

OneJustice

**Financial Statements for
Years ended June 30, 2011 and 2010**

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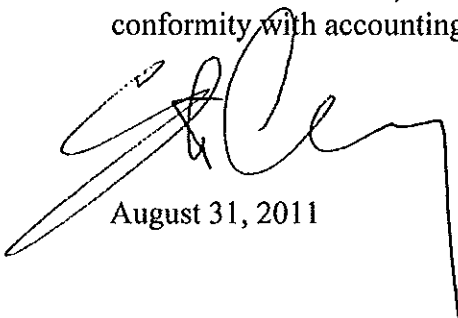
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
OneJustice
San Francisco, California

I have audited the accompanying statements of financial position of OneJustice (a nonprofit California public benefit corporation) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OneJustice as of June 30, 2011 and 2010, and the results of its activities, changes in its net assets and cash flows for the years then ended in conformity with accounting principles in the United States of America.



August 31, 2011

ONEJUSTICE
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 357,093	\$ 392,053
Investment (Certificate of Deposit)	304,798	301,006
Accounts receivable	133,572	87,027
Prepaid expenses	36,181	38,026
Total Current Assets	831,644	818,112
Other Assets	9,792	9,767
Property and equipment (Net)	10,203	15,100
TOTAL ASSETS	\$ 851,639	\$ 842,979
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 63,480	\$ 49,150
Deferred revenue	66,220	50,788
Other liabilities	(821)	4
Total Current Liabilities	128,879	99,942
NET ASSETS		
Unrestricted		
Board designated	301,467	344,467
Other unrestricted	298,066	273,279
Temporarily restricted	123,227	125,291
Total Net Assets	722,760	743,037
TOTAL LIABILITIES AND NET ASSETS	\$ 851,639	\$ 842,979

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

**ONEJUSTICE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Fee for service contracts	\$ 541,238	\$ -	\$ 541,238	\$ 481,251
Workshops and conference	52,033	-	52,033	3,530
Interest	4,805	-	4,805	2,464
Miscellaneous revenue	102	-	102	3,119
Total Revenue	<u>598,178</u>	<u>-</u>	<u>598,178</u>	<u>490,364</u>
Foundation and community grants	-	493,181	493,181	416,620
Cy pres award	-	-	-	400,000
Event contributions	95,883	8,100	103,983	96,130
Individual contributions	49,183	-	49,183	38,173
Firm contributions	12,000	-	12,000	11,000
Other contributions	22,340	-	22,340	9,700
Auction contributions	15,570	-	15,570	-
In-kind contributions	65,823	-	65,823	39,218
Total Support	<u>260,799</u>	<u>501,281</u>	<u>762,080</u>	<u>1,010,841</u>
Net assets released from restrictions	<u>503,345</u>	<u>(503,345)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>1,362,322</u>	<u>(2,064)</u>	<u>1,360,258</u>	<u>1,501,205</u>
EXPENSES				
Program services	1,147,706	-	1,147,706	831,642
General and administrative	142,575	-	142,575	105,558
Fundraising	90,254	-	90,254	92,911
Total Expenses	<u>1,380,535</u>	<u>-</u>	<u>1,380,535</u>	<u>1,030,111</u>
CHANGE IN NET ASSETS	(18,213)	(2,064)	(20,277)	471,094
NET ASSETS, at beginning of year	<u>617,746</u>	<u>125,291</u>	<u>743,037</u>	<u>271,943</u>
NET ASSETS, at end of year	<u>\$ 599,533</u>	<u>\$ 123,227</u>	<u>\$ 722,760</u>	<u>\$ 743,037</u>

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

ONEJUSTICE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2011						2010			
	Program Services			Supporting Services			Total			
	Pro Bono Initiative	Legal Aid Association of California	Core Support Center	Statewide Impact	Program Services	General & Administrative		Fundraising	Supporting Services	
Salaries	\$ 257,603	\$ 174,471	\$ 129,888	\$ 55,337	\$ 617,299	\$ 62,914	\$ 43,336	\$ 106,250	\$ 723,549	\$ 594,851
Payroll taxes	22,998	15,508	11,655	4,886	55,047	4,840	3,814	8,654	63,701	52,524
Employee benefits	30,714	20,924	15,492	6,732	73,862	6,169	5,258	11,427	85,289	69,471
	311,315	210,903	157,035	66,955	746,208	73,923	52,408	126,331	872,539	716,846
Contract services	56,516	2,896	107,456	13,767	180,635	6,465	5,669	12,134	192,769	78,117
Rent	20,413	13,894	10,309	4,420	49,036	2,846	3,483	6,329	55,365	50,483
Repair and maintenance	2,459	1,663	1,225	536	5,883	490	431	921	6,804	6,380
Supplies, postage and printing	3,952	5,593	2,744	593	12,882	1,375	1,473	2,848	15,730	20,110
Telephone and online	3,186	4,318	2,172	1,367	11,043	817	576	1,393	12,436	12,205
Travel and training	5,167	7,385	1,006	3,744	17,302	338	521	859	18,161	17,394
Meetings	982	1,463	496	673	3,614	227	1,335	1,562	5,176	2,093
Seminar/conference/event	508	-	223	1,451	2,182	-	19	19	2,201	6,000
Program event expenses	42,205	5,895	30,156	-	78,256	-	-	-	78,256	30,774
Library	766	728	468	1,011	2,973	104	314	418	3,391	2,265
Insurance	2,860	2,408	1,598	826	7,692	798	583	1,381	9,073	9,125
Dues and fees	2,776	851	860	1,172	5,659	208	454	662	6,321	5,527
Fundraising event expenses	-	-	-	-	-	-	22,625	22,625	22,625	21,674
Depreciation	-	-	-	-	-	6,704	-	6,704	6,704	5,770
In-kind service	5,685	-	12,969	-	18,654	47,169	-	47,169	65,823	39,218
Miscellaneous	2,102	1,844	1,152	589	5,687	1,111	363	1,474	7,161	6,130
Total Expenses	\$ 460,892	\$ 259,841	\$ 329,869	\$ 97,104	\$ 1,147,706	\$ 142,575	\$ 90,254	\$ 232,829	\$ 1,380,535	\$ 1,030,111

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

**ONEJUSTICE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (20,277)	\$ 471,094
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	6,704	5,770
Changes in operating assets:		
(Increase) or Decrease in		
Accounts receivable	(46,545)	(23,201)
Prepaid expenses	1,845	167
Other assets	(25)	(5,817)
Changes in operating liabilities:		
Accounts payable & accrued expenses	14,330	20,446
Deferred revenue and other liabilities	14,607	(7,355)
Net cash provided (used) by operating activities	(29,361)	461,104
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,807)	(12,866)
Net cash provided (used) by investing activities	(1,807)	(12,866)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,168)	448,238
 CASH AND CASH EQUIVALENTS, at beginning of year	693,059	244,821
 CASH AND CASH EQUIVALENTS, at end of year	\$ 661,891	\$ 693,059

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

**ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 – ORGANIZATION

NAME CHANGE

On March 1, 2011, the name of the organization was changed from Public Interest Clearinghouse to OneJustice. The organization is currently registered with the County of San Francisco as the Public Interest Clearinghouse dba OneJustice. The Board of Directors changed the name in order to more effectively convey the value of the organization’s mission and work. The name “OneJustice” symbolizes the organization’s commitment to one justice system that works equally for all.

NATURE OF ACTIVITIES

Founded in 1979, OneJustice increases access to legal help for underserved Californians by building infrastructure and partnerships in the legal community. OneJustice believes that access to justice is a right for all. Every day, OneJustice works with lawyers and law students to help empower California’s most vulnerable people – people who need legal help just to gain their most basic civil rights and meet essential human needs. These are rights and needs that most Californians take for granted, like food, housing, health care and education. If these are denied, low-income people often need legal help to obtain these basic life necessities. OneJustice makes sure that help is there when it is needed.

The Need

California has the country’s largest low-income population - approximately 5.3 million residents living at or below the poverty line. The number of people experiencing extreme economic hardship in California is equal to the number of people who live in the entire state of Massachusetts.

Most low-income families experience legal barriers relating to basic human needs. Often low-income people need legal advice just to gain access to housing, health care, food, and other basic needs that many take for granted. Underserved Californians suffer when they need legal help but don’t know where to turn, or the help is just not available where they live. Justice doesn’t truly exist when low-income Californians cannot access the assistance they need. OneJustice works with all the components of California’s legal community striving to prevent this suffering.

ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 1 – ORGANIZATION (continued)

Pro Bono Initiative: Increasing Volunteerism in the Legal Community

While there are hundreds of nonprofits across California that provide a safety net for low-income people, too often people in need slip through the cracks because these nonprofits are stretched too thin. OneJustice's Pro Bono Initiative addresses this lack of resources by expanding volunteerism in the legal community, working with law schools and students, law firms, and legal nonprofits. OneJustice convened a series of regional strategic planning to increase the volunteer legal services available to help low-income Californians. OneJustice manages www.CAProBono.org, www.LawStudentProBono.org, and www.CentralValleyProBono.org, all dedicated to supporting pro bono efforts around the state.

OneJustice's Justice Bus® Project coordinates rural service learning trips, taking attorney and law student volunteer to rural areas to provide vital legal services to clients in partnership with the local legal services organizations. OneJustice also matches law students with volunteer projects at legal services agencies, court-based programs, and social service providers.

Support for Legal Services Nonprofits: Expanding Capacity through Resource Development and Training

When low-income Californians face legal problems, they turn to a network of 95 legal services nonprofits for free legal assistance. But with more than 8,000 eligible clients for every legal services attorney, these nonprofits are often overwhelmed and stretched thin. Exacerbating the need, legal services nonprofits face decreasing funding and limited resources, and sometimes clients can slip through the cracks. Further complicating the situation, lawyers learn to practice law in law school, not run nonprofit corporations. When attorneys get the opportunity to lead a legal services nonprofit, they often don't have the business skills or access to management resources.

ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 1 – ORGANIZATION (continued)

OneJustice works with all of California's legal services organizations to support and improve their organizational development and infrastructure.

OneJustice also gives nonprofit leaders the skills they need to most effectively run their organizations. This translates into more people getting the help they need more efficiently and effectively every day. OneJustice's "Capacity Building Project" provides technical assistance and training to legal services nonprofits in the areas of nonprofit governance, management, and operations.

Statewide Impact: Strategic Planning to Increase Access to Justice

OneJustice is the legal community's trusted partner in identifying gaps and new opportunities in the statewide legal services delivery system and then designing and supporting innovative regional and statewide responses to fill in those gaps. OneJustice mobilizes all segments of the legal community, including the Courts, legislature, private bar, State and local bars, and the nonprofit sector, in support of the statewide network that functions as a vital safety net for Californians who are low-income, elderly, or persons with disabilities. OneJustice turns these legal aid organizations, law schools, private attorneys, and national partners into an action-oriented network of social justice champions, able to respond effectively and efficiently to the changing legal needs of low-income Californians. A strong network is better equipped to identify patterns in the legal landscape and fill gaps in the statewide safety net.

Legal Aid Association of California: Training, Support and Advocacy

For over 20 years, OneJustice has provided administrative support and staffing to the Legal Aid Association of California (LAAC), a separately incorporated nonprofit, through a formal contractual agreement between the organizations. LAAC, the statewide membership organization of legal services nonprofits, serves and strengthens its members through advocacy, training, and support in their efforts to provide critical legal assistance to low-income Californians and ensure equal access to justice. OneJustice and LAAC work together to advance access to justice in California by engaging all components of the legal community in the delivery of legal services to those in need, and they leverage resources and increase efficiency by formally consolidating their administrative systems.

ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Accrual Basis - The financial statements of OneJustice have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.
- (b) Estimates - 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (c) Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of OneJustice and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of OneJustice and/or the passage of time.

- (d) Revenue Recognition- OneJustice reports gifts of cash and other assets as restricted support if they are received with a donor's stipulation limiting the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

OneJustice reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, OneJustice reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

- (e) Grants and Contributions Receivable - Grants and contributions receivable include unconditional commitments from foundations and individuals that are recorded at their net realizable value.

ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (f) Allocation of Expenses - Shared expenses are allocated to programs and supporting services based on the ratio of each activity's direct salary cost to total salary cost.
- (g) Accounting for Uncertainty in Income Taxes - OneJustice has been classified as a non-profit corporation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. OneJustice is subject to a tax on income from any unrelated business.

On July 1, 2010, OneJustice adopted the recognition requirements for uncertain income tax positions clarified in the FASB Statement No. 109 (FIN 48) as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. OneJustice has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it does not anticipate any adjustments that would result in a material adverse effect on OneJustice's financial condition, results of operations or cash flows. Accordingly, OneJustice has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2011.

OneJustice is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

- (h) Cash and Cash Equivalents - For purposes of the statement of cash flows, OneJustice considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- (i) In-Kind Contributions - Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation.

ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (j) Fixed Assets and Depreciation - Acquisitions of property and equipment in excess of \$1,000 are capitalized. Fixed assets are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of furniture and equipment is provided over the estimated useful lives of the assets, generally three to five years, using the straight-line method of depreciation. Leasehold improvements are amortized over the life of the asset or the lease, whichever is shorter.
- (k) Prior Year Summarized Information - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with OneJustice's financial statements for the year ended June 30, 2010, from which the summarized information was derived.
- (l) Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of reimbursements/fees and other collectibles within one year. Foundation grants and other income receivable as of June 30, 2011 and 2010 were \$133,572 and \$87,027 respectively.

ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets as of June 30, 2011 and 2010 are as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Van Loben Sels/RembeRock Fdtn	\$ 8,750	\$ 8,750
California Bar Foundation	18,750	5,000
Equal Access Fund FY0910	-	21,146
Equal Access Fund FY1011	20,720	-
Equal Justice Works	30,286	9,436
The Marceled Foundation	43,201	75,720
Stanford Public Interest Law Fdtn	-	5,000
Public Interest/Public Sector Day	1,520	239
Total	<u>\$123,227</u>	<u>\$125,291</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Office furniture and equipment	\$ 33,929	\$ 33,924
Less accumulated depreciation	23,726	18,824
Total	<u>\$ 10,203</u>	<u>\$ 15,100</u>

**ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 6 – COMMITMENT UNDER OPERATING LEASES

OneJustice leases its office space in San Francisco. The office lease expires on October 31, 2016, or October 31, 2021 if OneJustice exercises its option to renew. Rental expenses for the years ended June 30, 2011 and 2010 were \$55,365 and \$50,483 respectively.

Future minimum lease payments under operating leases are:

Year Ending June 30:

	2012	\$	59,167
	2013		61,667
	2014		64,167
	2015		66,667
	2016		69,167
Thereafter (July 1, 2016 through October 31, 2016)			23,333
			344,167
		\$	344,167

NOTE 7 – CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to the grantors. In OneJustice management's opinion, OneJustice has complied with all the terms of all grants received.

**ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 8 – NET ASSETS/BOARD DESIGNATED

OneJustice received a cy pres award of \$400,000 in October 2009. The OneJustice Board of Directors designated \$344,467 in FY0910 to be used for future investment in programmatic and organizational needs and expansion. In FY1011, the board approved the use of \$43,000. The change in the board designated account for the year ended June 30, 2011, is comprised of the following:

	<u>June 30 2010</u>	<u>Reductions FY2011</u>	<u>June 30 2011</u>
Mission Minded for Rebranding Project	\$ 25,000	\$ 25,000	\$ -
Payment to a Consultant in Southern California	10,000	10,000	-
Salary for Pro Bono Program Associate	6,000	6,000	-
Subsidy for UC Irvine Justice Bus Trip	2,000	2,000	-
Rest of the board designated not assigned	<u>301,467</u>	<u>-</u>	<u>301,467</u>
Total	<u><u>\$344,467</u></u>	<u><u>\$43,000</u></u>	<u><u>\$301,467</u></u>

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject One Justice to concentrations of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents were held in two financial institutions in amounts that did exceed the guaranteed amount of Federal Deposit Insurance Corporation of \$250,000 per account holder. As of June 30, 2011 and 2010, the uninsured amounts are \$161,891 and \$193,059 respectively.

ONEJUSTICE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 10– DONATED SERVICES AND MATERIALS

In accordance with SFAS No. 116, OneJustice has valued and recorded professional in-kind services. Donated services are received from attorneys. Such services are valued based on the estimated market value for similar paid services, and are included in the financial statements as both donated service revenue and in-kind services expense. Total donated attorney services amounted to \$65,823 and \$39,218 for the years ended June 30, 2011 and 2010 respectively.

In addition, many attorneys and others volunteered their time and performed a variety of tasks that assisted the organization with specific assistance programs and various committee assignments. OneJustice received more than 87 and 171 volunteer hours in Fiscal Years 2011 and 2010 respectively. These have not been reflected in the financial, because even though the services were performed by individuals with specialized skills, they would otherwise not have been purchased by the organization.