

REGIONAL HOUSING LEGAL SERVICES

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2011 AND 2010



**REGIONAL HOUSING LEGAL SERVICES
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Independent Auditors' Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows.....	7
Notes to Financial Statements	8
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	14
Supplementary Information	
Schedule of Support, Revenues and Expenses and Changes in Net Assets–Legal Services for Housing and Community Development ...	16
Schedule of Support, Revenues and Expenses and Changes in Net Assets – Pennsylvania Utility Law Project.....	18



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, 2011 and 2010 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, 2011 and 2010, 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 7, 2011 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 16 through 19 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 7, 2011

**REGIONAL HOUSING LEGAL SERVICES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

ASSETS	2011	2010
Cash and Cash Equivalents	\$ 433,112	334,084
Accounts Receivable:		
Department of Community and Economic Development	100,000	150,000
Pennsylvania Legal Aid Network	36,743	79,668
Other Receivables	288,151	198,207
Promises to Give	-	305,000
Prepaid Expenses	55,071	33,068
Property and Equipment	1,250	3,026
Total Assets	\$ 914,327	\$ 1,103,053
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 63,889	\$ 41,496
Total Liabilities	63,889	41,496
NET ASSETS		
Unrestricted	566,541	621,749
Temporarily Restricted	283,897	439,808
Total Net Assets	850,438	1,061,557
Total Liabilities and Net Assets	\$ 914,327	\$ 1,103,053

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
REVENUE AND SUPPORT							
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	1,258,680	363,869	1,622,549	216,250	-	216,250	1,838,799
NET ASSETS RELEASED FROM RESTRICTIONS	341,163	30,998	372,161	(341,163)	(30,998)	(372,161)	-
Total Revenue and Support	1,599,843	394,867	1,994,710	(124,913)	(30,998)	(155,911)	1,838,799
EXPENSES							
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	118,303	-	118,303	-	-	-	118,303
Total Expenses	1,655,051	394,867	2,049,918	-	-	-	2,049,918
CHANGE IN NET ASSETS	(55,208)	-	(55,208)	(124,913)	(30,998)	(155,911)	(211,119)
Net Assets - Beginning of Year	606,255	15,494	621,749	354,479	85,329	439,808	1,061,557
NET ASSETS - END OF YEAR	<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 ACTIVITIES
YEAR ENDED JUNE 30, 2010**

	2010						
	Unrestricted			Temporarily Restricted			
	Housing and Community Development	PULP	Total	Housing and Community Development	PULP	Total	Total
REVENUE AND SUPPORT							
Purely Public Charities	\$ 697,709	\$ 299,589	\$ 997,298	\$ 2,600	\$ 14,778	\$ 17,378	\$ 1,014,676
Government	100,000	50,000	150,000	-	-	-	150,000
Corporations	414,396	-	414,396	17,899	-	17,899	432,295
Foundations	470,047	-	470,047	333,980	-	333,980	804,027
Individuals	14,706	-	14,706	-	-	-	14,706
Interest Income	2,506	-	2,506	-	-	-	2,506
Other Revenue	9,343	-	9,343	-	-	-	9,343
Subtotal	<u>1,708,707</u>	<u>349,589</u>	<u>2,058,296</u>	<u>354,479</u>	<u>14,778</u>	<u>369,257</u>	<u>2,427,553</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>56,333</u>	<u>29,064</u>	<u>85,397</u>	<u>(56,333)</u>	<u>(29,064)</u>	<u>(85,397)</u>	<u>-</u>
Total Revenue and Support	1,765,040	378,653	2,143,693	298,146	(14,286)	283,860	2,427,553
EXPENSES							
Program Services	1,567,481	353,420	1,920,901	-	-	-	1,920,901
Management and General	154,608	12,539	167,147	-	-	-	167,147
Fundraising	33,572	-	33,572	-	-	-	33,572
Total Expenses	<u>1,755,661</u>	<u>365,959</u>	<u>2,121,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,121,620</u>
CHANGE IN NET ASSETS	9,379	12,694	22,073	298,146	(14,286)	283,860	305,933
Net Assets - Beginning of Year	<u>596,876</u>	<u>2,800</u>	<u>599,676</u>	<u>56,333</u>	<u>99,615</u>	<u>155,948</u>	<u>755,624</u>
NET ASSETS - END 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>

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2011 AND 2010**

2011

	Program Services					
	Housing and Community Development	Pennsylvania Utility Law Project	Total	Management and General	Fundraising	Total
	EXPENSES					
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	1,326,934	313,601	1,640,535	289,304	118,303	2,048,142
Depreciation and Amortization	1,535	-	1,535	241	-	1,776
Total Expenses	\$ 1,328,469	\$ 313,601	\$ 1,642,070	\$ 289,545	\$ 118,303	\$ 2,049,918
					118339	

2010

	Program Services					
	Housing and Community Development	Pennsylvania Utility Law Project	Total	Management and General	Fundraising	Total
	EXPENSES					
Salaries	\$ 813,988	\$ 255,201	\$ 1,069,189	\$ 94,219	\$ 13,783	\$ 1,177,191
Fringe Benefits	261,568	70,264	331,832	29,863	4,684	366,379
Consultants and Contractors	344,411	4,156	348,567	16,008	14,523	379,098
Travel	28,094	2,378	30,472	4,361	-	34,833
Space Costs	62,278	13,922	76,200	6,932	-	83,132
Consumable Supplies	15,586	833	16,419	1,659	279	18,357
Equipment-Related Expense	5,333	-	5,333	-	-	5,333
Other	34,054	6,261	40,315	13,877	303	54,495
Total Expenses Before Depreciation	1,565,312	353,015	1,918,327	166,919	33,572	2,118,818
Depreciation and Amortization	2,169	405	2,574	228	-	2,802
Total Expenses	\$ 1,567,481	\$ 353,420	\$ 1,920,901	\$ 167,147	\$ 33,572	\$ 2,121,620

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contracts, Grants and Contributions	\$ 2,103,903	\$ 2,028,130
Interest Received	1,009	2,506
Other Income Received	4,068	9,343
Cash Paid to Employees and Related Fringe Benefits	(1,556,422)	(1,543,570)
Cash Paid for Other Expenses	(453,530)	(549,132)
Net Cash Used by Operating Activities	<u>99,028</u>	<u>(52,723)</u>
NET INCREASE/(DECREASE) IN CASH	99,028	(52,723)
Cash and Cash Equivalents - Beginning of Year	<u>334,084</u>	<u>386,807</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 433,112</u>	<u>\$ 334,084</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (211,119)	\$ 305,933
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,776	2,802
(Increase) Decrease in:		
Accounts Receivable	2,981	(107,574)
Promise to Give	305,000	(280,000)
Prepaid Expenses	(22,003)	43,963
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	22,393	(17,847)
Net Cash (Used by Operating Activities)	<u>\$ 99,028</u>	<u>\$ (52,723)</u>

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

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.

REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2011 and 2010.

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 2008, 2009 and 2010 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, 2011 and 2010. 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.

**REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2011 and 2010, approximately 49% each year, 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.

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 7, 2011, the date the financial statements were available to be issued.

NOTE 2 PROMISES TO GIVE

As of June 30, 2010, the Corporation had a promise to give from the William Penn Foundation for \$305,000. The Corporation received that support during the year ended June 30, 2011.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2011	2010
Computer and Office Equipment	67,589	\$ 67,589
Leasehold Improvements	7,500	7,500
Total	75,089	75,089
Less: Accumulated Depreciation and Amortization	73,839	72,063
Total Property and Equipment	\$ 1,250	\$ 3,026

Depreciation and amortization expense applied against support and revenues were \$1,776 and \$2,802 for the years ended June 30, 2011 and 2010, respectively.

REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 4 PENSION PLANS

The Corporation maintains a 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, 2010, 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 \$76,172 and \$77,141 for the years ended June 30, 2011 and 2010, respectively.

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, 2011 and 2010 in the amounts of \$157,494 and \$174,716, 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, 2011 and 2010 was \$73,585 and \$73,125, 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, 2011 and 2010 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.

**REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

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. For the year ended June 30, 2010, the Corporation received a waiver to carry over up to 25% of the current year IOLTA and IOLTA-Access to Justice grants to the 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, 2011. The line was extended in April 2011 and expires July 26, 2012. There was no balance on the line of credit at June 30, 2011 and 2010.

NOTE 9 CONCENTRATION OF CREDIT RISK

The Corporation maintains checking and savings accounts at one financial institution. At June 30, 2011, the Corporation exceeded the \$250,000 FDIC insured limit.

NOTE 10 NET ASSETS

Net assets as of June 30, 2011 and 2010 consist of the following:

	2011		
	Pennsylvania		
	Housing & Community Development	Utility Law Project	Total
	Development	Project	Total
Unrestricted Net Assets	\$ 551,047	\$ 15,494	\$ 566,541
Temporarily Restricted Net Assets			
Purpose Restricted:			
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
	\$ 229,566	\$ 54,331	\$ 283,897

**REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 10 NET ASSETS (CONTINUED)

	2010		
	Housing & Community Development	Pennsylvania Utility Law Project	Total
Unrestricted Net Assets	\$ 606,255	\$ 15,494	\$ 599,676
Temporarily Restricted Net Assets			
Purpose Restricted			
Independence Foundation	5,000	-	5,000
IOLTA Access to Justice	-	72,029	72,029
IOLTA	-	13,300	13,300
Law Students	2,600	-	2,600
NeighborhoodsNow - Transit	17,899	-	17,899
William Penn Foundation	328,980	-	328,980
	<u>\$ 354,479</u>	<u>\$ 85,329</u>	<u>\$ 439,808</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, 2011, and have issued our report thereon dated October 7, 2011. 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*.

We noted certain matters that we reported to management of Regional Housing Legal Services in a separate letter dated October 7, 2011.

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 cursive script that reads "J. Miller & Associates, LLC". The signature is written in black ink and is positioned above the printed name of the firm.

J. MILLER & ASSOCIATES, LLC

Philadelphia, Pennsylvania
October 7, 2011

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, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Pennsylvania Legal Aid Network										
	Title XX			Access		PLAN	PLAN		All	Total	Total
	Federal	State	IOLTA	to Justice	ARRA	DCED	Total	DCED	Other	2011	2010
SUPPORT AND REVENUES											
Purely Public Charities	\$ 124,489	\$ 74,190	\$ 40,529	\$ 239,536	\$ 38,948	\$ 9,550	\$ 527,242	\$ -	\$ 50,000	\$ 577,242	\$ 700,309
Government	-	-	-	-	-	-	-	100,000	-	100,000	100,000
Corporations	-	-	-	-	-	-	-	-	244,040	244,040	432,295
Foundations	-	-	-	-	-	-	-	-	493,000	493,000	804,027
Individuals	-	-	-	-	-	-	-	-	17,801	17,801	14,706
In-Kind Contributions	-	-	-	-	-	-	-	-	37,800	37,800	-
Interest Income	-	-	-	-	-	-	-	-	979	979	2,506
Other Revenue	-	-	-	-	-	-	-	-	4,068	4,068	9,343
Total Support and Revenues	<u>\$ 124,489</u>	<u>\$ 74,190</u>	<u>\$ 40,529</u>	<u>\$ 239,536</u>	<u>\$ 38,948</u>	<u>\$ 9,550</u>	<u>\$ 527,242</u>	<u>\$ 100,000</u>	<u>\$ 847,688</u>	<u>\$ 1,474,930</u>	<u>\$ 2,063,186</u>
SALARIES											
Attorneys	57,025	33,985	18,671	108,124	17,841	4,375	240,021	67,504	475,009	782,534	784,283
Support Staff	15,652	9,328	5,096	27,463	4,897	1,201	63,637	2,990	42,788	109,415	120,679
Law Students	-	-	-	-	-	-	-	-	4,500	4,500	9,640
Total Salaries	<u>72,677</u>	<u>43,313</u>	<u>23,767</u>	<u>135,587</u>	<u>22,738</u>	<u>5,576</u>	<u>303,658</u>	<u>70,494</u>	<u>522,297</u>	<u>896,449</u>	<u>914,602</u>
FRINGE BENEFITS											
Payroll Taxes	5,079	3,027	1,654	9,485	1,589	390	21,224	5,393	39,686	66,303	71,673
Unemployment Tax	1,697	1,011	552	2,977	531	130	6,898	-	512	7,410	-
Hospitalization Insurance	13,248	7,895	4,313	24,444	4,145	1,016	55,061	9,841	73,810	138,712	136,807
Life, Accident and Disability	1,612	961	525	2,929	504	124	6,655	-	7,194	13,849	12,901
Dental Insurance	1,330	793	433	2,434	416	102	5,508	-	6,442	11,950	9,868
Retirement	5,044	3,006	1,642	9,375	1,578	387	21,032	5,287	33,807	60,126	60,634
Workers' Compensation	35	21	11	61	11	3	142	-	1,626	1,768	2,193
Total Fringe Benefits	<u>28,045</u>	<u>16,714</u>	<u>9,130</u>	<u>51,705</u>	<u>8,774</u>	<u>2,152</u>	<u>116,520</u>	<u>20,521</u>	<u>163,077</u>	<u>300,118</u>	<u>294,076</u>
CONSULTANTS AND CONTRACTORS											
Auditing	-	-	200	2,059	65	-	2,324	1,000	3,384	6,708	6,469
Other Consultants	4,934	2,940	1,406	17,714	1,286	334	28,614	1,525	128,064	158,203	365,873
In-Kind Services	-	-	-	-	-	-	-	-	37,800	37,800	-
Total Consultants and Contractors	<u>4,934</u>	<u>2,940</u>	<u>1,606</u>	<u>19,773</u>	<u>1,351</u>	<u>334</u>	<u>30,938</u>	<u>2,525</u>	<u>169,248</u>	<u>202,711</u>	<u>372,342</u>
TRAVEL											
Employee Travel - Local	626	373	204	1,099	196	48	2,546	660	2,416	5,622	4,237
Employee Travel - Out of Town	2,743	1,635	893	4,813	858	210	11,152	-	4,328	15,480	26,088
Board Meetings	371	221	121	650	116	28	1,507	-	1,400	2,907	2,061
Total Travel	<u>3,740</u>	<u>2,229</u>	<u>1,218</u>	<u>6,562</u>	<u>1,170</u>	<u>286</u>	<u>15,205</u>	<u>660</u>	<u>8,144</u>	<u>24,009</u>	<u>32,386</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, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Pennsylvania Legal Aid Network										
	Title XX			Access		PLAN	PLAN		All	Total	Total
	Federal	State	IOLTA	to Justice	ARRA	DCED	Total	DCED	Other	2011	2010
SPACE COSTS											
Rent	5,024	2,994	1,636	8,815	1,572	385	20,426	3,500	34,874	58,800	58,800
Leasehold Improvements	-	-	-	-	-	-	-	-	4,050	4,050	-
Utilities	651	388	212	1,142	204	50	2,647	-	1,613	4,260	5,171
Maintenance	628	374	204	1,101	196	48	2,551	-	2,285	4,836	4,836
Total Space Costs	6,303	3,756	2,052	11,058	1,972	483	25,624	3,500	42,822	71,946	68,807
CONSUMABLE SUPPLIES											
Office Supplies	1,005	599	327	1,764	315	77	4,087	200	5,790	10,077	17,500
Total Consumable Supplies	1,005	599	327	1,764	315	77	4,087	200	5,790	10,077	17,500
FURNITURE AND EQUIPMENT											
Equipment Leased	1,095	652	250	1,349	57	86	3,489	-	915	4,404	4,490
Repairs and Maintenance	547	131	72	387	359	17	1,513	-	2,141	3,654	843
Total Furniture and Equipment	1,642	783	322	1,736	416	103	5,002	-	3,056	8,058	5,333
OTHER											
Insurance and Bonding	878	523	286	1,541	275	67	3,570	2,100	5,215	10,885	11,825
Printing Costs	153	91	50	269	48	12	623	-	517	1,140	31
Professional Dues	569	339	185	999	178	44	2,314	-	2,969	5,283	5,325
Tuition and Seminar Fees	754	450	246	1,324	236	58	3,068	-	1,662	4,730	2,535
Advertising for Employees	77	46	25	135	24	6	313	-	137	450	1,450
Law Library Upkeep and Subscriptions	614	366	200	1,078	192	47	2,497	-	2,472	4,969	5,290
Telephone	1,973	1,188	640	3,472	814	189	8,276	-	2,915	11,191	11,608
Postage	61	36	20	107	19	5	248	-	907	1,155	7,344
Contribution	-	-	-	-	-	-	-	-	38,975	38,975	-
Bad Debt Expense	-	-	-	-	-	-	-	-	50,276	50,276	-
Miscellaneous	1,064	817	455	2,426	426	111	5,299	-	5,554	10,853	2,810
Total Other	6,143	3,856	2,107	11,351	2,212	539	26,208	2,100	111,599	139,907	48,218
Total Expenditures before Depreciation	124,489	74,190	40,529	239,536	38,948	9,550	527,242	100,000	1,026,033	1,653,275	1,753,264
Depreciation Expense	-	-	-	-	-	-	-	-	1,776	1,776	2,397
Total Expenditures	124,489	74,190	40,529	239,536	38,948	9,550	527,242	100,000	1,027,809	1,655,051	1,755,661
CHANGES IN NET ASSETS											
Transfer of Net Assets	-	-	-	-	-	-	-	-	(180,121)	(180,121)	307,525
Net Assets - Beginning of Year	-	-	-	-	-	-	-	-	960,734	960,734	653,209
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 780,613	\$ 780,613	\$ 960,734

REGIONAL HOUSING LEGAL SERVICES
SCHEDULE OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
PENNSYLVANIA UTILITY LAW PROJECT
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Pennsylvania Legal Aid Network						DCED	All Other	Total 2011	Total 2010
	Title XX Federal	State	IOLTA	Access to Justice	ARRA	Total				
SUPPORT AND REVENUES										
Purely Public Charities	\$ 72,870	\$ 43,428	\$ 23,159	\$ 135,928	\$ 11,296	\$ 286,681	\$ -	\$ 27,158	\$ 313,839	\$ 314,367
Government	-	-	-	-	-	-	50,000	-	50,000	50,000
Interest Income	-	-	5	25	-	30	-	-	30	-
Total Support and Revenues	<u>\$ 72,870</u>	<u>\$ 43,428</u>	<u>\$ 23,164</u>	<u>\$ 135,953</u>	<u>\$ 11,296</u>	<u>\$ 286,711</u>	<u>\$ 50,000</u>	<u>\$ 27,158</u>	<u>\$ 363,869</u>	<u>\$ 364,367</u>
SALARIES										
Attorneys	39,997	23,584	15,330	89,163	6,196	174,270	31,563	22,189	228,022	223,064
Paralegals	7,454	4,442	2,856	16,569	1,154	32,475	5,948	-	38,423	20,085
Support	4,778	2,847	1,830	10,619	741	20,815	600	-	21,415	16,840
Law Students	-	-	-	-	-	-	-	-	-	2,600
Total Salaries	<u>52,229</u>	<u>30,873</u>	<u>20,016</u>	<u>116,351</u>	<u>8,091</u>	<u>227,560</u>	<u>38,111</u>	<u>22,189</u>	<u>287,860</u>	<u>262,589</u>
FRINGE BENEFITS										
Payroll Taxes	4,165	2,485	1,596	9,251	646	18,143	2,530	1,482	22,155	21,479
PA Unemployment comp	140	84	54	317	22	617	-	0	617	0
Life, Accident and Disability	536	320	206	1,193	83	2,338	600	380	3,318	4,009
Hospitalization	4,649	2,771	1,781	10,333	721	20,255	4,397	1,937	26,589	26,667
Dental Insurance	568	337	217	1,256	88	2,466	522	201	3,189	3,334
Workers Compensation	136	81	50	302	20	589	-	-	589	307
Retirement	2,814	1,675	1,078	6,260	435	12,262	2,307	969	15,538	16,507
Total Fringe Benefits	<u>13,008</u>	<u>7,753</u>	<u>4,982</u>	<u>28,912</u>	<u>2,015</u>	<u>56,670</u>	<u>10,356</u>	<u>4,969</u>	<u>71,995</u>	<u>72,303</u>
CONSULTANTS AND CONTRACTORS										
Auditing	-	-	284	2,374	50	2,708	-	-	2,708	2,600
Other	944	560	324	2,129	190	4,147	-	-	4,147	4,156
Total Consultants and Contractors	<u>944</u>	<u>560</u>	<u>608</u>	<u>4,503</u>	<u>240</u>	<u>6,855</u>	<u>-</u>	<u>-</u>	<u>6,855</u>	<u>6,756</u>
TRAVEL										
Employee Travel - Local	1	-	-	3	-	4	-	-	4	0
Employee Travel - Out of Town	489	284	190	1,109	76	2,148	-	-	2,148	2,447
Total Travel	<u>490</u>	<u>284</u>	<u>190</u>	<u>1,112</u>	<u>76</u>	<u>2,152</u>	<u>-</u>	<u>-</u>	<u>2,152</u>	<u>2,447</u>

REGIONAL HOUSING LEGAL SERVICES
SCHEDULE OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
PENNSYLVANIA UTILITY LAW PROJECT
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Pennsylvania Legal Aid Network						DCED	All Other	Total 2011	Total 2010
	Title XX Federal	State	IOLTA	Access to Justice	ARRA	Total				
SPACE COSTS										
Rent	3,780	2,253	1,212	6,050	490	13,785	1,000	-	14,785	14,325
Total Space Costs	3,780	2,253	1,212	6,050	490	13,785	1,000	-	14,785	14,325
CONSUMABLE SUPPLIES										
Office Supplies	211	126	82	474	33	926	-	-	926	857
Total Consumable Supplies	211	126	82	474	33	926	-	-	926	857
OTHER										
Insurance and Bonding	514	302	200	1,156	79	2,251	533	-	2,784	1,260
Professional Dues	226	134	88	510	35	993	-	-	993	1,083
Tuition and Seminar Fees	150	87	57	334	22	650	-	-	650	425
Advertising	103	62	41	233	16	455	-	-	455	0
Law Library Upkeep and Subscriptions	766	601	301	1,576	112	3,356	-	-	3,356	1,707
Telephone	402	366	165	821	76	1,830	-	-	1,830	1,646
Postage	46	26	16	92	11	191	-	-	191	156
Miscellaneous	1	1	5	28	-	35	-	-	35	-
Total Other	2,208	1,579	873	4,750	351	9,761	533	-	10,294	6,277
Total Expenditures										
Before Depreciation	72,870	43,428	27,963	162,152	11,296	317,709	50,000	27,158	394,867	365,554
Depreciation Expense	-	-	-	-	-	-	-	-	-	405
Total Expenditures	72,870	43,428	27,963	162,152	11,296	317,709	50,000	27,158	394,867	365,959
CHANGES IN NET ASSETS										
	-	-	(4,799)	(26,199)	-	(30,998)	-	-	(30,998)	(1,592)
Net Assets - Beginning of Year	-	-	13,300	72,029	13,099	98,428	-	2,395	100,823	102,415
Transfer to Unrestricted					(13,099)	(13,099)		13,099	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ 8,501	\$ 45,830	\$ -	\$ 54,331	\$ -	\$ 15,494	\$ 69,825	\$ 100,823