

PUBLIC INTEREST CLEARINGHOUSE

**Financial Statements for
Years ended June 30, 2010 and 2009**

PUBLIC INTEREST CLEARINGHOUSE

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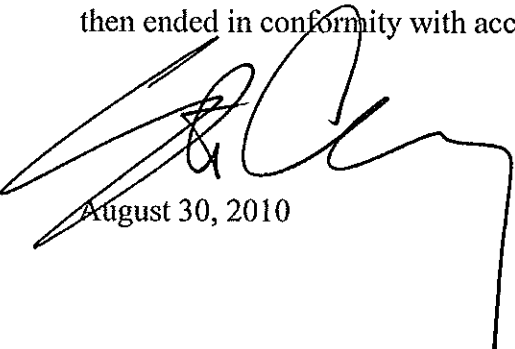
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Public Interest Clearinghouse
San Francisco, California

I have audited the accompanying statements of financial position of Public Interest Clearinghouse (a nonprofit California public corporation) as of June 30, 2010 and 2009, 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 Public Interest Clearinghouse as of June 30, 2010 and 2009, 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 30, 2010

**PUBLIC INTEREST CLEARINGHOUSE
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,**

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 392,053	\$ 244,821
Investment (Certificate Deposits)	301,006	-
Accounts receivable	87,027	63,826
Prepaid expenses	38,026	38,193
Total Current Assets	818,112	346,840
Other Assets	9,767	3,950
Property and equipment (Net)	15,100	8,004
TOTAL ASSETS	\$ 842,979	\$ 358,794
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 49,150	\$ 28,704
Deferred revenue	50,788	58,147
Other liabilities	4	-
Total Current Liabilities	99,942	86,851
NET ASSETS		
Unrestricted		
Board designated	344,467	-
Other unrestricted	273,279	243,476
Temporarily restricted	125,291	28,467
Total Net Assets	743,037	271,943
TOTAL LIABILITIES AND NET ASSETS	\$ 842,979	\$ 358,794

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

**PUBLIC INTEREST CLEARINGHOUSE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Fee for service contracts	\$ 481,251	\$ -	\$ 481,251	\$ 416,234
Workshops and conference	3,530	-	3,530	5,737
Subscriptions and placement notices	-	-	-	1,037
Interest	2,464	-	2,464	2,778
Miscellaneous revenue	3,119	-	3,119	1,961
Total Revenue	<u>490,364</u>	<u>-</u>	<u>490,364</u>	<u>427,747</u>
Foundation and community grants	-	416,620	416,620	275,455
Cy pres award	400,000	-	400,000	-
Event contributions	96,130	-	96,130	97,233
Individual contributions	38,173	-	38,173	44,293
Firm contributions	11,000	-	11,000	8,000
Other contributions	6,750	2,950	9,700	4,359
In-kind contributions	39,218	-	39,218	5,600
Total Support	<u>591,271</u>	<u>419,570</u>	<u>1,010,841</u>	<u>434,940</u>
Net assets released from restrictions	<u>322,746</u>	<u>(322,746)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>1,404,381</u>	<u>96,824</u>	<u>1,501,205</u>	<u>862,687</u>
EXPENSES				
Program services	831,642	-	831,642	698,781
General and administrative	105,558	-	105,558	83,150
Fundraising	92,911	-	92,911	91,313
Total Expenses	<u>1,030,111</u>	<u>-</u>	<u>1,030,111</u>	<u>873,244</u>
CHANGE IN NET ASSETS	374,270	96,824	471,094	(10,557)
NET ASSETS, at beginning of year	<u>243,476</u>	<u>28,467</u>	<u>271,943</u>	<u>282,500</u>
NET ASSETS, at end of year	<u>\$ 617,746</u>	<u>\$ 125,291</u>	<u>\$ 743,037</u>	<u>\$ 271,943</u>

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

**PUBLIC INTEREST CLEARINGHOUSE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,**

	2010										2009
	Program Services					Supporting Services					Total
	Pro Bono Initiative	Legal Aid Association of California	Core Support Center	Statewide Impact	Program Services	Total	General & Administrative	Fundraising	Supporting Services	Total	
Salaries	\$ 191,151	\$ 146,615	\$ 107,559	\$ 48,289	\$ 493,614	\$ 56,044	\$ 45,193	\$ 101,237	\$ 594,851	\$ 540,652	
Payroll taxes	17,180	13,051	9,523	4,306	44,060	4,595	3,869	8,464	52,524	44,547	
Employee benefits	22,571	17,301	12,718	5,724	58,314	6,068	5,089	11,157	69,471	55,908	
	230,902	176,967	129,800	58,319	595,988	66,707	54,151	120,858	716,846	641,107	
Contract services	33,807	3,852	27,158	5,199	70,016	3,752	4,349	8,101	78,117	45,067	
Rent	13,392	10,488	7,880	3,479	35,239	11,922	3,322	15,244	50,483	46,368	
Repair and maintenance	2,065	1,585	1,154	524	5,328	575	477	1,052	6,380	7,009	
Supplies	3,314	3,081	1,505	658	8,558	863	884	1,747	10,305	5,162	
Postage and shipping	172	654	952	91	1,869	100	488	588	2,457	4,249	
Printing and duplicating	923	2,121	144	63	3,251	30	4,067	4,097	7,348	10,440	
Telephone and online	2,847	4,810	1,889	1,043	10,589	1,004	612	1,616	12,205	11,873	
Travel and training	4,522	5,224	2,916	2,277	14,939	1,428	1,027	2,455	17,394	17,820	
Meetings	307	1,041	186	53	1,587	469	37	506	2,093	3,205	
Seminar/conference/event	31,853	912	3,454	555	36,774	-	-	-	36,774	35,941	
Library	250	415	230	698	1,593	472	200	672	2,265	1,116	
Insurance	2,817	2,277	1,745	630	7,469	831	825	1,656	9,125	8,240	
Dues and fees	1,810	747	1,060	1,318	4,935	149	443	592	5,527	4,463	
Fundraising event expenses	-	-	-	-	-	-	21,674	21,674	21,674	19,174	
Depreciation	-	-	-	-	-	5,770	-	5,770	5,770	4,640	
In-kind service	10,548	18,353	-	-	28,901	10,317	-	10,317	39,218	-	
Miscellaneous	1,821	1,602	781	402	4,606	1,169	355	1,524	6,130	7,370	
Total Expenses	\$ 341,350	\$ 234,129	\$ 180,854	\$ 75,309	\$ 831,642	\$ 105,358	\$ 92,911	\$ 198,469	\$ 1,030,111	\$ 873,244	

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

**PUBLIC INTEREST CLEARINGHOUSE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 471,094	\$ (10,557)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	5,770	4,640
Changes in operating assets:		
(Increase) or Decrease in		
Accounts receivable	(23,201)	5,282
Prepaid expenses	167	(25,212)
Other assets	(5,817)	650
Changes in operating liabilities:		
Accounts payable & accrued expenses	20,446	3,319
Deferred revenue and other liabilities	(7,355)	6,547
Net cash provided (used) by operating activities	461,104	(15,331)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(12,866)	(6,930)
Net cash provided (used) by investing activities	(12,866)	(6,930)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	448,238	(22,261)
CASH AND CASH EQUIVALENTS, at beginning of year	244,821	267,082
CASH AND CASH EQUIVALENTS, at end of year	\$ 693,059	\$ 244,821

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

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 1 – ORGANIZATION

NATURE OF ACTIVITIES

Founded in 1979, the Public Interest Clearinghouse (PIC) increases access to legal help for underserved Californians by building infrastructure and partnerships in the legal community. PIC believes that access to justice is a right for all. Every day, PIC 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. PIC makes sure that help is there when it is needed.

Pro Bono Initiative: Increasing Volunteerism in the Legal Community

PIC's Pro Bono Initiative expands volunteerism in the legal community, working with law schools and students, law firms, and legal nonprofits. PIC convened the 2009 "California Pro Bono Summit" involving 75 attorneys in strategic planning to increase the volunteer legal services available to help low-income Californians. PIC manages www.CAProBono.org, the statewide website dedicated to supporting pro bono efforts around the state, as well as the SoCal Pro Bono Center website, linking Southern California attorneys to local volunteer opportunities. Last year CAProBono.org served over 38,000 unique users interested in volunteering to provide legal help in their communities. PIC's Rural Education & Access to the Law (REAL) project organized over 15 "Justice Bus™" rural service learning trips, taking groups of law students from 23 law schools to rural areas to provide vital legal services to clients in partnership with the local legal services organizations. PIC's Law Student Pro Bono Program matches law students with volunteer projects at legal aid agencies, court-based programs, and social service providers, and ensures that the future leaders of the legal community, whether in the private or nonprofit sector, will have a connected to meeting the legal needs of the underserved. PIC ensured pro bono legal help for over 1,900 clients, provided by over 400 law students from 23 different law schools,

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 – ORGANIZATION (continued)

working in partnership with over 50 legal services nonprofits. PIC’s projects ensure that the future leaders of the legal community, whether in the private or nonprofit sector, will have first-hand experience of the legal needs of the underserved and a life-long commitment to meeting those needs.

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

For the past 30 years, PIC has provided essential support to California’s legal services nonprofits in order to enhance their capacity to provide direct services to their low-income and underserved client communities. PIC’s “Capacity Building Project” provides technical assistance and training to legal services nonprofits in the areas of nonprofit governance, management, and operations. Last year PIC provided assistance to over 80 legal services nonprofits, including 22 trainings for over 800 participants. PIC also linked 116 legal services and public interest law employers with 700 law students through the annual coordination of the Northern California Public Interest/Public Sector Careers Day, one of the largest public interest and government career fairs in the nation. In addition to this direct support provided to individual nonprofits, PIC continued to expand the statewide website, LawHelpCA.org, which provides valuable information and resources for low-income clients seeking referral information to legal assistance programs and/or educational resources about basic legal rights and responsibilities. LawHelpCA.org provided over 267,000 unique visitors with access to referral listings and legal information resources available in 30 languages.

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 1 – ORGANIZATION (continued)

Statewide Impact: Strategic Planning to Increase Access to Justice

PIC 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. PIC 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. PIC convened the 2010 "Stakeholders Meeting," an annual strategic planning meeting on cutting-edge access to justice issues. Last year's Stakeholders Meeting brought together over 110 participants to discuss and plan around nine pressing issues facing the access to justice community. PIC also led 7 ongoing task forces, worked with 8 statewide and national partnership organizations, and involved 179 individual stakeholders in PIC's strategic planning on access to justice issues.

Legal Aid Association of California: Training, Support and Advocacy

For the past 20 years, PIC 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 Boards of Directors. 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. LAAC provides a forum for providers to develop strategies for more effective service delivery, serves as a unified voice for the California legal services community, and organizes key training opportunities for legal aid advocates. LAAC also maintains www.CALegalAdvocates.org, the statewide website for legal services organizations and staff, with a training calendar, news and alerts, library of resources, and listservs. PIC 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 have leveraged resources and increased efficiency by formally consolidating their administrative systems.

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Accrual Basis - The financial statements of PIC 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 PIC 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 PIC and/or the passage of time.

- (d) Revenue Recognition- PIC 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.

PIC 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, PIC 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.

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

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 expense.
- (g) Income Tax Status - PIC is considered a "public charity" and is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State Revenue and Taxation Code, whereby only unrelated business income is subject to Federal and State income tax. Management believes that all of PIC's income is related to its exempt purpose. Accordingly, no provision for income taxes has been made in the accompanying financial statements.
- (h) Cash and Cash Equivalents - For purposes of the statement of cash flows, PIC 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 PIC's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (1) 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, 2010 and 2009 were \$87,027 and \$63,826 respectively.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets as of June 30, 2010 and 2009 are as follows:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Van Loben Sels/RembeRock Fdtn	\$ 8,750	\$ 7,500
California Bar Foundation	5,000	5,000
Equal Access Fund	21,146	14,928
Equal Justice Works	9,436	-
The Marclad Foundation	75,720	-
Stanford Public Interest Law Fdtn	5,000	-
Public Interest/Public Sector Day	239	1,039
Total	<u>\$ 125,291</u>	<u>\$ 28,467</u>

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Office furniture and equipment	\$ 33,924	\$ 25,823
Less accumulated depreciation	<u>18,824</u>	<u>17,819</u>
Total	<u>\$ 15,100</u>	<u>\$ 8,004</u>

NOTE 6 – COMMITMENT UNDER OPERATING LEASES

PIC leases its office space in San Francisco. The lease agreement for the office space at Kearny Street expired on October 31, 2009, and a new office lease on California Street commenced on November 1, 2009. The new office lease expires on October 31, 2016, or October 31, 2021 if PIC exercises its option to renew. Rental expenses for the years ended June 30, 2010 and 2009 were \$50,483 and \$46,368 respectively.

Future minimum lease payments under operating leases are:

Year Ending June 30:

2011	\$ 56,667
2012	59,167
2013	61,667
2014	64,167
2015	66,667
Later Years	<u>92,500</u>
	<u>\$ 400,835</u>

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 7 – CONTINGENCIES

Grants awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. PIC deems this contingency remote since by accepting the grants and their terms. It has accommodated the objectives of PIC to the provisions of the grants. PIC's management is of the opinion that PIC has complied with the terms of all grants.

NOTE 8 – NET ASSETS/BOARD DESIGNATED

PIC received a cy pres award of \$400,000 in October 2009. PIC Board designated \$344,467 to be used for reserve funds and future work.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the PIC 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, 2010 and 2009, the uninsured amounts are \$193,059 and \$0 respectively.

**PUBLIC INTEREST CLEARINGHOUSE
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 10– DONATED SERVICES AND MATERIALS

In accordance with SFAS No. 116, PIC 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 \$39,218 for the year ended June 30, 2010.

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. The Organization received more than 171 and 112 volunteer hours in Fiscal Years 2010 and 2009 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.