

Regional Housing Legal Services

Financial Statements and
Supplementary Information

Years Ended June 30, 2021 and 2020
with Independent Auditor's Reports

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

REGIONAL HOUSING LEGAL SERVICES

YEARS ENDED JUNE 30, 2021 AND 2020

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REGIONAL HOUSING LEGAL SERVICES

YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

**The Board of Directors
Regional Housing Legal
Services**

Report on the Financial Statements

We have audited the accompanying financial statements of Regional Housing Legal Services (RHLS) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As more fully described in Note No. 5 to the financial statements, RHLS has not recorded the assets, liabilities and investment income related to a deferred compensation pension plan for the year ended June 30, 2021. In our opinion, accounting principles generally accepted in the United States of America require the assets, liabilities and investment income be recorded.

Qualified Opinion

In our opinion, except for the effects of not recording the activity described above for a pension plan for the year ended June 30, 2021, as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of RHLS as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

In our report dated October 7, 2020, we expressed an opinion that the June 30, 2020, financial statements presented fairly, in all material respects, the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America. As described in Note 5 RHLS did not record the assets, liabilities and net income associated with its deferred compensation pension plan. Accordingly, our present opinion herein, is different from that expressed in our previous report.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17 through 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of RHLS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RHLS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RHLS's internal control over financial reporting and compliance.

Maher Duessel

Harrisburg, Pennsylvania
October 8, 2020

REGIONAL HOUSING LEGAL SERVICES

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,544,325 | \$ 1,346,127 |
| Accounts receivable: | | |
| Pennsylvania Legal Aid Network | 50,759 | 101,243 |
| Other receivables | 78,637 | 387,237 |
| Promises to give, net | 5,645 | - |
| Prepaid expenses | 57,944 | 53,232 |
| Total Assets | <u>\$ 1,737,310</u> | <u>\$ 1,887,839</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 113,727 | \$ 349,738 |
| Refundable advance | 697,889 | 601,675 |
| Total Liabilities | <u>811,616</u> | <u>951,413</u> |
| Net Assets: | | |
| Without donor restrictions | 925,694 | 850,171 |
| With donor restrictions | - | 86,255 |
| Total Net Assets | <u>925,694</u> | <u>936,426</u> |
| Total Liabilities and Net Assets | <u>\$ 1,737,310</u> | <u>\$ 1,887,839</u> |

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

REGIONAL HOUSING LEGAL SERVICES

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

| | 2021 | | | | | | |
|---------------------------------------|---|--|--------------|---|--|----------|--------------|
| | Without Donor Restrictions | | | With Donor Restrictions | | | |
| | Housing and Community Development | Pennsylvania Utility Law Project | Total | Housing and Community Development | Pennsylvania Utility Law Project | Total | Total |
| Revenue and Support: | | | | | | | |
| Contracts and grants | \$ 3,681,632 | \$ 1,002,269 | \$ 4,683,901 | \$ - | \$ - | \$ - | \$ 4,683,901 |
| Contracted services | - | - | - | - | - | - | - |
| Contributions | 28,097 | 10,753 | 38,850 | - | - | - | 38,850 |
| In-kind contributions | 194,927 | 18,365 | 213,292 | - | - | - | 213,292 |
| Interest income | 336 | 354 | 690 | - | - | - | 690 |
| Other revenue | 71,481 | - | 71,481 | - | - | - | 71,481 |
| Subtotal | 3,976,473 | 1,031,741 | 5,008,214 | - | - | - | 5,008,214 |
| Net assets released from restrictions | 62,677 | 23,578 | 86,255 | (62,677) | (23,578) | (86,255) | - |
| Total revenue and support | 4,039,150 | 1,055,319 | 5,094,469 | (62,677) | (23,578) | (86,255) | 5,008,214 |
| Expenses: | | | | | | | |
| Program services | 3,646,749 | 903,114 | 4,549,863 | - | - | - | 4,549,863 |
| Management and general | 291,332 | 91,292 | 382,624 | - | - | - | 382,624 |
| Fundraising | 85,668 | 791 | 86,459 | - | - | - | 86,459 |
| Total expenses | 4,023,749 | 995,197 | 5,018,946 | - | - | - | 5,018,946 |
| Change in Net Assets | 15,401 | 60,122 | 75,523 | (62,677) | (23,578) | (86,255) | (10,732) |
| Net Assets: | | | | | | | |
| Beginning of year | 619,920 | 230,251 | 850,171 | 62,677 | 23,578 | 86,255 | 936,426 |
| End of year | \$ 635,321 | \$ 290,373 | \$ 925,694 | \$ - | \$ - | \$ - | \$ 925,694 |

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

REGIONAL HOUSING LEGAL SERVICES

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

| | 2020 | | | | | | |
|---------------------------------------|---|--|--------------|---|--|-----------|--------------|
| | Without Donor Restrictions | | | With Donor Restrictions | | | |
| | Housing and Community Development | Pennsylvania Utility Law Project | Total | Housing and Community Development | Pennsylvania Utility Law Project | Total | Total |
| Revenue and Support: | | | | | | | |
| Contracts and grants | \$ 2,156,454 | \$ 465,169 | \$ 2,621,623 | \$ - | \$ - | \$ - | \$ 2,621,623 |
| Contracted Services | 160,000 | - | 160,000 | - | - | - | 160,000 |
| Contributions | 61,369 | 10,860 | 72,229 | - | - | - | 72,229 |
| In-kind contributions | 200,094 | 18,315 | 218,409 | - | - | - | 218,409 |
| Interest income | 2,535 | 150 | 2,685 | - | - | - | 2,685 |
| Other revenue | 262,768 | 95,094 | 357,862 | - | - | - | 357,862 |
| Subtotal | 2,843,220 | 589,588 | 3,432,808 | - | - | - | 3,432,808 |
| Net assets released from restrictions | 114,628 | 105,494 | 220,122 | (114,628) | (105,494) | (220,122) | - |
| Total revenue and support | 2,957,848 | 695,082 | 3,652,930 | (114,628) | (105,494) | (220,122) | 3,432,808 |
| Expenses: | | | | | | | |
| Program services | 2,675,600 | 541,171 | 3,216,771 | - | - | - | 3,216,771 |
| Management and general | 223,855 | 96,795 | 320,650 | - | - | - | 320,650 |
| Fundraising | 58,392 | 955 | 59,347 | - | - | - | 59,347 |
| Total expenses | 2,957,847 | 638,921 | 3,596,768 | - | - | - | 3,596,768 |
| Change in Net Assets | 1 | 56,161 | 56,162 | (114,628) | (105,494) | (220,122) | (163,960) |
| Net Assets: | | | | | | | |
| Beginning of year | 619,919 | 174,090 | 794,009 | 177,305 | 129,072 | 306,377 | 1,100,386 |
| End of year | \$ 619,920 | \$ 230,251 | \$ 850,171 | \$ 62,677 | \$ 23,578 | \$ 86,255 | \$ 936,426 |

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

REGIONAL HOUSING LEGAL SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

| | 2021 | | | | | |
|-----------------------------|---|--|---------------------|---------------------------|------------------|---------------------|
| | Program Services | | | | | |
| | Housing and Community Development | Pennsylvania Utility Law Project | Total | Management and General | Fund- raising | Total |
| Expenses: | | | | | | |
| Salaries | \$ 1,206,575 | \$ 489,089 | \$ 1,695,664 | \$ 253,593 | \$ 59,825 | \$ 2,009,082 |
| Fringe benefits | 374,175 | 165,455 | 539,630 | 61,695 | 17,219 | 618,544 |
| Consultants and contractors | 1,849,628 | 198,310 | 2,047,938 | 14,180 | 1,970 | 2,064,088 |
| Travel | 2,454 | 438 | 2,892 | 363 | 105 | 3,360 |
| Space costs | 75,781 | 16,978 | 92,759 | 13,425 | 3,307 | 109,491 |
| Consumable supplies | 67,989 | 18,953 | 86,942 | 12,575 | 768 | 100,285 |
| Equipment-related expense | 5,383 | - | 5,383 | - | 203 | 5,586 |
| Other | 64,764 | 13,891 | 78,655 | 26,793 | 3,062 | 108,510 |
| Total expenses | <u>\$ 3,646,749</u> | <u>\$ 903,114</u> | <u>\$ 4,549,863</u> | <u>\$ 382,624</u> | <u>\$ 86,459</u> | <u>\$ 5,018,946</u> |

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

REGIONAL HOUSING LEGAL SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

| | 2020 | | | | | |
|-----------------------------|---|--|--------------|---------------------------|------------------|--------------|
| | Program Services | | | | | |
| | Housing and Community Development | Pennsylvania Utility Law Project | Total | Management and General | Fund- raising | Total |
| Expenses: | | | | | | |
| Salaries | \$ 1,278,314 | \$ 322,125 | \$ 1,600,439 | \$ 214,416 | \$ 43,715 | \$ 1,858,570 |
| Fringe benefits | 377,751 | 116,451 | 494,202 | 47,728 | 9,425 | 551,355 |
| Consultants and contractors | 827,748 | 55,510 | 883,258 | 11,765 | 1,981 | 897,004 |
| Travel | 22,774 | 5,949 | 28,723 | 3,913 | 473 | 33,109 |
| Space costs | 74,136 | 22,653 | 96,789 | 13,049 | 1,581 | 111,419 |
| Consumable supplies | 43,375 | 6,112 | 49,487 | 6,037 | 907 | 56,431 |
| Equipment-related expense | 8,505 | - | 8,505 | - | 158 | 8,663 |
| Other | 42,997 | 12,371 | 55,368 | 23,742 | 1,107 | 80,217 |
| Total expenses | \$ 2,675,600 | \$ 541,171 | \$ 3,216,771 | \$ 320,650 | \$ 59,347 | \$ 3,596,768 |

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

REGIONAL HOUSING LEGAL SERVICES

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|--------------|--------------|
| Cash Flows From Operating Activities: | | |
| Cash received from contracts, grants and contributions | \$ 5,172,404 | \$ 3,387,467 |
| Interest received | 690 | 2,685 |
| Other revenue received | 71,481 | 357,862 |
| Cash paid to employees and related fringe benefits | (2,627,626) | (2,409,925) |
| Cash paid for other expenses | (2,418,751) | (1,004,887) |
| Net cash provided by operating activities | 198,198 | 333,202 |
| Net Increase in Cash and Cash Equivalents | 198,198 | 333,202 |
| Cash and Cash Equivalents: | | |
| Beginning of year | 1,346,127 | 1,012,925 |
| Ending of year | \$ 1,544,325 | \$ 1,346,127 |
| Reconciliation of Change in Net Assets to Net Cash Flows From Operating Activities: | | |
| Change in net assets | \$ (10,732) | \$ (163,960) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Change in: | | |
| Accounts receivable | 359,084 | (98,060) |
| Promises to give | (5,645) | 30,000 |
| Prepaid expenses | (4,712) | (33,286) |
| Accounts payable and accrued expenses | (236,011) | (3,167) |
| Refundable advance | 96,214 | 601,675 |
| Net Cash Provided by Operating Activities | \$ 198,198 | \$ 333,202 |

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

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Nature of Operations

Regional Housing Legal Services (RHLS) 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. RHLS is part of a network of separate organizations, each with its own management team serving all of Pennsylvania's 67 counties. RHLS represents its 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. RHLS receives funding from Pennsylvania Legal Aid Network (PLAN) (formerly Pennsylvania Legal Services) and other foundations and government grants. Pennsylvania Utility Law Project (PULP) is a program provided by RHLS that helps groups and individuals who meet the income eligibility guidelines of PLAN by providing information, assistance, and advice about residential utility and energy matters affecting low-income consumers.

Basis of Accounting

The financial statements of RHLS have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. RHLS recognizes unconditional contribution revenue received as support without donor restrictions to the extent that eligible costs are incurred and as support with donor restrictions to the extent that eligible costs have yet to be incurred or additional time restrictions apply.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of RHLS and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of RHLS and/or the passage of time or maintained permanently by RHLS.

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Management's Use of Estimates

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

In-Kind Contributions

In-kind contributions are recorded at fair market value at the time of receipt. The contributions are recognized as both support and expenses in the Statements of Activities. Only those services that create or enhance non-financial assets, require skills and are provided by such individuals possessing those skills and would typically need to be purchased, if not by donation, are recognized in the financial statements. In-kind contributed services totaled \$213,292 and \$218,409 for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, contributed services consisted of pro bono legal services. The legal services are recorded at attorney's cost, based on PLAN's recommended statewide rate.

Contracted Services

Services to other legal services and housing organizations and contracts directly with governmental entities that are reciprocal transfers are accounted for as exchange transactions. Revenue is recorded at the point the services are performed 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, 2021 and 2020.

Expense Allocation

The costs of providing services have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated to the program and support services benefited. RHLS allocates expense among PLAN and other funding sources based on specific identification and/or time expended on cases.

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Income Tax Status

RHLS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, RHLS qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

Further, RHLS annually files a Form 990.

Cash and Cash Equivalents

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

RHLS maintains a separate interest-bearing checking account for funding received from the Pennsylvania Interest on Lawyers' Trust Accounts (PA IOLTA Board) through PLAN, as required by policy enacted by the PA IOLTA Board effective November 1, 2010.

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. Depreciation and amortization expense were zero for the years ended June 30, 2021 and 2020.

Contributions and Refundable Advances

Conditional contributions received are recorded as refundable advances until the conditions are substantially met. When the conditions are substantially met, the contribution becomes unconditional.

Unconditional contributions are recorded as without donor restrictions or with donor restrictions. This classification is dependent on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Concentration of Grants

RHLS is funded on a year-to-year basis through a contract with PLAN. For the years ended June 30, 2021 and 2020, approximately 47% and 31%, respectively, of RHLS's funding was received from PLAN. Funding for the contract is provided for by the Commonwealth of Pennsylvania Department of Human Services (DHS) with Commonwealth and Federal Title XX funds, PA IOLTA Board, and by other non-DHS public and private sources. RHLS also receives funding from various foundations. Total revenue and other support used in these calculations do not include in-kind contributions.

Funding Source Expense Allocation

RHLS allocates expenses among 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 Schedule of Revenues and Other Support, Expenses and Changes in Net Assets by Primary Funding Sources included in supplementary information.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individual and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these amendments on the financial statements.

ASU 2016-02, "*Leases (Topic 842)*," is effective for RHLS's financial statements for the year ending June 30, 2023. This amendment will require lessees to recognize assets and liabilities on the Statement of Financial Position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2018-15, "*Intangibles: Goodwill and Other Internal-Use Software (Subtopic 350-40)*," is effective for RHLS's financial statements for the year ending June 30, 2022. This amendment will help entities evaluate the accounting for fees paid by a customer in a cloud computing

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license.

ASU 2020-07, "Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets," is effective for reporting periods beginning after June 15, 2021. The amendments in this update address presentation and disclosure of contributed nonfinancial assets.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Promises to Give

Unconditional promises to give were \$5,645 and \$0 as of June 30, 2021 and 2020, respectively, and all were due within one year.

Conditional promises to give are as follows at June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--------------------------|---------------------|---------------------|
| PHARE | \$ 27,310 | \$ 25,439 |
| McAuley Ministries, Inc. | - | 40,000 |
| Oak Foundation | 1,200,000 | 1,200,000 |
| Barra Foundation | - | 31,250 |
| The Hive | - | 30,000 |
| Van Amerigen | 25,000 | |
| Total | <u>\$ 1,252,310</u> | <u>\$ 1,326,689</u> |

Revenue will be recognized when qualifying expenses are incurred and the promise becomes unconditional.

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

3. Refundable Advances

RHLS's refundable advances as of June 30, 2021 and 2020 are as follows:

| | 2021 | 2020 |
|-----------------------|-------------------|-------------------|
| Access to Justice Act | \$ 81,477 | \$ 114,877 |
| IOLTA | 20,012 | 17,212 |
| PHARE | 2,218 | 6,422 |
| IOLTA Zone | 254,147 | 13,128 |
| Other | 340,035 | 450,036 |
| Total | <u>\$ 697,889</u> | <u>\$ 601,675</u> |

All refundable advances as of June 30, 2021 and 2020 are considered conditional contributions with an unmet barrier to incur qualifying expenses.

RHLS receives funding from PLAN, the Pennsylvania IOLTA Board, Commonwealth Cornerstone Group, Department of Community and Economic Development and various foundations and corporations such as Independence Foundation, Philadelphia Foundation, Hillman Foundation, Pittsburgh Foundation and the Oak Foundation.

Funding from IOLTA, Access to Justice Act, and PHARE requires that no more than 10% of the grant be carried over to a subsequent fiscal year. The recipient may request a written waiver to carry over more than 10% to the subsequent fiscal year. A waiver was granted to PULP to carryover up to 40% of IOLTA and Access to Justice Act funding for the year ended June 30, 2020. No written waiver was required for PHARE funding for the year ended June 30, 2021 or 2020. Actual carryover as of June 30, 2021 was 40% of IOLTA funding, 40% of Access to Justice Act funding (PULP), and 2% of PHARE funding. Actual carryover as of June 30, 2020 was 19% of IOLTA funding, 19% of Access to Justice Act funding, and 8% of PHARE funding.

4. Loan Payable

In April 2020, RHLS qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the United States Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (PNC Bank), for an aggregate principal amount of \$328,400. The PPP loan bears interest at a fixed rate of 1% per annum. As of June 30, 2020, the full amount of the loan met the

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

conditions set forth by the SBA. The loan proceeds were recorded as a contribution during the year ended June 30, 2020. In April 2021, the loan was forgiven in full.

5. Pension Plans

RHLS 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 RHLS. The percentage contributed is based upon the employees' years of service.

As of May 1, 2011, RHLS 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 claims of creditors of RHLS. Generally accepted accounting standards require the assets and offsetting liabilities of approximately \$390,000 and \$300,000 and investment income of the plan be recorded in the financial statements. Management has not recorded this plan activity.

Contributions to the plans amount to \$120,537 and \$119,618 for the years ended June 30, 2021 and 2020, respectively.

6. Related Party Transactions

As explained in Note 7, the Commonwealth Housing Development Corporation (CHDC) leases the Glenside facilities to RHLS. For the years ended June 30, 2021 and 2020, the Organization received \$0 and \$0 in contributions from CHDC, respectively.

RHLS is a beneficiary of a supporting organization, Commonwealth Housing Legal Services (CHLS), whose charitable purpose is to support RHLS and CHDC. The two corporations have overlapping board members. For the years ended June 30, 2021 and 2020, the organization received \$262,000 and \$160,000 in total from CHLS and, at June 30, 2021 and 2020, had \$0 and \$160,000 due from CHLS, respectively.

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

7. Leases and Commitments

RHLS leases office facilities in Glenside, Pittsburgh, and Harrisburg, Pennsylvania. The leases hold RHLS responsible for fixed monthly rental payments, plus certain real estate and utility expenses. Total annual rent expense for the years ended June 30, 2021 and 2020 was \$97,294 and \$97,123, respectively.

The office facilities in Glenside, Pennsylvania are leased from CHDC, a nonprofit organization. The lease is renewable on a month-to-month basis with rent currently set at \$4,300 per month. Either party may cancel the lease by giving the other party a 90-day notice. Total rent paid to CHDC for the years ended June 30, 2021 and 2020 was \$51,600 per year.

The office facilities in Harrisburg, Pennsylvania are leased from PLAN, a nonprofit organization. The lease is renewable on a year-to-year basis with rent currently set at \$1,175 per month. Either party may cancel the lease by giving the other party a 30-day notice. Total rent paid to PLAN for the years ended June 30, 2021 and 2020 was \$14,100 per year.

The office facility in Pittsburgh, Pennsylvania is leased from Columbus – Pittsburgh Properties, LTD., a limited partnership. The lease ends on August 31, 2021 and is renewable on a year-to-year basis thereafter. Rent is currently set at \$1,401 per month and will increase by 5% for each yearly renewal. Either party can cancel the lease by giving the other party a 120-day notice before the end of any term. Future minimum rental payments subsequent to June 30, 2021 are \$14,008 for the year ended June 30, 2022, \$16,809 for each of the years ended June 30, 2022 and June 30, 2023 and \$8,045 thereafter.

8. Line of Credit

RHLS has an unsecured line of credit of \$400,000 at 3.5% at June 30, 2021. The line expires November 30, 2021. There was no balance on the line of credit at June 30, 2021 and 2020.

9. Concentration of Credit Risk

Financial instruments, which potentially subject RHLS to concentration of credit risk, consist principally of temporary cash investments. RHLS invests its temporary cash with several

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

financial institutions. The cash balances are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. The balances, at times, may exceed federally insured limits.

10. Net Assets

Net assets as of June 30, 2021 and 2020 consist of the following:

| | 2021 | | |
|--|---------------------------------------|--|-------------------|
| | Housing & Community Development | Pennsylvania Utility Law Project | Total |
| Net Assets Without Donor Restrictions | \$ 635,321 | \$ 290,373 | \$ 925,694 |
| Net Assets With Donor Restrictions | | | |
| Net Assets Restricted by Purpose and Time: | | | |
| Independence Foundation | - | - | - |
| The Heinz Endowments | - | - | - |
| Hillman Family Foundation | - | - | - |
| Total net assets with donor restrictions | - | - | - |
| Total net assets | <u>\$ 635,321</u> | <u>\$ 290,373</u> | <u>\$ 925,694</u> |

| | 2020 | | |
|--|---------------------------------------|--|-------------------|
| | Housing & Community Development | Pennsylvania Utility Law Project | Total |
| Net Assets Without Donor Restrictions | \$ 619,920 | \$ 230,251 | \$ 850,171 |
| Net Assets With Donor Restrictions | | | |
| Net Assets Restricted by Purpose and Time: | | | |
| Independence Foundation | 19,701 | - | 19,701 |
| The Heinz Endowments | 42,976 | - | 42,976 |
| Hillman Family Foundation | - | 23,578 | 23,578 |
| Total net assets with donor restrictions | 62,677 | 23,578 | 86,255 |
| Total net assets | <u>\$ 682,597</u> | <u>\$ 253,829</u> | <u>\$ 936,426</u> |

REGIONAL HOUSING LEGAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

11. Liquidity and Availability

As part of RHLS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, RHLS invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, RHLS has a committed line of credit in the amount of \$400,000, which could be drawn on, if necessary.

RHLS's liquid assets as of June 30, 2021 and 2020 expected to be available within one year to meet the cash needs for general expenditures total \$1,679,366 and \$1,834,607, respectively. This amount is comprised of all assets as of June 30, 2021 and 2020, except for prepaid expenses.

12. 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 RHLS expects such amounts, if any, to be immaterial.

SUPPLEMENTARY INFORMATION

REGIONAL HOUSING LEGAL SERVICES

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES - LEGAL SERVICES FOR HOUSING AND COMMUNITY DEVELOPMENT

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

| | Pennsylvania Legal Aid Network | | | | | | | IOLTA CRLA | Other | Totals | |
|-----------------------------------|--------------------------------|---------------|--------------------------|---------------|--------------------|-----------------------|------------------|------------------|------------------|------------------|------------------|
| | Federal Title XX | State | Access to Justice Act | IOLTA | State CARES Act | Hillman Foundation | Total | | | 2021 | 2020 |
| Revenue and Support: | | | | | | | | | | | |
| Contracts and grants | \$ 134,218 | \$ 63,669 | \$ 398,390 | \$ 93,425 | \$ 999,578 | \$ 24,389 | \$ 1,713,669 | \$ 1,066,038 | \$ 901,925 | \$ 3,681,632 | \$ 2,156,454 |
| Contracted services | - | - | - | - | - | - | - | - | - | - | 160,000 |
| Contributions | - | - | - | - | - | - | - | - | 28,097 | 28,097 | 61,369 |
| In-kind contributions | - | - | - | - | - | - | - | - | 194,927 | 194,927 | 200,094 |
| Interest income | - | - | 74 | 17 | - | - | 91 | 198 | 47 | 336 | 2,535 |
| Other revenue | - | - | - | - | - | - | - | - | 71,481 | 71,481 | 262,768 |
| Total revenues and support | <u>134,218</u> | <u>63,669</u> | <u>398,464</u> | <u>93,442</u> | <u>999,578</u> | <u>24,389</u> | <u>1,713,760</u> | <u>1,066,236</u> | <u>1,196,477</u> | <u>3,976,473</u> | <u>2,843,220</u> |
| Expenses: | | | | | | | | | | | |
| Salaries: | | | | | | | | | | | |
| Attorneys | 29,821 | 22,260 | 185,377 | 30,135 | 105,706 | 15,000 | 388,299 | 182,007 | 527,092 | 1,097,398 | 1,251,292 |
| Paralegals | 9,729 | 4,516 | 34,990 | 7,625 | 13,964 | - | 70,824 | 22 | 17,606 | 88,452 | 33,881 |
| Support staff | 19,401 | 10,908 | 38,919 | 17,141 | 45,882 | - | 132,251 | 33,447 | 90,662 | 256,360 | 175,471 |
| Law students | - | - | - | - | - | - | - | - | 7,503 | 7,503 | 2,997 |
| Total salaries | <u>58,951</u> | <u>37,684</u> | <u>259,286</u> | <u>54,901</u> | <u>165,552</u> | <u>15,000</u> | <u>591,374</u> | <u>215,476</u> | <u>642,863</u> | <u>1,449,713</u> | <u>1,463,641</u> |
| Fringe benefits: | | | | | | | | | | | |
| Payroll taxes | 4,510 | 2,883 | 19,835 | 4,200 | 12,416 | 1,125 | 44,969 | 16,484 | 43,103 | 104,556 | 105,222 |
| Unemployment tax | 77 | 25 | 130 | 38 | 545 | 19 | 834 | 225 | 361 | 1,420 | 4,315 |
| Hospitalization insurance | 20,624 | 6,763 | 34,851 | 10,031 | 7,898 | 2,871 | 83,038 | 33,396 | 93,603 | 210,037 | 179,964 |
| Life, accident and disability | 2,017 | 662 | 3,409 | 981 | 750 | 281 | 8,100 | 3,262 | 9,153 | 20,515 | 18,649 |
| Dental insurance | 1,643 | 539 | 2,777 | 799 | 597 | 228 | 6,583 | 2,655 | 7,457 | 16,695 | 12,942 |
| Retirement | 8,729 | 2,862 | 14,751 | 4,246 | 3,956 | 1,246 | 35,790 | 15,623 | 39,719 | 91,132 | 104,817 |
| Workers' compensation | 281 | 92 | 475 | 136 | - | 37 | 1,021 | 433 | 1,268 | 2,722 | 2,775 |
| Total fringe benefits | <u>37,881</u> | <u>13,826</u> | <u>76,228</u> | <u>20,431</u> | <u>26,162</u> | <u>5,807</u> | <u>180,335</u> | <u>72,078</u> | <u>194,664</u> | <u>447,077</u> | <u>428,684</u> |
| Consultants and contractors: | | | | | | | | | | | |
| Auditing | - | - | 314 | 77 | 1,340 | 85 | 1,816 | 1,456 | 2,954 | 6,226 | 4,883 |
| Other consultants | 23,428 | 7,581 | 39,019 | 11,240 | 703,988 | 731 | 785,987 | 749,338 | 126,192 | 1,661,517 | 633,830 |
| In-kind services | - | - | - | - | - | - | - | - | 194,927 | 194,927 | 200,094 |
| Total consultants and contractors | <u>23,428</u> | <u>7,581</u> | <u>39,333</u> | <u>11,317</u> | <u>705,328</u> | <u>816</u> | <u>787,803</u> | <u>750,794</u> | <u>324,073</u> | <u>1,862,670</u> | <u>838,807</u> |
| Travel: | | | | | | | | | | | |
| Employee travel - local | 32 | 11 | 54 | 16 | - | 4 | 117 | 21 | 143 | 281 | 5,111 |
| Employee travel - out of town | 215 | 70 | 363 | 104 | 82 | 35 | 869 | 134 | 1,592 | 2,595 | 20,048 |
| Board meetings | - | - | - | - | - | - | - | - | - | - | 823 |
| Total travel | <u>247</u> | <u>81</u> | <u>417</u> | <u>120</u> | <u>82</u> | <u>39</u> | <u>986</u> | <u>155</u> | <u>1,735</u> | <u>2,876</u> | <u>25,982</u> |

(Continued)

REGIONAL HOUSING LEGAL SERVICES

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES - LEGAL SERVICES FOR HOUSING AND COMMUNITY DEVELOPMENT

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

(Continued)

| | Pennsylvania Legal Aid Network | | | | | | | | | Totals | |
|--------------------------------------|--------------------------------|---------------|--------------------------|---------------|--------------------|-----------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | Federal Title XX | State | Access to Justice Act | IOLTA | State CARES Act | Hillman Foundation | Total | IOLTA CRLA | Other | 2021 | 2020 |
| Space costs: | | | | | | | | | | | |
| Rent | 5,208 | 1,708 | 8,801 | 2,533 | 21,500 | 1,064 | 40,814 | 12,269 | 24,783 | 77,866 | 69,344 |
| Utilities | 221 | 72 | 373 | 108 | 1,159 | 45 | 1,978 | 244 | 1,050 | 3,272 | 5,546 |
| Maintenance | 512 | 168 | 865 | 249 | 3,850 | 122 | 5,766 | 665 | 2,494 | 8,925 | 8,750 |
| Total space costs | <u>5,941</u> | <u>1,948</u> | <u>10,039</u> | <u>2,890</u> | <u>26,509</u> | <u>1,231</u> | <u>48,558</u> | <u>13,178</u> | <u>28,327</u> | <u>90,063</u> | <u>83,640</u> |
| Consumable supplies: | | | | | | | | | | | |
| Office supplies | 369 | 121 | 624 | 180 | 58,398 | 276 | 59,968 | 4,415 | 14,214 | 78,597 | 48,935 |
| Total consumable supplies | <u>369</u> | <u>121</u> | <u>624</u> | <u>180</u> | <u>58,398</u> | <u>276</u> | <u>59,968</u> | <u>4,415</u> | <u>14,214</u> | <u>78,597</u> | <u>48,935</u> |
| Equipment-related expense: | | | | | | | | | | | |
| Equipment leased | 566 | 185 | 956 | 275 | - | 64 | 2,046 | 107 | 2,515 | 4,668 | 4,668 |
| Repairs and maintenance | 111 | 37 | 188 | 54 | - | 12 | 402 | 21 | 495 | 918 | 3,995 |
| Total equipment-related expense | <u>677</u> | <u>222</u> | <u>1,144</u> | <u>329</u> | <u>-</u> | <u>76</u> | <u>2,448</u> | <u>128</u> | <u>3,010</u> | <u>5,586</u> | <u>8,663</u> |
| Other: | | | | | | | | | | | |
| Insurance and bonding | 1,553 | 509 | 2,625 | 756 | - | 206 | 5,649 | 2,395 | 7,016 | 15,060 | 12,406 |
| Printing costs | 22 | 7 | 38 | 11 | - | 3 | 81 | 35 | 102 | 218 | 512 |
| Professional dues | 801 | 263 | 1,353 | 390 | 205 | 110 | 3,122 | 1,276 | 3,629 | 8,027 | 4,885 |
| Tuition and seminar fees | 809 | 265 | 1,367 | 393 | 11,419 | 283 | 14,536 | 1,904 | 4,247 | 20,687 | 7,795 |
| Advertising | - | - | - | - | - | - | - | - | 3,526 | 3,526 | - |
| Law library upkeep and subscriptions | 1,167 | 383 | 1,973 | 568 | 129 | 142 | 4,362 | 773 | 5,227 | 10,362 | 9,399 |
| Telephone | 1,656 | 544 | 2,827 | 808 | 5,688 | 304 | 11,827 | 2,505 | 7,879 | 22,211 | 20,974 |
| Postage | 210 | 69 | 354 | 102 | 106 | 29 | 870 | 344 | 952 | 2,166 | 1,412 |
| Miscellaneous | 506 | 166 | 856 | 246 | - | 67 | 1,841 | 780 | 2,289 | 4,910 | 2,112 |
| Total other | <u>6,724</u> | <u>2,206</u> | <u>11,393</u> | <u>3,274</u> | <u>17,547</u> | <u>1,144</u> | <u>42,288</u> | <u>10,012</u> | <u>34,867</u> | <u>87,167</u> | <u>59,495</u> |
| Total expenses | <u>134,218</u> | <u>63,669</u> | <u>398,464</u> | <u>93,442</u> | <u>999,578</u> | <u>24,389</u> | <u>1,713,760</u> | <u>1,066,236</u> | <u>1,243,753</u> | <u>4,023,749</u> | <u>2,957,847</u> |
| Change in Net Assets | - | - | - | - | - | - | - | - | (47,276) | (47,276) | (114,627) |
| Net Assets: | | | | | | | | | | | |
| Beginning of year | - | - | - | - | - | - | - | - | 682,597 | 682,597 | 797,224 |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 635,321</u> | <u>\$ 635,321</u> | <u>\$ 682,597</u> |

(Concluded)

REGIONAL HOUSING LEGAL SERVICES

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES - PENNSYLVANIA UTILITY LAW PROJECT

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

| | Pennsylvania Legal Aid Network | | | | | | | | | | Totals | |
|-----------------------------------|--------------------------------|-----------|--------------------------|-----------|-----------|--------------------|------------|------------------|---------------|------------|--------------|------------|
| | Federal Title XX | State | Access to Justice Act | IOLTA | PHARE | State CARES Act | Total | Special IOLTA | IOLTA CRLA | Other | 2021 | 2020 |
| Revenue and Support: | | | | | | | | | | | | |
| Contracts and grants | \$ 73,466 | \$ 34,850 | \$ 198,815 | \$ 41,628 | \$ 77,333 | \$ 196,879 | \$ 622,971 | \$ 45,545 | \$ 4,678 | \$ 329,075 | \$ 1,002,269 | \$ 465,169 |
| Contributions | - | - | - | - | - | - | - | - | - | 10,753 | 10,753 | 10,860 |
| In-kind contributions | - | - | - | - | - | - | - | - | - | 18,365 | 18,365 | 18,315 |
| Interest income | - | - | 47 | 17 | - | - | 64 | - | - | 290 | 354 | 150 |
| Other revenue | - | - | - | - | - | - | - | - | - | - | - | 95,094 |
| Total revenue and support | 73,466 | 34,850 | 198,862 | 41,645 | 77,333 | 196,879 | 623,035 | 45,545 | 4,678 | 358,483 | 1,031,741 | 589,588 |
| Expenses: | | | | | | | | | | | | |
| Salaries: | | | | | | | | | | | | |
| Attorneys | 20,575 | 8,876 | 87,604 | 10,127 | 20,257 | 66,596 | 214,035 | 24,739 | 2,669 | 80,708 | 322,151 | 289,534 |
| Paralegal | 15,656 | 8,558 | 10,938 | 10,329 | 19,866 | 18,614 | 83,961 | 7,978 | 677 | 75,166 | 167,782 | 47,411 |
| Support staff | 14,280 | 7,286 | 9,977 | 9,101 | 2,992 | 274 | 43,910 | 348 | - | 18,452 | 62,710 | 54,210 |
| Law students | - | - | - | - | - | - | - | - | - | 6,726 | 6,726 | 3,774 |
| Total salaries | 50,511 | 24,720 | 108,519 | 29,557 | 43,115 | 85,484 | 341,906 | 33,065 | 3,346 | 181,052 | 559,369 | 394,929 |
| Fringe benefits: | | | | | | | | | | | | |
| Payroll taxes | 3,864 | 1,891 | 8,302 | 2,261 | 3,298 | 6,540 | 26,156 | 2,529 | 256 | 12,955 | 41,896 | 30,309 |
| Unemployment tax | 154 | 66 | 656 | 76 | 137 | - | 1,089 | 131 | 14 | 471 | 1,705 | 1,591 |
| Retirement | 2,277 | 983 | 9,692 | 1,121 | 2,358 | 2,761 | 19,192 | 2,263 | 244 | 7,769 | 29,468 | 14,801 |
| Hospitalization insurance | 4,693 | 2,026 | 19,981 | 2,311 | 6,778 | 21,207 | 56,996 | 6,507 | 702 | 20,524 | 84,729 | 65,117 |
| Life, accident and disability | 269 | 116 | 1,147 | 132 | 376 | 1,114 | 3,154 | 361 | 39 | 1,150 | 4,704 | 2,819 |
| Dental insurance | 404 | 174 | 1,720 | 199 | 611 | 2,049 | 5,157 | 587 | 63 | 1,832 | 7,639 | 7,109 |
| Workers' compensation | 120 | 52 | 510 | 59 | 106 | - | 847 | 102 | 11 | 366 | 1,326 | 925 |
| Total fringe benefits | 11,781 | 5,308 | 42,008 | 6,159 | 13,664 | 33,671 | 112,591 | 12,480 | 1,329 | 45,067 | 171,467 | 122,671 |
| Consultants and contractors: | | | | | | | | | | | | |
| Auditing | - | - | 741 | 444 | 311 | 500 | 1,996 | - | - | 1,112 | 3,108 | 2,687 |
| Other consultants | 6,035 | 2,605 | 25,697 | 2,971 | 14,982 | 64,040 | 116,330 | - | - | 63,615 | 179,945 | 37,195 |
| Pro bono attorneys | - | - | - | - | - | - | - | - | - | 18,365 | 18,365 | 18,315 |
| Total consultants and contractors | 6,035 | 2,605 | 26,438 | 3,415 | 15,293 | 64,540 | 118,326 | - | - | 83,092 | 201,418 | 58,197 |
| Travel: | | | | | | | | | | | | |
| Employee travel - local | 15 | 7 | 65 | 8 | - | - | 95 | - | - | 25 | 120 | 36 |
| Employee travel - out of town | 40 | 17 | 170 | 20 | 29 | - | 276 | - | 3 | 85 | 364 | 6,440 |
| Board meetings | - | - | - | - | - | - | - | - | - | - | - | 651 |
| Total travel | 55 | 24 | 235 | 28 | 29 | - | 371 | - | 3 | 110 | 484 | 7,127 |

(Continued)

REGIONAL HOUSING LEGAL SERVICES

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES - PENNSYLVANIA UTILITY LAW PROJECT

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

(Continued)

| | Pennsylvania Legal Aid Network | | | | | | | Special IOLTA | IOLTA CRLA | Other | Totals | |
|-----------------------------|--------------------------------|--------|--------------------------|--------|--------|--------------------|---------|------------------|---------------|------------|------------|------------|
| | Federal Title XX | State | Access to Justice Act | IOLTA | PHARE | State CARES Act | Total | | | | 2021 | 2020 |
| Space costs: | | | | | | | | | | | | |
| Rent | 1,741 | 751 | 7,411 | 857 | 2,680 | 630 | 14,070 | - | - | 5,358 | 19,428 | 27,779 |
| Total space costs | 1,741 | 751 | 7,411 | 857 | 2,680 | 630 | 14,070 | - | - | 5,358 | 19,428 | 27,779 |
| Consumable supplies: | | | | | | | | | | | | |
| Office supplies | 1,286 | 555 | 5,475 | 633 | 943 | 9,897 | 18,789 | - | - | 2,899 | 21,688 | 7,496 |
| Total consumable supplies | 1,286 | 555 | 5,475 | 633 | 943 | 9,897 | 18,789 | - | - | 2,899 | 21,688 | 7,496 |
| Other: | | | | | | | | | | | | |
| Insurance and bonding | 786 | 339 | 3,347 | 387 | 543 | - | 5,402 | - | - | 1,379 | 6,781 | 7,178 |
| Professional dues | 129 | 56 | 548 | 63 | - | - | 796 | - | - | 215 | 1,011 | 1,694 |
| Tuition and seminar fees | 339 | 146 | 1,441 | 167 | - | 2,079 | 4,172 | - | - | 887 | 5,059 | 2,220 |
| Law library subscription | 430 | 186 | 1,830 | 212 | - | - | 2,658 | - | - | 512 | 3,170 | 3,252 |
| Telephone | 345 | 148 | 1,479 | 153 | 1,066 | 578 | 3,769 | - | - | 1,303 | 5,072 | 4,620 |
| Postage | 21 | 9 | 91 | 10 | - | - | 131 | - | - | 57 | 188 | 1,463 |
| Miscellaneous | 7 | 3 | 40 | 4 | - | - | 54 | - | - | 8 | 62 | 295 |
| Total other | 2,057 | 887 | 8,776 | 996 | 1,609 | 2,657 | 16,982 | - | - | 4,361 | 21,343 | 20,722 |
| Total expenses | 73,466 | 34,850 | 198,862 | 41,645 | 77,333 | 196,879 | 623,035 | 45,545 | 4,678 | 321,939 | 995,197 | 638,921 |
| Change in Net Assets | - | - | - | - | - | - | - | - | - | 36,544 | 36,544 | (49,333) |
| Net Assets: | | | | | | | | | | | | |
| Beginning of year | - | - | - | - | - | - | - | - | - | 253,829 | 253,829 | 303,162 |
| End of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 290,373 | \$ 290,373 | \$ 253,829 |

(Concluded)

REGIONAL HOUSING LEGAL SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

| <u>Grantor/Program Title/ Pass-Through Agency</u> | <u>Pass-Through Grantor Number</u> | <u>Federal Assistance Listing Number</u> | <u>Federal Expenditures</u> | <u>Expenditures to Subrecipients</u> |
|---|--|--|---------------------------------|--|
| <u>U.S. Department of Health and Human Services:</u> | | | | |
| Passed through Commonwealth of Pennsylvania | | | | |
| Department of Human Services: | | | | |
| Passed through Pennsylvania Legal Aid Network: | | | | |
| Title XX Social Services Block Grant | | | | |
| | | 93.667 | \$ 207,684 | \$ - |
| Total U.S. Department of Health and Human Services | | | <u>207,684</u> | <u>-</u> |
| <u>U.S. Department of the Treasury:</u> | | | | |
| Passed through Commonwealth of Pennsylvania | | | | |
| Department of Human Services: | | | | |
| Passed through Pennsylvania Legal Aid Network: | | | | |
| COVID-19 Grant - Coronavirus Relief Fund | | | | |
| | | 21.019 | 1,196,457 | - |
| Total U.S. Department of the Treasury | | | <u>1,196,457</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,404,141</u> | <u>\$ -</u> |

See accompanying notes to schedule of expenditures of federal awards.

REGIONAL HOUSING LEGAL SERVICES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

1. General Information

The accompanying Schedule of Expenditures of Federal Awards (schedule) presents activities in all of the federal assistance programs of Regional Housing Legal Services (RHLS). All financial assistance received directly from federal agencies, as well as financial assistance passed through other governmental agencies or not-for-profit organizations, is included on the schedule.

RHLS has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

2. Basis of Accounting and Relationship to the Basic Financial Statements

The accompanying schedule is presented using the accrual basis of accounting, which is described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Regional Housing Legal Services

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2021

**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**The Board of Directors
Regional Housing Legal
Services**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Regional Housing Legal Services (RHLS) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RHLS’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RHLS’s internal control. Accordingly, we do not express an opinion on the effectiveness of RHLS’s internal control.

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

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

The Board of Directors
Regional Housing Legal Services
Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters

Compliance and Other Matters

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

Purpose of this Report

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

Mahe Duessel

Harrisburg, Pennsylvania
October 8, 2021

Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
Regional Housing Legal
Services

Report on Compliance for the Major Federal Program

We have audited Regional Housing Legal Services' (RHLS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on RHLS's major federal program for the year ended June 30, 2021. RHLS's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for RHLS's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RHLS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Board of Directors
Regional Housing Legal Services
Independent Auditor's Report on Compliance for
the Major Program and on Internal Control

Opinion on the Major Federal Program

In our opinion, RHLS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

The Board of Directors
Regional Housing Legal Services
Independent Auditor's Report on Compliance for
the Major Program and on Internal Control

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

Mahe Duessel

Harrisburg, Pennsylvania
October 8, 2021

REGIONAL HOUSING LEGAL SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

I. Summary of Audit Results

1. Type of auditor's report issued: Qualified – RHLS did not record the assets, liabilities, and investment income related to a deferred compensation pension plan

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

7. Major Program:

Federal ALN(s)

21.019

Name of Federal Program or Cluster

COVID-19 - Coronavirus Relief Fund

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? yes no

REGIONAL HOUSING LEGAL SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

- II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

- III. Findings and questioned costs for federal awards.

No matters were reported.

REGIONAL HOUSING LEGAL SERVICES

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2021

NONE