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2014  
Review

029557

SHELTER LEGAL SERVICES FOUNDATION, INC.  
FINANCIAL STATEMENTS  
AUGUST 31, 2014 AND 2013

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SHELTER LEGAL SERVICES FOUNDATION, INC.

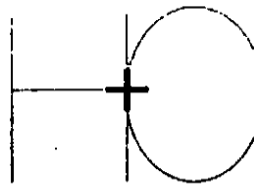
2014 Review

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*2014 Review*

*Certified Public Accountants*

David J. McCaughin, CPA  
John S. McNamara, CPA

*02955/*

Independent Accountant's Review Report

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

We have reviewed the accompanying statements of assets, liabilities and net assets - modified cash basis of Shelter Legal Services Foundation, Inc. (a nonprofit organization) as of August 31, 2014 and 2013, and the related statements of revenue, expenses and changes in net assets - modified cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting as described in Note 2.

*Hughes and Company, P.C.*

HUGHES AND COMPANY, P.C.  
Melrose, Massachusetts  
April 7, 2015

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SHELTER LEGAL SERVICES FOUNDATION, INC.  
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS  
AUGUST 31, 2014 AND 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	\$ 50,555	\$ 77,603
Total Current Assets	<u>50,555</u>	<u>77,603</u>
Property and Equipment		
Office furniture and equipment	1,880	1,880
Less accumulated depreciation	<u>(1,880)</u>	<u>(1,880)</u>
Property and Equipment, net	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 50,555</u>	<u>\$ 77,603</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Net Assets		
Unrestricted	\$ 50,555	\$ 77,603
Total Net Assets	<u>\$ 50,555</u>	<u>\$ 77,603</u>

SHELTER LEGAL SERVICES FOUNDATION, INC.  
 STATEMENTS OF REVENUE, EXPENSES AND  
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
 YEARS ENDED AUGUST 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Revenue		
Government grants	\$ 52,801	\$ 52,951
Other grants and contributions	130,955	122,786
Event income, net of event expenses of \$14,628 and \$15,999, respectively	26,633	44,095
Miscellaneous revenue	-	3,880
Interest income	186	214
Total Unrestricted Revenue and Support	<u>210,575</u>	<u>223,926</u>
Expenses		
Salaries	166,186	165,900
Payroll taxes	12,768	19,286
Employee benefits	20,473	18,085
Bank service charges and payroll fees	-	462
Client fees and expenses	116	271
Contract labor	1,825	1,272
Dues and subscriptions	955	660
Consulting	1,000	-
Insurance	7,895	7,162
Miscellaneous	2,325	686
Office supplies	1,999	3,165
Postage and printing	5,511	3,539
Professional fees	8,091	19,015
Storage	1,497	2,458
Telephone	1,309	1,862
Training	659	588
Travel and parking	5,014	4,835
Total Expenses	<u>237,623</u>	<u>249,246</u>
Change in Unrestricted Net Assets	(27,048)	(25,320)
Net Assets, Beginning	<u>77,603</u>	<u>102,923</u>
Net Assets, Ending	<u>\$ 50,555</u>	<u>\$ 77,603</u>

See accompanying notes and independent accountant's review report

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SHELTER LEGAL SERVICES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2014 AND 2013

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. 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, 2014, the Organization's property and equipment consists of computer 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.

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SHELTER LEGAL SERVICES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AUGUST 31, 2014 AND 2013

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 whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. The Organization has no temporarily restricted net assets.

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, 2014, the Organization determined that there are no material unrecognized tax benefits to report.

Information returns filed for the years ended August 31, 2013, 2012 and 2011 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.

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SHELTER LEGAL SERVICES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AUGUST 31, 2014 AND 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Subsequent Events

The Organization has evaluated subsequent events through April 7, 2015 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, 2014, the unrestricted stock was worth \$1,500 and the restricted stock was worth \$49,792.

Also, the Organization occupies facilities owned by the Boston College Law School 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 \$17,000 for the years ended August 31, 2014 and 2013, 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>2014</u>	<u>2013</u>
Program services	\$ 193,487	\$ 195,049
Management and general	34,165	44,034
Fundraising	9,971	10,163
	<u>\$ 237,623</u>	<u>\$ 249,246</u>