



One**Justice.**

**Financial Statements for
Years ended June 30, 2012 and 2011**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to the Financial Statements	6-15

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, 2012 and 2011, 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, 2012 and 2011, 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.



October 20, 2012

ONEJUSTICE
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 185,904	\$ 357,093
Investment (Certificate of Deposit)	307,404	304,798
Accounts receivable (Note 3)	307,236	133,572
Prepaid expenses	18,978	36,181
Total Current Assets	<u>819,522</u>	<u>831,644</u>
Other Assets	12,509	9,792
Property and equipment (Note 5)	<u>6,053</u>	<u>10,203</u>
TOTAL ASSETS	<u><u>\$ 838,084</u></u>	<u><u>\$ 851,639</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 75,592	\$ 63,480
Deferred revenue (Note 10)	135,391	66,220
Other liabilities	(1,127)	(821)
Total Current Liabilities	<u>209,856</u>	<u>128,879</u>
NET ASSETS		
Unrestricted		
Board designated (Note 8)	232,463	301,467
Other unrestricted	308,774	298,066
Temporarily restricted (Note 4)	<u>86,991</u>	<u>123,227</u>
Total Net Assets	<u>628,228</u>	<u>722,760</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 838,084</u></u>	<u><u>\$ 851,639</u></u>

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

ONEJUSTICE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Fee for service contracts	\$ 756,403	\$ -	\$ 756,403	\$ 541,238
Workshops and conference	51,672	-	51,672	52,033
Interest	3,193	-	3,193	4,805
Miscellaneous revenue	2,336	-	2,336	102
Total Revenue	<u>813,604</u>	<u>-</u>	<u>813,604</u>	<u>598,178</u>
Foundation and community grants	5,000	632,252	637,252	493,181
Cy pres award	48,000	-	48,000	-
Event contributions	109,649	-	109,649	103,983
Individual contributions	129,793	-	129,793	49,183
Firm contributions	16,750	-	16,750	12,000
Other contributions	36,820	-	36,820	22,340
Auction contributions	13,717	-	13,717	15,570
In-kind contributions	7,143	-	7,143	65,823
Total Support	<u>366,872</u>	<u>632,252</u>	<u>999,124</u>	<u>762,080</u>
Net assets released from restrictions	<u>668,488</u>	<u>(668,488)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>1,848,964</u>	<u>(36,236)</u>	<u>1,812,728</u>	<u>1,360,258</u>
EXPENSES				
Program services	1,712,272	-	1,712,272	1,147,706
General and administrative	53,447	-	53,447	142,575
Fundraising	141,541	-	141,541	90,254
Total Expenses	<u>1,907,260</u>	<u>-</u>	<u>1,907,260</u>	<u>1,380,535</u>
CHANGE IN NET ASSETS	<u>(58,296)</u>	<u>(36,236)</u>	<u>(94,532)</u>	<u>(20,277)</u>
NET ASSETS, at beginning of year	<u>599,533</u>	<u>123,227</u>	<u>722,760</u>	<u>743,037</u>
NET ASSETS, at end of year	<u>\$ 541,237</u>	<u>\$ 86,991</u>	<u>\$ 628,228</u>	<u>\$ 722,760</u>

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

2012

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

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

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (94,532)	\$ (20,277)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	4,150	6,704
Changes in operating assets:		
(Increase) or Decrease in		
Investment	(2,606)	-
Accounts receivable	(173,664)	(46,545)
Prepaid expenses	17,203	1,845
Other assets	(2,717)	(25)
Changes in operating liabilities:		
Accounts payable & accrued expenses	12,112	14,330
Deferred revenue and other liabilities	68,865	14,607
Net cash provided (used) by operating activities	<u>(171,189)</u>	<u>(29,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(1,807)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(1,807)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(171,189)	(31,168)
CASH AND CASH EQUIVALENTS, at beginning of year	<u>357,093</u>	<u>388,261</u>
CASH AND CASH EQUIVALENTS, at end of year	<u><u>\$ 185,904</u></u>	<u><u>\$ 357,093</u></u>

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

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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, 2012 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 meetings 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 volunteers 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 over one hundred 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, in law school, lawyers learn to practice law, not how to 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, 2012 AND 2011

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. For example, OneJustice offers its Executive Fellowship, a comprehensive, ten-month program on nonprofit management, drawing faculty from the for-profit and larger nonprofit sector on topics including financial leadership, governance, communications, human resources, change management, and fundraising. OneJustice also serves as a "hub" for Equal Justice Works AmeriCorps Fellows in California, providing centralized administration and placing attorneys in full-time, post-graduate Fellowships at nonprofit legal organizations around the state. The number of Fellowships grew from six in fiscal year 2010/2011 to fifteen in fiscal year 2011/2012.

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.

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 1 – ORGANIZATION (continued)

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.

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.

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (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 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.
- (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) Income Taxes

OneJustice is a qualified organization exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code (IRC) and 23701d of the California Revenue and Taxation Code whereby only unrelated business income is subject to federal and state income tax.

OneJustice has adopted the accounting standard on accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statement. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status.

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OneJustice's evaluation on June 30, 2012 revealed no tax positions that would have a material impact on the financial statements. The 2008 through 2011 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2007 through 2011 tax years remain subject to examination by the California Franchise Tax Board. OneJustice does not believe that any reasonably possible changes will occur with the next twelve months that will have a material impact on the financial statements.

- (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.
- (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, 2011, 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.

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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, 2012 and 2011 were \$307,236 and \$133,572 respectively.

The amount receivable details as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Contributions	\$ 24,459	\$ 21,500
Government Grants	158,362	62,106
Contract/Fees	124,415	49,966
Total	<u><u>\$ 307,236</u></u>	<u><u>\$ 133,572</u></u>

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets as of June 30, 2012 and 2011 are as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Van Loben Sels/RembeRock Foundation	\$ 10,000	\$ 8,750
California Bar Foundation	6,250	18,750
Equal Access Fund FY1011	-	20,720
Equal Access Fund FY1012	25,741	-
Equal Justice Works	-	30,286
The Marcled Foundation	45,000	43,201
Public Interest/Public Sector Day	-	1,520
Total	<u><u>\$ 86,991</u></u>	<u><u>\$ 123,227</u></u>

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Office furniture and equipment	\$ 19,769	\$ 33,929
Less accumulated depreciation	<u>13,716</u>	<u>23,726</u>
Total	<u>\$ 6,053</u>	<u>\$ 10,203</u>

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, 2012 and 2011 were \$59,903 and \$55,365 respectively.

Future minimum lease payments under operating leases are:

Year Ending June 30:

2013	\$ 61,667
2014	64,167
2015	66,667
2016	69,167
Thereafter(July 1, 2016 through October 31, 2016)	<u>23,333</u>
	<u>\$ 285,001</u>

OneJustice also has a satellite office on Wilshire Blvd, Los Angeles on a month to month basis lease (\$380 per month plus some incidental office charges). Both parties may cancel the lease with 60 days' notice.

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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.

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 FY2009/2010 to be used for future investment in programmatic and organizational needs and expansion. In FY2011/2012, the board approved the use of \$69,004. The change in the board designated account for the year ended June 30, 2012, is comprised of the following:

	June 30 2011	Reductions FY2012	June 30 2012
Un-designated Unrestricted Fund	\$ 301,467	\$ 69,004	\$ 232,463
Total	\$ 301,467	\$ 69,004	\$ 232,463

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject OneJustice 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, 2012 and 2011, the uninsured amounts are \$57,404 and \$161,891 respectively. Management believes that OneJustice is not exposed to any significant credit issue related to concentration.

ONEJUSTICE®
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 10-DEFERRED REVENUE

The charge in the OneJustice's deferred revenue account for the year ended June 30, 2012 and 2011 comprised of the following:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
USC Justice Bus Contract	\$ 4,000	\$ -
Fellowship Host Site		
Contracts	41,391	-
Special Event Contributions	90,000	66,220
Total	<u>\$ 135,391</u>	<u>\$ 66,220</u>

NOTE 11–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 materials and services amounted to \$7,143 and \$65,823 for the years ended June 30, 2012 and 2011 respectively. For the year ended June 30, 2011, the total \$65,823 consisted of in-kind attorney services. For the year ended June 30, 2012, the amounts consisted of \$5,591 in in-kind attorney services and \$1,552 in in-kind materials. In the year ended June 30, 2012, OneJustice had a reduced need for outside pro bono counsel on legal matters.

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 286 and 87 volunteer hours in Fiscal Years 2012 and 2011 respectively. These have not been reflected in the financial statements, because even though the services were performed by individuals with specialized skills, they would otherwise not have been purchased by the organization.

NOTE 12 – SUBSEQUENT EVENTS

At the time of the audit, OneJustice has evaluated all subsequent events through October 20, 2012, the date the financial statements were available to be issued, and determined that there is no material impact from the subsequent events.