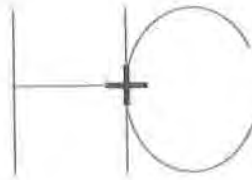


SHELTER LEGAL SERVICES FOUNDATION, INC.
FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

SHELTER LEGAL SERVICES FOUNDATION, INC.

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Certified Public Accountants

David J. McCaughin, CPA
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Independent Accountant's Review Report

To the Board of Directors
Shelter Legal Services Foundation, Inc.
Boston, Massachusetts

We have reviewed the accompanying financial statements of Shelter Legal Services Foundation, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of August 31, 2015 and 2014, and the related statements of revenue, expenses, and other changes in net assets—modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on my our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Hughes and Company, P.C.

Hughes and Company, P.C.
Melrose, Massachusetts
March 23, 2016

SHELTER LEGAL SERVICES FOUNDATION, INC.
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
 AUGUST 31, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Current Assets		
Cash	\$ 162,864	\$ 50,555
Total Current Assets	<u>162,864</u>	<u>50,555</u>
Property and Equipment		
Office furniture and equipment	11,375	1,880
Less accumulated depreciation	<u>(2,038)</u>	<u>(1,880)</u>
Property and Equipment, net	<u>9,337</u>	<u>-</u>
Security Deposit	<u>20,268</u>	<u>-</u>
Total Assets	<u>\$ 192,469</u>	<u>\$ 50,555</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Net Assets		
Unrestricted	\$ 92,469	\$ 50,555
Temporarily restricted	<u>100,000</u>	<u>-</u>
Total Net Assets	<u>\$ 192,469</u>	<u>\$ 50,555</u>

See accompanying notes and independent accountant's review report

SHELTER LEGAL SERVICES FOUNDATION, INC.
 STATEMENTS OF REVENUE, EXPENSES AND OTHER
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 YEARS ENDED AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Unrestricted Net Assets</u>		
Support and Revenue		
Government grants	\$ 62,906	\$ 52,801
Other grants and contributions	141,467	130,955
Event income, net of event expenses of \$36,135 and \$14,628, respectively	104,913	26,633
Interest income	333	186
Total Unrestricted Revenue and Support	<u>309,619</u>	<u>210,575</u>
Expenses		
Salaries	189,326	166,186
Payroll taxes	16,061	12,768
Employee benefits	22,785	20,473
Consulting	-	1,000
Contract labor	-	1,825
Depreciation	158	-
Dues and subscriptions	820	955
Insurance	8,081	7,895
Miscellaneous	2,123	2,441
Moving expense	4,994	-
Office supplies	6,327	1,999
Postage and printing	2,054	5,511
Professional fees	6,565	8,091
Storage	2,352	1,497
Telephone	1,537	1,309
Training	495	659
Travel and parking	4,027	5,014
Total Expenses	<u>267,705</u>	<u>237,623</u>
Change in Unrestricted Net Assets	41,914	(27,048)
<u>Temporarily Restricted Net Assets</u>		
Corporate and private foundation grants	<u>100,000</u>	-
Change in Temporarily restricted net assets	<u>100,000</u>	-
Change in Net Assets	<u>141,914</u>	<u>(27,048)</u>
Net Assets, Beginning	<u>50,555</u>	<u>77,603</u>
Net Assets, Ending	<u>\$ 192,469</u>	<u>\$ 50,555</u>

See accompanying notes and independent accountant's review report

SHELTER LEGAL SERVICES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 1 - Nature of Activities

Shelter Legal Services Foundation, Inc., doing business as Veterans Legal Services, was incorporated on October 16, 1991 and became a 501(c)(3) non-profit organization in 1994. The Organization was formed for the purpose of providing free civil legal services to low-income veterans. Through restricted funding, the Organization also provides legal services to the homeless and those being evicted in Cambridge, MA. The Organization utilizes volunteer assistance of law students and attorneys to represent its clients in civil matters throughout the greater Boston area.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements were prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The modified cash basis of accounting differs from GAAP primarily because revenues are recognized when received rather than when earned and expenses and purchases of fixed assets are recognized when cash is disbursed rather than when the obligation is incurred. Also, in-kind contributions are not reflected in the financial statements.

Property and Equipment

Property and equipment are stated at cost. Major additions and betterments are capitalized, while replacements, maintenance and repairs which do not improve or extend the useful lives of the respective assets, and expenditures for leased equipment and furniture, are expensed in the year incurred.

As of August 31, 2015, the Organization's property and equipment consists of furniture and office equipment, which is being depreciated over five years using the straight-line method.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SHELTER LEGAL SERVICES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2015 AND 2014

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Net Assets

Net assets of the Organization consist of the following:

Unrestricted - Net assets that are not subject to donor imposed restrictions.

Temporarily Restricted - Net assets for which use is limited by donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - These net assets are permanently restricted by donors and cannot be used by the Organization. The Organization has no permanently restricted net assets except for the donated stock discussed in Note 3.

Grants and Support

Grants are awarded to the Organization by the City of Cambridge (through the U. S. Department of Housing and Urban Development and the Department of Housing and Community Development), the Massachusetts Bar Foundation, the Boston Bar Foundation, and private and family institutions. The Organization receives other support from fundraising events and activities.

Uncertainty in Income Taxes

The Organization follows the *Accounting for Uncertainty in Income Taxes* standard which requires the Organization to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of August 31, 2015, the Organization determined that there are no material unrecognized tax benefits to report.

Information returns filed for the years ended August 31, 2014, 2013 and 2012 remain subject to examination by the Internal Revenue Service and the Commonwealth of Massachusetts. The Organization does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

SHELTER LEGAL SERVICES FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2015 AND 2014

Note 2 - Summary of Significant Accounting Policies (continued)

Subsequent Events

The Organization has evaluated subsequent events through March 23, 2016 which is the date the financial statements were available to be issued.

Note 3- Donated Investments and Facilities

The Organization received a donation of 125,000,000 shares of stock valued at \$75,000 from a Board member during fiscal year 2014. In previous years the Organization has received 45,972,089 shares of the same stock, valued at \$123,333 from the same Board member. A portion of the stock donations are restricted for the purpose of establishing an endowment fund. As of August 31, 2015, the unrestricted stock was worth \$1,000 and the restricted stock was worth \$33,194.

Also, the Organization occupied facilities owned by the Boston College Law School (through July, 2015) and the City of Cambridge Multi-Service Center at no charge. The estimated fair rental value of these premises has been determined to be approximately \$21,000 and \$21,000 for the years ended August 31, 2015 and 2014, respectively. These donations have not been reported in the accompanying financial statements in accordance with the modified cash basis of accounting.

Note 4 - Functional Allocation of Expenses

The cost of providing various programs and other activities are summarized by function as follows:

	<u>2015</u>	<u>2014</u>
Program services	\$ 215,928	\$ 193,487
Management and general	40,368	34,165
Fundraising	11,409	9,971
	<u>\$ 267,705</u>	<u>\$ 237,623</u>

SHELTER LEGAL SERVICES FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2015 AND 2014

Note 5 - Commitments

The Organization moved into new office space in Boston, Massachusetts that it leased starting August 1, 2015. The lease requires monthly payments of \$4,785 plus electricity at \$289 for a total of \$5,074, beginning September 30, 2015, with a dollar per square foot increase each year for 5 years. Also, the Organization was required to pay a security deposit of \$20,268. Additional rent is assessed to cover the Organization's share of utilities, real estate taxes and operating expenses. The lease is set to expire in September, 2020.

The Organization estimates that its minimum future annual rent commitment under the lease is as follows:

<u>Year Ending</u>		
2016	\$	57,426
2017		59,115
2018		60,804
2019		62,493
2020		64,182
		<u>\$ 304,020</u>

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of August 31, 2015:

Grant to help underwrite a new position - Pro-bono Director	\$ 50,000
Grant for fiscal year 2016	50,000
	<u>\$ 100,000</u>