

**REGIONAL HOUSING LEGAL SERVICES**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2012 AND 2011**



**REGIONAL HOUSING LEGAL SERVICES  
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YEARS ENDED JUNE 30, 2012 AND 2011**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Regional Housing Legal Services  
Glenside, Pennsylvania

We have audited the accompanying statements of financial position of Regional Housing Legal Services (a nonprofit organization) as of June 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regional Housing Legal Services as of June 30, 2012 and 2011, and the change in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2012 on our consideration of Regional Housing Legal Services' 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* and should be considered in assessing the results of our audit.

Board of Directors  
Regional Housing Legal Services

The supplementary information on pages 15 through 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "J. Miller & Associates, LLC". The signature is written in a cursive, flowing style.

**J. MILLER & ASSOCIATES, LLC**

Philadelphia, Pennsylvania  
October 16, 2012

**REGIONAL HOUSING LEGAL SERVICES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND 2011**

<b>ASSETS</b>	2012	2011
Cash and Cash Equivalents	\$ 430,035	\$ 433,112
Accounts Receivable:		
Department of Community and Economic Development	0	100,000
Pennsylvania Legal Aid Network	46,922	36,743
Other Receivables	546,953	288,151
Promises to Give	586,229	-
Prepaid Expenses	62,606	55,071
Property and Equipment	500	1,250
	<u>\$ 1,673,245</u>	<u>\$ 914,327</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 23,063	\$ 63,889
Total Liabilities	23,063	63,889
<b>NET ASSETS</b>		
Unrestricted	551,049	566,541
Temporarily Restricted	1,099,133	283,897
Total Net Assets	<u>1,650,182</u>	<u>850,438</u>
	<u>\$ 1,673,245</u>	<u>\$ 914,327</u>

*See accompanying Notes to Financial Statements.*

**REGIONAL HOUSING LEGAL SERVICES  
STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

	2012						
	Unrestricted			Temporarily Restricted			
	Housing and Community Development	PULP	Total	Housing and Community Development	PULP	Total	Total
<b>REVENUE AND SUPPORT</b>							
Purely Public Charities	\$ 787,685	\$ 276,615	\$ 1,064,300	\$ 111,675	\$ 2,300	\$ 113,975	\$ 1,178,275
Government	-	-	-	-	-	-	-
Corporations	73,781	-	73,781	30,219	-	30,219	104,000
Foundations	535,205	6,090	541,295	917,440	-	917,440	1,458,735
Individuals	11,138	-	11,138	-	-	-	11,138
In-Kind Contributions	-	1,800	1,800	-	-	-	1,800
Interest Income	513	217	730	-	-	-	730
Other Revenue	2,508	-	2,508	-	-	-	2,508
Subtotal	1,410,831	284,722	1,695,553	1,059,334	2,300	1,061,634	2,757,187
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	192,067	54,331	246,398	(192,067)	(54,331)	(246,398)	-
Total Revenue and Support	1,602,898	339,053	1,941,951	867,267	(52,031)	815,236	2,757,187
<b>EXPENSES</b>							
Program Services	1,336,220	313,053	1,649,273	-	-	-	1,649,273
Management and General	214,066	40,255	254,321	-	-	-	254,321
Fundraising	52,611	1,238	53,849	-	-	-	53,849
Total Expenses	1,602,896	354,546	1,957,443	-	-	-	1,957,443
<b>CHANGE IN NET ASSETS</b>	2	(15,494)	(15,492)	867,267	(52,031)	815,236	799,744
Net Assets - Beginning of Year	551,047	15,494	566,541	229,566	54,331	283,897	850,438
<b>NET ASSETS - END OF YEAR</b>	\$ 551,049	\$ 0	\$ 551,049	\$ 1,096,833	\$ 2,300	\$ 1,099,133	\$ 1,650,182

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES  
STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

	2011						
	Unrestricted			Temporarily Restricted			
	Housing and Community Development	PULP	Total	Housing and Community Development	PULP	Total	Total
<b>REVENUE AND SUPPORT</b>							
Purely Public Charities	\$ 577,242	\$ 313,839	\$ 891,081	\$ -	\$ -	\$ -	\$ 891,081
Government	100,000	50,000	150,000	-	-	-	150,000
Corporations	244,040	-	244,040	-	-	-	244,040
Foundations	276,750	-	276,750	216,250	-	216,250	493,000
Individuals	17,801	-	17,801	-	-	-	17,801
In-Kind Contributions	37,800	-	37,800	-	-	-	37,800
Interest Income	979	30	1,009	-	-	-	1,009
Other Revenue	4,068	-	4,068	-	-	-	4,068
Subtotal	<u>1,258,680</u>	<u>363,869</u>	<u>1,622,549</u>	<u>216,250</u>	<u>-</u>	<u>216,250</u>	<u>1,838,799</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>341,163</u>	<u>30,998</u>	<u>372,161</u>	<u>(341,163)</u>	<u>(30,998)</u>	<u>(372,161)</u>	<u>-</u>
Total Revenue and Support	1,599,843	394,867	1,994,710	(124,913)	(30,998)	(155,911)	1,838,799
<b>EXPENSES</b>							
Program Services	1,328,469	313,601	1,642,070	-	-	-	1,642,070
Management and General	208,279	81,266	289,545	-	-	-	289,545
Fundraising	<u>118,303</u>	<u>-</u>	<u>118,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,303</u>
Total Expenses	<u>1,655,051</u>	<u>394,867</u>	<u>2,049,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,049,918</u>
<b>CHANGE IN NET ASSETS</b>	(55,208)	-	(55,208)	(124,913)	(30,998)	(155,911)	(211,119)
Net Assets - Beginning of Year	<u>606,255</u>	<u>15,494</u>	<u>621,749</u>	<u>354,479</u>	<u>85,329</u>	<u>439,808</u>	<u>1,061,557</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 551,047</u>	<u>\$ 15,494</u>	<u>\$ 566,541</u>	<u>\$ 229,566</u>	<u>\$ 54,331</u>	<u>\$ 283,897</u>	<u>\$ 850,438</u>

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012					
	Program Services					
EXPENSES	Housing and Community Development	Pennsylvania Utility Law Project	Total	Management and General	Fundraising	Total
Salaries	\$ 852,980	\$ 225,735	\$ 1,078,715	\$ 157,731	\$ 23,628	\$ 1,260,074
Fringe Benefits	249,372	61,339	310,711	45,424	6,983	363,118
Consultants and Contractors	82,936	4,534	87,470	14,232	22,584	124,287
Travel	29,639	2,910	32,548	6,610	-	39,158
Space Costs	62,586	12,094	74,680	10,808	50	85,538
Consumable Supplies	10,421	282	10,704	1,604	277	12,585
Equipment-Related Expense	10,039	-	10,039	-	-	10,039
Other	37,611	6,158	43,769	17,815	309	61,894
Total Expenses Before Depreciation	<u>1,335,583</u>	<u>313,053</u>	<u>1,648,636</u>	<u>254,225</u>	<u>53,832</u>	<u>1,956,693</u>
Depreciation and Amortization	637	-	637	96	17	750
Total Expenses	<u>\$ 1,336,220</u>	<u>\$ 313,053</u>	<u>\$ 1,649,273</u>	<u>\$ 254,321</u>	<u>\$ 53,849</u>	<u>\$ 1,957,443</u>

  

	2011					
	Program Services					
EXPENSES	Housing and Community Development	Pennsylvania Utility Law Project	Total	Management and General	Fundraising	Total
Salaries	\$ 735,598	\$ 217,514	\$ 953,112	\$ 191,799	\$ 39,398	\$ 1,184,309
Fringe Benefits	247,258	66,580	313,838	44,997	13,278	372,113
Consultants and Contractors	124,461	4,147	128,608	16,285	64,673	209,566
Travel	19,098	2,151	21,249	4,912	-	26,161
Space Costs	58,696	14,775	73,471	13,260	-	86,731
Consumable Supplies	8,329	925	9,254	1,307	442	11,003
Equipment-Related Expense	8,058	-	8,058	-	-	8,058
Other	125,436	7,509	132,945	16,744	512	150,201
Total Expenses Before Depreciation	<u>1,326,934</u>	<u>313,601</u>	<u>1,640,535</u>	<u>289,304</u>	<u>118,303</u>	<u>2,048,142</u>
Depreciation and Amortization	1,535	-	1,535	241	-	1,776
Total Expenses	<u>\$ 1,328,469</u>	<u>\$ 313,601</u>	<u>\$ 1,642,070</u>	<u>\$ 289,545</u>	<u>\$ 118,303</u>	<u>\$ 2,049,918</u>

See accompanying Notes to Financial Statements.



**REGIONAL HOUSING LEGAL SERVICES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contracts, Grants and Contributions	\$ 1,996,938	\$ 2,103,903
Interest Received	730	1,009
Other Income Received	2,508	4,068
Cash Paid to Employees and Related Fringe Benefits	(1,621,391)	(1,556,422)
Cash Paid for Other Expenses	(381,862)	(453,530)
Net Cash Used by Operating Activities	(3,077)	99,028
<b>NET INCREASE/(DECREASE) IN CASH</b>	(3,077)	99,028
Cash and Cash Equivalents - Beginning of Year	433,112	334,084
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 430,035	\$ 433,112
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 799,744	\$ (211,119)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	750	1,776
(Increase) Decrease in:		
Accounts Receivable	(168,981)	2,981
Promise to Give	(586,229)	305,000
Prepaid Expenses	(7,535)	(22,003)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(40,826)	22,393
Net Cash (Used) by Operating Activities	\$ (3,077)	\$ 99,028

*See accompanying Notes to Financial Statements.*

**REGIONAL HOUSING LEGAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Regional Housing Legal Services (the Corporation) is a nonprofit corporation organized to build more self-sufficient communities by providing legal services and technical assistance to clients who develop affordable housing and engage in neighborhood revitalization and economic development activities throughout Pennsylvania. The Corporation is part of a network of separate organizations, each with its own management team servicing all of Pennsylvania's 67 counties. The Corporation represents its targeted clients in matters relating to the development of affordable housing with support from discretionary government funding, the philanthropic community and the volunteer services of attorneys and others. The Corporation receives funding from Pennsylvania Legal Aid Network (formerly Pennsylvania Legal Services) and other foundations and government grants.

**Basis of Accounting**

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Corporation recognizes contract revenue received as unrestricted support to the extent that eligible costs are incurred and as temporarily restricted support to the extent that eligible costs have yet to be incurred or additional time restrictions apply.

**Basis of Presentation**

The Corporation 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. The Corporation has no permanently restricted net assets.

**Management's Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**Contributed Services**

Contributed services are received in connection with the Corporation's program services. Contributed services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services provided.

**Exchange Transactions**

Services to other legal services and housing organizations and contracts directly with governmental entities are accounted for as exchange transactions. Revenue is recorded as earned and an allowance for uncollectibility against receivables is considered if there is an indication that the organization is unable to pay for services rendered. The receivable would be written off after collection efforts have been exhausted. No allowance was deemed warranted at June 30, 2012 and 2011.

**REGIONAL HOUSING LEGAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

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

**Expense Allocation**

The costs of providing services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated to the program and support services benefited.

**Income Tax Status**

The Corporation is exempt from income tax as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in these financial statements. The Corporation adopted the income tax standard for uncertain tax positions on July 1, 2009. The implementation of the standard had no effect on the net assets of the Corporation. Should the tax-exempt status be challenged in the future, the Corporation's 2009, 2010 and 2011 tax years are open for examination by the IRS.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. An allowance for uncollectibility against the promise to give is considered if there is an indication that the promise will not be fulfilled. The promise would be written off after collection efforts have been exhausted. No allowance was deemed warranted at June 30, 2012 and 2011. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost. Depreciation is computed using the straight-line method.

**Concentration of Grants**

The Corporation is funded on a year-to-year basis through a contract with Pennsylvania Legal Aid Network (PLAN). For the years ended June 30, 2012 and 2011, approximately 27% and 44%, respectively, of the Corporation's funding was received from PLAN. Funding for the contract is provided for by the Commonwealth of Pennsylvania Department of Public Welfare (DPW) with Commonwealth and Federal Title XX funds, Interest on Lawyers' Trust Accounts (IOLTA) and by other non-DPW public and private sources. The Corporation also receives funding from various foundations.

**REGIONAL HOUSING LEGAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

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

**Funding Source Expense Allocation**

The Corporation allocates expenses among Pennsylvania Legal Aid Network (PLAN) and other funding sources. The allocation of expenses among funding sources is based on a timekeeping system for personnel costs and allocation of common expenses based on the relative personnel cost base. The funding source expense allocation is summarized on the Combining Schedules of Unrestricted Support, Revenue and Expenses and Changes in Net Assets included in supplementary information.

**Subsequent Events**

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 16, 2012, the date the financial statements were available to be issued.

**NOTE 2 PROMISES TO GIVE**

As of June 30, 2012 and 2011, the Corporation had a promises to give \$586,229 and \$-0-. The promises to give at June 30, 2012 are all expected within the next two years. The Corporation received that support during the year ended June 30, 2012.

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2012	2011
Computers and Office Equipment	\$ 67,589	\$ 67,589
Leasehold Improvements	7,500	7,500
Total	75,089	75,089
Less Accumulated Depreciation and Amortization	74,589	73,839
Total Property and Equipment	\$ 500	\$ 1,250

Depreciation and amortization expense applied against support and revenues were \$750 and \$1,776 for the years ended June 30, 2012 and 2011, respectively.

**NOTE 4 PENSION PLANS**

The Corporation maintains a 403(b) retirement savings plan for all eligible employees. Under the plan, a percentage of the eligible employees' gross wages is contributed to the plan by the Corporation. The percentage contributed is based upon the employees' years of service.

As of May 1, 2011, the Corporation established a tax exempt 457(b) "Top Hat" plan for a select group of employees. The purpose of the plan is to provide deferred compensation for these employees. Contributions to the plan can consist of employee and employer contributions. The assets of the plan are subject to creditors of the Corporation.

Contributions to the plans amounted to \$81,669 and \$76,172 for the years ended June 30, 2012 and 2011, respectively.

**REGIONAL HOUSING LEGAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**NOTE 5 RELATED PARTY TRANSACTIONS**

The Corporation appoints two members from its Board of Directors to serve on the Board of Directors of Commonwealth Housing Development Corporation (CHDC) which has a total of five board members. As explained in Note 6, CHDC leases the Glenside facilities to the Corporation. The Corporation is also the guarantor on behalf of CHDC at June 30, 2012 and 2011 in the amounts of \$137,606 and \$157,494, respectively, for a mortgage on the building in Glenside.

**NOTE 6 LEASES AND COMMITMENTS**

The Corporation leases office facilities in Glenside, Pittsburgh, Harrisburg and Gettysburg, Pennsylvania. The leases hold the Corporation responsible for fixed monthly rental payments, plus certain real estate and utility expenses. Total annual rent expense for the years ended June 30, 2012 and 2011 was \$72,956 and \$73,585, respectively.

The office facilities in Glenside, Pennsylvania are leased from Commonwealth Housing Development Corporation (CHDC), a nonprofit organization. The lease is renewable on a month-to-month basis with rent currently set at \$4,300 per month. Total rent paid to CHDC for the years ended June 30, 2012 and 2011 was \$51,600 per year.

The Harrisburg lease is renewable on an annual basis. The Pittsburgh and Gettysburg leases are renewable on a month-to-month basis.

**NOTE 7 FUNDING**

The Corporation receives funding from Pennsylvania Legal Aid Network, the Pennsylvania IOLTA Board and various foundations and corporations such as Independence Foundation, Department of Community and Economic Development and the William Penn Foundation.

Funding from IOLTA requires that no more than 10% of the grant be carried over to a subsequent fiscal year.

**NOTE 8 LINE OF CREDIT**

The Corporation has an unsecured line of credit of \$250,000 at 3.25% at June 30, 2012. The line was extended in April 2012 and expires July 26, 2013. There was no balance on the line of credit at June 30, 2012 and 2011.

**NOTE 9 CONCENTRATION OF CREDIT RISK**

The Corporation maintains checking and savings accounts at one financial institution. At June 30, 2012, the Corporation exceeded the \$250,000 FDIC insured limit.

**REGIONAL HOUSING LEGAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**NOTE 10 NET ASSETS**

Net assets as of June 30, 2012 and 2011 consist of the following:

	2012		
	Housing & Community Development	Pennsylvania Utility Law Project	Total
Unrestricted Net Assets	\$ 551,049	\$ 0	\$ 551,049
Temporarily Restricted Net Assets			
Net Assets Restricted by Purpose and Time:			
Independence Foundation	59,930	-	59,930
PLAN MLK	2,300	2,300	4,600
Philadelphia Foundation	25,833	-	25,833
Oak Foundation	291,951	-	291,951
United Way of SE PA	39,954	-	39,954
Heinz Foundation	249,771	-	249,771
Falk Foundation	37,500	-	37,500
Project HOME	109,375	-	109,375
PNC Bank	30,219	-	30,219
William Penn Foundation	250,000	-	250,000
	<u>\$ 1,096,833</u>	<u>\$ 2,300</u>	<u>\$ 1,099,133</u>
	2011		
	Housing & Community Development	Pennsylvania Utility Law Project	Total
Unrestricted Net Assets	\$ 551,047	\$ 15,494	\$ 566,541
Temporarily Restricted Net Assets			
Net Assets Restricted by Purpose and Time:			
Falk Foundation	112,500	-	112,500
IOLTA Access to Justice	-	45,830	45,830
IOLTA	-	8,501	8,501
Connelly Foundation	50,000	-	50,000
Pittsburgh Foundation	31,250	-	31,250
William Penn Foundation	35,816	-	35,816
	<u>\$ 229,566</u>	<u>\$ 54,331</u>	<u>\$ 283,897</u>

**NOTE 11 CONTINGENCIES**

Grants received are subject to audit and adjustment by grantor agencies, principally PLAN. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Corporation expects such amounts, if any, to be immaterial.



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

Board of Directors  
Regional Housing Legal Services  
Philadelphia, Pennsylvania

We have audited the financial statements of Regional Housing Legal Services as of and for the year ended June 30, 2012, and have issued our report thereon dated October 16, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Regional Housing Legal Services is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Regional Housing Legal Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Housing Legal Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Regional Housing Legal Services' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Regional Housing Legal Services' financial statements are free of 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*.

Board of Directors  
Regional Housing Legal Services

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "J. Miller + Associates, LLC". The signature is written in a cursive, flowing style.

**J. MILLER & ASSOCIATES, LLC**

Philadelphia, Pennsylvania  
October 16, 2012



**REGIONAL HOUSING LEGAL SERVICES**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS**  
**LEGAL SERVICES FOR HOUSING AND COMMUNITY DEVELOPMENT**  
**YEAR ENDED JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Pennsylvania Legal Aid Network					Special IOLTA	All Other	Total 2012	Total 2011
	Title XX	State	Access to Justice	IOLTA	PLAN Total				
	Federal								
<b>SUPPORT AND REVENUES</b>									
Purely Public Charities	\$ 134,960	\$ 65,625	\$ 235,525	\$ 45,050	\$ 481,160	\$ 43,700	\$ 374,500	\$ 899,360	\$ 577,242
Government	-	-	-	-	-	-	-	-	100,000
Corporations	-	-	-	-	-	-	104,000	104,000	244,040
Foundations	-	-	-	-	-	-	1,452,645	1,452,645	493,000
Individuals	-	-	-	-	-	-	11,138	11,138	17,801
In-Kind Contributions	-	-	-	-	-	-	-	-	37,800
Interest Income	-	-	-	-	-	-	513	513	979
Other Revenue	-	-	-	-	-	-	2,508	2,508	4,068
Total Support and Revenues	<u>\$ 134,960</u>	<u>\$ 65,625</u>	<u>\$ 235,525</u>	<u>\$ 45,050</u>	<u>\$ 481,160</u>	<u>\$ 43,700</u>	<u>\$ 1,945,305</u>	<u>\$ 2,470,165</u>	<u>\$ 1,474,930</u>
<b>SALARIES</b>									
Attorneys	59,480	28,922	112,357	19,931	220,690	33,000	620,901	874,591	782,534
Support Staff	20,242	9,843	32,158	6,757	69,000	-	61,531	130,531	109,415
Law Students	-	-	-	-	-	-	2,700	2,700	4,500
Total Salaries	<u>79,722</u>	<u>38,765</u>	<u>144,515</u>	<u>26,688</u>	<u>289,690</u>	<u>33,000</u>	<u>685,133</u>	<u>1,007,823</u>	<u>896,449</u>
<b>FRINGE BENEFITS</b>									
Payroll Taxes	5,357	2,605	9,850	1,788	19,600	2,525	50,493	72,618	66,303
Unemployment Tax	385	187	611	128	1,311	-	2,671	3,982	7,410
Hospitalization Insurance	6,758	3,286	11,589	2,256	23,889	4,271	92,757	120,917	138,712
Life, Accident and Disability	1,574	765	2,601	525	5,465	660	9,381	15,506	13,849
Dental Insurance	1,076	523	1,810	359	3,768	330	6,386	10,484	11,950
Retirement	6,001	2,918	10,759	2,003	21,681	1,733	45,841	69,255	60,126
Workers' Compensation	251	122	399	84	856	-	1,050	1,906	1,768
Total Fringe Benefits	<u>21,402</u>	<u>10,406</u>	<u>37,619</u>	<u>7,143</u>	<u>76,570</u>	<u>9,519</u>	<u>208,580</u>	<u>294,669</u>	<u>300,118</u>
<b>CONSULTANTS AND CONTRACTORS</b>									
Auditing	-	-	127	14	141	-	4,664	4,805	6,708
Other Consultants	16,224	7,889	25,648	5,402	55,163	-	57,226	112,389	158,203
In-Kind Services	-	-	-	-	-	-	-	0	37,800
Total Consultants and Contractors	<u>16,224</u>	<u>7,889</u>	<u>25,775</u>	<u>5,416</u>	<u>55,304</u>	<u>-</u>	<u>61,891</u>	<u>117,195</u>	<u>202,711</u>
<b>TRAVEL</b>									
Employee Travel - Local	135	66	214	45	460	-	4,048	4,508	5,622
Employee Travel - Out of Town	3,391	1,649	5,387	1,132	11,559	600	16,764	28,923	15,480
Board Meetings	328	160	521	110	1,119	-	1,371	2,490	2,907
Total Travel	<u>3,854</u>	<u>1,875</u>	<u>6,122</u>	<u>1,287</u>	<u>13,138</u>	<u>600</u>	<u>22,182</u>	<u>35,920</u>	<u>24,009</u>

**REGIONAL HOUSING LEGAL SERVICES**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS**  
**LEGAL SERVICES FOR HOUSING AND COMMUNITY DEVELOPMENT (CONTINUED)**  
**YEAR ENDED JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Pennsylvania Legal Aid Network					Special IOLTA	All Other	Total 2012	Total 2011
	Title XX	State	Access to Justice	IOLTA	PLAN Total				
	Federal								
<b>SPACE COSTS</b>									
Rent	7,064	3,435	11,223	2,358	24,080	-	37,156	61,236	58,800
Leasehold Improvements	-	-	-	-	-	-	1,000	1,000	4,050
Utilities	588	286	934	196	2,004	-	2,868	4,872	4,260
Maintenance	769	374	1,221	257	2,621	-	2,299	4,920	4,836
Total Space Costs	8,421	4,095	13,378	2,811	28,705	-	43,323	72,028	71,946
<b>CONSUMABLE SUPPLIES</b>									
Office Supplies	863	420	1,009	212	2,504	-	11,080	13,584	10,077
Total Consumable Supplies	863	420	1,009	212	2,504	-	11,080	13,584	10,077
<b>FURNITURE AND EQUIPMENT</b>									
Equipment Leased	550	268	874	184	1,876	-	2,528	4,404	4,404
Repairs and Maintenance	520	253	826	173	1,772	-	2,549	4,321	3,654
Total Furniture and Equipment	1,070	521	1,700	357	3,648	-	5,077	8,725	8,058
<b>OTHER</b>									
Insurance and Bonding	1,032	502	1,640	345	3,519	-	7,672	11,191	10,885
Printing Costs	-	-	-	-	-	-	-	-	1,140
Professional Dues	578	281	918	193	1,970	200	3,936	6,106	5,283
Tuition and Seminar Fees	155	75	246	52	528	381	3,082	3,991	4,730
Advertising	143	70	228	48	489	-	336	825	450
Law Library Upkeep and Subscriptions	542	263	861	181	1,847	-	4,274	6,121	4,969
Telephone	522	254	829	174	1,779	-	9,413	11,192	11,191
Postage	50	24	80	17	171	-	1,865	2,036	1,155
Contribution	-	-	-	-	-	-	8,000	8,000	38,975
Bad Debt Expense	-	-	-	-	-	-	-	-	50,276
Miscellaneous	382	185	605	126	1,298	-	1,442	2,740	10,853
Total Other	3,404	1,654	5,407	1,136	11,601	581	40,020	52,202	139,907
Total Expenditures before Depreciation	134,960	65,625	235,525	45,050	481,160	43,700	1,077,286	1,602,146	1,653,275
Depreciation Expense	-	-	-	-	-	-	750	750	1,776
Total Expenditures	134,960	65,625	235,525	45,050	481,160	43,700	1,078,036	1,602,896	1,655,051
<b>CHANGES IN NET ASSETS</b>	-	-	-	-	-	-	867,269	867,269	(180,121)
Net Assets - Beginning of Year	-	-	-	-	-	-	780,613	780,613	960,734
<b>NET ASSETS - END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,647,882	\$ 1,647,882	\$ 780,613

**REGIONAL HOUSING LEGAL SERVICES**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS**  
**PENNSYLVANIA UTILITY LAW PROJECT**  
**YEAR ENDED JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Pennsylvania Legal Aid Network					All Other	Total 2012	Total 2011
	Title XX	State	Access to Justice	IOLTA	PLAN Total			
	Federal							
<b>SUPPORT AND REVENUES</b>								
Purely Public Charities	\$ 72,761	\$ 35,380	\$ 133,636	\$ 25,743	\$ 267,520	\$ 11,394	\$ 278,914	\$ 313,839
Foundations	-	-	-	-	-	6,090	6,090	50,000
In-Kind Contributions	-	-	-	-	-	1,800	1,800	-
Interest Income	-	-	182	35	217	-	217	30
Total Support and Revenues	<u>\$ 72,761</u>	<u>\$ 35,380</u>	<u>\$ 133,818</u>	<u>\$ 25,778</u>	<u>\$ 267,737</u>	<u>\$ 19,284</u>	<u>\$ 287,021</u>	<u>\$ 363,869</u>
<b>SALARIES</b>								
Attorneys	44,203	21,494	109,138	20,825	195,660	17,199	212,859	228,022
Paralegals	4,357	2,118	10,757	2,053	19,285	1,107	20,392	38,423
Support Staff	3,482	1,693	8,598	1,641	15,414	886	16,300	21,415
Law Students	-	-	-	-	-	2,700	2,700	-
Total Salaries	<u>52,042</u>	<u>25,305</u>	<u>128,493</u>	<u>24,519</u>	<u>230,359</u>	<u>21,892</u>	<u>252,251</u>	<u>287,860</u>
<b>FRINGE BENEFITS</b>								
Payroll Taxes	4,166	2,026	10,286	1,963	18,441	1,515	19,956	22,155
Unemployment Tax	2,625	1,276	6,481	1,237	11,619	668	12,287	617
Hospitalization Insurance	3,648	1,774	9,008	1,719	16,149	1,911	18,060	26,589
Life, Accident and Disability	490	238	1,211	231	2,170	125	2,295	3,318
Dental Insurance	610	297	1,507	287	2,701	155	2,856	3,189
Retirement	2,589	1,259	6,391	1,220	11,459	955	12,414	15,538
Workers' Compensation	124	60	306	58	548	32	580	589
Total Fringe Benefits	<u>14,252</u>	<u>6,930</u>	<u>35,190</u>	<u>6,715</u>	<u>63,087</u>	<u>5,361</u>	<u>68,448</u>	<u>71,995</u>
<b>CONSULTANTS AND CONTRACTORS</b>								
Auditing	-	-	2,161	257	2,418	140	2,558	2,708
Other Consultants	584	284	1,442	275	2,585	-	2,734	4,147
Pro Bono Attorneys	-	-	-	-	-	1,800	1,800	-
Total Consultants and Contractors	<u>584</u>	<u>284</u>	<u>3,603</u>	<u>532</u>	<u>5,003</u>	<u>1,940</u>	<u>7,092</u>	<u>6,855</u>
<b>TRAVEL</b>								
Employee Travel - Local	-	-	-	-	-	-	-	4
Employee Travel - Out of Town	597	290	1,475	281	2,643	595	3,238	2,148
Total Travel	<u>597</u>	<u>290</u>	<u>1,475</u>	<u>281</u>	<u>2,643</u>	<u>595</u>	<u>3,238</u>	<u>2,152</u>

**REGIONAL HOUSING LEGAL SERVICES**  
**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS**  
**PENNSYLVANIA UTILITY LAW PROJECT**  
**YEAR ENDED JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Pennsylvania Legal Aid Network					All Other	Total 2012	Total 2011
	Title XX Federal	State	Access to Justice	IOLTA	PLAN Total			
<b>SPACE COSTS</b>								
Rent	3,433	1,669	6,314	1,360	12,776	734	13,510	14,785
Total Space Costs	3,433	1,669	6,314	1,360	12,776	734	13,510	14,785
<b>CONSUMABLE SUPPLIES</b>								
Office Supplies	67	33	166	32	298	17	315	926
Total Consumable Supplies	67	33	166	32	298	17	315	926
<b>OTHER</b>								
Insurance and Bonding	653	318	1,613	308	2,892	166	3,058	2,784
Professional Dues	244	118	601	115	1,078	62	1,140	993
Tuition and Seminar Fees	50	24	122	23	219	13	232	650
Advertising for Employees	-	-	-	-	-	-	-	455
Law Library Upkeep and Subscriptions	146	71	361	69	647	38	685	3,356
Telephone	402	196	993	189	1,780	1,192	2,972	1,830
Postage	38	18	94	18	168	10	178	191
Miscellaneous	253	124	623	119	1,119	307	1,426	35
Total Other	1,786	869	4,407	841	7,903	1,788	9,691	10,294
Total Expenditures	72,761	35,380	179,648	34,280	322,069	32,328	354,546	394,867
<b>CHANGES IN NET ASSETS</b>	-	-	(45,830)	(8,502)	(54,332)	(13,044)	(67,525)	(30,998)
Net Assets - Beginning of Year	-	-	45,830	8,502	54,332	15,493	69,825	100,823
<b>NET ASSETS - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,449</b>	<b>\$ 2,300</b>	<b>\$ 69,825</b>