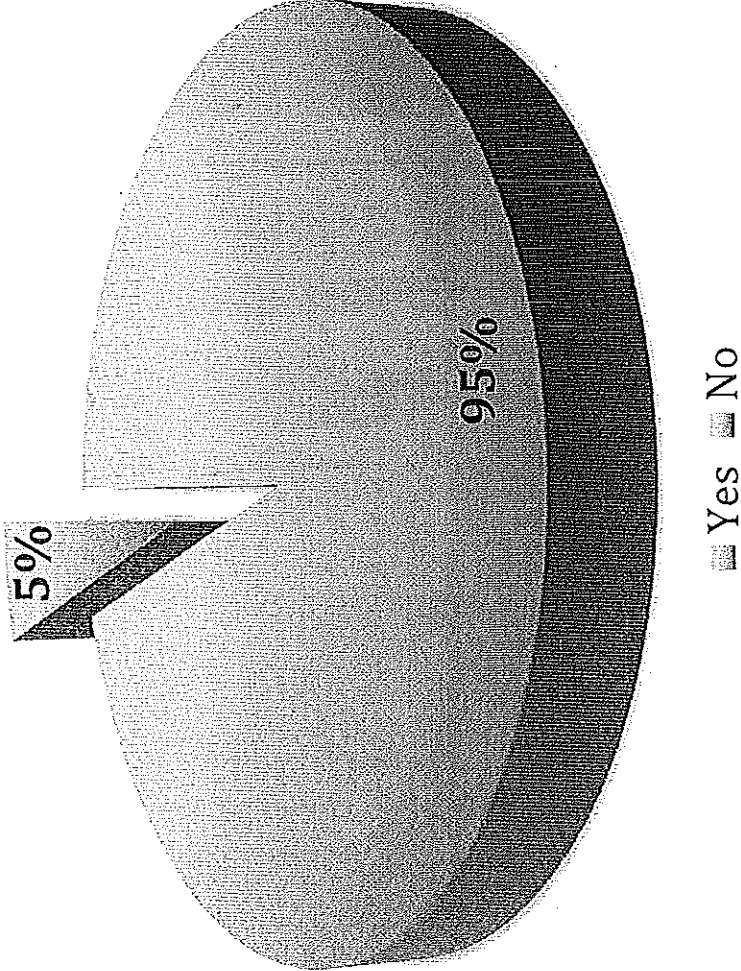


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**Reporting:** 169 (161 Yes, 8 No) Clients Reported Indicator  
From the 688 Total Clients were served this Quarter

Michigan Pregnancy and Parenting Support Services Program  
01/01/2018 to 03/31/2018

**Clients with Up to Date Infant Immunizations**



---

**Reporting:** 162 (154 Yes, 8 No) Clients Reported Indicator  
From the 688 Total Clients were served this Quarter



**Real Alternatives**  
7810 Allentown Blvd, Suite 304  
Harrisburg, PA 17112  
717-541-1112

# **EXHIBIT D**

**REAL ALTERNATIVES**  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2017 AND 2016  
AND  
INDEPENDENT AUDITOR'S REPORT



**McKONLY & ASBURY**

## REAL ALTERNATIVES

### TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities - 2017	4
Statement of Activities - 2016	5
Statement of Functional Expenses - 2017	6
Statement of Functional Expenses - 2016	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information	
Pennsylvania Pregnancy & Parenting Support Services Program DHS Contract No. 4100060934 Invoiced Revenue and Expenditures - 2017 Administrative	18
Services	19
Reconciliation of Cash Received by Pennsylvania Pregnancy & Parenting Support Services Program to Statement of Functional Expenses DHS Contract No. 4100060934	20
Pennsylvania Pregnancy & Parenting Support Services Program DHS Contract No. 4100060934 Statement of Program Generated Income and Interest Earned	21

## REAL ALTERNATIVES

### TABLE OF CONTENTS (Cont'd)

	<u>Page</u>
Michigan Pregnancy and Parenting Support Services Program MDCH Contract No. 20142043	
Invoiced Revenue and Expenditures - 2017	
Administrative	22
Services	23
Invoiced Revenue & Expenditures Start-Up Administrative & Services Expenses	24
Reconciliation of Cash Received by Michigan Pregnancy & Parenting Support Services to Statement of Functional Expenses	25
Statement of Program Generated Income and Interest Earned	26
Indiana Pregnancy and Parenting Support Services Program ISDH Contract No. A70-5-041137 & 0000000000000000000017466	
Invoiced Revenue and Expenditures - 2017	
Administrative	27
Services	28
Reconciliation of Cash Received by Indiana Pregnancy & Parenting Support Services to Statement of Functional Expenses	29
Statement of Program Generated Income and Interest Earned	30
Schedule of Expenditures of Federal Awards	31
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	35
Summary Schedule of Prior Audit Findings	37
Schedule of Findings and Questioned Costs	38



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ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of Real Alternatives (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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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 financial statements referred to above present fairly, in all material respects, the financial position of Real Alternatives as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other supplementary information on pages 18 through 32 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, on our consideration of Real Alternatives' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Real Alternatives' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Real Alternatives' internal control over financial reporting and compliance.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 27, 2018

## REAL ALTERNATIVES

### STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

#### ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 1,665,201	\$ 2,243,438
Accounts receivable	419,352	368,012
Prepaid expenses and other receivables	18,699	8,603
Inventories	<u>40,101</u>	<u>53,878</u>
Total current assets	<u>2,143,353</u>	<u>2,673,931</u>
Equipment, furniture, and fixtures (net of accumulated depreciation of \$195,380 and \$175,502)	<u>30,873</u>	<u>51,859</u>
Total assets	<u>\$ 2,174,226</u>	<u>\$ 2,725,790</u>

#### LIABILITIES AND NET ASSETS

Accounts payable	\$ 768,496	\$ 1,426,577
Line of credit	-	29,080
Accrued expenses	28,826	27,610
Refundable advance - DHS Grant	865,176	590,603
Operating advance payable - MDCH Grant	<u>116,666</u>	<u>116,666</u>
Total current liabilities	<u>1,779,164</u>	<u>2,190,536</u>
Net assets		
Temporarily restricted	253	253
Unrestricted	<u>394,809</u>	<u>535,001</u>
Total net assets	<u>395,062</u>	<u>535,254</u>
Total liabilities and net assets	<u>\$ 2,174,226</u>	<u>\$ 2,725,790</u>

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



**REAL ALTERNATIVES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 16,380	\$ -	\$ 16,380
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services			
Program - DHS Grant	6,397,825	-	6,397,825
Michigan Program Revenue			
Pregnancy & Parenting Support Services			
Program - MDCH Grant	643,349	-	643,349
Indiana Program Revenue			
Pregnancy & Parenting Support Services			
Program - ISDH Grant	2,289,940	-	2,289,940
Program Development and Advancement Agreement	223,961	-	223,961
Interest income	2,433	4,423	6,856
Other income	5,678	-	5,678
Net assets released from restrictions	4,423	(4,423)	-
<b>Total revenues, gains, and other support</b>	<b>9,583,989</b>	<b>-</b>	<b>9,583,989</b>
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services			
Program			
DHS Grant	6,471,285	-	6,471,285
Michigan Pregnancy and Parenting Support Services			
Program			
MDCH Grant - Michigan Program	644,869	-	644,869
Indiana Pregnancy and Parenting Support Services			
Program			
ISDH Grant - Indiana Program	2,311,368	-	2,311,368
National Division			
Services to Other State Programs	41,746	-	41,746
Prevention Programs	33,333	-	33,333
Supporting Services, Management & General	219,966	-	219,966
Fundraising	1,614	-	1,614
<b>Total expenses</b>	<b>9,724,181</b>	<b>-</b>	<b>9,724,181</b>
Change in net assets	(140,192)	-	(140,192)
Net assets, beginning of year	535,001	253	535,254
Net assets, end of year	<u>\$ 394,809</u>	<u>\$ 253</u>	<u>\$ 395,062</u>

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

**REAL ALTERNATIVES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 25,181	\$ 929	\$ 26,110
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services Program - DHS Grant	6,672,397	-	6,672,397
Michigan Program Revenue			
Pregnancy & Parenting Support Services Program - MDCH Grant	676,676	-	676,676
Indiana Program Revenue			
Pregnancy & Parenting Support Services Program- ISDH Grant	2,023,520	-	2,023,520
National Division Revenue			
Contracted Services Revenue	345	-	345
Program Development and Advancement Agreement	205,685	-	205,685
Interest income	1,306	3,220	4,526
Other income	4,425	-	4,425
Net assets released from restrictions	3,896	(3,896)	-
<b>Total revenues, gains, and other support</b>	<b>9,613,431</b>	<b>253</b>	<b>9,613,684</b>
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services Program			
DHS Grant, net of PA Program fundraising expense of \$70	6,697,035	-	6,697,035
Michigan Pregnancy and Parenting Support Services Program			
MDCH Grant - Michigan Program	680,540	-	680,540
Indiana Pregnancy and Parenting Support Services Program			
ISDH Grant - Indiana Program	2,004,339	-	2,004,339
National Division			
Services to Other State Programs	37,138	-	37,138
Prevention Programs	49,763	-	49,763
Supporting Services, Management & General	78,092	-	78,092
Fundraising	1,716	-	1,716
<b>Total expenses</b>	<b>9,548,623</b>	<b>-</b>	<b>9,548,623</b>
Change in net assets	64,808	253	65,061
Net assets, beginning of year	470,193	-	470,193
Net assets, end of year	<u>\$ 535,001</u>	<u>\$ 253</u>	<u>\$ 535,254</u>

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

# REAL ALTERNATIVES

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services									Supporting Services					
	Pennsylvania Pregnancy and Parenting Support Services Program			Michigan Pregnancy and Parenting Support Services Program			Indiana Pregnancy and Parenting Support Services Program			National Division		Support Management and General			
	DHS Administrative	DHS Project Services	DHS Fund-raising	Total DHS	MDCH Administrative	MDCH Project Services	Total MDCH	ISDH Administrative	ISDH Project Services	Total ISDH	Services to Other State Programs	Prevention Programs and Health Education	Support Management and General	Fundraising	Total
Salaries, wages, and benefits															
Salaries and wages	\$ 217,362	\$ 210,657	\$ -	\$ 428,019	\$ 35,690	\$ 31,967	\$ 67,657	\$ 77,284	\$ 46,238	\$ 123,522	\$ 32,002	\$ 12,472	\$ 61,891	\$ 1,108	\$ 726,671
Unused sick leave paid	1,284	478	-	1,762	172	65	237	331	123	454	97	13	258	1	2,822
Payroll taxes	15,218	15,220	-	30,438	1,836	1,832	3,668	4,099	2,723	6,822	1,324	935	3,403	54	46,644
Health and group life insurance	46,649	21,135	-	67,784	6,947	3,224	10,171	13,344	6,371	19,715	3,831	560	6,544	144	108,749
Workers' compensation	1,087	889	-	1,976	166	135	301	302	247	549	63	97	139	5	3,130
Job advertising	9	663	-	672	1	71	72	5	291	296	-	-	-	-	1,040
<b>Total salaries, wages, and benefits</b>	<b>281,609</b>	<b>249,042</b>	<b>-</b>	<b>530,651</b>	<b>44,812</b>	<b>37,294</b>	<b>82,106</b>	<b>95,365</b>	<b>55,993</b>	<b>151,358</b>	<b>37,317</b>	<b>14,077</b>	<b>72,235</b>	<b>1,312</b>	<b>889,056</b>
Professional development	3,032	95	-	3,127	337	-	337	1,188	-	1,188	-	-	483	-	5,135
Consulting	15,303	7,275	-	22,578	2,247	1,764	4,011	3,344	5,964	9,308	-	-	113,718	-	149,615
Postage/shipping	4,789	-	-	4,789	1,553	-	1,553	2,185	23	2,208	-	331	403	97	9,381
Auditing	14,584	-	-	14,584	2,187	-	2,187	4,031	-	4,031	456	679	1,030	33	23,000
Travel/lodging	85	7,741	-	7,826	(2)	2,289	2,287	21	3,281	3,302	-	843	1,211	-	15,469
Office rent	42,667	-	-	42,667	6,543	-	6,543	11,970	-	11,970	1,345	2,077	2,969	99	67,670
Telephone/fax	6,999	-	-	6,999	1,161	-	1,161	2,060	-	2,060	649	244	1,256	16	12,385
Property/liability insurance	1,975	-	-	1,975	302	-	302	552	-	552	62	96	139	5	3,131
Directors/officers liability insurance	4,932	-	-	4,932	754	-	754	1,379	-	1,379	155	241	343	12	7,816
Office supplies	9,328	-	-	9,328	831	-	831	2,444	22	2,466	1,018	82	1,853	-	15,578
Service contracts	2,720	-	-	2,720	404	-	404	738	-	738	84	137	212	8	4,303
Information/training	-	7,960	-	7,960	-	4,553	4,553	-	46,350	46,350	-	627	20	-	59,510
Advertising	-	518,118	-	518,118	-	45,346	45,346	-	129,710	129,710	568	13,757	3,041	-	710,540
Meetings/seminars	-	8,486	-	8,486	-	2,513	2,513	-	4,837	4,837	-	-	9,737	-	25,573
Client services-counseling	-	5,179,122	-	5,179,122	-	482,813	482,813	-	1,929,979	1,929,979	-	-	-	-	7,591,914
Hotline referral system	-	3,378	-	3,378	-	492	492	-	1,002	1,002	92	142	204	7	5,317
Pregnancy test kits	-	31,381	-	31,381	-	2,660	2,660	-	6,398	6,398	-	-	-	-	40,439
403b contribution	9,526	6,723	-	16,249	942	784	1,726	2,084	1,019	3,103	-	-	7,027	-	28,105
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	25	25
Micellaneous	-	-	-	-	-	-	-	-	-	-	-	-	1,766	-	1,766
Prior year service provider reimbursement returned to the program offices	-	43,070	-	43,070	-	-	-	-	(5,603)	(5,603)	-	-	-	-	37,467
Salvage value of assets disposed of	111	-	-	111	-	-	-	-	-	-	-	-	-	-	111
<b>Total expenses before depreciation</b>	<b>397,660</b>	<b>6,062,391</b>	<b>-</b>	<b>6,460,051</b>	<b>62,071</b>	<b>580,508</b>	<b>642,579</b>	<b>127,361</b>	<b>2,178,975</b>	<b>2,306,336</b>	<b>41,746</b>	<b>33,333</b>	<b>217,647</b>	<b>1,614</b>	<b>9,703,306</b>
Depreciation and amortization expense	11,234	-	-	11,234	208	2,082	2,290	208	4,824	5,032	-	-	2,319	-	20,875
<b>Total functional expenses</b>	<b>\$ 408,894</b>	<b>\$ 6,062,391</b>	<b>\$ -</b>	<b>\$ 6,471,285</b>	<b>\$ 62,279</b>	<b>\$ 582,590</b>	<b>\$ 644,869</b>	<b>\$ 127,569</b>	<b>\$ 2,183,799</b>	<b>\$ 2,311,368</b>	<b>\$ 41,746</b>	<b>\$ 33,333</b>	<b>\$ 219,966</b>	<b>\$ 1,614</b>	<b>\$ 9,724,181</b>

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

# REAL ALTERNATIVES

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Program Services										Supporting Services				
	Pennsylvania Pregnancy and Parenting Support Service Program				Michigan Pregnancy and Parenting Support Service Program			Indiana Pregnancy and Parenting Support Service Program			National Division				
	DHS Administrative	DHS Project Services	DHS Fund-raising	Total DHS	MDCH Administrative	MDCH Project Services	Total MDCH	ISDH Administrative	ISDH Project Services	Total ISDH	Services to Other State Programs	Prevention Programs and Health Education			
Salaries, wages, and benefits															
Salaries and wages	\$ 234,276	\$ 230,824	\$ -	\$ 465,100	\$ 29,104	\$ 32,607	\$ 61,711	\$ 57,653	\$ 36,529	\$ 94,182	\$ 27,047	\$ 25,715	\$ 42,388	\$ 888	\$ 717,031
Unused sick leave paid	4,159	3,646	-	7,805	650	570	1,220	960	841	1,801	286	50	413	-	11,575
Payroll taxes	17,448	18,395	-	35,843	1,515	2,347	3,862	2,942	2,380	5,322	1,228	1,994	2,037	53	50,339
Health and group life insurance	57,624	33,097	-	90,721	7,119	4,074	11,193	10,115	5,762	15,877	4,252	2,409	5,887	213	130,552
Workers' compensation	1,229	1,006	-	2,235	125	103	228	178	145	323	49	192	77	6	3,110
<b>Total salaries, wages, and benefits</b>	<b>314,736</b>	<b>286,968</b>	<b>-</b>	<b>601,704</b>	<b>38,513</b>	<b>39,701</b>	<b>78,214</b>	<b>71,848</b>	<b>45,657</b>	<b>117,505</b>	<b>32,862</b>	<b>30,360</b>	<b>50,802</b>	<b>1,160</b>	<b>912,607</b>
Professional development	3,376	-	-	3,376	912	-	912	1,303	-	1,303	-	46	558	-	6,195
Consulting	19,690	13,358	-	33,048	1,235	2,853	4,088	2,398	4,875	7,273	-	101	582	-	45,092
Postage/shipping	8,474	-	-	8,474	1,231	-	1,231	940	-	940	-	523	34	247	11,449
Auditing	15,829	-	3	15,832	1,614	-	1,614	2,305	-	2,305	342	1,326	543	38	22,000
Travel/lodging	231	4,927	-	5,158	4	1,288	1,292	4	911	915	662	365	1,061	-	9,453
Office rent	48,095	-	10	48,105	4,974	-	4,974	7,164	-	7,164	1,050	4,190	1,667	137	67,287
Telephone/fax	9,667	-	2	9,669	1,242	-	1,242	1,800	-	1,800	549	771	653	29	14,713
Property/liability insurance	2,249	-	1	2,250	230	-	230	325	-	325	49	193	78	6	3,131
Directors/officers liability insurance	5,482	-	1	5,483	560	-	560	792	-	792	120	471	190	14	7,630
Office supplies	21,283	-	9	21,292	1,575	-	1,575	5,032	-	5,032	1,019	479	1,744	-	31,141
Service contracts	2,495	-	1	2,496	248	-	248	359	-	359	52	197	82	5	3,439
Information/training	-	99,312	-	99,312	-	70,362	70,362	-	87,456	87,456	-	600	-	-	257,730
Advertising	-	557,562	-	557,562	-	167,819	167,819	-	404,310	404,310	361	9,854	2,714	-	1,142,620
Meetings/seminars	-	9,084	-	9,084	-	-	-	-	-	-	-	-	7,533	-	16,617
Client services-counseling	-	5,202,336	-	5,202,336	-	337,489	337,489	-	1,357,014	1,357,014	-	-	-	-	6,896,839
Toll-free referral system	-	4,373	1	4,374	-	372	372	-	608	608	72	287	114	10	5,837
Pregnancy test kits	-	32,634	-	32,634	-	2,987	2,987	-	2,006	2,006	-	-	-	-	37,627
403b contribution	9,345	6,912	-	16,257	760	798	1,558	1,701	739	2,440	-	-	6,753	-	27,008
Fundraising	-	-	42	42	-	-	-	-	-	-	-	-	-	-	42
Prior year service provider reimbursements returned to DHS	-	(4,612)	-	(4,612)	-	-	-	-	(235)	(235)	-	-	-	-	(4,847)
Salvage value of assets disposed of	7,676	-	-	7,676	-	-	-	-	-	-	-	-	-	-	7,676
<b>Total expenses before depreciation</b>	<b>468,628</b>	<b>6,212,854</b>	<b>70</b>	<b>6,681,552</b>	<b>53,098</b>	<b>623,669</b>	<b>676,767</b>	<b>95,971</b>	<b>1,903,341</b>	<b>1,999,312</b>	<b>37,138</b>	<b>49,763</b>	<b>75,108</b>	<b>1,646</b>	<b>9,521,286</b>
Depreciation and amortization expense	15,553	-	-	15,553	203	3,570	3,773	203	4,824	5,027	-	-	2,984	-	27,337
<b>Total functional expenses</b>	<b>\$ 484,181</b>	<b>\$ 6,212,854</b>	<b>\$ 70</b>	<b>\$ 6,697,105</b>	<b>\$ 53,301</b>	<b>\$ 627,239</b>	<b>\$ 680,540</b>	<b>\$ 96,174</b>	<b>\$ 1,908,165</b>	<b>\$ 2,004,339</b>	<b>\$ 37,138</b>	<b>\$ 49,763</b>	<b>\$ 78,092</b>	<b>\$ 1,646</b>	<b>\$ 9,548,623</b>

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

## REAL ALTERNATIVES

### STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ (140,192)	\$ 65,061
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	20,875	27,337
Loss on disposal of assets	111	7,676
(Increase) decrease in		
Accounts receivable	(51,340)	(49,619)
Accounts receivable - service provider advances	-	33,500
Prepaid expenses and other receivables	(10,096)	(4,057)
Inventories	13,777	8,012
Increase (decrease) in		
Accounts payable	(658,081)	(135,459)
Accrued expenses	1,216	(605)
Refundable advance - DHS grant	274,573	590,603
Net cash provided by (used in) operating activities	<u>(549,157)</u>	<u>542,449</u>
Cash flows from investing activities		
Purchase of equipment, furniture and fixtures	<u>-</u>	<u>(7,123)</u>
Net cash used in investing activities	<u>-</u>	<u>(7,123)</u>
Cash flows from financing activities		
Net change in line of credit	<u>(29,080)</u>	<u>6,930</u>
Net cash provided by (used in) financing activities	<u>(29,080)</u>	<u>6,930</u>
Increase (decrease) in cash	(578,237)	542,256
Cash and cash equivalents - beginning	<u>2,243,438</u>	<u>1,701,182</u>
Cash and cash equivalents - ending	<u>\$ 1,665,201</u>	<u>\$ 2,243,438</u>

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

# REAL ALTERNATIVES

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES

Real Alternatives (the Organization) exists to provide life-affirming alternatives to abortion services throughout the nation. These compassionate support services empower women to protect their reproductive health, avoid crisis pregnancies, choose childbirth rather than abortion, receive adoption education, and improve parenting skills.

In the Pennsylvania Program, the Organization acts as the statewide administrator for the PA Alternative to Abortion Program (PATA) (also known as Pennsylvania Pregnancy and Parenting Support Service Program), funded by the Commonwealth of Pennsylvania Department of Human Services (DHS) to provide alternatives to abortion services to eligible clients to empower women to be able to choose childbirth over abortion. Under the contract, the Organization receives reimbursements on a quarterly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding from the U.S. Department of Health and Human Services (HHS) through its Temporary Assistance for Needy Families (TANF) program. The money is passed through from HHS to DHS and then, the Organization, as a subrecipient, receives the money.

The Organization entered into a contract with the State of Michigan to administer an alternatives to abortion program funded in the amount of \$700,000 through the Michigan Department of Community Health (MDCH) (now the Michigan Department of Health and Human Services – MDHHS) in the central and southern part of the state, and it is known as the “Michigan Pregnancy and Parenting Support Services Program.” The contract, effective October 1, 2013, was extended to September 30, 2017, by the state of Michigan and had been increased by an additional \$1,250,000. A new contract was entered into that runs from October 1, 2017 through September 30, 2018 in the amount of \$650,000. The program is very similar to the Pennsylvania program, and although originally funded with state funds, is now funded fully with TANF money. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding through MDHHS from HHS through its TANF program. The money is passed through from HHS to MDHHS and then, the Organization, as a subrecipient, receives the money. Start-up expenses were incurred by the Organization after the contract was signed on December 13, 2013. The first Service Provider Services Rendered Form was submitted in mid-June 2014.

The Organization also entered into a contract with the State of Indiana to administer an alternatives to abortion program funded at \$1,000,000 through the Indiana State Department of Health (ISDH) in the northern part of the state, and it is known as the “Indiana Pregnancy and Parenting Support Services Program.” The contract was effective October 1, 2014, and it was renewed at the end of the first year in the amount of \$3,500,000 to continue through September 30, 2016. From October 1, 2016 through September 30, 2018, the contracts are in the amount of \$2,250,000 each year. The program is very similar to the Pennsylvania and Michigan programs; however, it is funded fully with TANF money and no state funds. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding through ISDH from HHS through its TANF program. They money is passed through from HHS to the Indiana Family and Social Services Administration (FSSA), then to ISDH and then, the Organization, as a subrecipient, receives the money.

(continued)

## **REAL ALTERNATIVES**

### **NOTES TO FINANCIAL STATEMENTS**

Real Alternatives continues to consult with other states interested in starting government funded alternatives to abortion programs in their state.

In addition, Real Alternatives continued to publish and advertise the Concerned Parents Report website, [www.concernedparents.com](http://www.concernedparents.com). Concerned Parents Report is a national internet publication of the Organization dedicated to reporting information and imparting knowledge to parents so that they can empower their children to make the healthiest choice for their reproductive health – living a chaste lifestyle. During fiscal year 2016/2017, 70,480 individuals throughout the world viewed health information and studies on 141,229 web pages.

In fiscal year 2016/2017, Real Alternatives continued to publish updated health information on its LoveFacts website. The organization promotes chastity, through the LoveFacts website, as the best way to prevent sexually transmitted diseases and unexpected pregnancies. The organization educates high school and college students about the importance of living a chaste lifestyle at many national conferences.

Real Alternatives sponsored the Love and Fidelity Network Annual Conference, “Sexuality, Integrity and the University” at Princeton University. This event was attended by over 300 students representing 50 colleges from around the country who received information on the LoveFacts website. Students for Life of America and the Cardinal O’Connor Conference on Life were held on the same day this year and Real Alternatives sponsored both conferences. The Organization had a physical presence at the Cardinal O’Connor Conference on Life at Georgetown University. It is the largest student run pro-life conference in the country with nearly 700 students attending this event. Real Alternatives provided sponsorship to Students for Life of America at their annual East and West Coast Conferences with program advertisements and conference bags inserts providing information on [LoveFacts.org](http://LoveFacts.org). The East Coast Conference had about 2000 attend and the West Coast Conference had nearly 800 attending.

For the [LoveFacts.org](http://LoveFacts.org) website overall, in 2016/2017, 4,395 individuals viewed the health information and studies on 16,570 web pages.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting.

### ***Basis of Presentation***

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of Real Alternatives and changes therein are classified and reported as follows:

*Unrestricted net assets* are not restricted by donors, or the donor-imposed restrictions have expired.

(continued)

## **REAL ALTERNATIVES**

### **NOTES TO FINANCIAL STATEMENTS**

*Temporarily restricted net assets* contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

*Permanently restricted net assets* consist of property contributed which contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the Organization to use, or expend part or all of the income derived from, the donated assets for specified purposes.

#### ***Revenue and Support Recognition***

The Organization recognizes contract revenues in the statements of activities to the extent that expenses have been incurred for the purpose specified by the granting agency during the period. In applying this concept, the legal and contractual requirements of the grant are used as guidance.

Contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support. This requirement is dependent on the existence and/or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### ***Cash Equivalents***

Real Alternatives considers all unrestricted, highly liquid deposits to be cash equivalents.

#### ***Accounts Receivable***

No allowances for uncollectible accounts receivable are deemed necessary as of June 30, 2017 and 2016.

#### ***Inventories***

Inventories are stated at the lower of cost or market.

#### ***Equipment, Furniture, and Fixtures***

Purchases of equipment, furniture, and fixtures having a unit cost of \$600 or more are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years.

(continued)



## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

Upon cancellation or termination of the PA Alternatives to Abortion contracts, disposition of personal property with a remaining useful life that was purchased with DHS funds is subject to certain contract provisions. Specifically, those provisions permit the Organization, with approval from DHS, to transfer such property to another contractor designated by DHS or to reimburse DHS for the remaining life of the property, as determined by DHS, if the Organization wishes to retain or sell such property. Net property purchased and capitalized with DHS funds amounted to \$20,898 and \$32,221 as of June 30, 2017 and 2016.

The state of Michigan reserves the right to retain or transfer title to all items of equipment having a unit acquisition cost of \$5,000 or more to the extent that Michigan's proportionate interest in such equipment supports such retention or transfer of title. Net property purchased and capitalized with Michigan funds amounted to \$1,597 and \$3,885 as of June 30, 2017 and 2016.

Equipment purchased to support the contract with Indiana was done in accordance with TANF regulations per OMB Circular A-110. Net property purchased and capitalized with Indiana funds amounted to \$3,312 and \$8,341 as of June 30, 2017 and 2016.

#### *Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The costs related to the contracts have been summarized according to budget categories established by the state agencies.

#### *Income Taxes*

The Organization's operations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization adheres to the provisions of Financial Accounting Standards Board (FASB) Codification 740, *Income Taxes* (ASC 740). ASC 740 establishes rules for recognizing and measuring tax positions taken in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that organizations evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. A company can recognize an income tax benefit only if the position has a "more likely than not" (i.e., more than 50 percent) chance to being sustained on the technical merits. For the years ended June 30, 2017 and 2016, the Organization has taken no material tax positions on their applicable tax filings that do not meet the more likely than not threshold. As a result, no amount for UTPs has been included in the financial statements. The Organization believes it is no longer subject to income tax examinations for the fiscal years prior to the year ended June 30, 2014.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### *Advertising Costs*

The Organization follows the policy of charging the costs of communicating advertising to expense at the time the advertising takes place. Production advertising costs, when applicable, are charged to expense the first time the advertising takes place. Advertising expense for the PA program was \$518,118 and \$557,562 for the years ended June 30, 2017 and 2016. Expense for the Michigan program was \$45,346 and \$167,819 for the years ended June 30, 2017 and 2016. Expense for the Indiana program was \$129,710 and \$404,310 for the years ended June 30, 2017 and 2016.

#### *Service Provider Adjustments*

In the normal course of operations, adjustments may be made to current or prior year amounts paid to service providers. These adjustments, which may be material, are the results of the application of monitoring procedures, audit procedures, government agency audits, or the results of the final close out procedures for any given contract year. For prior year periods, these adjustments may result in amounts to be returned to the program office of the state agencies. The effects of current year service provider adjustments, prior period service provider adjustments, and any amounts returned to DHS, MDHHS, or ISDH are reflected in the statements of activities when determined.

#### *Estimates*

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

#### *Recently Issued Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities (Topic 958)*. The amendments in this ASU include two classes of net asset classifications, options for presenting cash flow from operations, and many additional disclosure requirements. The changes are effective for the Organization on July 1, 2018. Management has not determined the impact of these changes on the Organization's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This pronouncement, and related subsequent pronouncements, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The changes become effective for the Organization on July 1, 2019. Management has not yet determined the impact of these changes on the Organization's financial statements.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The changes associated with this ASU include the requirement for lessees to recognize the underlying assets and liabilities associated with all operating leases with terms greater than 12 months. The changes become effective for the Organization on July 1, 2020. Management has not determined the impact of these changes on the Organization's financial statements.

#### *Subsequent Events*

Management evaluated subsequent events through March 27, 2018, the date the financial statements were available to be issued.

### 3. EQUIPMENT, FURNITURE, AND FIXTURES

Equipment, furniture, and fixtures consist of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 137,798	\$ 138,619
Furniture and fixtures	29,768	30,055
Software	<u>58,687</u>	<u>58,687</u>
	226,253	227,361
Less accumulated depreciation and amortization	<u>(195,380)</u>	<u>(175,502)</u>
Net book value	<u>\$ 30,873</u>	<u>\$ 51,859</u>

Depreciation and amortization expense for the years ended June 30, 2017 and 2016, totaled \$20,875 and \$27,337.

### 4. LEASE

The Organization currently leases 5,600 square feet of office space under a lease that expired June 30, 2017, but renewed through June 30, 2018. Future lease renewals are dependent on funding from the Commonwealth of Pennsylvania. Future minimum payments required under the lease are \$61,476 for the year ended June 30, 2018. Total rent expense was \$66,458 and \$66,432 for the years ended June 30, 2017 and 2016.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### 5. CONCENTRATION OF RISK

##### *Cash*

The Organization maintains its cash in bank accounts held by high credit quality institutions. Deposits at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balance of the cash was not insured or collateralized in the Organization's name, but was collateralized in accordance with Commonwealth of Pennsylvania Act 72 which requires the credit institution to pool collateral for all deposits and have the collateral held by an approved custodian in the institution's name.

##### *Contract Revenue*

The Organization receives a substantial amount of its support from DHS. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization's program and activities. Grant support from the DHS amounted to \$7,263,000 for the years ended June 30, 2017 and 2016, respectively. During those years, of the total amount, \$1,000,000 each year was from the Health and Human Services TANF block grant to the Commonwealth of Pennsylvania.

For the year ended June 30, 2017, the money received was for the fifth year of a five year grant agreement with The Department of Human Services totaling \$33,808,000. The term of the grant is for July 1, 2012, through June 30, 2017, with two additional optional one-year renewal periods. However, DHS did not renew the grant agreement, but instead chose to extend it for three (3) months through September 30, 2017, while a new grant agreement was being negotiated. The Organization and DHS then entered into a new grant agreement with a term from October 1, 2017 through June 30, 2019, with three additional optional one-year renewal periods, totaling \$13,087,370.

Additional grant support from the MDHHS amounted to \$400,000 for the period ending September 30, 2017 of state funds, along with the \$1,550,000 for the period ending December 31, 2016. The Organization entered into a new contract with MDHHS with a term from October 1, 2017 through September 30, 2018 totaling \$650,000.

Grant support from the ISDH amounted to \$2,250,000 of TANF funds for the year ending September 30, 2017. The Organization entered into a new contract with ISDH with a term from October 1, 2017 through September 30, 2018 totaling \$2,250,000.

#### 6. AUDIT

The grants received by the Organization are subject to audit and verification by grantor agencies, principally DHS, MDCH and IDH. Any disallowed costs, including costs for which the Organization has already received payment, may result in a liability of the applicable funds. As of the date of this report, management is unaware of any material adjustments that would be required as a result of such an audit.

(continued)

## **REAL ALTERNATIVES**

### **NOTES TO FINANCIAL STATEMENTS**

The Organization was audited by the Pennsylvania Department of Human Services, Bureau of Financial Operations (BFO). The audit covered the period from July 1, 2012, to June 30, 2015. All issues raised in the BFO audit have been resolved between DHS and Real Alternatives, resulting in no financial impact to Real Alternatives. No material adjustments are required as a result of the BFO audit.

#### **7. LINE OF CREDIT**

Real Alternatives has engaged FNB (formerly Metro Bank) as the organization's main depository. A line of credit with FNB (formerly Metro Bank) was obtained on April 10, 2014, using the funds received under the Commonwealth of Pennsylvania Department of Human Services Grant #4100060934 as security for the line of credit. As of June 30, 2017 and 2016, there was a balance of zero and \$29,080 on the \$350,000 line of credit. The Organization recently secured an additional \$150,000 on the PA line of credit to bring the total to \$500,000. Interest on the line of credit is 4%, per annum. The line of credit is reviewed annually for renewals and extensions. In December of 2017, the Organization also secured separate lines of credit using the agreements between the Organization and Michigan and Indiana as security. Each line of credit was for \$100,000.

#### **8. EMPLOYEE BENEFITS**

Real Alternatives sponsors a 403(b) retirement savings plan to which all eligible employees of the Organization may contribute up to the maximum allowed by law. The Organization matches these contributions dollar for dollar up to 4% of the employee's salary contributed to the plan. The Organization's contribution was \$28,105 and \$27,008 for the years ended June 30, 2017 and 2016.

**SUPPLEMENTARY INFORMATION**

## REAL ALTERNATIVES

### PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM DHS CONTRACT NO. 4100060934

#### INVOICED REVENUE AND EXPENDITURES

YEAR ENDED JUNE 30, 2017

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
Administrative									
Personnel									
President & CEO	\$ 89,617	\$ 129,347	\$ (39,730)	\$ 14,307	20,653	\$ (6,346)	\$ 103,924	\$ 150,000	\$ (46,076)
Vice President of Administration	62,427	86,232	(23,805)	9,968	13,768	(3,800)	72,395	100,000	(27,605)
Accountant	22,629	34,493	(11,864)	3,614	5,507	(1,893)	26,243	40,000	(13,757)
Bookkeeper	12,762	21,558	(8,796)	2,038	3,442	(1,404)	14,800	25,000	(10,200)
Overtime	-	-	-	-	-	-	-	-	-
Unused sick	1,107	3,449	(2,342)	177	551	(374)	1,284	4,000	(2,716)
Payroll taxes	13,124	21,558	(8,434)	2,095	3,442	(1,347)	15,219	25,000	(9,781)
Workers' compensation insurance	937	1,725	(788)	150	275	(125)	1,087	2,000	(913)
Employee group insurance	40,225	64,674	(24,449)	6,424	10,326	(3,902)	46,649	75,000	(28,351)
Job advertising	8	862	(854)	1	138	(137)	9	1,000	(991)
Employee screening	-	431	(431)	-	69	(69)	-	500	(500)
Pension contribution	8,214	12,935	(4,721)	1,312	2,065	(753)	9,526	15,000	(5,474)
Professional development and training	2,615	5,173	(2,558)	416	827	(411)	3,031	6,000	(2,969)
<b>Total personnel</b>	<b>253,665</b>	<b>382,437</b>	<b>(128,772)</b>	<b>40,502</b>	<b>61,063</b>	<b>(20,561)</b>	<b>294,167</b>	<b>443,500</b>	<b>(149,333)</b>
Operating expenses									
Consulting	13,196	30,181	(16,985)	2,107	4,819	(2,712)	15,303	35,000	(19,697)
Postage/shipping	4,130	11,210	(7,080)	660	1,790	(1,130)	4,790	13,000	(8,210)
Auditing	12,576	22,420	(9,844)	2,008	3,580	(1,572)	14,584	26,000	(11,416)
Travel/lodging	73	862	(789)	12	138	(126)	85	1,000	(915)
Rent	36,792	56,051	(19,259)	5,875	8,949	(3,074)	42,667	65,000	(22,333)
Telephone service	6,035	12,935	(6,900)	964	2,065	(1,101)	6,999	15,000	(8,001)
General business liability insurance	1,703	1,725	(22)	272	275	(3)	1,975	2,000	(25)
Directors/owners liability insurance	4,252	4,312	(60)	679	688	(9)	4,931	5,000	(69)
Office expense	8,471	69,961	(61,490)	1,352	11,839	(10,487)	9,823	81,800	(71,977)
Computer upgrades	-	25,869	(25,869)	-	4,131	(4,131)	-	30,000	(30,000)
Resources Development	-	5,000	(5,000)	-	-	-	-	5,000	(5,000)
<b>Total operating expenses</b>	<b>87,228</b>	<b>240,526</b>	<b>(153,298)</b>	<b>13,929</b>	<b>38,274</b>	<b>(24,345)</b>	<b>101,157</b>	<b>278,800</b>	<b>(177,643)</b>
Equipment									
Equipment service contracts	2,345	3,337	(992)	375	663	(288)	2,720	4,000	(1,280)
<b>Total administrative expenditures</b>	<b>343,238</b>	<b>626,300</b>	<b>(283,062)</b>	<b>54,806</b>	<b>100,000</b>	<b>(45,194)</b>	<b>398,044</b>	<b>726,300</b>	<b>(328,256)</b>

(continued)

## REAL ALTERNATIVES

### PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM DHS CONTRACT NO. 4100060934

#### INVOICED REVENUE AND EXPENDITURES (Cont'd)

YEAR ENDED JUNE 30, 2017

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
Services									
Personnel									
Vice President of Operations	109,018	120,724	(11,706)	17,410	19,276	(1,866)	126,428	140,000	(13,572)
Contract Compliance Services	9,948	12,935	(2,987)	1,588	2,065	(477)	11,536	15,000	(3,464)
Services Coordinator	36,986	43,978	(6,992)	5,906	7,022	(1,116)	42,892	51,000	(8,108)
Billing Coordinator	6,457	10,348	(3,891)	1,031	1,652	(621)	7,488	12,000	(4,512)
Outreach Coordinator	6,651	10,348	(3,697)	1,063	1,652	(589)	7,714	12,000	(4,286)
Special Projects Coordinator	6,839	8,623	(1,784)	1,092	1,377	(285)	7,931	10,000	(2,069)
Services Assistant	2,432	4,312	(1,880)	388	688	(300)	2,820	5,000	(2,180)
LifeAid Hotline Counselors	3,319	18,109	(14,790)	530	2,891	(2,361)	3,849	21,000	(17,151)
Overtime	-	-	-	-	-	-	-	-	-
Unused sick	412	2,156	(1,744)	66	344	(278)	478	2,500	(2,022)
Payroll taxes	13,124	23,283	(10,159)	2,095	3,717	(1,622)	15,219	27,000	(11,781)
Workers' compensation insurance	767	1,725	(958)	122	275	(153)	889	2,000	(1,111)
Employee group insurance	18,225	38,804	(20,579)	2,910	6,196	(3,286)	21,135	45,000	(23,865)
Job Advertising	572	862	(290)	91	138	(47)	663	1,000	(337)
Employee screening	-	431	(431)	-	69	(69)	-	500	(500)
Pension contribution	5,797	6,467	(670)	926	1,033	(107)	6,723	7,500	(777)
Professional development	83	1,724	(1,641)	14	276	(262)	97	2,000	(1,903)
<b>Total personnel</b>	<b>220,630</b>	<b>304,829</b>	<b>(84,199)</b>	<b>35,232</b>	<b>48,671</b>	<b>(13,439)</b>	<b>255,862</b>	<b>353,500</b>	<b>(97,638)</b>
Operating									
Information and training materials	6,864	8,623	(1,759)	1,096	1,377	(281)	7,960	10,000	(2,040)
Services advertising	429,922	431,158	(1,236)	68,654	68,842	(188)	498,576	500,000	(1,424)
Travel	6,675	8,623	(1,948)	1,066	1,377	(311)	7,741	10,000	(2,259)
Services database consulting and development	6,273	21,558	(15,285)	1,002	3,442	(2,440)	7,275	25,000	(17,725)
Meetings/seminars	7,318	8,623	(1,305)	1,169	1,377	(208)	8,487	10,000	(1,513)
Minor equipment reimbursement	-	431	(431)	-	69	(69)	-	500	(500)
Counseling reimbursement	4,389,095	4,673,924	(284,829)	790,027	746,276	43,751	5,179,122	5,420,200	(241,078)
Hotline referral system	2,913	6,467	(3,554)	465	1,033	(568)	3,378	7,500	(4,122)
Contract close out costs	-	129,348	(129,348)	-	20,652	(20,652)	-	150,000	(150,000)
<b>Total operating</b>	<b>4,849,060</b>	<b>5,288,755</b>	<b>(439,695)</b>	<b>863,479</b>	<b>844,445</b>	<b>19,034</b>	<b>5,712,539</b>	<b>6,133,200</b>	<b>(420,661)</b>
Equipment									
Pregnancy test kits	27,652	43,116	(15,464)	3,727	6,884	(3,157)	31,379	50,000	(18,621)
<b>Total services expenditures</b>	<b>5,097,342</b>	<b>5,636,700</b>	<b>(539,358)</b>	<b>902,438</b>	<b>900,000</b>	<b>2,438</b>	<b>5,999,780</b>	<b>6,536,700</b>	<b>(536,920)</b>
Total administrative and services expenditures	<b>\$ 5,440,580</b>	<b>\$ 6,263,000</b>	<b>\$ (822,420)</b>	<b>\$ 957,244</b>	<b>*\$ 1,000,000</b>	<b>\$ (42,756)</b>	<b>*\$ 6,397,824</b>	<b>\$ 7,263,000</b>	<b>\$ (865,176)</b> *

\* See unused contract revenue returned to DHS (#5) of the reconciliation of cash received by Pennsylvania Pregnancy & Parenting Support Services Program to Statement of Functional Expense (page 20).



## REAL ALTERNATIVES

### RECONCILIATION OF CASH RECEIVED BY PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM TO STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

Cash received from PA Dept. of Human Services (DHS) by the Pennsylvania Pregnancy & Parenting Support Services Program Contract No. 4100060934	\$ 7,263,000
Adjustments due to financial records being kept according to accounting principles generally accepted in the United States of America (GAAP) per contract with DHS, Contract No. 4100060934	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	19,046
2. Depreciation expense	11,234
3. Salvage value of assets disposed of	111
4. Service provider funds from prior years returned to DHS	43,070
5. Unused contract revenue to be returned to DHS	<u>(865,176)</u>
Total functional expenses for Program Services - Pennsylvania Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 6,471,285</u>

The administrative cost ratio for the period July 1, 2016 to June 30, 2017 is 6.22%.

**REAL ALTERNATIVES**

**PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
DHS CONTRACT NO. 4100060934**

**STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED**

**YEAR ENDED JUNE 30, 2017**

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 4,189	\$ -	\$ 4,189
Other funds - contributions	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,189</u>	<u>\$ -</u>	<u>\$ 4,189</u>

## REAL ALTERNATIVES

### MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH CONTRACT NO. 20142043

#### INVOICED REVENUE AND EXPENDITURES

	October 1, 2013 to June 30, 2017							July 1, 2016 to June 30, 2017			JULY 1, 2015	JULY 1, 2014	OCTOBER 1, 2013
	State	TANF	Total	State	TANF	Total	State & TANF	State	TANF	Total	to JUNE 30, 2016	to JUNE 30, 2015	to JUNE 30, 2014
	Actual	Actual	Actual	Budget	Budget	Budget	Over (Under)	Actual	Actual	Actual	State	State	State
<b>Administrative Personnel</b>													
President & CEO	65,000	4,418	69,418	56,413	12,596	69,009	409	15,166	4,418	19,584	20,328	12,175	17,330
VP - Administration	22,251	3,507	25,758	18,289	3,959	22,248	3,510	8,156	3,507	11,663	7,137	5,366	1,592
Assistant Director of Finance	1,777	-	1,777	1,777	-	1,777	-	-	-	-	-	37	1,740
Accountant	5,908	937	6,845	5,372	1,163	6,535	310	2,105	937	3,042	1,314	1,123	1,366
Bookkeeper	3,054	505	3,559	3,831	829	4,660	(1,101)	1,068	505	1,573	974	908	104
Professional Development	1,383	77	1,460	1,412	306	1,718	(258)	442	77	519	730	210	-
Accrued Vacation & Sick	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	5,297	586	5,883	5,583	1,208	6,791	(908)	1,250	586	1,836	1,514	1,125	1,408
Workers Compensation Insurance	429	36	465	433	94	527	(62)	130	36	166	125	95	79
Pension	2,546	230	2,776	2,883	624	3,507	(731)	712	230	942	760	507	567
Employee Group Insurance	21,844	1,663	23,507	21,000	4,545	25,545	(2,038)	5,285	1,663	6,948	7,120	5,742	3,698
Job Advertising	58	14	72	1,000	217	1,217	(1,145)	58	14	72	-	-	-
New Employee Screening	-	-	-	500	108	608	(608)	-	-	-	-	-	-
<b>Total Personnel</b>	<b>129,547</b>	<b>11,973</b>	<b>141,520</b>	<b>118,493</b>	<b>25,649</b>	<b>144,142</b>	<b>(2,622)</b>	<b>34,372</b>	<b>11,973</b>	<b>46,345</b>	<b>40,002</b>	<b>27,288</b>	<b>27,884</b>
<b>Operating Expenses</b>													
Consulting	4,605	917	5,522	5,205	1,127	6,332	(810)	1,329	917	2,246	1,071	472	1,733
Legal	165	-	165	1,000	216	1,216	(1,051)	-	-	-	164	-	-
Postage/Shipping	3,304	51	3,355	3,105	672	3,777	(422)	1,502	51	1,553	1,231	451	119
Auditing	5,248	519	5,767	5,199	1,125	6,324	(557)	1,668	519	2,187	1,614	1,119	848
Travel/Lodging	310	-	310	813	176	989	(679)	(2)	-	(2)	4	-	309
Rent	16,000	1,383	17,383	18,071	3,912	21,983	(4,600)	5,160	1,383	6,543	4,974	3,397	2,470
Telephone Service	3,388	269	3,657	2,746	594	3,340	317	893	269	1,162	1,243	748	504
General Business Liability Insurance	741	65	806	884	191	1,075	(269)	237	65	302	230	165	109
Insurance-Directors & Officers	1,830	161	1,991	1,944	421	2,365	(374)	592	161	753	559	395	284
Office Expense	6,015	331	6,346	13,105	5,736	18,841	(12,495)	1,087	331	1,418	1,666	2,267	995
Computer Resources	11,899	-	11,899	13,399	-	13,399	(1,500)	-	-	-	-	-	11,899
<b>Total Operating</b>	<b>53,505</b>	<b>3,696</b>	<b>57,201</b>	<b>65,471</b>	<b>14,170</b>	<b>79,641</b>	<b>(22,440)</b>	<b>12,466</b>	<b>3,696</b>	<b>16,162</b>	<b>12,756</b>	<b>9,014</b>	<b>19,270</b>
<b>Equipment</b>													
Equipment Service Contracts	827	65	892	834	181	1,015	(123)	339	65	404	248	144	95
<b>Total administrative expenditures</b>	<b>183,879</b>	<b>15,734</b>	<b>199,613</b>	<b>184,798</b>	<b>40,000</b>	<b>224,798</b>	<b>(25,185)</b>	<b>47,177</b>	<b>15,734</b>	<b>62,911</b>	<b>53,006</b>	<b>36,446</b>	<b>47,249</b>
Michigan YTD Jun-2017 Administrative Expenses per June 2017 FSR submitted on 7/26/2017	183,879	15,774	199,613	184,798	40,000	224,798	(25,185)						

(continued)

## REAL ALTERNATIVES

### MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH CONTRACT NO. 20142043

#### INVOICED REVENUE AND EXPENDITURES (Cont'd)

	October 1, 2013 to June 30, 2017							July 1, 2016 to June 30, 2017			JULY 1, 2015	JULY 1, 2014	OCTOBER 1, 2013
	State	TANF	Total	State	TANF	Total	State/TANF	State	TANF	Total	to JUNE 30, 2016	to JUNE 30, 2015	to JUNE 30, 2014
	Actual	Actual	Actual	Budget	Budget	Budget	Over (Under)	Actual	Actual	Actual	State Actual	State Actual	State Actual
Services													
Personnel													
Vice President	55,909	2,659	58,568	47,041	12,405	59,446	(878)	14,939	2,659	17,598	15,947	11,749	13,273
Services Coordinator	10,251	1,420	11,671	6,937	4,663	11,600	71	3,326	1,420	4,746	4,176	2,750	-
Services Assistance	5,790	515	6,305	1,363	4,876	6,239	66	2,971	515	3,486	2,572	247	-
Service Provider Approval	5,866	29	5,895	10,749	0	10,749	(4,854)	14	29	43	2,312	1,028	2,511
Billing Coordinator	6,500	1,501	8,001	7,697	0	7,697	304	1,292	1,501	2,793	2,497	2,607	104
Service Provider Monitoring	9,231	139	9,370	9,431	0	9,431	(61)	2,798	139	2,937	5,224	1,210	-
Toll Free Counselor	1,231	108	1,339	1,553	410	1,963	(624)	321	108	429	449	278	183
Accrued Vacation & Sick	-	0	-	-	0	-	-	-	-	-	-	-	-
Payroll Taxes	6,542	400	6,942	6,502	1,715	8,217	(1,275)	1,432	400	1,832	2,347	1,570	1,192
Workers Compensation Insurance	348	30	378	338	89	427	(49)	106	30	136	103	76	63
Pension	2,197	148	2,345	2,469	651	3,120	(775)	636	148	784	798	397	365
Employee Group Insurance	12,813	683	13,496	13,223	3,487	16,710	(3,214)	2,541	683	3,224	4,075	3,327	2,871
<b>Total Personnel</b>	<b>116,678</b>	<b>7,632</b>	<b>124,310</b>	<b>107,303</b>	<b>28,296</b>	<b>135,599</b>	<b>(11,289)</b>	<b>30,376</b>	<b>7,632</b>	<b>38,008</b>	<b>40,500</b>	<b>25,239</b>	<b>20,562</b>
Operating													
Client Education Materials	80,154	1,306	81,460	106,642	15,000	121,642	(40,182)	3,247	1,306	4,553	70,362	6,545	-
Services Advertising	216,818	31,234	248,052	234,068	34,723	268,791	(20,739)	14,112	31,234	45,346	167,819	34,888	-
Meetings/Seminars	2,513	0	2,513	5,000	1,318	6,318	(3,805)	2,513	-	2,513	-	-	-
Travel	5,246	125	5,371	8,082	2,131	10,213	(4,842)	2,164	125	2,289	1,288	6	1,788
Srvc Database Consulting & Dev	16,902	255	17,157	24,203	6,382	30,585	(13,428)	1,509	255	1,764	2,853	5,655	6,885
Client Services	921,135	133,494	1,054,629	874,140	270,630	1,144,770	(90,141)	349,319	133,494	482,813	337,489	231,242	3,085
Toll Free Referral System	1,149	115	1,264	1,053	278	1,331	(67)	377	115	492	372	232	168
Contract Closeout Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating</b>	<b>1,243,917</b>	<b>166,529</b>	<b>1,410,446</b>	<b>1,253,188</b>	<b>330,462</b>	<b>1,583,650</b>	<b>(173,204)</b>	<b>373,241</b>	<b>166,529</b>	<b>539,770</b>	<b>580,183</b>	<b>278,568</b>	<b>11,926</b>
Equipment													
Pregnancy Test Kits	5,526	796	6,322	4,711	1,242	5,953	369	1,864	796	2,660	2,987	665	11
<b>Total services expenses</b>	<b>1,366,121</b>	<b>174,957</b>	<b>1,541,078</b>	<b>1,365,202</b>	<b>360,000</b>	<b>1,725,202</b>	<b>(184,124)</b>	<b>405,481</b>	<b>174,957</b>	<b>580,438</b>	<b>623,670</b>	<b>304,472</b>	<b>32,499</b>
Total administrative and services expenditures	\$ 1,550,000	\$ 190,691	\$ 1,740,691	\$ 1,550,000	\$ 400,000	\$ 1,950,000	\$ (209,309)	\$ 452,658	\$ 190,691	\$ 643,349	\$ 676,676	\$ 340,918	\$ 79,748
Michigan YTD Jun-2017 Services Expenses per June 2017 FSR submitted on 7/26/2017	1,366,121	174,957	1,541,078	1,365,202	360,000	1,725,202	(184,124)						
Michigan YTD Jun-2017 Administrative and Services Expenses per June 2017 FSR submitted on 7/26/2017	1,550,000	190,691	1,740,691	1,550,000	400,000	1,950,000	(209,309)						

**REAL ALTERNATIVES**

MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043

INVOICED REVENUE AND EXPENDITURES:  
START-UP ADMINISTRATIVE & SERVICES EXPENSES

OCTOBER 1, 2013 TO DECEMBER 31, 2016, ADVERTISING EXPENSE THROUGH APRIL 30, 2016

Administrative		Services	
Personnel	71,294	Personnel	67,152
Operating	33,171	Operating	526,338
Equipment	<u>333</u>	Equipment	<u>1,712</u>
Total administrative expenditures	<u>\$ 104,798</u>	Total services expenses	<u>\$ 595,202</u>
Administrative Cost Ratio	<u>14.97%</u>	Total administrative and services expenditures	<u>\$ 700,000</u>

Expenditures reported through June 30, 2016.

**REAL ALTERNATIVES**

**MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043**

**RECONCILIATION OF CASH RECEIVED BY MICHIGAN PREGNANCY AND PARENTING SUPPORT  
SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES**

PERIOD JULY 1, 2016 TO JUNE 30, 2017

Cash received from MDCH by the Michigan Pregnancy & Parenting Support Services Grant Agreement 20142043	\$ 452,657
Adjustments due to financial records being kept according to generally accepted accounting principles accepted in the United States of America (GAAP) per contract with MDCH, Contract No. 20142043	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	(317)
2. Depreciation expense	2,290
3. Expenses reported but incurred in prior fiscal year	(452)
4. Expenses incurred but not reimbursed	<u>190,691</u>
Total functional expenses for Program Services - Michigan Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 644,869</u>

The administrative cost ratio for the period July 1, 2016 to June 30, 2017 is 9.80%.

**REAL ALTERNATIVES**

MICHIGAN PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043

STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED

PERIOD JULY 1, 2016 TO JUNE 30, 2017

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 129	\$ -	\$ 129
Other funds	-	-	-
	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 129</u>

**REAL ALTERNATIVES**

**INDIANA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
ISDH CONTRACT NO. A70-5-041137 & 0000000000000000000017466**

**INVOICED REVENUE AND EXPENDITURES**

**OCTOBER 1, 2016 TO JUNE 30, 2017**

	State Actual	State Budget	State Over (Under)	July 1, 2016 to June 30, 2017 State Actual	July 1, 2015 to June 30, 2016 State Actual	July 1, 2015 to September 30, 2015 State Actual
Administrative Personnel						
President & CEO	\$ 26,964	\$ 55,000	\$ (28,036)	\$ 41,065	\$ 42,703	\$ 7,426
VP of Administration	16,376	20,000	(3,624)	23,846	11,621	1,220
Senior Accountant	6,353	6,000	353	8,754	3,476	10
Bookkeeper	984	2,000	(1,016)	1,293	813	216
Professional Development	960	2,000	(1,040)	1,371	1,120	58
Payroll Taxes	3,057	5,000	(1,943)	3,941	2,942	196
Workers Compensation Insurance	187	500	(313)	287	178	25
Pension	1,326	2,500	(1,174)	1,985	1,701	375
Employee Group Insurance	7,626	14,000	(6,374)	12,855	10,115	1,692
Job Advertising	291	500	(209)	295	-	-
New Employee Screening	-	250	(250)	-	-	-
<b>Total Personnel</b>	<b>64,124</b>	<b>107,750</b>	<b>(43,626)</b>	<b>95,692</b>	<b>74,669</b>	<b>11,218</b>
Operating Expenses						
Accounting/IT/Legal/Consulting	2,838	10,000	(7,162)	3,344	2,398	-
Postage/Shipping	1,558	10,000	(8,442)	2,208	940	148
Auditing	2,499	4,000	(1,501)	3,839	2,305	308
Travel/Lodging	21	500	(479)	21	5	5
Rent	7,175	40,000	(32,825)	11,372	7,164	921
Telephone Service	1,418	3,500	(2,082)	2,061	1,800	223
General Business Liability Insurance	334	1,000	(666)	525	325	46
Insurance-Directors & Officers	834	1,500	(666)	1,311	793	112
Office Expense	2,735	31,000	(28,265)	4,635	4,186	470
Computer Resources	-	15,000	(15,000)	-	-	-
<b>Total Operating</b>	<b>19,412</b>	<b>116,500</b>	<b>(97,088)</b>	<b>29,316</b>	<b>19,916</b>	<b>2,233</b>
Equipment						
Equipment Service Contracts	447	750	(303)	709	359	48
<b>Total administrative expenditures</b>	<b>83,983</b>	<b>225,000</b>	<b>(141,017)</b>	<b>125,717</b>	<b>94,944</b>	<b>13,499</b>
ISDH Administrative Expenses - July 1, 2016 to September 30, 2016				41,734		
October 1, 2016 to June 30, 2017				83,983		
<b>Total Administrative Expenses July 1, 2016 to June 30, 2017</b>				<b>125,717</b>		
ISDH Administrative Expenses - July 1, 2015 to September 30, 2015					13,499	
October 1, 2015 to June 30, 2016					81,445	
<b>Total Administrative Expenses July 1, 2015 to June 30, 2016</b>					<b>94,944</b>	
Administrative Expenses as reported to ISDH for June 2017 on 7/20/2017	83,983	225,000	(141,017)			

(continued)



**REAL ALTERNATIVES**

**INDIANA PREGNANCY AND PARENTING SERVICES SUPPORT PROGRAM  
ISDH CONTRACT NO. A70-5-041137 & 0000000000000000000017466**

**INVOICED REVENUE AND EXPENDITURES (Cont'd)**

**OCTOBER 1, 2016 TO JUNE 30, 2017**

	State Actual	State Budget	State Over (Under)	July 1, 2016 to June 30, 2017 State Actual	July 1, 2015 to June 30, 2016 State Actual	July 1, 2016 to September 30, 2017 State Actual
Services						
Personnel						
Vice President of Operations	\$ 14,406	\$ 40,000	\$ (25,594)	\$ 22,915	\$ 18,660	2,625
Indiana Services Director	-	40,000	(40,000)	-	-	-
Services Coordinator	4,081	10,000	(5,919)	6,115	5,741	434
Billing Coordinator	2,932	5,000	(2,068)	4,209	3,203	684
Services Assistance	3,494	7,500	(4,006)	7,375	2,275	113
Service Provider Approval	56	2,000	(1,944)	201	1,390	77
Service Provider Monitoring	84	3,000	(2,916)	3,308	5,156	5,081
Hotline Counselor	1,084	2,000	(916)	1,815	946	213
Payroll Taxes	1,554	9,000	(7,446)	2,705	2,380	355
Workers Compensation Insurance	153	500	(347)	235	145	21
Pension	603	2,000	(1,397)	1,012	739	116
Employee Group Insurance	3,083	10,000	(6,917)	6,092	5,762	963
<b>Total Personnel</b>	<b>31,530</b>	<b>131,000</b>	<b>(99,470)</b>	<b>55,982</b>	<b>46,397</b>	<b>10,682</b>
Operating						
Client Education Materials	11,558	20,000	(8,442)	46,599	87,457	144
Services Advertising	-	-	-	105,110	429,309	-
Meetings/Seminars/Conference	-	7,000	(7,000)	4,837	-	-
Travel	1,402	10,000	(8,598)	3,281	911	911
Services Database Consulting & Dev	4,271	15,000	(10,729)	5,964	4,874	1,071
Client Services	1,454,925	1,809,500	(354,575)	1,929,979	1,357,014	272,581
Hotline Referral System	625	2,500	(1,875)	962	608	64
Contract Closeout Cost	-	25,000	(25,000)	5,111	-	-
<b>Total Operating</b>	<b>1,472,781</b>	<b>1,889,000</b>	<b>(416,219)</b>	<b>2,101,843</b>	<b>1,880,173</b>	<b>274,771</b>
Equipment						
Pregnancy Test Kits	3,968	5,000	(1,032)	6,398	2,006	-
<b>Total services expenses</b>	<b>1,508,279</b>	<b>2,025,000</b>	<b>(516,721)</b>	<b>2,164,223</b>	<b>1,928,576</b>	<b>285,453</b>
<b>Total administrative and services expenditures</b>	<b>\$ 1,592,262</b>	<b>\$ 2,250,000</b>	<b>\$ (657,738)</b>	<b>\$ 2,289,940</b>	<b>\$ 2,023,520</b>	<b>\$ 298,952</b>
ISDH Services Expenses - July 1, 2016 to September 30, 2016				655,945		
October 1, 2016 to June 30, 2017				1,508,278		
<b>Total Services Expenses July 1, 2016 to June 30, 2017</b>				<b>2,164,223</b>		
ISDH Admin & Svcs Expenses - July 1, 2016 to September 30, 2016				697,678.00		
October 1, 2016 to June 30, 2017				1,592,262.00		
<b>Total Admin &amp; Svcs Expenses July 1, 2016 to June 30, 2017</b>				<b>2,289,940.00</b>		
ISDH Services Expenses - July 1, 2015 to September 30, 2015					285,453	
October 1, 2015 to June 30, 2016					1,643,123	
<b>Total Services Expenses July 1, 2015 to June 30, 2016</b>					<b>1,928,576</b>	
ISDH Admin & Svcs Expenses - July 1, 2015 to September 30, 2015					298,952.00	
October 1, 2015 to June 30, 2016					1,724,568.00	
<b>Total Admin &amp; Svcs Expenses July 1, 2015 to June 30, 2016</b>					<b>2,023,520.00</b>	
to ISDH for June 2017 on 7/20/2017	1,508,278	2,025,000	(516,722)			
Administrative & Services Expenses as reported to ISDH for June 2017 on 7/20/2017	1,592,261	2,250,000	(657,739)			

**REAL ALTERNATIVES**

**RECONCILIATION OF CASH RECEIVED BY INDIANA PREGNANCY &  
PARENTING SUPPORT SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES**

PERIOD JULY 1, 2016 to JUNE 30, 2017

Cash received from ISDH by the Indiana Pregnancy & Parenting Support Services Grant Agreement A70-5-041137 & 00000000000000000000000017466	\$ 2,072,355
Adjustments due to financial records being kept according to generally accepted accounting principles accepted in the United States of America (GAAP) per contract with ISDH, Contract No. A70-5-041137 & 00000000000000000000000017466	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	(994)
2. Depreciation expense	5,032
3. Expenses incurred but not reimbursed	240,578
4. Unused contract revenue to be returned to ISDH	<u>(5,603)</u>
Total functional expenses for Program Services - Indiana Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 2,311,368</u>

The administrative cost ratio for the period July 1, 2016 to June 30, 2017 is 5.49%.

**REAL ALTERNATIVES**

INDIANA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
ISDH CONTRACT NO. A70-5-041137 & 0000000000000000000017466

STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED

PERIOD JULY 1, 2016 to JUNE 30, 2017

	<u>Additional Cash Earned Available for Program Use</u>	<u>2017 Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 105	\$ -	\$ 105
Other funds	-	-	-
	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 105</u>

**REAL ALTERNATIVES**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RELATED NOTES

YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through Pennsylvania			
Department of Human Services			
Temporary Assistance for Needy Families	93.558	4100060934	\$ 957,244
Passed through Indiana State			
Department of Health			
Temporary Assistance for Needy Families	93.558	A70-5-041137	697,679
Temporary Assistance for Needy Families	93.558	0000000000000000000017466	1,592,261
Passed through Michigan State			
Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	20142043	190,691
			<hr/>
Total expenditures of federal awards			<u><u>\$ 3,437,875</u></u>

**NOTES:**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Real Alternatives for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200. *Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Real Alternatives, it is not intended to and does not present the financial position, changes in net assets or cash flows of Real Alternatives.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(continued)

## **REAL ALTERNATIVES**

### **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RELATED NOTES**

**YEAR ENDED JUNE 30, 2017**

#### **3. INDIRECT COST RATE**

Real Alternatives has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MEMBERS

AMERICAN AND PENNSYLVANIA  
INSTITUTES OF CERTIFIED PUBLIC  
ACCOUNTANTS

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

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Real Alternatives (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2018.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Real Alternatives' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Real Alternatives' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

(continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 27, 2018

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

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on Compliance for Each Major Federal Program

We have audited Real Alternatives' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Real Alternatives' major federal programs for the year ended June 30, 2017. Real Alternatives' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Real Alternatives' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance

(continued)



requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Real Alternatives' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, Real Alternatives complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 27, 2018

**REAL ALTERNATIVES**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

**Prior Year Findings**

None.

## **REAL ALTERNATIVES**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2017

#### **SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Real Alternatives were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements and reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Real Alternatives, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs and reported in the Independent auditor's Report on compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Real Alternatives expresses an unmodified opinion on all major programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a).
7. The program tested as a major program was:

Temporary Assistance for Needy Families (CFDA #93.558)
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Real Alternatives was determined to be a low-risk auditee.

#### **FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

#### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

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# **EXHIBIT E**

**REAL ALTERNATIVES**  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2018 AND 2017  
AND  
INDEPENDENT AUDITOR'S REPORT



**McKONLY & ASBURY**

## REAL ALTERNATIVES

### TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities - 2018	4
Statement of Activities - 2017	5
Statement of Functional Expenses - 2018	6
Statement of Functional Expenses - 2017	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information	
Pennsylvania Pregnancy & Parenting Support Services Program DHS Contract No. 4100060934 Invoiced Revenue and Expenditures Three Months Ended September 30, 2017 (July 1, 2017, to September 30, 2017) Administrative	18
Services	19
Pennsylvania Pregnancy & Parenting Support Services Program DHS Contract No. 4100079673 Invoiced Revenue and Expenditures - 2018 Administrative	20
Services	21
Comprehensive State of Cash Received, Expenses and Amount Returned to DHS for Contracts 4100060934 and 4100079673	22
Reconciliation of Cash Received by Pennsylvania Pregnancy & Parenting Support Services Program to Statement of Functional Expenses	23

## REAL ALTERNATIVES

### TABLE OF CONTENTS (Cont'd)

	<u>Page</u>
Pennsylvania Pregnancy & Parenting Support Services Program DHS Contract No. 4100060934 and 4100079673 Statement of Program Generated Income and Interest Earned	24
Michigan Pregnancy and Parenting Support Services Program MDCH/MDHHS Contract No. 20142043 and MDHHS Contract No. E20182832-00 Invoiced Revenue and Expenditures - 2018	
Administrative	25
Services	26
Reconciliation of Cash Received by Michigan Pregnancy & Parenting Support Services to Statement of Functional Expenses	27
Statement of Program Generated Income and Interest Earned	28
Indiana Pregnancy and Parenting Support Services Program ISDH Contract No. 0000000000000000000017466 & 000000000000000000024301 Invoiced Revenue and Expenditures - 2018	
Administrative	29
Services	30
Reconciliation of Cash Received by Indiana Pregnancy & Parenting Support Services to Statement of Functional Expenses	31
Statement of Program Generated Income and Interest Earned	32
Schedule of Expenditures of Federal Awards	33
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	37
Summary Schedule of Prior Audit Findings	39
Schedule of Findings and Questioned Costs	40



MEMBERS

AMERICAN AND PENNSYLVANIA  
INSTITUTES OF CERTIFIED PUBLIC  
ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of Real Alternatives (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

MAILING ADDRESS

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 financial statements referred to above present fairly, in all material respects, the financial position of Real Alternatives as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other supplementary information on pages 18 through 33 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, on our consideration of Real Alternatives' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Real Alternatives' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Real Alternatives' internal control over financial reporting and compliance.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 27, 2019

## REAL ALTERNATIVES

### STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

#### ASSETS

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,462,654	\$ 1,665,201
Accounts receivable	395,199	419,352
Prepaid expenses and other receivables	7,236	18,699
Inventories	<u>24,361</u>	<u>40,101</u>
Total current assets	<u>1,889,450</u>	<u>2,143,353</u>
Equipment, furniture, and fixtures (net of accumulated depreciation of \$201,708 and \$195,380)	<u>66,772</u>	<u>30,873</u>
Total assets	<u>\$ 1,956,222</u>	<u>\$ 2,174,226</u>

#### LIABILITIES AND NET ASSETS

Accounts payable	\$ 799,997	\$ 768,496
Lines of credit	89,483	-
Accrued expenses	28,832	28,826
Refundable advance - DHS Grant	435,657	865,176
Operating advance payable - MDHHS Grant	<u>116,666</u>	<u>116,666</u>
Total current liabilities	<u>1,470,635</u>	<u>1,779,164</u>
Net assets		
Temporarily restricted	253	253
Unrestricted	<u>485,334</u>	<u>394,809</u>
Total net assets	<u>485,587</u>	<u>395,062</u>
Total liabilities and net assets	<u>\$ 1,956,222</u>	<u>\$ 2,174,226</u>

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

**REAL ALTERNATIVES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support			
Contributions	\$ 26,772	\$ -	\$ 26,772
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services Program - DHS Grant	5,964,476	-	5,964,476
Michigan Program Revenue			
Pregnancy & Parenting Support Services Program - MDHHS Grant	594,324	-	594,324
Indiana Program Revenue			
Pregnancy & Parenting Support Services Program - ISDH Grant	2,422,090	-	2,422,090
Program Defense and Advancement Fund Revenue	233,129	-	233,129
Interest income	715	-	715
Other income	1,932	-	1,932
	<u>9,243,438</u>	<u>-</u>	<u>9,243,438</u>
Total revenues, gains, and other support			
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services Program			
DHS Grant	5,937,057	-	5,937,057
Michigan Pregnancy and Parenting Support Services Program			
MDHHS Grant - Michigan Program	584,439	-	584,439
Indiana Pregnancy and Parenting Support Services Program			
ISDH Grant - Indiana Program	2,406,496	-	2,406,496
National Division			
Services to Other State Programs	27,212	-	27,212
Prevention Programs	9,531	-	9,531
Supporting Services, Management & General Fundraising	182,196 5,982	- -	182,196 5,982
	<u>9,152,913</u>	<u>-</u>	<u>9,152,913</u>
Total expenses			
Change in net assets	90,525	-	90,525
Net assets, beginning of year	394,809	253	395,062
Net assets, end of year	<u>\$ 485,334</u>	<u>\$ 253</u>	<u>\$ 485,587</u>

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

**REAL ALTERNATIVES**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 16,380	\$ -	\$ 16,380
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services Program - DHS Grant	6,397,825	-	6,397,825
Michigan Program Revenue			
Pregnancy & Parenting Support Services Program - MDHHS Grant	643,349	-	643,349
Indiana Program Revenue			
Pregnancy & Parenting Support Services Program- ISDH Grant	2,289,940	-	2,289,940
Program Development and Advancement Agreement	223,961	-	223,961
Interest income	2,433	4,423	6,856
Other income	5,678	-	5,678
Net assets released from restrictions	4,423	(4,423)	-
	<u>9,583,989</u>	<u>-</u>	<u>9,583,989</u>
Total revenues, gains, and other support			
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services Program			
DHS Grant	6,471,285	-	6,471,285
Michigan Pregnancy and Parenting Support Services Program			
MDHHS Grant - Michigan Program	644,869	-	644,869
Indiana Pregnancy and Parenting Support Services Program			
ISDH Grant - Indiana Program	2,311,368	-	2,311,368
National Division			
Services to Other State Programs	41,746	-	41,746
Prevention Programs	33,333	-	33,333
Supporting Services, Management & General Fundraising	219,966	-	219,966
	<u>1,614</u>	<u>-</u>	<u>1,614</u>
Total expenses	<u>9,724,181</u>	<u>-</u>	<u>9,724,181</u>
Change in net assets	(140,192)	-	(140,192)
Net assets, beginning of year	<u>535,001</u>	<u>253</u>	<u>535,254</u>
Net assets, end of year	<u>\$ 394,809</u>	<u>\$ 253</u>	<u>\$ 395,062</u>

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

**REAL ALTERNATIVES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	Program Services										Supporting Services				
	Pennsylvania Pregnancy and Parenting Support Services Program			Michigan Pregnancy and Parenting Support Services Program			Indiana Pregnancy and Parenting Support Services Program			National Division		Support Management and General	Fundraising	Total	
	DHS Administrative	DHS Project Services	DHS Fund-raising	Total DHS	MDHHS Administrative	MDHHS Project Services	Total MDHHS	ISDH Administrative	ISDH Project Services	Total ISDH	Services to Other State Programs				Prevention Programs and Health Education
Salaries, wages, and benefits															
Salaries and wages	\$ 222,318	\$ 193,090	\$ -	\$ 415,408	\$ 46,716	\$ 47,731	\$ 94,447	\$ 94,709	\$ 59,864	\$ 154,573	\$ 20,766	\$ 5,886	\$ 55,420	\$ 4,045	\$ 750,545
Unused sick leave paid	2,578	4,002	-	6,580	164	255	419	557	865	1,422	188	6	508	-	9,123
Payroll taxes	14,848	14,330	-	29,178	2,494	2,948	5,442	5,231	3,791	9,022	941	363	2,757	307	48,010
Health and group life insurance	42,835	17,581	-	60,416	9,880	4,067	13,947	15,470	6,371	21,841	2,340	430	5,896	442	105,312
Workers' compensation	706	626	-	1,332	155	137	292	282	250	532	30	25	108	14	2,333
<b>Total salaries, wages, and benefits</b>	<b>283,285</b>	<b>229,629</b>	<b>-</b>	<b>512,914</b>	<b>59,409</b>	<b>55,138</b>	<b>114,547</b>	<b>116,249</b>	<b>71,141</b>	<b>187,390</b>	<b>24,265</b>	<b>6,710</b>	<b>64,689</b>	<b>4,808</b>	<b>915,323</b>
Professional development	1,946	-	-	1,946	151	-	151	681	-	681	-	-	45	-	2,823
Consulting	24,060	12,828	-	36,888	2,799	4,846	7,645	3,956	5,999	9,955	-	-	80,444	-	134,932
Postage/shipping	2,746	-	-	2,746	2,016	-	2,016	1,552	-	1,552	41	203	469	234	7,261
Auditing	13,597	-	-	13,597	2,902	-	2,902	5,342	-	5,342	300	245	1,115	149	23,650
Travel/lodging	67	6,708	-	6,775	-	2,831	2,831	13	4,575	4,588	172	12	1,186	4	15,568
Office rent	38,714	-	-	38,714	8,530	-	8,530	15,550	-	15,550	843	706	3,188	416	67,947
Telephone/fax	6,913	-	-	6,913	1,616	-	1,616	2,568	-	2,568	489	105	1,388	71	13,150
Property/liability insurance	1,794	-	-	1,794	394	-	394	717	-	717	40	33	148	19	3,145
Directors/officers liability insurance	3,901	-	-	3,901	856	-	856	1,560	-	1,560	87	72	321	42	6,839
Office supplies	8,569	-	-	8,569	1,198	-	1,198	3,120	-	3,120	242	136	795	-	14,060
Service contracts	3,093	-	-	3,093	566	-	566	1,129	-	1,129	64	48	244	32	5,176
Information/training	-	20,482	-	20,482	-	8,078	8,078	-	13,726	13,726	-	683	-	-	42,969
Advertising	-	534,202	-	534,202	-	16,493	16,493	-	-	-	587	515	6,087	-	557,884
Meetings/seminars	-	7,599	-	7,599	-	1,064	1,064	-	3,287	3,287	-	-	7,809	-	19,759
Client services-counseling	-	4,704,769	-	4,704,769	-	408,065	408,065	-	2,143,793	2,143,793	-	-	-	-	7,256,627
Hotline referral system	-	2,838	-	2,838	-	617	617	-	1,187	1,187	82	63	220	28	5,035
Pregnancy test kits	-	29,746	-	29,746	-	4,066	4,066	-	4,970	4,970	-	-	-	-	38,782
403b contribution	9,364	6,309	-	15,673	1,223	1,228	2,451	2,582	1,427	4,009	-	-	7,376	-	29,509
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	179	179
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	4,550	-	4,550
Prior year service provider reimbursement returned to the program offices	-	(19,122)	-	(19,122)	-	(102)	(102)	-	(384)	(384)	-	-	-	-	(19,608)
Charitable contributions	-	-	-	-	-	-	-	-	-	-	-	-	1,025	-	1,025
<b>Total expenses before depreciation</b>	<b>398,049</b>	<b>5,535,988</b>	<b>-</b>	<b>5,934,037</b>	<b>81,660</b>	<b>502,324</b>	<b>583,984</b>	<b>155,019</b>	<b>2,249,721</b>	<b>2,404,740</b>	<b>27,212</b>	<b>9,531</b>	<b>181,099</b>	<b>5,982</b>	<b>9,146,585</b>
Depreciation and amortization expense	3,020	-	-	3,020	198	257	455	202	1,554	1,756	-	-	1,097	-	6,328
<b>Total functional expenses</b>	<b>\$ 401,069</b>	<b>\$ 5,535,988</b>	<b>\$ -</b>	<b>\$ 5,937,057</b>	<b>\$ 81,858</b>	<b>\$ 502,581</b>	<b>\$ 584,439</b>	<b>\$ 155,221</b>	<b>\$ 2,251,275</b>	<b>\$ 2,406,496</b>	<b>\$ 27,212</b>	<b>\$ 9,531</b>	<b>\$ 182,196</b>	<b>\$ 5,982</b>	<b>\$ 9,152,913</b>

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

# REAL ALTERNATIVES

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services										Supporting Services				
	Pennsylvania Pregnancy and Parenting Support Service Program				Michigan Pregnancy and Parenting Support Service Program			Indiana Pregnancy and Parenting Support Service Program			National Division				
	DHS	DHS	DHS	Total	MDHHS	MDHHS	Total	ISDH	ISDH	Total	Services to	Prevention	Support	Support	Total
	Adminis- trative	Project Services	Fund- raising	DHS	Adminis- trative	Project Services	MDHHS	Adminis- trative	Project Services	ISDH	Other State Programs	Health Education	Management and General	Fundraising	Total
Salaries, wages, and benefits															
Salaries and wages	\$ 217,362	\$ 210,657	\$ -	\$ 428,019	\$ 35,690	\$ 31,967	\$ 67,657	\$ 77,284	\$ 46,238	\$ 123,522	\$ 32,002	\$ 12,472	\$ 61,891	\$ 1,108	\$ 726,671
Unused sick leave paid	1,284	478	-	1,762	172	65	237	331	123	454	97	13	258	1	2,822
Payroll taxes	15,218	15,220	-	30,438	1,836	1,832	3,668	4,099	2,723	6,822	1,324	935	3,403	54	46,644
Health and group life insurance	46,649	21,135	-	67,784	6,947	3,224	10,171	13,344	6,371	19,715	3,831	560	6,544	144	108,749
Workers' compensation	1,087	889	-	1,976	166	135	301	302	247	549	63	97	139	5	3,130
Job advertising	9	663	-	672	1	71	72	5	291	296	-	-	-	-	1,040
<b>Total salaries, wages, and benefits</b>	<b>281,609</b>	<b>249,042</b>	<b>-</b>	<b>530,651</b>	<b>44,812</b>	<b>37,294</b>	<b>82,106</b>	<b>95,365</b>	<b>55,993</b>	<b>151,358</b>	<b>37,317</b>	<b>14,077</b>	<b>72,235</b>	<b>1,312</b>	<b>889,056</b>
Professional development	3,032	95	-	3,127	337	-	337	1,188	-	1,188	-	-	483	-	5,135
Consulting	15,303	7,275	-	22,578	2,247	1,764	4,011	3,344	5,964	9,308	-	-	113,718	-	149,615
Postage/shipping	4,789	-	-	4,789	1,553	-	1,553	2,185	23	2,208	-	331	403	97	9,381
Auditing	14,584	-	-	14,584	2,187	-	2,187	4,031	-	4,031	456	679	1,030	33	23,000
Travel/lodging	85	7,741	-	7,826	(2)	2,289	2,287	21	3,281	3,302	-	843	1,211	-	15,469
Office rent	42,667	-	-	42,667	6,543	-	6,543	11,970	-	11,970	1,345	2,077	2,969	99	67,670
Telephone/fax	6,999	-	-	6,999	1,161	-	1,161	2,060	-	2,060	649	244	1,256	16	12,385
Property/liability insurance	1,975	-	-	1,975	302	-	302	552	-	552	62	96	139	5	3,131
Directors/officers liability insurance	4,932	-	-	4,932	754	-	754	1,379	-	1,379	155	241	343	12	7,816
Office supplies	9,328	-	-	9,328	831	-	831	2,444	22	2,466	1,018	82	1,853	-	15,578
Service contracts	2,720	-	-	2,720	404	-	404	738	-	738	84	137	212	8	4,303
Information/training	-	7,960	-	7,960	-	4,553	4,553	-	46,350	46,350	-	627	20	-	59,510
Advertising	-	518,118	-	518,118	-	45,346	45,346	-	129,710	129,710	568	13,757	3,041	-	710,540
Meetings/seminars	-	8,486	-	8,486	-	2,513	2,513	-	4,837	4,837	-	-	9,737	-	25,573
Client services-counseling	-	5,179,122	-	5,179,122	-	482,813	482,813	-	1,929,979	1,929,979	-	-	-	-	7,591,914
Hotline referral system	-	3,378	-	3,378	-	492	492	-	1,002	1,002	92	142	204	7	5,317
Pregnancy test kits	-	31,381	-	31,381	-	2,660	2,660	-	6,398	6,398	-	-	-	-	40,439
403b contribution	9,526	6,723	-	16,249	942	784	1,726	2,084	1,019	3,103	-	-	7,027	-	28,105
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	25	25
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	1,766	-	1,766
Prior year service provider reimbursements returned to DHS	-	43,070	-	43,070	-	-	-	-	(5,603)	(5,603)	-	-	-	-	37,467
Salvage value of assets disposed of	111	-	-	111	-	-	-	-	-	-	-	-	-	-	111
<b>Total expenses before depreciation</b>	<b>397,660</b>	<b>6,062,391</b>	<b>-</b>	<b>6,460,051</b>	<b>62,071</b>	<b>580,508</b>	<b>642,579</b>	<b>127,361</b>	<b>2,178,975</b>	<b>2,306,336</b>	<b>41,746</b>	<b>33,333</b>	<b>217,647</b>	<b>1,614</b>	<b>9,703,306</b>
Depreciation and amortization expense	11,234	-	-	11,234	208	2,082	2,290	208	4,824	5,032	-	-	2,319	-	20,875
<b>Total functional expenses</b>	<b>\$ 408,894</b>	<b>\$ 6,062,391</b>	<b>\$ -</b>	<b>\$ 6,471,285</b>	<b>\$ 62,279</b>	<b>\$ 582,590</b>	<b>\$ 644,869</b>	<b>\$ 127,569</b>	<b>\$ 2,183,799</b>	<b>\$ 2,311,368</b>	<b>\$ 41,746</b>	<b>\$ 33,333</b>	<b>\$ 219,966</b>	<b>\$ 1,614</b>	<b>\$ 9,724,181</b>

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

## REAL ALTERNATIVES

### STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 90,525	\$ (140,192)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	6,328	20,875
Loss on disposal of assets	-	111
(Increase) decrease in		
Accounts receivable	24,153	(51,340)
Prepaid expenses and other receivables	11,463	(10,096)
Inventories	15,740	13,777
Increase (decrease) in		
Accounts payable	31,501	(658,081)
Accrued expenses	6	1,216
Refundable advance - DHS grant	(429,519)	274,573
	(249,803)	(549,157)
Cash flows from investing activities		
Purchase of equipment, furniture and fixtures	(42,227)	-
	(42,227)	-
Cash flows from financing activities		
Net change in line of credit	89,483	(29,080)
	89,483	(29,080)
Decrease in cash	(202,547)	(578,237)
Cash and cash equivalents - beginning	1,665,201	2,243,438
Cash and cash equivalents - ending	\$ 1,462,654	\$ 1,665,201
Supplemental data		
Interest paid	\$ 3,966	\$ 1,766

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



# REAL ALTERNATIVES

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES

Real Alternatives (the Organization) exists to provide life-affirming alternatives to abortion services throughout the nation. These compassionate support services empower women to protect their reproductive health, avoid crisis pregnancies, choose childbirth rather than abortion, receive adoption education, and improve parenting skills.

In the Pennsylvania Program, the Organization acts as the statewide administrator for the PA Alternative to Abortion Program (PATA) (also known as the Pennsylvania Pregnancy and Parenting Support Services Program), funded by the Commonwealth of Pennsylvania Department of Human Services (DHS) to provide alternatives to abortion services to eligible clients to empower women to be able to choose childbirth over abortion. Under the contract, the Organization receives reimbursements on a quarterly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding through DHS for Pennsylvania state funds appropriated for the program, as well as, from the U.S. Department of Health and Human Services (HHS) through its Temporary Assistance for Needy Families (TANF) program. The money is passed through from HHS to DHS and then, the Organization, as a subrecipient receives the money.

The Organization entered into a contract with the State of Michigan to administer an alternatives to abortion program funded in the amount of \$700,000 through the Michigan Department of Community Health (now the Michigan Department of Health and Human Services – MDHHS) in the central and southern part of the state, and it is known as the “Michigan Pregnancy and Parenting Support Services Program.” The contract, effective October 1, 2013, was extended to September 30, 2017, by the state of Michigan and had been increased by an additional \$1,250,000. A new contract was entered into that runs from October 1, 2017, through September 30, 2018, in the amount of \$650,000. The program is very similar to the Pennsylvania program, and although originally funded with state funds, is now funded fully with TANF money. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding through MDHHS from HHS through its TANF program. The money is passed through from HHS to MDHHS and then, the Organization, as a subrecipient, receives the money.

The Organization also entered into a contract with the State of Indiana to administer an alternatives to abortion program funded at \$1,000,000 through the Indiana State Department of Health (ISDH) in the northern part of the state, and it is known as the “Indiana Pregnancy and Parenting Support Services Program.” From October 1, 2016, through September 30, 2018, the contracts were in the amount of \$2,250,000 each year. The program is very similar to the Pennsylvania and Michigan programs; however, it is funded fully with TANF money and no state funds. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding through ISDH from HHS through its TANF program. The money is passed through from HHS to the Indiana Family and Social Services Administration (FSSA), then to ISDH and then, the Organization, as a subrecipient, receives the money.

Real Alternatives continues to consult with other states interested in starting government funded alternatives to abortion programs in their state.

(continued)

# REAL ALTERNATIVES

## NOTES TO FINANCIAL STATEMENTS

In addition, Real Alternatives continued to publish and advertise the Concerned Parents Report website, [www.concernedparents.com](http://www.concernedparents.com). Concerned Parents Report is a national Internet publication of the Organization dedicated to reporting information and imparting knowledge to parents so that they can empower their children to make the healthiest choice for their reproductive health – living a chaste lifestyle. During fiscal year 2017/2018, 97,651 individuals throughout the world viewed health information and studies on 218,189 web pages.

In fiscal year 2017/2018, Real Alternatives continued to publish updated health information on its LoveFacts website. The organization promotes chastity, through the LoveFacts website, as the best way to prevent sexually transmitted diseases and unexpected pregnancies. The organization educates high school and college students about the importance of living a chaste lifestyle at many national conferences.

Real Alternatives sponsored the Love and Fidelity Network Annual Conference, “Sexuality, Integrity and the University” at Princeton University with a program ad. This event was attended by over 350 students representing 50 colleges from around the country. LoveFacts brochures were provided at the Cardinal O’Connor Conference on Life, the largest student run pro-life conference in the country with 750 students attending. Real Alternatives provided sponsorship to Students for Life of America at their annual East and West Coast Conferences with program advertisements and conference bags inserts providing information on [LoveFacts.org](http://LoveFacts.org). The East Coast Conference had about 2000 attend and the West Coast Conference had nearly 800 attending.

For the [LoveFacts.org](http://LoveFacts.org) website overall, in 2017/2018, 5,562 individuals viewed the health information and studies on 32,442 web pages.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting.

### *Basis of Presentation*

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of Real Alternatives and changes therein are classified and reported as follows:

*Unrestricted net assets* are not restricted by donors, or the donor-imposed restrictions have expired.

*Temporarily restricted net assets* contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

(continued)

## **REAL ALTERNATIVES**

### **NOTES TO FINANCIAL STATEMENTS**

*Permanently restricted net assets* consist of property contributed which contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the Organization to use, or expend part or all of the income derived from, the donated assets for specified purposes.

#### ***Revenue and Support Recognition***

The Organization recognizes contract revenues in the statements of activities to the extent that expenses have been incurred for the purpose specified by the granting agency during the period. In applying this concept, the legal and contractual requirements of the grant are used as guidance.

Contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support. This requirement is dependent on the existence and/or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### ***Cash Equivalents***

Real Alternatives considers all unrestricted, highly liquid deposits to be cash equivalents.

#### ***Accounts Receivable***

No allowances for uncollectible accounts receivable are deemed necessary as of June 30, 2018 and 2017.

#### ***Inventories***

Inventories are stated at the lower of cost of obtaining the items and net realizable value.

#### ***Equipment, Furniture, and Fixtures***

Purchases of equipment, furniture, and fixtures having a unit cost of \$600 or more are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years.

Upon cancellation or termination of the PA Alternatives to Abortion contracts, disposition of personal property with a remaining useful life that was purchased with DHS funds is subject to certain contract provisions. Specifically, those provisions permit the Organization, with approval from DHS, to transfer such property to another contractor designated by DHS or to reimburse DHS for the remaining life of the property, as determined by DHS, if the Organization wishes to retain or sell such property. Net property purchased and capitalized with DHS funds amounted to \$39,197 and \$20,898 as of June 30, 2018 and 2017.

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

The state of Michigan reserves the right to retain or transfer title to all items of equipment having a unit acquisition cost of \$5,000 or more to the extent that Michigan's proportionate interest in such equipment supports such retention or transfer of title. Net property purchased and capitalized with Michigan funds amounted to \$11,504 and \$1,597 as of June 30, 2018 and 2017.

Equipment purchased to support the contract with Indiana was done in accordance with TANF regulations per *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Net property purchased and capitalized with Indiana funds amounted to \$12,078 and \$3,312 as of June 30, 2018 and 2017.

#### ***Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The costs related to the contracts have been summarized according to budget categories established by the state agencies.

#### ***Income Taxes***

The Organization's operations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization adheres to the provisions of Financial Accounting Standards Board (FASB) Codification 740, *Income Taxes* (ASC 740). ASC 740 establishes rules for recognizing and measuring tax positions taken in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that organizations evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. A company can recognize an income tax benefit only if the position has a "more likely than not" (i.e., more than 50 percent) chance to being sustained on the technical merits. For the years ended June 30, 2018 and 2017, the Organization has taken no material tax positions on their applicable tax filings that do not meet the more likely than not threshold. As a result, no amount for UTPs has been included in the financial statements. The Organization believes it is no longer subject to income tax examinations for the fiscal years prior to the year ended June 30, 2015.

#### ***Advertising Costs***

The Organization follows the policy of charging the costs of advertising, including the costs of production, to expense the first time the advertising takes place. Advertising expense for the PA program was \$534,202 and \$518,118 for the years ended June 30, 2018 and 2017. Expense for the Michigan program was \$16,493 and \$45,346 for the years ended June 30, 2018 and 2017. Expense for the Indiana program was zero and \$129,710 for the years ended June 30, 2018 and 2017.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### *Service Provider Adjustments*

In the normal course of operations, adjustments may be made to current or prior year amounts paid to service providers. These adjustments, which may be material, are the results of the application of monitoring procedures, audit procedures, government agency audits, or the results of the final close out procedures for any given contract year. For prior year periods, these adjustments may result in amounts to be returned to the program office of the state agencies. The effects of current year service provider adjustments, prior period service provider adjustments, and any amounts returned to DHS, MDHHS, or ISDH are reflected in the statements of activities when determined.

#### *Estimates*

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

#### *Recently Issued Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. The amendments in this ASU include two classes of net asset classifications, options for presenting cash flow from operations, and many additional disclosure requirements. These changes are effective for the Organization on July 1, 2018. Management has not determined the impact of these changes in the Organization's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This pronouncement, and related subsequent pronouncements, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The changes become effective for the Organization on July 1, 2019. Management has not yet determined the impact of these changes on the Organization's financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction, and how an entity determines whether a resource provider is participating in an exchange transaction. The amendments also require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promiser's obligation to transfer assets is present. The changes become effective for the Organization on July 1, 2019. Management has not determined the impact of these changes on the Organization's financial statements.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The changes associated with this ASU include the requirement for lessees to recognize the underlying assets and liabilities associated with all operating leases with terms greater than 12 months. The changes become effective for the Organization on July 1, 2020. Management has not determined the impact of these changes on the Organization's financial statements.

#### *Subsequent Events*

Management evaluated subsequent events through March 27, 2019, the date the financial statements were available to be issued.

### 3. EQUIPMENT, FURNITURE, AND FIXTURES

Equipment, furniture, and fixtures consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 180,025	\$ 137,798
Furniture and fixtures	29,768	29,768
Software	<u>58,687</u>	<u>58,687</u>
	268,480	226,253
Less accumulated depreciation and amortization	<u>(201,708)</u>	<u>(195,380)</u>
Net book value	<u>\$ 66,772</u>	<u>\$ 30,873</u>

Depreciation and amortization expense for the years ended June 30, 2018 and 2017, totaled \$6,328 and \$20,875.

### 4. LEASE

The Organization currently leases 5,600 square feet of office space under a lease that expired June 30, 2018, but renewed through June 30, 2019. Future lease renewals are dependent on funding from the Commonwealth of Pennsylvania. Future minimum payments required under the lease are \$61,476 for the year ended June 30, 2019. Total rent expense was \$66,487 and \$66,458 for the years ended June 30, 2018 and 2017.

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### 5. CONCENTRATION OF RISK

##### *Cash*

The Organization maintains its cash in bank accounts held by high credit quality institutions. Deposits at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balance of the cash was not insured or collateralized in the Organization's name, but was collateralized in accordance with Commonwealth of Pennsylvania Act 72 which requires the credit institution to pool collateral for all deposits and have the collateral held by an approved custodian in the institution's name.

##### *Contract Appropriation Support*

The Organization receives a substantial amount of its support from PA DHS. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization's program and activities. Legislatively appropriated support from Pennsylvania amounted to \$7,263,000 for the years ended June 30, 2018 and 2017, respectively. During those years, \$1,000,000 each year was from the HHS TANF block grant to the Commonwealth of Pennsylvania. However, during the fiscal year ending June 30, 2018, actual cash received in support of the program amounted to \$6,399,373 (\$1,438,630 received for the period July 1, 2017 to September 30, 2017 and \$4,960,743 for the period October 1, 2017 to June 30, 2018). This lesser amount was due to contracting delays with DHS and a delay in payments received from the Commonwealth.

For the year ended June 30, 2017, the money received was for the fifth year of a five year grant agreement with The Department of Human Services totaling \$33,808,000. The term of the grant is for July 1, 2012, through June 30, 2017, with two additional optional one-year renewal periods. However, DHS did not renew the grant agreement, but instead chose to extend it for three (3) months through September 30, 2017. The Organization and DHS then entered into a new grant agreement with a term from October 1, 2017, through June 30, 2019, with three additional optional one-year renewal periods, totaling \$13,087,370.

The Organization entered into a new contract with MDHHS with a term from October 1, 2017, through September 30, 2018, totaling \$650,000. Additional grant support from the MDHHS amounted to \$400,000 for the period ending September 30, 2017, of TANF funds, along with the \$1,550,000 of state funds for the period ending December 31, 2016.

The Organization entered into a new contract with ISDH with a term from October 1, 2017, through September 30, 2018, totaling \$2,250,000. Grant support from the ISDH amounted to \$2,250,000 of TANF funds for the year ending September 30, 2017.

#### 6. AUDIT

The grants received by the Organization are subject to audit and verification by grantor agencies, principally PA-DHS, MDHHS and ISDH. Any disallowed costs, including costs for which the Organization has already received payment, may result in a liability of the applicable funds. As of the date of this report, management is unaware of any material adjustments that would be required as a result of such an audit.

(continued)

## **REAL ALTERNATIVES**

### **NOTES TO FINANCIAL STATEMENTS**

#### **7. LINES OF CREDIT**

Real Alternatives has engaged FNB (formerly Metro Bank) as the organization's main depository. The line of credit for the PA program was renewed on April 4, 2018, for \$500,000 using the current grant #4100079673 as collateral. As of June 30, 2018, there was a balance of \$19,281 on the \$500,000 PA line of credit. Additional lines of credit were obtained for Michigan and Indiana in the amount of \$100,000 for each program on January 10, 2018, using each state's current agreement as collateral. As of June 30, 2018, the balance on the Michigan line of credit was \$21,270. As of June 30, 2018, the balance on the Indiana line of credit was \$48,932. Interest on each line of credit with FNB is 5.5%, per annum. The lines of credit will be reviewed annually for renewals and extensions. Interest expense for the years ended June 30, 2018 and 2017 was \$ 3,966 and \$1,766.

#### **8. EMPLOYEE BENEFITS**

Real Alternatives sponsors a 403(b) retirement savings plan to which all eligible employees of the Organization may contribute up to the maximum allowed by law. The Organization matches these contributions dollar for dollar up to 4% of the employee's salary contributed to the plan. The Organization's contribution was \$29,509 and \$28,105 for the years ended June 30, 2018 and 2017.



**SUPPLEMENTARY INFORMATION**

## REAL ALTERNATIVES

### PENNSYLVANIA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM DHS CONTRACT NO. 4100060934

#### INVOICED REVENUE AND EXPENDITURES

THREE MONTH EXTENSION OF DHS CONTRACT 4100060934 UNTIL SEPTEMBER 30, 2017 (JULY 1, 2017 to SEPTEMBER 30, 2017)

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
Administrative Personnel									
President & CEO	\$ 19,103	\$ 19,103	\$ -	\$ 3,050	\$ 3,050	\$ -	\$ 22,153	\$ 22,153	\$ -
Vice President of Administration	14,870	14,870	-	2,374	2,374	-	17,244	17,244	-
Accountant	6,400	6,400	-	1,022	1,022	-	7,422	7,422	-
Bookkeeper	2,121	2,121	-	339	339	-	2,460	2,460	-
Overtime	-	-	-	-	-	-	-	-	-
Unused Sick	-	-	-	-	-	-	-	-	-
Payroll taxes	2,179	2,179	-	348	348	-	2,527	2,527	-
Workers' compensation insurance	139	139	-	22	22	-	161	161	-
Employee group insurance	8,050	8,050	-	1,286	1,286	-	9,336	9,336	-
Job advertising	-	-	-	-	-	-	-	-	-
Employee screening	-	-	-	-	-	-	-	-	-
Pension contribution	1,802	1,802	-	288	288	-	2,090	2,090	-
Professional development and training	626	626	-	100	100	-	726	726	-
<b>Total personnel</b>	<b>55,290</b>	<b>55,290</b>	<b>-</b>	<b>8,829</b>	<b>8,829</b>	<b>-</b>	<b>64,119</b>	<b>64,119</b>	<b>-</b>
Operating expenses									
Consulting	859	859	-	137	137	-	996	996	-
Postage/shipping	(37)	(37)	-	(6)	(6)	-	(43)	(43)	-
Auditing	2,586	2,586	-	413	413	-	2,999	2,999	-
Travel/lodging	-	-	-	-	-	-	-	-	-
Rent	7,773	7,773	-	1,241	1,241	-	9,014	9,014	-
Telephone service	1,395	1,395	-	223	223	-	1,618	1,618	-
General business liability insurance	354	354	-	56	56	-	410	410	-
Directors/owners liability insurance	769	769	-	123	123	-	892	892	-
Office expense	2,422	2,422	-	387	387	-	2,809	2,809	-
Computer upgrades	-	-	-	-	-	-	-	-	-
Resources Development	23	23	-	-	-	-	23	23	-
<b>Total operating expenses</b>	<b>16,144</b>	<b>16,144</b>	<b>-</b>	<b>2,574</b>	<b>2,574</b>	<b>-</b>	<b>18,718</b>	<b>18,718</b>	<b>-</b>
Equipment									
Equipment service contracts	628	628	-	100	100	-	728	728	-
<b>Total administrative</b>	<b>\$ 72,062</b>	<b>\$ 72,062</b>	<b>\$ -</b>	<b>\$ 11,503</b>	<b>\$ 11,503</b>	<b>\$ -</b>	<b>\$ 83,565</b>	<b>\$ 83,565</b>	<b>\$ -</b>

## REAL ALTERNATIVES

### PENNSYLVANIA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM DHS CONTRACT NO. 4100060934

#### INVOICED REVENUE AND EXPENDITURES (Cont'd)

#### THREE MONTH EXTENSION OF DHS CONTRACT 4100060934 UNTIL SEPTEMBER 30, 2017 (JULY 1, 2017 to SEPTEMBER 30, 2017)

	<u>State Actual</u>	<u>State Budget</u>	<u>State Over (Under)</u>	<u>TANF Actual</u>	<u>TANF Budget</u>	<u>TANF Over (Under)</u>	<u>Total Actual</u>	<u>Total Budget</u>	<u>Total Over (Under)</u>
<b>Services</b>									
<b>Personnel</b>									
Vice President	\$ 20,998	\$ 20,998	\$ -	\$ 3,351	\$ 3,351	\$ -	\$ 24,349	\$ 24,349	\$ -
Contract Compliance Services	(95)	(95)	-	(15)	(15)	-	(110)	(110)	-
Services Coordinator	8,093	8,093	-	1,292	1,292	-	9,385	9,385	-
Billing Coordinator	1,412	1,412	-	226	226	-	1,638	1,638	-
Outreach Coordinator	935	935	-	149	149	-	1,084	1,084	-
Special Projects Coordinator	1,955	1,955	-	312	312	-	2,267	2,267	-
Services Assistant	-	-	-	-	-	-	-	-	-
Hotline Counselors	705	705	-	113	113	-	818	818	-
Overtime	-	-	-	-	-	-	-	-	-
Unused Sick	-	-	-	-	-	-	-	-	-
Payroll taxes	2,386	2,386	-	381	381	-	2,767	2,767	-
Workers' compensation insurance	124	124	-	20	20	-	144	144	-
Employee group insurance	3,311	3,311	-	529	529	-	3,840	3,840	-
Job advertising	-	-	-	-	-	-	-	-	-
Employee screening	-	-	-	-	-	-	-	-	-
Pension contribution	1,129	1,129	-	180	180	-	1,309	1,309	-
Professional development	-	-	-	-	-	-	-	-	-
<b>Total personnel</b>	<b>40,953</b>	<b>40,953</b>	<b>-</b>	<b>6,538</b>	<b>6,538</b>	<b>-</b>	<b>47,491</b>	<b>47,491</b>	<b>-</b>
<b>Operating</b>									
Information and training materials	123	123	-	19	19	-	142	142	-
Services advertising	(2,362)	(2,362)	-	(377)	(377)	-	(2,739)	(2,739)	-
Travel	1,009	1,009	-	161	161	-	1,170	1,170	-
Services database consulting and development	3,592	3,592	-	574	574	-	4,166	4,166	-
Services materials & postage costs	-	-	-	-	-	-	-	-	-
Meetings/seminars	(245)	(245)	-	(39)	(39)	-	(284)	(284)	-
Minor equipment reimbursement	-	-	-	-	-	-	-	-	-
Other services consulting	-	-	-	-	-	-	-	-	-
Counseling reimbursement	1,106,171	1,106,171	-	190,448	190,448	-	1,296,619	1,296,619	-
Hotline referral system	609	609	-	97	97	-	706	706	-
Contract Close Out Costs	-	-	-	-	-	-	-	-	-
<b>Total operating</b>	<b>1,108,897</b>	<b>1,108,897</b>	<b>-</b>	<b>190,883</b>	<b>190,883</b>	<b>-</b>	<b>1,299,780</b>	<b>1,299,780</b>	<b>-</b>
<b>Equipment</b>									
Pregnancy test kits	6,442	6,442	-	1,352	1,352	-	7,794	7,794	-
<b>Total services</b>	<b>1,156,292</b>	<b>1,156,292</b>	<b>-</b>	<b>198,773</b>	<b>198,772</b>	<b>-</b>	<b>1,355,065</b>	<b>1,355,065</b>	<b>-</b>
<b>Total administrative and services</b>	<b>\$ 1,228,354</b>	<b>\$ 1,228,354</b>	<b>\$ -</b>	<b>\$ 210,276</b>	<b>\$ 210,276</b>	<b>\$ -</b>	<b>\$ 1,438,630</b>	<b>\$ 1,438,630</b>	<b>\$ -</b>

## REAL ALTERNATIVES

### PENNSYLVANIA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM DHS CONTRACT NO. 4100079673

#### INVOICED REVENUE AND EXPENDITURES

NINE MONTHS ENDED JUNE 30, 2018 (October 1, 2017 to June 30, 2018)

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
Administrative Personnel									
President & CEO	\$ 86,162	\$ 103,725	\$ (17,563)	\$ 13,764	\$ 16,564	\$ (2,800)	\$ 99,926	\$ 120,289	\$ (20,363)
Vice President of Administration	41,679	69,150	(27,471)	6,654	11,042	(4,388)	48,334	80,192	(31,858)
Accountant	15,363	27,660	(12,297)	2,453	4,417	(1,964)	17,816	32,077	(14,261)
Bookkeeper	6,005	17,287	(11,282)	959	2,761	(1,802)	6,965	20,048	(13,083)
Overtime	-	-	-	-	-	-	-	-	-
Unused Sick	2,224	2,766	(542)	355	442	(87)	2,578	3,208	(630)
Payroll taxes	10,625	17,287	(6,662)	1,697	2,761	(1,064)	12,321	20,048	(7,727)
Workers' compensation insurance	469	1,383	(914)	75	221	(146)	544	1,604	(1,060)
Employee group insurance	28,887	51,862	(22,975)	4,613	8,282	(3,669)	33,499	60,144	(26,645)
Job advertising	-	692	(692)	-	110	(110)	-	802	(802)
Employee screening	-	346	(346)	-	55	(55)	-	401	(401)
Pension contribution	6,272	10,373	(4,101)	1,002	1,656	(654)	7,274	12,029	(4,755)
Professional development and training	1,051	4,149	(3,098)	168	663	(495)	1,219	4,812	(3,593)
<b>Total personnel</b>	<b>198,737</b>	<b>306,680</b>	<b>(107,943)</b>	<b>31,739</b>	<b>48,974</b>	<b>(17,235)</b>	<b>230,476</b>	<b>355,654</b>	<b>(125,178)</b>
Operating expenses									
Consulting	19,886	25,869	(5,983)	3,176	4,131	(955)	23,062	30,000	(6,938)
Postage/shipping	2,405	8,989	(6,584)	384	1,436	(1,052)	2,789	10,425	(7,636)
Auditing	9,139	17,979	(8,840)	1,459	2,871	(1,412)	10,598	20,850	(10,252)
Travel/lodging	58	692	(634)	9	110	(101)	67	802	(735)
Rent	25,610	44,947	(19,337)	4,090	7,178	(3,088)	29,700	52,125	(22,425)
Telephone service	4,566	10,373	(5,807)	729	1,656	(927)	5,295	12,029	(6,734)
General business liability insurance	1,193	1,383	(190)	190	221	(31)	1,384	1,604	(220)
Directors/owners liability insurance	2,595	3,458	(863)	414	552	(138)	3,009	4,010	(1,001)
Office expense	5,800	58,354	(52,554)	926	9,318	(8,392)	6,726	67,672	(60,946)
Computer upgrades	18,383	20,745	(2,362)	2,936	3,313	(377)	21,319	24,058	(2,739)
Resources Development	-	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>89,635</b>	<b>192,789</b>	<b>(103,154)</b>	<b>14,314</b>	<b>30,786</b>	<b>(16,472)</b>	<b>103,948</b>	<b>223,575</b>	<b>(119,627)</b>
Equipment									
Equipment service contracts	2,039	2,766	(727)	326	442	(116)	2,364	3,208	(844)
<b>Total administrative</b>	<b>\$ 290,410</b>	<b>\$ 502,235</b>	<b>\$ (211,825)</b>	<b>\$ 46,378</b>	<b>\$ 80,202</b>	<b>\$ (33,824)</b>	<b>\$ 336,788</b>	<b>\$ 582,437</b>	<b>\$ (245,649)</b>

## REAL ALTERNATIVES

### PENNSYLVANIA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM DHS CONTRACT NO. 4100079673

#### INVOICED REVENUE AND EXPENDITURES (Cont'd)

#### NINE MONTHS ENDED JUNE 30, 2018 (October 1, 2017 to June 30, 2018)

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	9 month Total Actual	9 month Total Budget	Actual less Budget Over (Under)
<b>Services</b>									
<b>Personnel</b>									
Vice President	\$ 87,319	\$ 95,948	\$ (8,629)	\$ 13,946	\$ 15,321	\$ (1,375)	\$ 101,265	\$ 111,269	\$ (10,004)
Contract Compliance Services	11,182	11,235	(53)	1,785	1,794	(9)	12,966	13,029	(63)
Services Coordinator	21,744	35,266	(13,522)	3,470	5,632	(2,162)	25,215	40,898	(15,683)
Billing Coordinator	1,198	8,298	(7,100)	192	1,325	(1,133)	1,390	9,623	(8,233)
Outreach Coordinator	4,675	8,298	(3,623)	747	1,325	(578)	5,421	9,623	(4,202)
Special Projects Coordinator	5,100	6,915	(1,815)	814	1,104	(290)	5,914	8,019	(2,105)
Services Assistant	-	3,458	(3,458)	-	552	(552)	-	4,010	(4,010)
Hotline Counselors	1,281	14,521	(13,240)	205	2,319	(2,115)	1,486	16,840	(15,354)
Overtime	-	-	-	-	-	-	-	-	-
Unused Sick	3,451	3,885	(434)	551	620	(69)	4,002	4,505	(503)
Payroll taxes	9,971	16,515	(6,544)	1,592	2,637	(1,045)	11,563	19,152	(7,589)
Workers' compensation insurance	416	1,383	(967)	67	221	(155)	483	1,604	(1,121)
Employee group insurance	11,849	31,118	(19,269)	1,892	4,969	(3,077)	13,742	36,087	(22,345)
Job advertising	-	692	(692)	-	110	(110)	-	802	(802)
Employee screening	-	346	(346)	-	56	(56)	-	402	(402)
Pension contribution	4,311	5,186	(875)	688	828	(140)	4,999	6,014	(1,015)
Professional development	-	1,383	(1,383)	-	221	(221)	-	1,604	(1,604)
<b>Total personnel</b>	<b>162,498</b>	<b>244,447</b>	<b>(81,949)</b>	<b>25,948</b>	<b>39,034</b>	<b>(13,086)</b>	<b>188,446</b>	<b>283,481</b>	<b>(95,035)</b>
<b>Operating</b>									
Information and training materials	17,540	17,694	(154)	2,801	2,825	(24)	20,341	20,519	(178)
Services advertising	453,530	453,537	(7)	72,424	72,425	(1)	525,954	525,962	(8)
Travel	4,776	6,915	(2,139)	763	1,104	(341)	5,538	8,019	(2,481)
Services database consulting and development	7,470	17,287	(9,817)	1,193	2,761	(1,568)	8,663	20,048	(11,385)
Services materials & postage costs	-	-	-	-	-	-	-	-	-
Meetings/seminars	6,797	6,915	(118)	1,085	1,104	(19)	7,883	8,019	(136)
Minor equipment reimbursement	-	323	(323)	-	52	(52)	-	375	(375)
Other services consulting	-	-	-	-	-	-	-	-	-
Counseling reimbursement	2,840,951	3,674,885	(833,934)	567,198	586,823	(19,625)	3,408,149	4,261,708	(853,559)
Hotline referral system	1,839	5,186	(3,347)	294	828	(534)	2,133	6,014	(3,881)
Contract Close Out Costs	-	58,371	(58,371)	-	9,321	(9,321)	-	67,692	(67,692)
<b>Total operating</b>	<b>3,332,903</b>	<b>4,241,113</b>	<b>(908,210)</b>	<b>645,757</b>	<b>677,243</b>	<b>(31,486)</b>	<b>3,978,660</b>	<b>4,918,356</b>	<b>(939,696)</b>
<b>Equipment</b>									
Pregnancy test kits	19,304	34,575	(15,271)	2,649	5,521	(2,872)	21,953	40,096	(18,143)
<b>Total services</b>	<b>3,514,705</b>	<b>4,520,135</b>	<b>(1,005,431)</b>	<b>674,354</b>	<b>721,798</b>	<b>(47,444)</b>	<b>4,189,059</b>	<b>5,241,933</b>	<b>(1,052,874)</b>
<b>Total administrative and services</b>	<b>\$ 3,805,115</b>	<b>\$ 5,022,370</b>	<b>\$ (1,217,255)</b>	<b>\$ 720,732</b>	<b>\$ 802,000</b>	<b>\$ (81,268)</b>	<b>\$ 4,525,847</b>	<b>\$ 5,824,370</b>	<b>\$ (1,298,523) *</b>

\*\$1,298,523 is made up of the actual amount returned to DHS of \$434,896 (not including interest of \$761) and \$863,627, never received from DHS.

## REAL ALTERNATIVES

### COMPREHENSIVE STATEMENT OF CASH RECEIVED, EXPENSES AND AMOUNT RETURNED TO DHS FOR CONTRACTS 4100060934 AND 4100079673 FOR JULY 1, 2017 TO JUNE 30, 2018

	<u>Amount</u>
<b>DHS Contract # 4100060934, (July 1, 2017 - September 30, 2017)</b>	
Total Cash Received for July 1, 2017 - September 30, 2017	\$ 1,438,630
Total Expense for July 1, 2017 to September 30, 2017	\$ 1,438,630
<b>DHS Contract # 4100079673, (October 1, 2017 - June 30, 2018)</b>	
Cash Received: October 1, 2017 to December 31, 2017	\$ 1,329,243
Cash Needs-January 1, 2018 - March 31, 2018	1,815,750
Cash Needs-April 1, 2018 - June 30, 2018	1,815,750
Total Cash Received October 1, 2017 - June 30, 2018	\$ 4,960,743
Total Expenses for October 1, 2017 - June 30, 2018, as reported through December 5, 2018	\$ 4,525,847
<b>DHS Contract # 4100060934, Extension &amp; DHS Contract # 4100079673</b>	
Total Cash Received for July 1, 2017 to June 30, 2018	\$ 6,399,373
Total Expenses for July 1, 2017 to June 30, 2018	5,964,477
Amount Returned to DHS on September 14, 2018, additional amount returned on December 5, 2018, not including Interest	434,896
Interest received July 1, 2017 to June 30, 2018	761
Total Amount Returned to DHS, September 14, 2018 and December 5, 2018	\$ 435,657

## REAL ALTERNATIVES

### RECONCILIATION OF CASH RECEIVED BY PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM TO STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

Cash received from PA Dept. of Human Services (DHS) by the Pennsylvania  
Pregnancy & Parenting Support Services Program Contract No. 4100060934 (July 1, 2017  
to September 30, 2017) and Contract No. 4100079673 (October 1, 2017 to June 30, 2018) \$ 6,399,373

Adjustments due to financial records being kept according to accounting  
principles generally accepted in the United States of America  
(GAAP) per contract with DHS, Contract No. 4100060934 and 4100079673

- |   |                  |
|---|------------------|
| 1. Expenses classified as assets and liabilities not accounted for<br>as functional expenses under GAAP | (11,297)         |
| 2. Depreciation expense   | 3,020            |
| 3. Salvage value of assets disposed of  | -                |
| 4. Service provider funds from prior years to be returned to DHS  | (19,144)         |
| 5. Unused contract revenue to return to DHS   | <u>(434,895)</u> |

Total functional expenses for Program Services -  
Pennsylvania Pregnancy & Parenting Support Services Program, in accordance with GAAP \$ 5,937,057

The administrative cost ratio for the period July 1, 2017 to June 30, 2018 is 7.44%.

**REAL ALTERNATIVES**

PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
DHS CONTRACT NO. 4100060934 AND 4100079673

STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED

YEAR ENDED JUNE 30, 2018

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 761	\$ -	\$ 761
Other funds - contributions	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 761</u>	<u>\$ -</u>	<u>\$ 761</u>



## REAL ALTERNATIVES

### MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH/MDHHS CONTRACT NO. 20142043 AND MDHHS CONTRACT NO. E20182832-00

#### INVOICED REVENUE AND EXPENDITURES

	OCTOBER 1, 2017 to JUNE 30, 2018			JULY 1, 2017 to SEPTEMBER 30, 2017	OCTOBER 1, 2016 to JUNE 30, 2017			JULY 1, 2016 to SEPTEMBER 30, 2016		
	TANF Actual	TANF Budget	Actual Less Budget TANF Over (Under)	TANF Actual	State Actual	TANF Actual	Total Actual	State Actual	TANF Actual	Total Actual
Administrative Personnel										
President & CEO	\$ 17,011	\$ 20,500	\$ (3,489)	\$ 9,303	\$ 7,525	\$ 4,418	\$ 11,942	\$ 7,642	\$ -	\$ 7,642
VP - Administration	10,249	10,000	249	3,288	5,891	3,507	9,399	2,265	-	2,265
Assistant Director of Finance	-	-	-	-	-	-	-	-	-	-
Accountant	2,543	2,250	293	791	1,469	937	2,406	635	-	635
Bookkeeper	3,010	1,250	1,760	682	651	505	1,157	416	-	416
Professional Development	83	500	(417)	69	188	77	265	255	-	255
Accrued Vacation & Sick	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	2,067	2,750	(683)	427	922	586	1,508	329	-	329
Workers Compensation Insurance	114	500	(386)	40	76	36	112	53	-	53
Pension	863	1,000	(137)	360	413	230	643	299	-	299
Employee Group Insurance	7,030	7,000	30	2,851	2,987	1,663	4,650	2,297	-	2,297
Job Advertising	-	100	(100)	-	57	14	71	1	-	1
New Employee Screening	-	100	(100)	-	-	-	-	-	-	-
<b>Total Personnel</b>	<b>42,970</b>	<b>45,950</b>	<b>(2,980)</b>	<b>17,812</b>	<b>20,180</b>	<b>11,973</b>	<b>32,153</b>	<b>14,192</b>	<b>-</b>	<b>14,192</b>
Operating Expenses										
Consulting	2,331	1,500	831	469	882	917	1,799	448	-	448
Legal	-	500	(500)	-	-	-	-	-	-	-
Postage/Shipping	1,974	1,500	474	47	1,052	51	1,103	451	-	451
Auditing	2,150	2,000	150	751	959	519	1,478	709	-	709
Travel/Lodging	-	100	(100)	-	5	-	5	(7)	-	(7)
Rent	6,278	7,500	(1,222)	2,252	2,940	1,383	4,323	2,220	-	2,220
Telephone Service	1,240	1,500	(260)	377	607	269	875	286	-	286
General Business Liability Insurance	291	500	(209)	103	137	65	201	101	-	101
Insurance-Directors & Officers	633	1,000	(367)	223	341	161	502	252	-	252
Office Expense	915	2,200	(1,285)	297	619	331	950	468	-	468
Computer Resources	-	-	-	-	-	-	-	-	-	-
<b>Total Operating</b>	<b>15,812</b>	<b>18,300</b>	<b>(2,488)</b>	<b>4,519</b>	<b>7,540</b>	<b>3,696</b>	<b>11,236</b>	<b>4,927</b>	<b>-</b>	<b>4,927</b>
Equipment										
Equipment Service Contracts	417	750	(333)	149	195	65	260	144	-	144
<b>Total administrative expenditures</b>	<b>\$ 59,199</b>	<b>\$ 65,000</b>	<b>\$ (5,801)</b>	<b>\$ 22,480</b>	<b>\$ 27,915</b>	<b>\$ 15,734</b>	<b>\$ 43,649</b>	<b>\$ 19,263</b>	<b>\$ -</b>	<b>\$ 19,263</b>

## REAL ALTERNATIVES

### MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH/MDHHS CONTRACT NO. 20142043 AND MDHHS CONTRACT NO. E20182832-00

#### INVOICED REVENUE AND EXPENDITURES (cont'd)

	OCTOBER 1, 2017 TO JUNE 30, 2018			JULY 1, 2017 to SEPTEMBER 30, 2017	OCTOBER 1, 2016 to JUNE 30, 2017			JULY 1, 2016 to SEPTEMBER 30, 2016		
	TANF Actual	TANF Budget	Actual Less Budget TANF Over (Under)	TANF Actual	State Actual	TANF Actual	Total Actual	State Actual	TANF Actual	Total Actual
Services										
Personnel										
Vice President	\$ 20,076	\$ 17,000	\$ 3,076	\$ 8,343	\$ 8,013	\$ 2,659	\$ 10,673	\$ 6,926	\$ -	\$ 6,926
Services Coordinator	6,007	3,000	3,007	1,072	2,052	1,420	3,472	1,274	-	1,274
Services Assistance	4,081	2,000	2,081	1,630	1,167	515	1,683	1,803	-	1,803
Service Provider Approval	79	1,750	(1,671)	-	-	29	29	14	-	14
Billing Coordinator	2,860	2,500	360	531	945	1,501	2,446	346	-	346
Service Provider Monitoring	207	2,750	(2,543)	2,667	378	139	517	2,420	-	2,420
Hotline Counselor	346	500	(154)	88	145	108	253	176	-	176
Accrued Vacation & Sick	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	2,163	2,500	(337)	785	743	400	1,143	689	-	689
Workers Compensation Insurance	101	250	(149)	36	62	30	92	44	-	44
Pension	859	1,000	(141)	369	315	148	464	321	-	321
Employee Group Insurance	2,895	4,000	(1,105)	1,172	1,219	683	1,902	1,322	-	1,322
<b>Total Personnel</b>	<b>39,674</b>	<b>37,250</b>	<b>2,424</b>	<b>16,693</b>	<b>15,040</b>	<b>7,632</b>	<b>22,673</b>	<b>15,335</b>	<b>-</b>	<b>15,335</b>
Operating										
Client Education Materials	7,718	14,000	(6,282)	361	1	1,306	1,307	3,246	-	3,246
Services Advertising	1,531	35,000	(33,469)	14,820	4,553	31,234	35,787	9,558	-	9,558
Meetings/Seminars	22	9,000	(8,978)	1,042	206	-	206	2,306	-	2,306
Travel	431	2,000	(1,569)	2,399	242	125	367	1,922	-	1,922
Services Database Consulting & Dev	3,188	5,000	(1,812)	1,658	1,020	255	1,275	489	-	489
Computer Resources	10,361	10,000	361	-	-	-	-	-	-	-
Client Services	315,268	440,250	(124,982)	92,797	234,579	133,494	368,073	114,740	-	114,740
Hotline Referral System	457	500	(43)	160	216	115	331	161	-	161
Contract Closeout Cost	-	30,000	(30,000)	-	-	-	-	-	-	-
<b>Total Operating</b>	<b>338,976</b>	<b>545,750</b>	<b>(206,774)</b>	<b>113,236</b>	<b>240,819</b>	<b>166,529</b>	<b>407,348</b>	<b>132,422</b>	<b>-</b>	<b>132,422</b>
Equipment										
Pregnancy Test Kits	2,998	2,000	998	1,068	1,177	796	1,973	687	-	687
<b>Total services expenses</b>	<b>381,648</b>	<b>585,000</b>	<b>(203,353)</b>	<b>130,997</b>	<b>257,036</b>	<b>174,957</b>	<b>431,993</b>	<b>148,444</b>	<b>-</b>	<b>148,444</b>
<b>Total administrative and services expenditures</b>	<b>\$ 440,847</b>	<b>\$ 650,000</b>	<b>\$ (209,153)</b>	<b>\$ 153,477</b>	<b>\$ 284,951</b>	<b>\$ 190,691</b>	<b>\$ 475,642</b>	<b>\$ 167,706</b>	<b>\$ -</b>	<b>\$ 167,706</b>

## REAL ALTERNATIVES

MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
MDCH/MDHHS CONTRACT NO. 20142043 AND MDHHS CONTRACT NO. E20182832-00

RECONCILIATION OF CASH RECEIVED BY MICHIGAN PREGNANCY AND  
PARENTING SUPPORT SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES

PERIOD JULY 1, 2017 TO JUNE 30, 2018

Cash received from MDHHS by the Michigan Pregnancy & Parenting Support Services Grant Agreement 20142043 and E20182832-00	\$ 495,835
Adjustments due to financial records being kept according to generally accepted accounting principles accepted in the United States of America (GAAP) per contract with MDHHS, Contract No. 20142043 and E20182832-00	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	(10,389)
2. Depreciation expense	455
3. Expenses incurred but not reimbursed	98,640
4. Service provider funds from prior years to return to MDHHS	<u>(102)</u>
Total functional expenses for Program Services - Michigan Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 584,439</u>

The administrative cost ratio for the period July 1, 2017 to June 30, 2018 is 13.74%.

**REAL ALTERNATIVES**

MICHIGAN PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
MDCH/MDHHS CONTRACT NO. 20142043 AND MDHHS CONTRACT NO. E20182832-00

STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED

PERIOD JULY 1, 2017 TO JUNE 30, 2018

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ -	\$ -	\$ -
Other funds	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## REAL ALTERNATIVES

### INDIANA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM ISDH CONTRACT NO. 17466 and ISDH CONTRACT NO. 24301

#### INVOICED REVENUE AND EXPENDITURES

	OCTOBER 1, 2017 TO JUNE 30, 2018			JULY 1, 2017	OCTOBER 1, 2016	JULY 1, 2016
	State Actual	State Budget	State Over (Under)	to SEPTEMBER 30, 2017 State Actual	to JUNE 30, 2017 State Actual	to SEPTEMBER 30, 2016 State Actual
Administrative Personnel						
President & CEO	\$ 22,550	\$ 55,000	\$ (32,450)	\$ 17,467	\$ 26,964	\$ 14,101
VP of Administration	18,742	35,000	(16,258)	6,865	16,376	7,469
Assistant Director of Finance	-	-	-	-	-	-
Senior Accountant	7,053	12,000	(4,947)	2,284	6,353	2,401
Junior Accountant	-	-	-	-	-	-
Bookkeeper	3,128	4,000	(872)	698	984	309
Professional Development	286	2,000	(1,714)	395	960	411
Payroll Taxes	3,684	9,000	(5,316)	888	3,057	884
Workers Compensation Insurance	134	500	(366)	89	187	100
Pension	1,366	2,500	(1,134)	725	1,326	659
Employee Group Insurance	7,614	17,000	(9,386)	4,300	7,626	5,229
Job Advertising	-	500	(500)	-	291	5
New Employee Screening	-	250	(250)	-	-	-
<b>Total Personnel</b>	<b>64,557</b>	<b>137,750</b>	<b>(73,193)</b>	<b>33,710</b>	<b>64,124</b>	<b>31,568</b>
Operating Expenses						
Accounting/IT/Legal Consulting	2,836	5,000	(2,164)	485	2,838	505
Postage/Shipping	598	3,500	(2,902)	228	1,558	650
Auditing	2,591	5,000	(2,409)	1,660	2,499	1,340
Travel/Lodging	-	500	(500)	13	21	-
Rent	7,371	22,500	(15,129)	4,982	7,175	4,197
Telephone Service	1,015	3,000	(1,985)	789	1,418	643
General Business Liability Insurance	341	1,000	(659)	227	334	191
Insurance-Directors & Officers	742	1,750	(1,008)	494	834	476
Office Expense	2,028	44,000	(41,972)	931	2,735	1,901
Computer Resources	-	-	-	-	-	-
<b>Total Operating</b>	<b>17,522</b>	<b>86,250</b>	<b>(68,728)</b>	<b>9,807</b>	<b>19,412</b>	<b>9,903</b>
Equipment						
Equipment Service Contracts	521	1,000	(479)	372	447	261
<b>Total administrative expenditures</b>	<b>\$ 82,600</b>	<b>\$ 225,000</b>	<b>\$ (142,400)</b>	<b>\$ 43,890</b>	<b>\$ 83,984</b>	<b>\$ 41,732</b>

## REAL ALTERNATIVES

### INDIANA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM ISDH CONTRACT NO. 17466 and ISDH CONTRACT NO. 24301

#### INVOICED REVENUE AND EXPENDITURES (cont'd)

	OCTOBER 1, 2017 TO JUNE 30, 2018			JULY 1, 2017	OCTOBER 1, 2016	JULY 1, 2016
	State Actual	State Budget	State Over (Under)	to SEPTEMBER 30, 2017 State Actual	to JUNE 30, 2017 State Actual	to SEPTEMBER 30, 2016 State Actual
Services						
Personnel						
Vice President of Operations	\$ 10,969	\$ 40,000	\$ (29,031)	\$ 9,797	\$ 14,406	\$ 8,509
Indiana Services Director	-	-	-	-	-	-
Services Coordinator	8,771	15,000	(6,229)	1,873	4,081	2,034
Billing Coordinator	3,154	8,000	(4,846)	1,636	2,932	1,278
Services Assistance	3,543	8,000	(4,457)	4,163	3,494	3,881
Service Provider Approval	290	1,000	(710)	33	56	145
Service Provider Monitoring	254	4,000	(3,746)	3,511	84	3,225
Hotline Counselor	1,083	2,000	(917)	360	1,084	731
Payroll Taxes	2,102	4,000	(1,898)	1,236	1,554	1,151
Workers Compensation Insurance	119	500	(381)	79	153	82
Pension	647	1,500	(853)	526	603	409
Employee Group Insurance	3,166	10,000	(6,834)	1,768	3,083	3,009
Total Personnel	34,098	94,000	(59,902)	24,980	31,528	24,456
Operating						
Client Education Materials	10,895	15,000	(4,105)	1,791	11,558	35,040
Services Advertising	-	-	-	-	-	105,110
Meetings/Seminars/Conference	77	9,000	(8,923)	3,210	-	4,837
Travel	957	7,500	(6,543)	3,381	1,402	1,879
Services Database Consulting & Dev	4,405	10,000	(5,595)	1,594	4,271	1,693
Client Services	1,639,884	1,836,000	(196,116)	503,909	1,454,925	475,054
Hotline Referral System	563	1,500	(937)	365	625	337
Computer Resources	10,521	10,000	521	-	-	-
Contract Closeout Cost	-	35,000	(35,000)	50,000	-	5,111
Total Operating	1,667,302	1,924,000	(256,698)	564,250	1,472,782	629,061
Equipment						
Pregnancy Test Kits	3,924	7,000	(3,076)	1,046	3,968	2,431
Total services expenses	1,705,324	2,025,000	(319,676)	590,276	1,508,278	655,947
Total administrative and services expenditures	\$ 1,787,924	\$ 2,250,000	\$ (462,076)	\$ 634,166	\$ 1,592,262	\$ 697,679

**REAL ALTERNATIVES**

**RECONCILIATION OF CASH RECEIVED BY INDIANA PREGNANCY &  
PARENTING SUPPORT SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES**

PERIOD JULY 1, 2017 TO JUNE 30, 2018

Cash received from ISDH by the Indiana Pregnancy &  
Parenting Support Services Grant Agreement 0000000000000000000017466 &  
0000000000000000000024301 \$ 2,196,496

Adjustments due to financial records being kept according to generally  
accepted accounting principles accepted in the United States of  
America (GAAP) per contract with ISDH, Contract No. 0000000000000000000017466 &  
0000000000000000000024301

- |   |                |
|---|----------------|
| 1. Expenses classified as assets and liabilities not accounted for<br>as functional expenses under GAAP | (10,718)       |
| 2. Depreciation expense   | 1,756          |
| 3. Expenses incurred but not reimbursed   | 225,783        |
| 4. Unused contract revenue to return to ISDH  | <u>(6,821)</u> |

Total functional expenses for Program Services -  
Indiana Pregnancy & Parenting Support Services Program, in accordance with GAAP \$ 2,406,496

The administrative cost ratio for the period July 1, 2017 to June 30, 2018 is 5.22%.

**REAL ALTERNATIVES**

INDIANA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
ISDH CONTRACT NO. 0000000000000000000017466 & 0000000000000000000024301

STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED

PERIOD JULY 1, 2017 TO JUNE 30, 2018

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 4	\$ -	\$ 4
Other funds	-	-	-
	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 4</u>



**REAL ALTERNATIVES**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RELATED NOTES

YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Grant Reporting Period	Expenditures
U.S. Department of Health and Human Services				
Passed through Pennsylvania				
Department of Human Services				
Temporary Assistance for Needy Families	93.558	4100060934	7/1/17- 9/30/17	\$ 210,276
Temporary Assistance for Needy Families	93.558	4100079673	10/1/17- 6/30/18	720,732
Passed through Indiana State				
Department of Health				
Temporary Assistance for Needy Families	93.558	0000000000000 000000017466	7/1/17- 9/30/17	634,166
Temporary Assistance for Needy Families	93.558	0000000000000 000000024301	10/1/17- 6/30/18	1,787,924
Passed through Michigan State				
Department of Health and Human Services				
Temporary Assistance for Needy Families	93.558	20142043	7/1/17- 9/30/17	153,476
Temporary Assistance for Needy Families	93.558	E20182832-00	10/1/17- 6/30/18	<u>440,848</u>
Total expenditures of federal awards				<u><u>\$ 3,947,422</u></u>

**NOTES:**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Real Alternatives for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200. *Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Real Alternatives, it is not intended to and does not present the financial position, changes in net assets or cash flows of Real Alternatives.

(continued)

## **REAL ALTERNATIVES**

### **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RELATED NOTES**

**YEAR ENDED JUNE 30, 2018**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. INDIRECT COST RATE**

Real Alternatives has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Real Alternatives (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Real Alternatives' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Real Alternatives' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

(continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 27, 2019

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

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on Compliance for Each Major Federal Program

We have audited Real Alternatives' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Real Alternatives' major federal programs for the year ended June 30, 2018. Real Alternatives' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Real Alternatives' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Real Alternatives' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

(continued)

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

### **Opinion on Each Major Federal Program**

In our opinion, Real Alternatives complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 27, 2019

**REAL ALTERNATIVES**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

**Prior Year Findings**

None.

## **REAL ALTERNATIVES**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2018

#### **SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Real Alternatives were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements and reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Real Alternatives, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs and reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Real Alternatives expresses an unmodified opinion on all major programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a).
7. The program tested as a major program was:

Temporary Assistance for Needy Families (CFDA #93.558)
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Real Alternatives was determined to be a low-risk auditee.

#### **FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

#### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.





Independent Member of:



**MEMBERS**  
AMERICAN AND PENNSYLVANIA  
INSTITUTES OF CERTIFIED PUBLIC  
ACCOUNTANTS

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# **EXHIBIT F**

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**REAL ALTERNATIVES**  
**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2016 AND 2015**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**



**McKONLY & ASBURY**

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## REAL ALTERNATIVES

### TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities - 2016	4
Statement of Activities - 2015	5
Statement of Functional Expenses - 2016	6
Statement of Functional Expenses - 2015	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information	
Pennsylvania Pregnancy & Parenting Support Services Program DHS Contract No. 4100060934 Invoiced Revenue and Expenditures - 2016 Administrative	18
Services	19
Reconciliation of Cash Received by Pennsylvania Pregnancy & Parenting Support Services Program to Statement of Functional Expenses DHS Contract No. 4100060934	20
Pennsylvania Pregnancy & Parenting Support Services Program DHS Contract No. 4100060934 Statement of Program Generated Income and Interest Earned	21

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## REAL ALTERNATIVES

### TABLE OF CONTENTS (Cont'd)

	<u>Page</u>
Michigan Pregnancy and Parenting Support Services Program MDCH Contract No. 20142043	
Invoiced Revenue and Expenditures - 2016	
Administrative	22
Services	23
Invoiced Revenue & Expenditures Start-Up Administrative & Services Expenses	24
Reconciliation of Cash Received by Michigan Pregnancy & Parenting Support Services to Statement of Functional Expenses	25
Statement of Program Generated Income and Interest Earned	26
Indiana Pregnancy and Parenting Support Services Program ISDH Contract No. A70-5-041137 & 0000000000000000000014694	
Invoiced Revenue and Expenditures - 2016	
Administrative	27
Services	28
Reconciliation of Cash Received by Indiana Pregnancy & Parenting Support Services to Statement of Functional Expenses	29
Statement of Program Generated Income and Interest Earned	30
Schedule of Expenditures of Federal Awards	31
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	34
Summary Schedule of Prior Audit Findings	36
Schedule of Findings and Questioned Costs	37

MEMBERS

AMERICAN AND PENNSYLVANIA  
INSTITUTES OF CERTIFIED PUBLIC  
ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of Real Alternatives (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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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 financial statements referred to above present fairly, in all material respects, the financial position of Real Alternatives as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other supplementary information on pages 18 through 30 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of Real Alternatives' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Real Alternatives' internal control over financial reporting and compliance.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
November 3, 2016

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**REAL ALTERNATIVES**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 2,243,438	\$ 1,701,182
Accounts receivable	368,012	318,393
Accounts receivable - Service Provider advances	-	33,500
Prepaid expenses and other receivables	8,603	4,546
Inventories	<u>53,878</u>	<u>61,890</u>
Total current assets	<u>2,673,931</u>	<u>2,119,511</u>
Equipment, furniture, and fixtures (net of accumulated depreciation of \$175,502 and \$217,300)	<u>51,859</u>	<u>79,749</u>
Total assets	<u>\$ 2,725,790</u>	<u>\$ 2,199,260</u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 1,426,577	\$ 1,562,036
Line of credit	29,080	22,150
Accrued expenses	27,610	28,215
Refundable advance - DHS Grant	590,603	-
Operating advance payable - MDCH Grant	<u>116,666</u>	<u>116,666</u>
Total current liabilities	<u>2,190,536</u>	<u>1,729,067</u>
Net assets		
Temporarily restricted	253	-
Unrestricted	<u>535,001</u>	<u>470,193</u>
Total net assets	<u>535,254</u>	<u>470,193</u>
Total liabilities and net assets	<u>\$ 2,725,790</u>	<u>\$ 2,199,260</u>

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



**REAL ALTERNATIVES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 25,181	\$ 929	\$ 26,110
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services			
Program - DHS Grant	6,672,397	-	6,672,397
Program Development and Advancement Agreement	156,783	-	156,783
Michigan Program Revenue			
Pregnancy & Parenting Support Services			
Program - MDCH Grant	676,676	-	676,676
Program Development and Advancement Agreement	8,138	-	8,138
Indiana Program Revenue			
Pregnancy & Parenting Support Services			
Program - ISDH Grant	2,023,520	-	2,023,520
Program Development and Advancement Agreement	40,764	-	40,764
National Division Revenue			
Program Use Fee	-	-	-
Contracted Services Revenue	345	-	345
Interest income	1,306	3,220	4,526
Other income	4,425	-	4,425
Net assets released from restrictions	3,896	(3,896)	-
	<u>9,613,431</u>	<u>253</u>	<u>9,613,684</u>
Total revenues, gains, and other support			
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services			
Program			
DHS Grant, net of PA Program fundraising			
expense of \$70	6,697,035	-	6,697,035
Michigan Pregnancy and Parenting Support Services			
Program			
MDCH Grant - Michigan Program	680,540	-	680,540
Indiana Pregnancy and Parenting Support Services			
Program			
ISDH Grant - Indiana Program	2,004,339	-	2,004,339
National Division			
Services to Other State Programs	37,138	-	37,138
Prevention Programs	49,763	-	49,763
Supporting Services, Management & General	78,092	-	78,092
Fundraising	1,716	-	1,716
	<u>9,548,623</u>	<u>-</u>	<u>9,548,623</u>
Total expenses			
Change in net assets	64,808	253	65,061
Net assets, beginning of year	470,193	-	470,193
Net assets, end of year	<u>\$ 535,001</u>	<u>\$ 253</u>	<u>\$ 535,254</u>

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

**REAL ALTERNATIVES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 12,680	\$ 4,551	\$ 17,231
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services Programs - DHS Grant	6,694,000	-	6,694,000
Program Development & Advancement Agreement	174,792	-	174,792
Michigan Program Revenue			
Pregnancy & Parenting Support Services Program - MDCH Grant	340,917	-	340,917
Program Development and Advancement Agreement	4,702	-	4,702
Indiana Program Revenue			
Pregnancy & Parenting Support Services Program- ISDH Grant	701,049	-	701,049
Program Development and Advancement Agreement	18,033	-	18,033
National Division Revenue			
Program Use Fee	10,000	-	10,000
Contracted Services Revenue	10,048	-	10,048
Interest income	5,009	-	5,009
Other income	2,992	-	2,992
Net assets released from restrictions	4,551	(4,551)	-
<b>Total revenues, gains, and other support</b>	<b>7,978,773</b>	<b>-</b>	<b>7,978,773</b>
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services Program			
DHS Grant, net of PA Program fundraising expense of \$267	6,740,369	-	6,740,369
Michigan Pregnancy and Parenting Support Services Program			
MDCH Grant - Michigan Program	344,034	-	344,034
Indiana Pregnancy and Parenting Support Services Program			
ISDH Grant - Indiana Program	688,042	-	688,042
National Division			
Services to Other State Programs	58,495	-	58,495
Prevention Programs	53,511	-	53,511
Supporting Services, Management & General	80,029	-	80,029
Fundraising	791	-	791
<b>Total expenses</b>	<b>7,965,271</b>	<b>-</b>	<b>7,965,271</b>
Change in net assets	13,502	-	13,502
Net assets, beginning of year	456,691	-	456,691
Net assets, end of year	<u>\$ 470,193</u>	<u>\$ -</u>	<u>\$ 470,193</u>

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

**REAL ALTERNATIVES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

	Program Services										Supporting Services					
	Pennsylvania Pregnancy and Parenting Support Services Program					Michigan Pregnancy and Parenting Support Services Program					Indiana Pregnancy and Parenting Support Services Program			National Division		
	DHS Administrative	DHS Project Services	DHS Fundraising	Total DHS	MDCH Administrative	MDCH Project Services	Total MDCH	ISDH Administrative	ISDH Project Services	Total ISDH	Other State Programs	Services to Health Education	Prevention and General Management	Fundraising	Total	
Salaries, wages, and benefits																
Salaries and wages	\$ 234,276	\$ 230,824	\$ -	\$ 465,100	\$ 29,104	\$ 32,607	\$ 61,711	\$ 57,653	\$ 36,529	\$ 94,182	\$ 27,047	\$ 25,715	\$ 42,388	\$ 888	\$ 717,331	
Unused sick leave paid	4,159	3,646	-	7,805	650	570	1,220	960	841	1,801	286	50	413	-	11,575	
Payroll taxes	17,448	18,395	-	35,843	1,515	2,347	3,862	2,942	2,380	5,322	1,228	1,994	2,037	53	50,839	
Health and group life insurance	57,624	33,097	-	90,721	7,119	4,074	11,193	10,115	5,762	15,877	4,252	2,409	5,887	213	130,552	
Workers' compensation	1,229	1,006	-	2,235	125	103	228	178	145	323	49	192	77	6	3,310	
Total salaries, wages, and benefits	314,736	286,968	-	601,704	38,513	39,701	78,214	71,848	45,657	117,505	32,862	30,360	50,802	1,160	912,507	
Professional development	3,376	-	-	3,376	912	-	912	1,303	-	1,303	-	46	588	-	6,195	
Consulting	19,690	13,338	-	33,028	1,235	2,853	4,088	2,398	4,875	7,273	-	101	582	-	45,092	
Postage/shipping	8,474	-	-	8,474	1,231	-	1,231	940	-	940	-	523	34	247	11,449	
Auditing	15,829	-	3	15,832	1,614	-	1,614	2,305	-	2,305	342	1,326	543	38	22,000	
Travel/lodging	48,095	4,927	-	53,022	4	1,288	1,292	4	911	1,296	662	365	1,061	-	9,453	
Office rent	9,667	-	2	9,669	4,974	-	4,974	7,164	-	7,164	1,050	4,190	1,667	137	67,287	
Telephone/fax	2,249	-	-	2,249	1,242	-	1,242	1,800	-	1,800	549	771	653	29	14,713	
Property/liability insurance	5,482	-	1	5,483	560	-	560	792	-	792	120	471	190	14	7,530	
Directors/officers liability insurance	21,283	-	9	21,292	1,575	-	1,575	5,032	-	5,032	1,019	479	1,744	-	31,141	
Office supplies	2,495	-	1	2,496	248	-	248	359	-	359	52	197	82	5	3,439	
Service contracts	-	99,312	-	99,312	-	70,362	70,362	-	87,456	87,456	-	600	2,714	-	257,730	
Information/training	-	557,562	-	557,562	-	167,819	167,819	-	404,310	404,310	361	9,854	2,714	-	1,142,520	
Advertising	-	9,084	-	9,084	-	-	-	-	-	-	-	-	7,533	-	16,517	
Meetings/seminars	-	5,202,336	-	5,202,336	-	337,489	337,489	-	1,357,014	1,357,014	-	-	-	-	6,896,839	
Client services-counseling	-	4,373	1	4,374	-	372	372	-	608	608	72	287	114	10	5,337	
Hotline referral system	-	32,634	-	32,634	-	2,987	2,987	-	2,006	2,006	-	-	37,527	-	37,527	
Pregnancy test kits	9,345	6,912	-	16,257	760	798	1,558	1,701	739	2,440	-	-	6,753	-	27,008	
403b contribution	-	-	42	42	-	-	-	-	-	-	-	-	-	-	42	
Fundraising	-	(4,612)	-	(4,612)	-	-	-	-	(235)	(235)	-	-	-	-	(4,847)	
Prior year service provider reimbursement returned to the program offices	7,676	-	-	7,676	-	-	-	-	-	-	-	-	-	-	7,676	
Salvage value of assets disposed of	468,628	6,212,854	70	6,681,552	53,098	623,669	676,767	95,971	1,903,341	1,999,312	37,138	49,763	75,108	1,646	9,521,256	
Total expenses before depreciation	15,553	-	-	15,553	203	3,570	3,773	203	4,824	5,027	-	-	2,984	-	27,337	
Depreciation expense	484,181	6,212,854	70	6,697,105	53,301	627,239	680,540	96,174	1,908,165	2,004,339	37,138	49,763	78,092	1,646	9,548,523	
Total functional expenses																

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

**REAL ALTERNATIVES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	Program Services										Supporting Services				
	Pennsylvania Pregnancy and Parenting Support Service					Indiana Pregnancy and Parenting Support Service Program					Supporting Services				
	DHS Administrative	DHS Project Services	DHS Fund-raising	Total DHS	Michigan Support Service Program	MDCH Administrative	MDCH Project Services	MDCH Total	ISDH Administrative	ISDH Project Services	Total ISDH	National Division Services to Other State Programs	Prevention Programs	Health Education and General Fundraising	Total
Salaries, wages, and benefits	\$ 255,124	\$ 209,977	\$ -	\$ 465,101	\$ 19,093	\$ 19,615	\$ 38,708	\$ 32,671	\$ 17,986	\$ 50,657	\$ 43,065	\$ 19,895	\$ 49,167	\$ 332	\$ 666,925
Salaries and wages	3,662	1,801	-	5,463	516	254	770	458	225	683	310	165	457	-	7,848
Unused sick leave paid	21,054	18,792	-	39,846	1,125	1,570	2,695	1,851	1,213	3,064	1,665	1,580	2,461	\$	51,316
Payroll taxes	60,522	34,491	-	95,013	5,742	3,327	9,069	6,202	3,561	9,763	6,422	1,815	7,168	59	129,309
Health and group life insurance	1,410	1,128	2	2,540	95	76	171	94	75	169	97	123	104	1	3,205
Workers' compensation	66	132	-	198	-	-	-	-	-	-	-	-	-	-	198
Employee drug screen	341,838	266,321	2	608,161	26,571	24,842	51,413	41,276	23,060	64,336	51,559	23,578	59,357	397	858,801
Total salaries, wages, and benefits	4,235	-	-	4,235	210	-	210	315	-	315	118	359	77	-	5,314
Professional development	13,336	14,381	-	27,717	472	5,655	6,127	766	6,835	7,621	1,981	-	1,500	-	44,946
Consulting	3,404	-	136	3,540	451	-	451	575	-	575	85	120	276	100	5,147
Postage/shipping	16,641	-	11	16,652	1,119	-	1,119	1,108	-	1,108	634	806	677	5	21,001
Auditing	21	5,504	-	5,525	6	6	6	-	1,448	1,448	140	1,242	838	-	9,199
Travel/lodging	50,710	-	34	50,744	3,397	-	3,397	3,334	-	3,334	1,963	2,432	2,063	13	63,946
Office rent	10,084	-	6	10,090	748	-	748	855	-	855	770	518	608	5	13,594
Telephone/fax	2,454	-	2	2,456	165	-	165	165	-	165	94	119	100	1	3,100
Property/liability insurance	5,862	-	4	5,866	395	-	395	396	-	396	221	284	239	2	7,403
Directors/officers liability insurance	15,741	-	-	15,741	1,801	-	1,801	1,328	-	1,328	29	128	1,553	-	20,380
Office supplies	2,167	-	1	2,168	144	-	144	149	-	149	68	105	83	-	2,717
Service contracts	-	935	-	935	6,545	-	6,545	-	162	162	-	1,302	-	-	8,944
Information/training	-	114,482	-	114,482	34,888	-	34,888	-	54	54	702	22,355	(2,733)	-	169,748
Advertising	6,831	-	-	6,831	-	-	-	-	-	-	-	-	6,416	-	13,247
Meetings/seminars	-	100	-	100	-	-	-	-	-	-	-	-	-	-	100
Minor equipment	-	5,816,808	-	5,816,808	231,242	-	231,242	-	601,112	601,112	-	-	-	-	6,649,162
Client services-counseling	-	4,795	-	4,795	232	-	232	-	226	226	131	163	138	1	5,486
Toll-free referral system	-	34,749	-	34,749	665	-	665	-	-	-	-	-	-	-	35,414
Pregnancy test kits	9,814	5,555	-	15,369	507	-	507	901	417	1,318	-	-	5,863	-	23,454
403b contribution	-	-	71	71	-	-	-	-	-	-	-	-	-	-	71
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior year service provider reimbursements returned to DHS	-	(21,103)	-	(21,103)	-	-	-	-	-	-	-	-	-	-	(21,103)
Total expenses before depreciation	476,307	6,249,358	267	6,725,932	35,980	304,472	340,452	51,168	633,334	684,502	58,495	53,511	77,055	524	7,940,471
Depreciation expense	14,704	-	-	14,704	12	3,570	3,582	12	3,528	3,540	-	-	2,974	-	24,800
Total functional expenses	\$ 491,011	\$ 6,249,358	\$ 267	\$ 6,740,636	\$ 35,992	\$ 308,042	\$ 344,034	\$ 51,180	\$ 636,862	\$ 688,042	\$ 58,495	\$ 53,511	\$ 80,029	\$ 524	\$ 7,965,271

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

**REAL ALTERNATIVES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 65,061	\$ 13,502
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	27,337	24,800
Loss on disposal of assets	7,676	-
(Increase) decrease in		
Accounts receivable	(49,619)	(302,656)
Accounts receivable - Service Provider advances	33,500	-
Prepaid expenses and other receivables	(4,057)	96
Inventories	8,012	49,076
Increase (decrease) in		
Accounts payable	(135,459)	451,404
Accrued expenses	(605)	6,426
Refundable advance - DHS grant	590,603	-
Net cash provided by operating activities	<u>542,449</u>	<u>242,648</u>
Cash flows from investing activities		
Purchase of equipment, furniture and fixtures	<u>(7,123)</u>	<u>(24,274)</u>
Net cash used in investing activities	<u>(7,123)</u>	<u>(24,274)</u>
Cash flows from financing activities		
Net change in line of credit	<u>6,930</u>	<u>(11,328)</u>
Net cash provided by (used in) financing activities	<u>6,930</u>	<u>(11,328)</u>
Increase in cash	542,256	207,046
Cash and cash equivalents - beginning	<u>1,701,182</u>	<u>1,494,136</u>
Cash and cash equivalents - ending	<u>\$ 2,243,438</u>	<u>\$ 1,701,182</u>

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

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### 1. NATURE OF ACTIVITIES

Real Alternatives (the Organization) exists to provide life-affirming alternatives to abortion services throughout the nation. These compassionate support services empower women to protect their reproductive health, avoid crisis pregnancies, choose childbirth rather than abortion, receive adoption education, and improve parenting skills.

In the Pennsylvania Program, the Organization acts as the statewide administrator for the PA Alternative to Abortion Program (PATA) (also known as Pennsylvania Pregnancy and Parenting Support Service Program), funded by the Commonwealth of Pennsylvania Department of Human Services (DHS) to provide alternatives to abortion services to eligible clients to empower women to be able to choose childbirth over abortion. Under the contract, the Organization receives reimbursements on a quarterly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding from the U.S. Department of Health and Human Services (HHS) through its Temporary Assistance for Needy Families (TANF) program. The money is passed through from HHS to DHS and then received by the Organization.

The Organization entered into a contract with the State of Michigan to administer an alternatives to abortion program funded in the amount of \$700,000 through the Michigan Department of Community Health in the central and southern part of the state, and it is known as the "Michigan Pregnancy and Parenting Support Services Program." The contract, effective October 1, 2013, was extended to December 31, 2016, by the state of Michigan and at the same time was increased by an additional \$850,000. The program is very similar to the Pennsylvania program; however, it is funded fully with state funds and no TANF money. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract. Start-up expenses were incurred by the Organization after the contract was signed on December 13, 2013. The first Service Provider Services Rendered Form was submitted in mid-June 2014.

The Organization also entered into a contract with the State of Indiana to administer an alternatives to abortion program funded at \$1,000,000 through the Indiana State Department of Health in the northern part of the state, and it is known as the "Indiana Pregnancy and Parenting Support Services Program." The contract was effective October 1, 2014, and it was renewed at the end of the first year in the amount of \$3,500,000 to continue through September 30, 2016. The program is very similar to the Pennsylvania and Michigan programs; however, it is funded fully with TANF money and no state funds. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract.

Under the National Division, pursuant to its agreements with the Texas Pregnancy Care Network (TPCN), the Organization realized revenue through the year ended June 30, 2015. For the year ended June 30, 2016, the Organization only realized revenue from TPCN related to Hotline services provided.

(continued)

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

Real Alternatives continues to consult with other states interested in starting government funded alternatives to abortion in their state.

In addition, Real Alternatives continued to publish and advertise the Concerned Parents Report website, [www.concernedparents.com](http://www.concernedparents.com). Concerned Parents Report is a national internet publication of the Organization dedicated to reporting information and imparting knowledge to parents so that they can empower their children to make the healthiest choice for their reproductive health – living a chaste lifestyle. During fiscal year 2015/2016, 10,847 individuals throughout the world viewed health information and studies on 50,086 web pages.

In fiscal year 2015/2016, Real Alternatives continued to publish updated health information on its LoveFacts website. The organization promotes chastity, through the LoveFacts website, as the best way to prevent sexually transmitted diseases and unexpected pregnancies. The organization educates high school and college students about the importance of living a chaste lifestyle at many national conferences.

Real Alternatives partnered with another program of Students for Life America, Medical Students for Life, to educate medical students about the benefits of chastity in avoiding sexually transmitted diseases and unexpected pregnancies. Over 241 medical students in 6 universities across the United States received this information on the LoveFacts website. The Organization again sponsored the Love and Fidelity Network Annual Conference, “Sexuality, Integrity and the University” at Princeton University. This event was attended by nearly 300 students representing 50 colleges from around the country who received information on the LoveFacts website. The Organization again sponsored the Cardinal O’Connor Conference on Life at Georgetown University. It is the largest student run pro-life conference in the country with over 500 students attending this event.

For the LoveFacts.org website overall, in 2015/2016, 7,999 individuals viewed the health information and studies on 29,302 web pages.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting.

### *Basis of Presentation*

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of Real Alternatives and changes therein are classified and reported as follows:

*Unrestricted net assets* are not restricted by donors, or the donor-imposed restrictions have expired.

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

*Temporarily restricted net assets* contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

*Permanently restricted net assets* consist of property contributed which contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the Organization to use, or expend part or all of the income derived from, the donated assets for specified purposes.

#### *Revenue and Support Recognition*

The Organization recognizes contract revenues in the statements of activities to the extent that expenses have been incurred for the purpose specified by the granting agency during the period. In applying this concept, the legal and contractual requirements of the grant are used as guidance.

Contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support. This requirement is dependent on the existence and/or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### *Cash Equivalents*

Real Alternatives considers all unrestricted, highly liquid deposits to be cash equivalents.

#### *Accounts Receivable*

No allowances for uncollectible accounts receivable are deemed necessary as of June 30, 2016 and 2015.

#### *Inventories*

Inventories are stated at the lower of cost or market.

#### *Equipment, Furniture, and Fixtures*

Purchases of equipment, furniture, and fixtures having a unit cost of \$600 or more are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years.

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

Upon cancellation or termination of the PA Alternatives to Abortion contracts, disposition of personal property with a remaining useful life that was purchased with DHS funds is subject to certain contract provisions. Specifically, those provisions permit the Organization, with approval from DHS, to transfer such property to another contractor designated by DHS or to reimburse DHS for the remaining life of the property, as determined by DHS, if the Organization wishes to retain or sell such property. Net property purchased and capitalized with DHS funds amounted to \$32,221 and \$52,705 as of June 30, 2016 and 2015.

The state of Michigan reserves the right to retain or transfer title to all items of equipment having a unit acquisition cost of \$5,000 or more to the extent that Michigan's proportionate interest in such equipment supports such retention or transfer of title. Net property purchased and capitalized with Michigan funds amounted to \$3,885 and \$7,296 as of June 30, 2016 and 2015.

Equipment purchased to support the contract with Indiana was done in accordance with TANF regulations per OMB Circular A-110. Net property purchased and capitalized with Indiana funds amounted to \$8,341 and \$13,008 as of June 30, 2016 and 2015.

#### *Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. The costs related to the contracts have been summarized according to budget categories established by the state agencies.

#### *Income Taxes*

The Organization's operations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization adheres to the provisions of Financial Accounting Standards Board (FASB) Codification 740, *Income Taxes* (ASC 740). ASC 740 establishes rules for recognizing and measuring tax positions taken in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that organizations evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. A company can recognize an income tax benefit only if the position has a "more likely than not" (i.e., more than 50 percent) chance to being sustained on the technical merits. For the years ended June 30, 2016 and 2015, the Organization has taken no material tax positions on their applicable tax filings that do not meet the more likely than not threshold. As a result, no amount for UTPs has been included in the financial statements. The Organization believes it is no longer subject to income tax examinations for the fiscal years prior to the year ended June 30, 2013.

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### *Advertising Costs*

The Organization follows the policy of charging the costs of communicating advertising to expense at the time the advertising takes place. Production advertising costs, when applicable, are charged to expense the first time the advertising takes place. Advertising expense for the PA program was \$557,562 and \$114,482 for the years ended June 30, 2016 and 2015. Expense for the Michigan program was \$167,819 and \$34,888 for the years ended June 30, 2016 and 2015. Expense for the Indiana program was \$404,310 and \$54 for the year ended June 30, 2016 and 2015.

#### *Service Provider Adjustments*

In the normal course of operations, adjustments may be made to current or prior year amounts paid to service providers. These adjustments, which may be material, are the results of the application of monitoring procedures, audit procedures, government agency audits, or the results of the final close out procedures for any given contract year. For prior year periods, these adjustments may result in amounts to be returned to the program office of the state agencies. The effects of current year service provider adjustments, prior period service provider adjustments, and any amounts returned to DHS, Michigan Department of Community Health, or Indiana Department of Health are reflected in the statements of activities when determined.

#### *Estimates*

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

#### *Recently Issued Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. The amendments in this ASU include two classes of net asset classifications, options for presenting cash flow from operations, and many additional disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2017.

#### *Subsequent Events*

Management evaluated subsequent events through November 3, 2016, the date the financial statements were available to be issued.

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**REAL ALTERNATIVES**

NOTES TO FINANCIAL STATEMENTS

**3. EQUIPMENT, FURNITURE, AND FIXTURES**

Equipment, furniture, and fixtures consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 138,619	\$ 209,029
Furniture and fixtures	30,055	29,333
Software	<u>58,687</u>	<u>58,687</u>
	227,361	297,049
Less accumulated depreciation and amortization	<u>(175,502)</u>	<u>(217,300)</u>
Net book value	<u>\$ 51,859</u>	<u>\$ 79,749</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015, totaled \$27,337 and \$24,800.

**4. LEASE**

The Organization currently leases office space under a lease that expired June 30, 2016. Future lease renewals are dependent on funding from the Commonwealth of Pennsylvania. Future minimum payments required under the lease should be \$61,476 for the year ended June 30, 2017. Total rent expense was \$66,432 and \$61,808 for the years ended June 30, 2016 and 2015.

**5. CONTRACTED SERVICES REVENUE**

Revenue from TPCN totaled \$345 and \$10,048 for the years ended June 30, 2016 and 2015.

**6. CONCENTRATION OF RISK**

*Cash*

The Organization maintains its cash in bank accounts held by high credit quality institutions. Deposits at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balance of the cash was not insured or collateralized in the Organization's name, but was collateralized in accordance with Commonwealth of Pennsylvania Act 72 which requires the credit institution to pool collateral for all deposits and have the collateral held by an approved custodian in the institution's name.

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### *Contract Revenue*

The Organization receives a substantial amount of its support from DHS. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization's program and activities. Grant support from the DHS amounted to \$7,263,000 and \$6,694,000 for the years ended June 30, 2016 and 2015. During those years, \$1,000,000 each year was from the Health and Human Services TANF block grant to the Commonwealth of Pennsylvania.

For the year ended June 30, 2016, the money received was for the fourth year of a five year grant agreement with The Department of Human Services totaling \$30,216,440. The term of the grant is for July 1, 2012, through June 30, 2017, with two additional optional one-year renewal periods.

Additional grant support from the Michigan Department of Community Health amounted to \$850,000 for the period ending December 31, 2016, of state funds, along with the \$700,000 for the period ending September 30, 2015.

Grant support from Indiana Department of Health amounted to \$3,500,000 of TANF funds for the year ending September 30, 2016.

#### 7. **AUDIT**

The grants received by the Organization are subject to audit and verification by grantor agencies, principally DHS, MDCH and IDH. Any disallowed costs, including costs for which the Organization has already received payment, may result in a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time. However, as of the date of this report, management is unaware of any material adjustments that would be required as a result of such an audit.

The Organization was audited by the Pennsylvania Department of Human Services, Bureau of Financial Operations (BFO). The audit covered the period from July 1, 2012, to June 30, 2015. As of November 3, 2016, the BFO final audit report has been submitted to the office of Special Programs, but has not been finalized by the Department of Human Services.

#### 8. **LINE OF CREDIT**

Real Alternatives has engaged FNB (formerly Metro Bank) as the organization's main depository. A line of credit with FNB (formerly Metro Bank) was obtained on April 10, 2014, using the funds received under the Commonwealth of Pennsylvania Department of Human Services Grant #4100060934 as security for the line of credit. As of June 30, 2016, there was a balance of \$29,080 on the \$500,000 line of credit. Interest on the line of credit with FNB (formerly Metro Bank) is 4%, per annum. The line of credit is reviewed annually for renewals and extensions.

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## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### 9. EMPLOYEE BENEFITS

Real Alternatives sponsors a 403(b) retirement savings plan to which all eligible employees of the Organization may contribute up to the maximum allowed by law. The Organization matches these contributions dollar for dollar up to 4% of the employee's salary contributed to the plan. The Organization's contribution was \$27,008 and \$23,454 for the years ended June 30, 2016 and 2015.

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**SUPPLEMENTARY INFORMATION**

REAL ALTERNATIVES

PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
DHS CONTRACT NO. 4100060934

INVOICED REVENUE AND EXPENDITURES  
YEAR ENDED JUNE 30, 2016

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
Administrative									
Personnel									
President & CEO	\$ 85,604	\$ 85,604	\$ -	\$ 13,655	13,655	\$ -	\$ 99,259	\$ 99,259	\$ -
Vice President of Administration	72,970	72,970	-	11,672	11,672	-	84,642	84,642	-
Accountant	29,863	29,863	-	4,770	4,770	-	34,633	34,633	-
Bookkeeper	13,574	13,574	-	2,168	2,168	-	15,742	15,742	-
Unused sick	3,587	3,587	-	572	572	-	4,159	4,159	-
Payroll taxes	15,045	15,045	-	2,402	2,402	-	17,447	17,447	-
Workers' compensation insurance	1,060	1,060	-	169	169	-	1,229	1,229	-
Employee group insurance	49,689	49,689	-	7,935	7,935	-	57,624	57,624	-
Pension contribution	8,058	8,058	-	1,287	1,287	-	9,345	9,345	-
Professional development and training	2,911	2,911	-	465	465	-	3,376	3,376	-
<b>Total personnel</b>	<b>282,361</b>	<b>282,361</b>	<b>-</b>	<b>45,095</b>	<b>45,095</b>	<b>-</b>	<b>327,456</b>	<b>327,456</b>	<b>-</b>
Operating expenses									
Consulting	16,979	16,979	-	2,711	2,711	-	19,690	19,690	-
Postage/shipping	7,307	7,307	-	1,167	1,167	-	8,474	8,474	-
Auditing	13,649	13,649	-	2,180	2,180	-	15,829	15,829	-
Travel/lodging	199	199	-	32	32	-	231	231	-
Rent	41,472	41,472	-	6,624	6,624	-	48,096	48,096	-
Telephone service	8,335	8,335	-	1,331	1,331	-	9,666	9,666	-
General business liability insurance	1,940	1,940	-	310	310	-	2,250	2,250	-
Directors/owners liability insurance	4,727	4,727	-	755	755	-	5,482	5,482	-
Office expense	17,877	17,877	-	2,031	2,031	-	19,908	19,908	-
Computer upgrades	2,366	2,366	-	378	378	-	2,744	2,744	-
Resources Development	70	70	-	-	-	-	70	70	-
<b>Total operating expenses</b>	<b>114,921</b>	<b>114,921</b>	<b>-</b>	<b>17,519</b>	<b>17,519</b>	<b>-</b>	<b>132,440</b>	<b>132,440</b>	<b>-</b>
Equipment									
Equipment service contracts	2,152	2,152	-	344	344	-	2,496	2,496	-
<b>Total administrative expenditures</b>	<b>399,434</b>	<b>399,434</b>	<b>-</b>	<b>62,958</b>	<b>62,958</b>	<b>-</b>	<b>462,392</b>	<b>462,392</b>	<b>-</b>

(continued)

**REAL ALTERNATIVES**

**PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
DHS CONTRACT NO. 4100060934**

**INVOICED REVENUE AND EXPENDITURES (Cont'd)**

**YEAR ENDED JUNE 30, 2016**

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
<b>Services</b>									
<b>Personnel</b>									
Vice President of Operations	111,564	111,564	-	17,829	17,829	-	129,393	129,393	-
Contract Compliance Services	10,162	10,162	-	1,611	1,611	-	11,773	11,773	-
Services Coordinator	36,665	36,665	-	5,859	5,859	-	42,524	42,524	-
Billing Coordinator	5,752	5,752	-	919	919	-	6,671	6,671	-
Outreach Coordinator	11,321	11,321	-	1,798	1,798	-	13,119	13,119	-
Special Projects Coordinator	2,272	2,272	-	362	362	-	2,634	2,634	-
Services Assistant	9,394	9,394	-	1,501	1,501	-	10,895	10,895	-
LifeAid Hotline Counselors	11,819	11,819	-	1,888	1,888	-	13,707	13,707	-
Overtime	94	94	-	15	15	-	109	109	-
Unused sick	3,144	3,144	-	502	502	-	3,646	3,646	-
Payroll taxes	15,862	15,862	-	2,532	2,532	-	18,394	18,394	-
Workers' compensation insurance	867	867	-	139	139	-	1,006	1,006	-
Employee group insurance	28,539	28,539	-	4,557	4,557	-	33,096	33,096	-
Pension contribution	5,961	5,961	-	952	952	-	6,913	6,913	-
<b>Total personnel</b>	<b>253,416</b>	<b>253,416</b>	<b>-</b>	<b>40,464</b>	<b>40,464</b>	<b>-</b>	<b>293,880</b>	<b>293,880</b>	<b>-</b>
<b>Operating</b>									
Information and training materials	85,636	85,636	-	13,675	13,675	-	99,311	99,311	-
Services advertising	474,352	474,352	-	75,749	75,749	-	550,101	550,101	-
Travel	4,249	4,249	-	678	678	-	4,927	4,927	-
Services database consulting and development	11,519	11,519	-	1,840	1,840	-	13,359	13,359	-
Meetings/seminars	7,833	7,833	-	1,251	1,251	-	9,084	9,084	-
Counseling reimbursement	4,404,211	4,994,810	(590,599)	798,125	798,129	(4)	5,202,336	5,792,939	(590,603)
Hotline referral system	3,771	3,771	-	602	602	-	4,373	4,373	-
<b>Total operating</b>	<b>4,991,571</b>	<b>5,582,170</b>	<b>(590,599)</b>	<b>891,920</b>	<b>891,924</b>	<b>(4)</b>	<b>5,883,491</b>	<b>6,474,094</b>	<b>(590,603)</b>
<b>Equipment</b>									
Pregnancy test kits	27,980	27,980	-	4,654	4,654	-	32,634	32,634	-
<b>Total services expenditures</b>	<b>5,272,967</b>	<b>5,863,566</b>	<b>(590,599)</b>	<b>937,038</b>	<b>937,042</b>	<b>(4)</b>	<b>6,210,005</b>	<b>6,800,608</b>	<b>(590,603)</b>
<b>Total administrative and services expenditures</b>	<b>\$ 5,672,401</b>	<b>\$ 6,263,000</b>	<b>\$ (590,599)</b>	<b>\$ 999,996</b>	<b>\$ 1,000,000</b>	<b>\$ (4)</b>	<b>* \$ 6,672,397</b>	<b>\$ 7,263,000</b>	<b>\$ (590,603) *</b>

\* See unused contract revenue returned to DHS (#5) of the reconciliation of cash received by Pennsylvania Pregnancy & Parenting Support Services Program to Statement of Functional Expense (page 20).



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**REAL ALTERNATIVES**

**RECONCILIATION OF CASH RECEIVED BY PENNSYLVANIA PREGNANCY & PARENTING  
SUPPORT SERVICES PROGRAM TO STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2016

Cash received from PA Dept. of Human Services (DHS) by the Pennsylvania Pregnancy & Parenting Support Services Program Contract No. 4100060934	\$ 7,263,000
Adjustments due to financial records being kept according to accounting principles generally accepted in the United States of America (GAAP) per contract with DHS, Contract No. 4100060934	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	6,091
2. Depreciation expense	15,553
3. Salvage value of assets disposed of	7,676
4. Service provider funds from prior years returned to DHS	(4,612)
5. Unused contract revenue returned to DHS	<u>(590,603)</u>
Total functional expenses for Program Services - Pennsylvania Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 6,697,105</u>

**REAL ALTERNATIVES**

PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
DHS CONTRACT NO. 4100060934

**STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED**

YEAR ENDED JUNE 30, 2016

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 2,967	\$ -	\$ 2,967
Other funds - contributions	929	-	929
	<u>\$ 3,896</u>	<u>\$ -</u>	<u>\$ 3,896</u>

REAL ALTERNATIVES

MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043

INVOICED REVENUE AND EXPENDITURES

	October 1, 2013 to June 30, 2016		July 1, 2015 to June 30, 2016		JULY 1, 2014 to JUNE 30, 2015		OCTOBER 1, 2013 to JUNE 30, 2014	
	State Actual	State Budget	State Actual	State Over (Under)	State Actual	State Actual	State Actual	State Actual
Administrative Personnel	\$ 49,833	\$ 56,413	\$ 20,328	\$ (6,580)	\$ 12,175	\$ 17,330		
President & CEO	14,094	18,289	7,137	(4,195)	5,366	1,592		
VP - Administration	1,777	1,777	-	-	37	1,740		
Assistant Director of Finance	3,803	5,372	1,314	(1,569)	1,123	1,366		
Accountant	1,987	3,831	974	(1,844)	908	104		
Bookkeeper	940	1,412	730	(472)	210	-		
Professional Development	-	-	-	-	-	-		
Accrued Vacation & Sick	4,047	5,583	1,514	(1,536)	1,125	1,408		
Payroll Taxes	299	433	125	(134)	95	79		
Workers Compensation Insurance	1,834	2,883	760	(1,049)	506	567		
Pension	16,559	21,000	7,120	(4,441)	5,742	3,698		
Employee Group Insurance	-	1,000	-	(1,000)	-	-		
Job Advertising	-	500	-	(500)	-	-		
New Employee Screening	-	-	-	-	-	-		
<b>Total Personnel</b>	<b>95,173</b>	<b>118,493</b>	<b>40,002</b>	<b>(23,320)</b>	<b>27,287</b>	<b>27,884</b>		
Operating Expenses								
Consulting	3,276	5,205	1,071	(1,929)	472	1,733		
Legal	164	1,000	164	(836)	-	-		
Postage/Shipping	1,802	3,105	1,231	(1,303)	451	119		
Auditing	3,580	5,199	1,614	(1,619)	1,119	848		
Travel/Lodging	313	813	4	(500)	-	309		
Rent	10,840	18,071	4,974	(7,231)	3,397	2,470		
Telephone Service	2,496	2,746	1,243	(250)	748	504		
General Business Liability Insurance	504	884	230	(380)	165	109		
Insurance-Directors & Officers	1,238	1,944	559	(706)	395	284		
Office Expense	4,928	13,105	1,666	(8,177)	2,267	995		
Computer Resources	11,899	13,399	-	(1,500)	-	11,899		
<b>Total Operating</b>	<b>41,040</b>	<b>65,471</b>	<b>12,756</b>	<b>(24,431)</b>	<b>9,014</b>	<b>19,270</b>		
Equipment								
Equipment Service Contracts	488	834	248	(346)	144	95		
<b>Total administrative expenditures</b>	<b>136,701</b>	<b>184,798</b>	<b>53,006</b>	<b>(48,097)</b>	<b>36,445</b>	<b>47,249</b>		
Michigan YTD Jun-2016 Administrative Expenses per June 2016 FSR submitted on 7/27/2016	136,701	184,798		(48,097)				

(continued)

REAL ALTERNATIVES

MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043

INVOICED REVENUE AND EXPENDITURES (Cont'd)

	October 1, 2013 to June 30, 2016		July 1, 2015 to June 30, 2016		JULY 1, 2014 to JUNE 30, 2015		OCTOBER 1, 2013 to JUNE 30, 2014	
	State Actual	State Budget	State Actual	Over (Under)	State Actual	State Actual	State Actual	State Actual
Services Personnel								
Vice President	40,969	47,041	15,947	(6,072)	11,749		13,273	
Services Coordinator	6,925	6,937	4,176	(12)	2,750		-	
Services Assistance	2,820	1,363	2,572	1,457	247		-	
Service Provider Approval	5,852	10,749	2,312	(4,897)	1,028		2,512	
Billing Coordinator	5,209	7,697	2,497	(2,488)	2,607		104	
Service Provider Monitoring	6,433	9,431	5,224	(2,998)	1,210		-	
Toll Free Counselor	910	1,552	449	(642)	278		183	
Accrued Vacation & Sick	-	-	-	-	-		-	
Payroll Taxes	5,110	6,502	2,347	(1,392)	1,570		1,192	
Workers Compensation Insurance	241	338	103	(97)	76		64	
Pension	1,562	2,469	798	(907)	397		365	
Employee Group Insurance	10,272	13,224	4,075	(2,952)	3,327		2,871	
<b>Total Personnel</b>	<b>86,303</b>	<b>107,303</b>	<b>40,500</b>	<b>(21,000)</b>	<b>25,239</b>		<b>20,564</b>	
Operating								
Client Education Materials	76,907	106,642	70,362	(29,735)	6,545		-	
Services Advertising	202,707	234,068	167,819	(31,361)	34,888		-	
Meetings/Seminars	-	5,000	-	(5,000)	-		-	
Travel	3,082	8,082	1,288	(5,000)	6		1,788	
Srvcs Database Consulting & Dev	15,393	24,203	2,853	(8,810)	5,655		6,885	
Client Services	571,816	874,140	337,489	(302,324)	231,242		3,084	
Toll Free Referral System	772	1,053	372	(281)	232		168	
Contract Closeout Cost	-	-	-	-	-		-	
<b>Total Operating</b>	<b>870,677</b>	<b>1,253,188</b>	<b>580,183</b>	<b>(382,511)</b>	<b>278,568</b>		<b>11,925</b>	
Equipment								
Pregnancy Test Kits	3,662	4,711	2,987	(1,049)	665		11	
<b>Total services expenses</b>	<b>960,642</b>	<b>1,365,202</b>	<b>623,670</b>	<b>(404,560)</b>	<b>304,472</b>		<b>32,500</b>	
<b>Total administrative and services expenditures</b>	<b>\$ 1,097,343</b>	<b>\$ 1,550,000</b>	<b>\$ 676,676</b>	<b>\$ (452,657)</b>	<b>\$ 340,917</b>		<b>\$ 79,749</b>	
Michigan YTD Jun-2016 Services Expenses per June 2016 FSR submitted on 7/27/2016	960,642	1,365,202		(404,560)				
Michigan YTD Jun-2016 Administrative and Services Expenses per June 2016 FSR submitted on 7/27/2016	1,097,343	1,550,000		(452,657)				

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**REAL ALTERNATIVES**

MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043

**INVOICED REVENUE AND EXPENDITURES:  
START-UP ADMINISTRATIVE & SERVICES EXPENSES**

OCTOBER 1, 2013 TO DECEMBER 31, 2016, ADVERTISING EXPENSE THROUGH APRIL 30, 2016

Administrative		Services	
Personnel	\$ 71,294	Personnel	\$ 67,152
Operating	33,171.03	Operating	526,338.19
Equipment	<u>333.04</u>	Equipment	<u>1,711.30</u>
Total administrative expenditures	<u>\$ 104,798</u>	Total services expenses	<u>\$ 595,202</u>
Administrative Cost Ratio	<u>14.97%</u>	Total administrative and services expenditures	<u>\$ 700,000</u>

Expenditures reported through June 30, 2016.

**REAL ALTERNATIVES**

**MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043**

**RECONCILIATION OF CASH RECEIVED BY MICHIGAN PREGNANCY AND PARENTING SUPPORT  
SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES**

**PERIOD JULY 1, 2015 TO JUNE 30, 2016**

Cash received from MDCH by the Michigan Pregnancy & Parenting Support Services Grant Agreement 20142043	\$ 517,756
Adjustments due to financial records being kept according to generally accepted accounting principles accepted in the United States of America (GAAP) per contract with MDCH, Contract No. 20142043	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	(361)
2. Depreciation expense	3,773
3. Expenses incurred but not reimbursed	<u>159,372</u>
Total functional expenses for Program Services - Michigan Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 680,540</u>

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**REAL ALTERNATIVES**

MICHIGAN PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043

**STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED**

PERIOD JULY 1, 2015 TO JUNE 30, 2016

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 171	\$ -	\$ 171
Other funds	-	-	-
	<u>\$ 171</u>	<u>\$ -</u>	<u>\$ 171</u>





REAL ALTERNATIVES

INDIANA PREGNANCY AND PARENTING SERVICES SUPPORT PROGRAM  
 ISDH CONTRACT NO. A70-5-041137 & 0000000000000000000014694

INVOICED REVENUE AND EXPENDITURES (Cont'd)

OCTOBER 1, 2015 TO JUNE 30, 2016

	State Actual	State Budget	State Over/(Under)	July 1, 2015 to June 30, 2016 State Actual	JULY 1, 2015 to SEPTEMBER 30, 2015 State Actual
<b>Services</b>					
<b>Personnel</b>					
Vice President of Operations	16,035	45,000	(28,965)	18,660	2,625
Indiana Services Director	-	40,000	(40,000)	-	-
Services Coordinator	5,307	4,000	1,307	5,741	434
Billing Coordinator	2,519	5,000	(2,481)	3,203	684
Services Assistance	1,162	3,000	(1,838)	2,275	113
Services Provider Approval	1,313	5,000	(3,687)	1,390	76
Services Provider Monitoring	74	5,000	(4,926)	5,156	5,081
Hotline Counselor	733	4,000	(3,267)	946	213
Payroll Taxes	2,025	9,000	(6,975)	2,380	355
Workers Compensation Insurance	125	500	(375)	145	21
Pension	623	2,000	(1,377)	739	116
Employee Group Insurance	4,800	10,000	(5,200)	5,762	983
<b>Total Personnel</b>	<b>35,716</b>	<b>132,500</b>	<b>(96,784)</b>	<b>46,397</b>	<b>10,681</b>
<b>Operating</b>					
Client Education Materials	87,313	120,000	(32,687)	87,457	144
Services Advertising	429,309	485,000	(55,691)	429,309	-
Meetings/Seminars/Conference	-	7,000	(7,000)	-	-
Travel	3,804	10,000	(6,196)	911	911
Sves Database Consulting & Dev	1,084,432	15,000	(1,069,432)	4,875	1,071
Client Services	544	2,412,500	(1,868,456)	1,357,014	272,581
Hotline Referral System		5,000	(4,456)	608	64
<b>Total Operating</b>	<b>1,605,402</b>	<b>3,054,500</b>	<b>(1,449,098)</b>	<b>1,880,174</b>	<b>274,771</b>
<b>Equipment</b>					
Pregnancy Test Kits	2,006	-	2,006	2,006	-
<b>Total services expenses</b>	<b>1,643,124</b>	<b>3,187,000</b>	<b>(1,543,876)</b>	<b>1,928,577</b>	<b>285,452</b>
<b>Total administrative and services expenditures</b>	<b>1,724,569</b>	<b>3,500,000</b>	<b>(1,775,431)</b>	<b>2,023,520</b>	<b>298,951</b>
ISDH Services Expenses - July 1, 2015 to September 30, 2015				285,452	
October 1, 2015 to June 30, 2016				1,643,124	
<b>Total Services Expenses July 1, 2015 to June 30, 2016</b>				<b>1,928,576</b>	
ISDH Admin & Sves Expenses - July 1, 2015 to September 30, 2015				298,951	
October 1, 2015 to June 30, 2016				1,724,569	
<b>Total Admin &amp; Sves Expenses July 1, 2015 to June 30, 2016</b>				<b>2,023,520</b>	
Services Expenses as reported to ISDH for June 2016 on 7/26/2016	1,643,124	3,187,000	(1,543,876)		
Administrative & Services Expenses as reported to ISDH for June 2016 on 7/26/2016	1,724,569	3,500,000	(1,775,431)		

**REAL ALTERNATIVES**

**RECONCILIATION OF CASH RECEIVED BY INDIANA PREGNANCY &  
PARENTING SUPPORT SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES**

PERIOD JULY 1, 2015 to JUNE 30, 2016

Cash received from ISDH by the Indiana Pregnancy & Parenting Support Services Grant Agreement A70-5-041137 & 0000000000000000000014694	\$ 1,634,955
Adjustments due to financial records being kept according to generally accepted accounting principles accepted in the United States of America (GAAP) per contract with ISDH, Contract No. A70-5-041137 & 0000000000000000000014694	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	(361)
2. Depreciation expense	5,027
3. Expenses incurred but not reimbursed	364,953
4. Prior year contract revenue returned to ISDH	<u>(235)</u>
Total functional expenses for Program Services - Indiana Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 2,004,339</u>

**REAL ALTERNATIVES**

INDIANA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
ISDH CONTRACT NO. A70-5-041137 & 0000000000000000000014694

STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED.

PERIOD JULY 1, 2015 to JUNE 30, 2016

	<u>Additional Cash Earned Available for Program Use</u>	<u>2016 Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 82	\$ -	\$ 82
Other funds	-	-	-
	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 82</u>

**REAL ALTERNATIVES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through Pennsylvania			
Department of Human Services			
Temporary Assistance for Needy Families	93.558	4100060934	\$ 999,996
Passed through Indiana State			
Department of Health			
Temporary Assistance for Needy Families	93.558	A70-5-041137	298,950
Temporary Assistance for Needy Families	93.558	0000000000000000000014694	<u>1,724,570</u>
Total expenditures of federal awards			<u>\$ 3,023,516</u>

**NOTES:**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedules) includes the federal grant activity of Real Alternatives for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200. *Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Real Alternatives, it is not intended to and does not present the financial position, changes in net assets or cash flows of Real Alternatives.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Real Alternatives (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Real Alternatives' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Real Alternatives' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

(continued)

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
November 3, 2016

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

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on Compliance for Each Major Federal Program

We have audited Real Alternatives' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Real Alternatives' major federal programs for the year ended June 30, 2016. Real Alternatives' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Real Alternatives' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Real Alternatives' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

(continued)

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

### **Opinion on Each Major Federal Program**

In our opinion, Real Alternatives complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
November 3, 2016



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**REAL ALTERNATIVES**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2016**

**Prior Year Findings**

None.

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## REAL ALTERNATIVES

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

#### SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Real Alternatives were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements and reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Real Alternatives, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs and reported in the Independent auditor's Report on compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Real Alternatives expresses an unmodified opinion on all major programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a).
7. The program tested as a major program was:

Temporary Assistance for Needy Families (CFDA #93.558)
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Real Alternatives, the auditee, was determined to be a low-risk auditee.

#### FINDINGS – FINANCIAL STATEMENT AUDIT

None.

#### FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

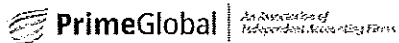
None.

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# **EXHIBIT G**

# C A M P A I G N F O R

# ACCOUNTABILITY

April 15, 2019

By Email: [MDHHS-FOIA@michigan.gov](mailto:MDHHS-FOIA@michigan.gov)

Michigan Department of Health and Human Services  
Attn: FOIA Coordinator  
Bureau of Legal Affairs  
PO Box 30195  
Lansing, Michigan 48909

## **Re: Michigan Freedom of Information Act Request**

To whom it may concern:

Campaign for Accountability (“CfA”) makes this request for public records, regardless of format, medium, or physical characteristics, and including electronic records and information, audiotapes, videotapes and photographs, pursuant to Mich. Comp. Laws §§ 15.231 et seq.

Specifically, CfA seeks copies of all Audit Status Notification Letters, Audit Exemption Notices, Financial Statement Audits, corrective action plans submitted to the Michigan Department of Health and Human Services, or its predecessor, the Michigan Department of Community Health (collectively “the Department”), by Real Alternatives regarding Real Alternatives’ contracts with the state under the Pregnancy and Parenting Support Services Program. This request is for records from January 1, 2014 to present.

By the way of background, Real Alternatives is the sole recipient of three consecutive grant agreements with the Department for the purpose of monitoring the Michigan Pregnancy and Parenting Support Services Program. Real Alternatives is designated as a sub-recipient under the terms of its FY 2018 grant agreement with the Department.<sup>1</sup> As such, Part II Section I(G)(1)(c) of the grant agreement requires Real Alternatives to “submit an Audit Exemption Notice that certifies” its exceptions from any Single Audit and Financial Related Audit requirements.<sup>2</sup> In addition, Part II Section I(G)(2) of the same grant agreement states:

Grantees exempt from the Single Audit and Financial Related Audit requirements (that are required to submit an Audit Exemption Notice . . . ) must also submit to the Department a Financial Statement Audit prepared in accordance with generally accepted auditing standards if the audit includes disclosures that may negatively impacts [*sic*] the Department funded programs including, but not limited to fraud, going concern uncertainties, financial

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<sup>1</sup> See 2018 Grant Agreement Between Michigan Department of Health and Human Services and Real Alternatives for Pregnancy and Parenting Support Services Program, Part I § (2)(A), Contract No. E20182832 (Dec. 6, 2017).

<sup>2</sup> *Id.* Part II § I(G)(1)(c).

statement misstatements, and violations of contract and grant provisions. If submitting a Financial Statement Audit, Grantees must also submit a corrective action plan for any audit findings that impacts the Department funded programs.<sup>3</sup>

CfA previously submitted a similar request to the Department on January 29, 2019. The Department denied the request and stated the Department, “expects a submission related to Real Alternatives fiscal year end of June 30, 2018 by March 31, 2019.”<sup>4</sup>

If it is your position that any portion of the records requested is exempt from disclosure pursuant to Mich. Comp. Laws § 15.243, please provide a written notice indicating the basis for that determination. Mich. Comp. Laws § 15.235(5). If a requested record contains material that is exempt from disclosure as well as material that is not exempt, please produce the portions of the record that are not exempt. Mich. Comp. Laws § 15.244.

CfA is a non-profit organization and seeks the requested information primarily to benefit the general public. Furnishing copies of these records will allow CfA to inform and educate the public about state funding received by a private organization. Accordingly, CfA requests that the information be provided without charge. Mich. Comp. Laws § 15.234(2). If a fee waiver is not available, please inform me if the cost will exceed \$200.

Please respond to this request within 5 business days of receipt, as required by Mich. Comp. Laws § 15.235(2). If possible, please email the records to me at [ahuling@campaignforaccountability.org](mailto:ahuling@campaignforaccountability.org). If the records are mailed, please send them to: Campaign for Accountability, 611 Pennsylvania Ave S.E., #337, Washington, D.C. 20003.

If you are unable to meet this statutory mandate, foresee any problems in releasing the requested records in whole or in part, or have any questions about this request, please contact me at 202-780-5750. Finally, I welcome the opportunity to discuss with you whether and to what extent this request can be narrowed or modified to better enable the Department of Health and Human Services to process it. Thank you for your attention to this matter.

Sincerely,



Alice C.C. Huling  
Counsel

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<sup>3</sup> *Id.* Part II § 1(G)(2).

<sup>4</sup> *See* Ex. A (Letter to Alice Huling, from the State of Michigan Department of Health and Human Services, (Feb. 14, 2019)).

# **EXHIBIT H**

## Message History (3)

✉ On 4/23/2019 3:38:34 PM, MDHHS FOIA Records Center wrote:

**Subject:** MDHHS FOIA Request :: H000884-041519

**Body:**

RE: Public Records Request, Reference # H000884-041519

Dear Ms. Huling,

This notice is issued in response to your request, legally received by the Michigan Department of Health and Human Services (Department) on April 16, 2019, requesting information under the Freedom of Information Act (FOIA), MCL 15.231 *et seq.*

Your request is granted. Please login to the [FOIA Records Center](#) to access the responsive records.

The Department has identified and included the responsive information falling within the scope of your request. To the best of the Department's knowledge, information, and belief, these are all the records in the possession of the Department falling within the scope of your request. There is no fee for the request as search and retrieval were minimal, falling below the Department's threshold for processing fees.

The Department's FOIA policies and procedures are available at [Policies and Procedures](#).

Sincerely,  
Melissa Barrett  
Bureau of Legal Affairs

✉ On 4/15/2019 11:12:21 AM, MDHHS FOIA Records Center wrote:

**Subject:** Confirmation of FOIA Request:: H000884-041519

**Body:**



Dear Ms. Huling,

Thank you for your interest in public records of the Michigan Department of Health and Human Services (hereinafter "Department").



**Records Requested:** To whom it may concern:

Campaign for Accountability (“CfA”) makes this request for public records, regardless of format, medium, or physical characteristics, and including electronic records and information, audiotapes, videotapes and photographs, pursuant to Mich. Comp. Laws §§ 15.231 et seq.

Specifically, CfA seeks copies of all Audit Status Notification Letters, Audit Exemption Notices, Financial Statement Audits, corrective action plans submitted to the Michigan Department of Health and Human Services, or its predecessor, the Michigan Department of Community Health (collectively “the Department”), by Real Alternatives regarding Real Alternatives’ contracts with the state under the Pregnancy and Parenting Support Services Program. This request is for records from January 1, 2014 to present.

By the way of background, Real Alternatives is the sole recipient of three consecutive grant agreements with the Department for the purpose of monitoring the Michigan Pregnancy and Parenting Support Services Program. Real Alternatives is designated as a subrecipient under the terms of its FY 2018 grant agreement with the Department.<sup>1</sup> As such, Part II Section I(G)(1)(c) of the grant agreement requires Real Alternatives to “submit an Audit Exemption Notice that certifies” its exceptions from any Single Audit and Financial Related Audit requirements.<sup>2</sup> In addition, Part II Section I(G)(2) of the same grant agreement states:

Grantees exempt from the Single Audit and Financial Related Audit requirements (that are required to submit an Audit Exemption Notice . . . ) must also submit to the Department a Financial Statement Audit prepared in accordance with generally accepted auditing standards if the audit includes disclosures that may negatively impacts [sic] the Department funded programs including, but not limited to fraud, going concern uncertainties, financial

<sup>1</sup> See 2018 Grant Agreement Between Michigan Department of Health and Human Services and Real Alternatives for Pregnancy and Parenting Support Services Program, Part I § (2)(A), Contract No. E20182832 (Dec. 6, 2017).

<sup>2</sup> Id. Part II § I(G)(1)(c).

FOIA Coordinator

April 10, 2019

Page

2

statement misstatements, and violations of contract and grant provisions. If submitting a Financial Statement Audit, Grantees must also submit a corrective action plan for any audit findings that impacts the Department funded programs.<sup>3</sup>

CfA previously submitted a similar request to the Department on January 29, 2019.

The Department denied the request and stated the Department, “expects a submission related to Real Alternatives fiscal year end of June 30, 2018 by March 31, 2019.”<sup>4</sup>

If it is your position that any portion of the records requested is exempt from disclosure pursuant to Mich. Comp. Laws § 15.243, please provide a written notice indicating the basis for that determination. Mich. Comp. Laws § 15.235(5). If a requested record contains material that is exempt from disclosure as well as material that is not exempt, please produce the

portions of the record that are not exempt. Mich. Comp. Laws § 15.244.

CfA is a non-profit organization and seeks the requested information primarily to benefit the general public. Furnishing copies of these records will allow CfA to inform and educate the public about state funding received by a private organization. Accordingly, CfA requests that the information be provided without charge. Mich. Comp. Laws § 15.234(2). If a fee waiver is not available, please inform me if the cost will exceed \$200.

Please respond to this request within 5 business days of receipt, as required by Mich. Comp. Laws § 15.235(2). If possible, please email the records to me at [ahuling@campaignforaccountability.org](mailto:ahuling@campaignforaccountability.org). If the records are mailed, please send them to: Campaign for Accountability, 611 Pennsylvania Ave S.E., #337, Washington, D.C. 20003.

If you are unable to meet this statutory mandate, foresee any problems in releasing the requested records in whole or in part, or have any questions about this request, please contact me at 202-780-5750. Finally, I welcome the opportunity to discuss with you whether and to what extent this request can be narrowed or modified to better enable the Department of Health and Human Services to process it. Thank you for your attention to this matter.

Your request has been assigned the following tracking number: H000884-041519. Your request has a legally received date of April 16, 2019. You will receive a response by the Department by April 23, 2019.

Unfortunately, we are unable to expedite requests and the time permitted for response by the Department may be extended beyond April 23, 2019 by ten (10) business days.

In accordance with the Michigan Freedom of Information Act (FOIA), MCL 15.231 *et seq*, the Department provides copies of existing non-exempt records. Records which are exempt from disclosure under state or federal law will not be provided, or records may be redacted to separate exempt information. The FOIA does not require the Department to create new records or answer queries.

You can monitor the progress of your request at the link below and you will receive an email when your request has been completed.

Regards,

FOIA, Bureau of Legal Affairs,

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Michigan Department of Health and Human Services

[FOIA Request Center](#)

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 On 4/15/2019 11:06:58 AM, MDHHS FOIA Records Center wrote:

Request was created by staff