

REGIONAL HOUSING LEGAL SERVICES
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2010 AND 2009



**REGIONAL HOUSING LEGAL SERVICES
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YEARS ENDED JUNE 30, 2010 AND 2009**

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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, 2010 and the related statements of activities, functional expenses and cash flows for the year 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. The 2009 financial statements were audited by other auditors whose report dated October 28, 2009, expressed an unqualified opinion on those financial statements.

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. 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 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, 2010, and the change in its net assets and its cash flows for the year 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 27, 2010 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 the 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 27, 2010

**REGIONAL HOUSING LEGAL SERVICES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

ASSETS	2010	2009
Cash and Cash Equivalents	\$ 334,084	\$ 386,807
Accounts Receivable:		
Department of Community and Economic Development	150,000	190,000
Pennsylvania Legal Aid Network	79,668	900
Department of Housing and Community Development	-	50,000
Corporation for Enterprise Development	45,000	45,000
Other Receivables	153,207	34,401
Promises to Give	305,000	25,000
Prepaid Expenses	33,068	77,031
Property and Equipment	3,026	5,827
	\$ 1,103,053	\$ 814,966
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 41,496	\$ 59,342
Total Liabilities	41,496	59,342
NET ASSETS		
Unrestricted	621,749	599,676
Temporarily Restricted	439,808	155,948
Total Net Assets	1,061,557	755,624
Total Liabilities and Net Assets	\$ 1,103,053	\$ 814,966

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							
Contracts and Grants	\$ 1,471,727	\$ 349,589	\$ 1,821,316	\$ 354,479	\$ 14,778	\$ 369,257	\$ 2,190,573
Contributions	225,131	-	225,131	-	-	-	225,131
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 ACTIVITIES
YEAR ENDED JUNE 30, 2009**

	2009						
	Unrestricted			Temporarily Restricted			
	Housing and Community Development	PULP	Total	Housing and Community Development	PULP	Total	Total
REVENUE AND SUPPORT							
Contracts and Grants	\$ 496,119	\$ 347,312	\$ 843,431	\$ 195,052	\$ 27,105	\$ 222,157	\$ 1,065,588
Contributions	486,560	421	486,981	-	-	-	486,981
In-Kind Support	77,000	31,440	108,440	-	-	-	108,440
Interest Income	9,313	-	9,313	-	-	-	9,313
Other Revenue	3,024	-	3,024	-	-	-	3,024
Subtotal	<u>1,072,016</u>	<u>379,173</u>	<u>1,451,189</u>	<u>195,052</u>	<u>27,105</u>	<u>222,157</u>	<u>1,673,346</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>581,138</u>	<u>2,800</u>	<u>583,938</u>	<u>(581,138)</u>	<u>(2,800)</u>	<u>(583,938)</u>	<u>-</u>
Total Revenue and Support	1,653,154	381,973	2,035,127	(386,086)	24,305	(361,781)	1,673,346
EXPENSES							
Program Services	1,410,522	346,440	1,756,962	-	-	-	1,756,962
Management and General	191,252	32,733	223,985	-	-	-	223,985
Fundraising	51,912	-	51,912	-	-	-	51,912
Total Expenses	<u>1,653,686</u>	<u>379,173</u>	<u>2,032,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,032,859</u>
CHANGE IN NET ASSETS	(532)	2,800	2,268	(386,086)	24,305	(361,781)	(359,513)
Net Assets - Beginning of Year	<u>597,408</u>	<u>-</u>	<u>597,408</u>	<u>442,419</u>	<u>75,310</u>	<u>517,729</u>	<u>1,115,137</u>
NET ASSETS - END 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>

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2010 AND 2009**

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	<u>1,565,312</u>	<u>353,015</u>	<u>1,918,327</u>	<u>166,919</u>	<u>33,572</u>	<u>2,118,818</u>
Depreciation and Amortization	<u>2,169</u>	<u>405</u>	<u>2,574</u>	<u>228</u>	<u>-</u>	<u>2,802</u>
Total Expenses	<u>\$ 1,567,481</u>	<u>\$ 353,420</u>	<u>\$ 1,920,901</u>	<u>\$ 167,147</u>	<u>\$ 33,572</u>	<u>\$ 2,121,620</u>

2009

	Program Services					
	Housing and Community Development	Pennsylvania Utility Law Project	Total	Management and General	Fundraising	Total
	EXPENSES					
Salaries	\$ 775,670	\$ 216,634	\$ 992,304	\$ 135,261	\$ 20,012	\$ 1,147,577
Fringe Benefits	235,918	52,904	288,822	41,953	7,318	338,093
Consultants and Contractors	239,762	52,944	292,706	12,839	23,617	329,162
Travel	25,873	4,362	30,235	6,135	-	36,370
Space Costs	59,999	9,533	69,532	10,124	-	79,656
Consumable Supplies	18,807	707	19,514	2,841	602	22,957
Equipment-Related Expense	4,476	1,147	5,623	-	-	5,623
Other	47,273	7,856	55,129	14,381	363	69,873
Total Expenses Before Depreciation	<u>1,407,778</u>	<u>346,087</u>	<u>1,753,865</u>	<u>223,534</u>	<u>51,912</u>	<u>2,029,311</u>
Depreciation and Amortization	<u>2,744</u>	<u>353</u>	<u>3,097</u>	<u>451</u>	<u>-</u>	<u>3,548</u>
Total Expenses	<u>\$ 1,410,522</u>	<u>\$ 346,440</u>	<u>\$ 1,756,962</u>	<u>\$ 223,985</u>	<u>\$ 51,912</u>	<u>\$ 2,032,859</u>

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contracts, Grants and Contributions	\$ 2,028,130	\$ 1,730,985
Interest Received	2,506	9,313
Other Income Received	9,343	3,024
Cash Paid to Employees and Related Fringe Benefits	(1,543,570)	(1,485,670)
Cash Paid for Other Expenses	<u>(549,132)</u>	<u>(408,055)</u>
Net Cash Used by Operating Activities	<u>(52,723)</u>	<u>(150,403)</u>
NET DECREASE IN CASH	(52,723)	(150,403)
Cash and Cash Equivalents - Beginning of Year	<u>386,807</u>	<u>537,210</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 334,084</u>	<u>\$ 386,807</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 305,933	\$ (359,513)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	2,802	3,548
(Increase) Decrease in:		
Accounts Receivable	(107,574)	(67,508)
Promise to Give	(280,000)	245,924
Prepaid Expenses	43,963	(11,456)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>(17,847)</u>	<u>38,602</u>
Net Cash (Used) by Operating Activities	<u>\$ (52,723)</u>	<u>\$ (150,403)</u>

See accompanying Notes to Financial Statements.

**REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

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, 2010 AND 2009

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, 2010 and 2009.

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 2007, 2008 and 2009 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, 2010 and 2009. 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, 2010 AND 2009**

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, 2010 and 2009, approximately 41% and 49%, 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.

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 27, 2010, 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 is expected to receive that support during the next fiscal year.

As of June 30, 2009, the Corporation had a promise to give of \$25,000 from the Falk Foundation and received the support during the year ended June 30, 2010.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2010	2009
Computer and Office Equipment	67,589	\$ 67,589
Leasehold Improvements	7,500	7,500
Total	75,089	75,089
Less: Accumulated Depreciation and Amortization	72,063	69,262
Total Property and Equipment	\$ 3,026	\$ 5,827

REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 3 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense applied against support and revenues were \$2,802 and \$3,548 for the years ended June 30, 2010 and 2009, respectively.

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 \$77,141 and \$69,998 for the years ended June 30, 2010 and 2009, 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) (formerly Regional Housing Development Corporation) 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, 2010 and 2009 in the amounts of \$174,716 and \$192,515, 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, 2010 and 2009 was \$73,125 and \$68,221, 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, 2010 and 2009 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, 2010 AND 2009**

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, 2010. The line expires July 26, 2011. There was no balance on the line of credit at June 30, 2010 and 2009.

NOTE 9 CONCENTRATION OF CREDIT RISK

The Corporation maintains checking and savings accounts at Wachovia and a brokerage account at Wachovia Securities. The brokerage account is not subject to federal deposit insurance. At June 30, 2010, the Corporation had not exceeded the \$250,000 FDIC insured limit.

NOTE 10 NET ASSETS

Net assets as of June 30, 2010 and 2009 consist of the following:

	2010		
	Housing & Community Development	Pennsylvania Utility Law Project	Total
Unrestricted Net Assets	\$ 606,255	\$ 15,494	\$ 621,749
Temporarily Restricted Net Assets			
Net Assets Restricted by Purpose and Time:			
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
	\$ 354,479	\$ 85,329	\$ 439,808

**REGIONAL HOUSING LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 10 NET ASSETS (CONTINUED)

	2009		
	Housing & Community Development	Pennsylvania Utility Law Project	Total
Unrestricted Net Assets	\$ 596,876	\$ 2,800	\$ 599,676
Temporarily Restricted Net Assets			
Net Assets Restricted by			
Purpose and Time:			
CFED I'm Home	\$ 12,500	\$ -	\$ 12,500
Falk Fund	25,000	-	25,000
Independence Foundation	9,693	-	9,693
IOLTA Access to Justice	-	57,430	57,430
IOLTA	-	39,585	39,585
Law Students	2,500	2,600	5,100
Montgomery County AHTF	4,000	-	4,000
Samuel Fels	2,640	-	2,640
	\$ 56,333	\$ 99,615	\$ 155,948

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, 2010, and have issued our report thereon dated October 27, 2010. 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

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 the 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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 27, 2010

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, 2010

	Pennsylvania Legal Aid Network								Total 2010
	Title XX Federal	State	IOLTA	Access to Justice	ARRA	PLAN Total	DCED	All Other	
SUPPORT AND REVENUES									
Contracts and Grants	\$ 233,648	\$ 141,144	\$ 40,655	\$ 232,380	\$ 47,482	\$ 695,309	\$ 100,000	\$ 1,030,897	\$ 1,826,206
Contributions	-	-	-	-	-	-	-	225,131	225,131
Interest Income	-	-	107	444	-	551	-	1,955	2,506
Other Revenue	-	-	-	-	-	-	-	9,343	9,343
Total Support and Revenues	<u>\$ 233,648</u>	<u>\$ 141,144</u>	<u>\$ 40,762</u>	<u>\$ 232,824</u>	<u>\$ 47,482</u>	<u>\$ 695,860</u>	<u>\$ 100,000</u>	<u>\$ 1,267,326</u>	<u>\$ 2,063,186</u>
SALARIES									
Attorneys	93,782	56,561	8,504	125,246	30,851	314,944	67,504	401,835	784,283
Support Staff	30,663	18,523	2,460	27,298	1,419	80,363	2,990	37,326	120,679
Law Students	-	-	-	-	-	-	-	9,640	9,640
Total Salaries	<u>124,445</u>	<u>75,084</u>	<u>10,964</u>	<u>152,544</u>	<u>32,270</u>	<u>395,307</u>	<u>70,494</u>	<u>448,801</u>	<u>914,602</u>
FRINGE BENEFITS									
Payroll Taxes	9,349	5,647	860	12,381	2,470	30,707	5,393	35,573	71,673
Hospitalization Insurance	19,204	11,601	1,779	25,731	4,777	63,092	9,841	63,874	136,807
Life, Accident and Disability	3,177	1,919	256	3,513	-	8,865	-	4,036	12,901
Dental Insurance	2,495	1,507	210	2,893	-	7,105	-	2,763	9,868
Retirement	9,552	5,770	831	11,906	2,260	30,319	5,287	25,028	60,634
Workers' Compensation	393	238	41	550	-	1,222	-	971	2,193
Total Fringe Benefits	<u>44,170</u>	<u>26,682</u>	<u>3,977</u>	<u>56,974</u>	<u>9,507</u>	<u>141,310</u>	<u>20,521</u>	<u>132,245</u>	<u>294,076</u>
CONSULTANTS AND CONTRACTORS									
Auditing	-	-	61	1,920	384	2,365	1,000	3,104	6,469
Other Consultants	29,788	17,994	1,099	4,078	531	53,490	1,525	310,858	365,873
Total Consultants and Contractors	<u>29,788</u>	<u>17,994</u>	<u>1,160</u>	<u>5,998</u>	<u>915</u>	<u>55,855</u>	<u>2,525</u>	<u>313,962</u>	<u>372,342</u>
TRAVEL									
Employee Travel - Local	370	224	47	631	-	1,272	660	2,305	4,237
Employee Travel - Out of Town	8,793	5,250	647	8,611	826	24,127	-	1,961	26,088
Board Meetings	362	280	17	-	-	659	-	1,402	2,061
Total Travel	<u>9,525</u>	<u>5,754</u>	<u>711</u>	<u>9,242</u>	<u>826</u>	<u>26,058</u>	<u>660</u>	<u>5,668</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, 2010

	Pennsylvania Legal Aid Network								Total 2010
	Title XX Federal	State	IOLTA	Access to Justice	ARRA	PLAN Total	DCED	All Other	
SPACE COSTS									
Rent	10,586	6,395	879	11,707	1,819	31,386	3,500	23,914	58,800
Utilities	1,125	680	108	1,440	-	3,353	-	1,818	5,171
Maintenance	1,509	912	125	1,670	-	4,216	-	620	4,836
Total Space Costs	13,220	7,987	1,112	14,817	1,819	38,955	3,500	26,352	68,807
CONSUMABLE SUPPLIES									
Office Supplies	2,502	1,511	220	2,926	562	7,721	200	9,579	17,500
Total Consumable Supplies	2,502	1,511	220	2,926	562	7,721	200	9,579	17,500
FURNITURE AND EQUIPMENT									
Equipment Leased	1,200	725	101	1,343	-	3,369	-	1,121	4,490
Repairs and Maintenance	507	306	22	8	-	843	-	-	843
Total Furniture and Equipment	1,707	1,031	123	1,351	-	4,212	-	1,121	5,333
OTHER									
Insurance and Bonding	1,151	695	131	1,739	500	4,216	2,100	5,509	11,825
Printing Costs	10	6	1	11	-	28	-	3	31
Professional Dues	1,510	912	129	1,723	-	4,274	-	1,051	5,325
Tuition and Seminar Fees	566	342	46	610	-	1,564	-	971	2,535
Advertising for Employees	386	233	38	501	-	1,158	-	292	1,450
Law Library Upkeep and Subscriptions	922	557	82	1,092	-	2,653	-	2,637	5,290
Telephone	1,940	1,172	192	2,557	583	6,444	-	5,164	11,608
Postage	1,354	818	98	1,301	500	4,071	-	3,273	7,344
Miscellaneous	452	366	85	554	-	1,457	-	1,353	2,810
Total Other	8,291	5,101	802	10,088	1,583	25,865	2,100	20,253	48,218
Total Expenditures before Depreciation	233,648	141,144	19,069	253,940	47,482	695,283	100,000	957,981	1,753,264
Depreciation Expense	-	-	-	-	-	-	-	2,397	2,397
Total Expenditures	233,648	141,144	19,069	253,940	47,482	695,283	100,000	960,378	1,755,661
CHANGES IN NET ASSETS*	-	-	21,693	(21,116)	-	577	-	306,948	307,525
Transfer of Net Assets	-	-	(21,693)	21,116	-	(577)	-	577	-
Net Assets - Beginning of Year	-	-	-	-	-	-	-	653,209	653,209
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 960,734	\$ 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, 2010**

	Pennsylvania Legal Aid Network							All Other	Total 2010
	Title XX Federal	State	IOLTA	Access to Justice	ARRA	Total	DCED		
SUPPORT AND REVENUES									
Contracts and Grants	\$ 68,207	\$ 40,973	\$ 22,834	\$ 126,404	\$ 32,186	\$ 290,604	\$ 50,000	\$ 23,763	\$ 364,367
Interest Income	-	-	-	-	-	-	-	-	-
Total Support and Revenues	<u>\$ 68,207</u>	<u>\$ 40,973</u>	<u>\$ 22,834</u>	<u>\$ 126,404</u>	<u>\$ 32,186</u>	<u>\$ 290,604</u>	<u>\$ 50,000</u>	<u>\$ 23,763</u>	<u>\$ 364,367</u>
SALARIES									
Attorneys	40,782	23,662	29,265	69,035	9,382	172,126	31,563	19,375	223,064
Paralegals	4,596	2,954	3,322	6,886	1,727	19,485	600	-	20,085
Support	2,584	1,528	1,856	4,318	606	10,892	5,948	-	16,840
Law Students	-	-	-	-	-	-	-	2,600	2,600
Total Salaries	<u>47,962</u>	<u>28,144</u>	<u>34,443</u>	<u>80,239</u>	<u>11,715</u>	<u>202,503</u>	<u>38,111</u>	<u>21,975</u>	<u>262,589</u>
FRINGE BENEFITS									
Payroll Taxes	4,118	2,438	2,977	6,962	972	17,467	2,530	1,482	21,479
Life, Accident and Disability	803	483	581	1,352	190	3,409	600	0	4,009
Hospitalization	4,796	2,854	3,471	8,081	1,131	20,333	4,397	1,937	26,667
Dental Insurance	665	395	478	1,118	156	2,812	522	0	3,334
Workers Compensation	72	43	51	124	17	307	-	0	307
Retirement	3,121	1,854	2,259	5,261	736	13,231	2,307	969	16,507
Total Fringe Benefits	<u>13,575</u>	<u>8,067</u>	<u>9,817</u>	<u>22,898</u>	<u>3,202</u>	<u>57,559</u>	<u>10,356</u>	<u>4,388</u>	<u>72,303</u>
CONSULTANTS AND CONTRACTORS									
Auditing	-	-	394	1,706	-	2,100	500	-	2,600
Other	980	580	710	1,655	231	4,156	-	-	4,156
Total Consultants and Contractors	<u>980</u>	<u>580</u>	<u>1,104</u>	<u>3,361</u>	<u>231</u>	<u>6,256</u>	<u>500</u>	<u>-</u>	<u>6,756</u>
TRAVEL									
Employee Travel - Out of Town	578	336	417	980	136	2,447	-	-	2,447
Total Travel	<u>578</u>	<u>336</u>	<u>417</u>	<u>980</u>	<u>136</u>	<u>2,447</u>	<u>-</u>	<u>-</u>	<u>2,447</u>
SPACE COSTS									
Rent	3,556	2,528	2,383	4,689	669	13,825	500	-	14,325
Total Space Costs	<u>3,556</u>	<u>2,528</u>	<u>2,383</u>	<u>4,689</u>	<u>669</u>	<u>13,825</u>	<u>500</u>	<u>-</u>	<u>14,325</u>

**REGIONAL HOUSING LEGAL SERVICES
SCHEDULE OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS (CONTINUED)
PENNSYLVANIA UTILITY LAW PROJECT
YEAR ENDED JUNE 30, 2010**

	Pennsylvania Legal Aid Network						DCED	All Other	Total 2010
	Title XX Federal	State	IOLTA	Access to Justice	ARRA	Total			
CONSUMABLE SUPPLIES									
Office Supplies	204	120	146	339	48	857	-	-	857
Total Consumable Supplies	204	120	146	339	48	857	-	-	857
OTHER									
Insurance and Bonding	236	185	168	391	5	985	275	-	1,260
Professional Dues	257	202	185	430	9	1,083	-	-	1,083
Tuition and Seminar Fees	47	-	71	283	24	425	-	-	425
Law Library Upkeep and Subscriptions	448	290	291	673	5	1,707	-	-	1,707
Telephone	313	512	245	278	40	1,388	258	-	1,646
Postage	51	9	28	59	9	156	-	-	156
Total Other	1,352	1,198	988	2,114	92	5,744	533	-	6,277
Total Expenditures Before Depreciation	68,207	40,973	49,298	114,620	16,093	289,191	50,000	26,363	365,554
Depreciation Expense	-	-	-	-	-	-	-	405	405
Total Expenditures	68,207	40,973	49,298	114,620	16,093	289,191	50,000	26,768	365,959
CHANGES IN NET ASSETS*	-	-	(26,464)	11,784	16,093	1,413	-	(3,005)	(1,592)
Transfer of Net Assets	-	-	179	2,815	(2,994)	-	-	-	-
Net Assets - Beginning of Year	-	-	39,585	57,430	-	97,015	-	5,400	102,415
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ 13,300	\$ 72,029	\$ 13,099	\$ 98,428	\$ -	\$ 2,395	\$ 100,823

*Change in unrestricted net assets is \$12,694 and change in temporarily restricted net assets is (\$14,286) per the Statement of Activities on page 4.