

PUBLIC INTEREST LAW INITIATIVE

FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

PUBLIC INTEREST LAW INITIATIVE
NOTES TO FINANCIAL STATEMENTS

PUBLIC INTEREST LAW INITIATIVE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Public Interest Law Initiative
Chicago, IL

We have audited the accompanying financial statements of Public Interest Law Initiative (a nonprofit organization), which comprise the statements of financial position as of August 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

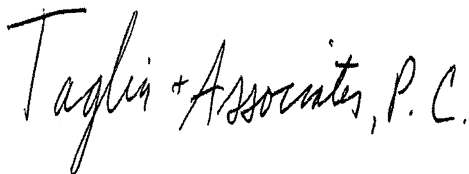
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Interest Law Initiative as of August 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



November 6, 2017
River Forest, IL

PUBLIC INTEREST LAW INITIATIVE
(a not-for-profit corporation)

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 235,324	\$ 213,400
Prepaid Expenses	14,847	9,675
Contributions and Other Receivables	15,416	3,750
Total Current Assets	265,587	226,825
PROPERTY AND EQUIPMENT		
Equipment	30,168	29,605
Less: Accumulated Depreciation	(27,682)	(24,646)
Total Property and Equipment - Net	2,486	4,959
OTHER ASSETS		
Long-Term Investments	1,322,472	1,282,501
TOTAL ASSETS	\$ 1,590,545	\$ 1,514,285
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,759	\$ 3,454
Deferred Revenue	101,690	66,250
Total Current Liabilities	106,449	69,704
NET ASSETS		
Unrestricted	296,374	304,330
Temporarily Restricted	18,000	10,500
Permanently Restricted	1,169,722	1,129,751
Total Net Assets	1,484,096	1,444,581
TOTAL LIABILITIES AND NET ASSETS	\$ 1,590,545	\$ 1,514,285

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

PUBLIC INTEREST LAW INITIATIVE
(a not-for-profit corporation)

STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED AUGUST 31, 2017 AND 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE, AND GAINS								
Grants								
Foundations and corporations	\$ 223,275	\$ 18,000	\$ 5,500	\$ 246,775	\$ 187,011	\$ 10,500	\$ 5,500	\$ 203,011
Law Firms	125,750	-	-	125,750	118,100	-	-	118,100
Board Members	60,109	-	-	60,109	48,211	-	-	48,211
Individuals	22,697	-	-	22,697	20,716	-	-	20,716
Total Grants	431,831	18,000	5,500	455,331	374,038	10,500	5,500	390,038
Special Events								
Revenue and In-Kind Contribution (Expenses and In-Kind Contribution)	280,226	-	-	280,226	267,107	-	-	267,107
Special Events – Net of Expenses	(57,793)	-	-	(57,793)	(50,021)	-	-	(50,021)
	222,433	-	-	222,433	217,086	-	-	217,086
In-Kind Support								
	45,500	-	-	45,500	44,000	-	-	44,000
Total Public Support	699,764	18,000	5,500	723,264	635,124	10,500	5,500	651,124
Investment Revenue and Gains								
Investment Income	377	-	22,757	23,134	33	-	23,510	23,543
Unrealized and Realized Gains (Losses) on Investments	-	-	66,714	66,714	-	-	41,764	41,764
Total Investment Revenue and Gains	377	-	89,471	89,848	33	-	65,274	65,307
Net Assets Released from Restrictions								
Satisfaction of Program Restrictions	65,500	(10,500)	(55,000)	-	95,500	(40,500)	(55,000)	-
Total Net Assets Released from Restrictions	65,500	(10,500)	(55,000)	-	95,500	(40,500)	(55,000)	-
Total Support, Revenue, and Gains	765,641	7,500	39,971	813,112	730,657	(30,000)	15,774	716,431
EXPENSES								
Program Services	674,635	-	-	674,635	628,968	-	-	628,968
Supporting Services								
Management and General Fundraising	54,738	-	-	54,738	52,543	-	-	52,543
Total Supporting Services	98,962	-	-	98,962	93,491	-	-	93,491
Total Expenses	773,597	-	-	773,597	722,459	-	-	722,459
Change in Net Assets	(7,956)	7,500	39,971	39,515	8,198	(30,000)	15,774	(6,028)
Net Assets, Beginning of Year	304,330	10,500	1,129,751	1,444,581	296,132	40,500	1,113,977	1,450,609
Net Assets, End of Year	\$ 296,374	\$ 18,000	\$ 1,169,722	\$ 1,484,096	\$ 304,330	\$ 10,500	\$ 1,129,751	\$ 1,444,581

The accompanying Notes are an integral part of these financial statements.

PUBLIC INTEREST LAW INITIATIVE
(a not-for-profit corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED AUGUST 31, 2017 AND 2016

	2017					2016						
	Program Services	Supporting Services			Total Expenses	Program Services	Supporting Services			Total Expenses		
		Management and General	Fundraising	Total Supporting Services			Management and General	Fundraising	Total Supporting Services			
EXPENSES												
Salaries	\$ 262,181	\$ 29,131	\$ 32,368	\$ 61,499	\$ 323,680	\$ 236,848	\$ 26,316	\$ 29,241	\$ 55,557	\$ 292,405		
Payroll Taxes	20,778	2,309	2,565	4,874	25,652	18,135	2,015	2,239	4,254	22,389		
Employee Benefits	27,828	3,092	3,436	6,528	34,356	32,383	3,598	3,998	7,596	39,979		
Grants	259,366	-	-	-	259,366	256,625	-	-	-	256,625		
Contract Labor	-	-	-	-	-	4,080	-	-	-	4,080		
Professional Fees	-	5,554	-	5,554	5,554	-	5,525	-	5,525	5,525		
Education	8,711	-	-	-	8,711	7,731	-	-	-	7,731		
Postage and Shipping	3,259	362	402	765	4,024	3,747	416	463	879	4,626		
Occupancy	36,855	4,095	4,550	8,645	45,500	35,640	3,960	4,400	8,360	44,000		
Printing and Publications	5,662	629	699	1,328	6,990	4,306	478	532	1,010	5,316		
Supplies	2,017	224	-	2,241	2,241	1,028	114	-	114	1,142		
Equipment Rental and Small Purchases	923	103	114	217	1,140	-	-	-	-	-		
Conferences, Meetings and Travel	29,668	-	-	-	29,668	18,696	-	-	-	18,696		
Insurance	10,969	1,219	-	1,219	12,188	4,903	545	-	545	5,448		
Telephone and Internet	727	81	90	170	897	617	69	76	145	762		
Dues and Subscriptions	4,249	-	-	-	4,249	2,938	-	-	-	2,938		
Other	-	7,779	-	7,779	7,779	-	9,363	-	9,363	9,363		
Total Expenses Before Depreciation	673,193	54,577	44,224	98,801	771,994	627,677	52,400	40,948	93,348	721,025		
Depreciation	1,442	160	-	160	1,602	1,291	143	-	143	1,434		
Total Expenses	\$ 674,635	\$ 54,738	\$ 44,224	\$ 98,962	\$ 773,597	\$ 628,968	\$ 52,543	\$ 40,948	\$ 93,491	\$ 722,459		

The accompanying Notes are an integral part of these financial statements.

PUBLIC INTEREST LAW INITIATIVE
(a not-for-profit corporation)

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 39,515	(\$ 6,028)
Adjustments to Reconcile Increase in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	1,602	1,434
Net Unrealized and Realized (Gains) and Losses on Investments	(58,503)	8,758
Grants Restricted for Endowment	(5,500)	(5,500)
(Increase) Decrease in Assets:		
Contributions and Other Receivables	(11,666)	-
Prepaid Expenses	(5,172)	(294)
Increase (Decrease) in Liabilities:		
Accounts Payable	339	1,300
Deferred Revenue	35,440	1,000
	<u>(3,945)</u>	<u>670</u>
INVESTING ACTIVITIES		
Purchase of Equipment	(563)	(1,172)
Proceeds from Sale of Investments	461,454	-
Purchase of Investments	(440,522)	-
	<u>20,369</u>	<u>(1,172)</u>
FINANCING ACTIVITIES		
Grants Restricted for Endowment	<u>5,500</u>	<u>5,500</u>
	<u>5,500</u>	<u>5,500</u>
Net Increase in Cash and Cash Equivalents	21,924	4,998
Beginning Cash and Cash Equivalents	<u>213,400</u>	<u>208,402</u>
Ending Cash and Cash Equivalents	<u>\$ 235,324</u>	<u>\$ 213,400</u>

The accompanying Notes are an integral part of these financial statements.

PUBLIC INTEREST LAW INITIATIVE

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Since its founding in 1977, the Public Interest Law Initiative (“PILI”) has cultivated a lifelong commitment to public interest law and pro bono service within the Illinois legal community to expand the availability of legal services for people, families and communities in need. PILI envisions a legal community with a deeply rooted culture of service, where law students, lawyers and legal professionals at all stages of their careers engage in public interest law or pro bono work, and remain committed to addressing the unmet legal needs of the poor and underrepresented. PILI’s Law Student Internship and Graduate Fellowship Programs place law students and recent law school graduates at public interest law organizations, with PILI providing supplemental educational, networking and mentoring opportunities. PILI’s Alumni Network builds and maintains the connection between past PILI Interns and Fellows and the public interest law community through educational, networking and leadership opportunities. Through its Pro Bono Initiative Program, PILI enhances the scope and quantity of pro bono legal assistance in Illinois for those who lack access to justice by offering a range of pro bono programming and resources, by developing innovative projects and cultivating best practices, and by celebrating ongoing pro bono contributions.

PILI’s support comes primarily from foundations and corporate contributions, law firms, and individuals, as well as fundraising activities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board’s Accounting Standards Codification (“FASB ASC”). As specified in FASB ASC 958, *Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets are net assets not subject to donor-imposed stipulations on their use in the Organization’s operations, as reported in the statements of activities.

Temporarily restricted net assets are donor contributions with stipulations that are to be met by actions of the Organization or others and/or the passage of time. When a donor restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the Statement of Activities as released from restrictions. Restrictions fulfilled in the same period as the funds were received are classified as unrestricted net assets.

Permanently restricted net assets are subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments and/or unrestricted income for the Organization’s operations.

PUBLIC INTEREST LAW INITIATIVE
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recognized when the donor makes a promise to give to PILI that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Donated Assets

Donated marketable securities are recorded as contributions at their estimated fair value at the date of donation and adjusted to market value at the end of the year. Donated securities during the year ended August 31, 2017 and 2016 were valued at \$1,065, and \$0, respectively.

Donated Services

The programs of PILI utilize volunteered services, which are provided directly to beneficiaries of PILI. No amounts have been reflected in the financial statements for donated volunteers' time because the criteria under FASB ASC 958, *Not-for-Profit Entities*, have not been satisfied. However, a substantial number of volunteers have donated significant amounts of time towards activities of PILI.

Cash

Cash includes petty cash and amounts deposited in the checking account.

Contributions and Other Receivables

Total contributions and other receivables were \$15,416 and \$3,750 at August 31, 2017 and 2016. They are composed primarily of contributions and grants and are deemed to be fully collectable by management based on historical experience.

Equipment

Equipment is reported at original cost. All equipment purchases in excess of \$500 for the years ended August 31, 2017 and 2016, were capitalized, while lesser amounts were charged to expense.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets (5 years).

Depreciation expense was \$1,602 for the year ended August 31, 2017, and \$1,434 for the year ended August 31, 2016.

PUBLIC INTEREST LAW INITIATIVE
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been detailed in the statements of functional expenses. The costs have been summarized in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefits.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by detail and net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with PILI's financial statements for the year ended August 31, 2016 from which the summarized information was derived.

Income Taxes

PILI is not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Service Code ("IRC") and is exempt from federal and state income taxes for related income. It qualifies for a charitable contribution deduction in regard to its donors, and is subject to income taxes only to the extent of unrelated business income.

Use of Estimates

The presentation 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.

NOTE B – LONG-TERM INVESTMENTS

Long-Term Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses are included in the change in net assets. Investment income is reported as increases in permanently restricted net assets in the reporting period in which the income is recognized. Unrealized and realized gains and losses are reported as increases and decreases in permanently restricted net assets.