

PUBLIC LAW CENTER
FINANCIAL STATEMENTS

Year Ended December 31, 2018

(With Independent Auditor's Report Thereon)

PUBLIC LAW CENTER
FINANCIAL STATEMENTS
Year Ended December 31, 2018

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Board of Directors
Public Law Center
Santa Ana, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Law Center (a nonprofit "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Public Law Center as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described further in note 14 to the financial statements, during the year ended December 31, 2018, Public Law Center implemented Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2016-14: *Presentation of Financial Statements of Non-for-profit Entities* which resulted in a prior period restatement of net assets. Another prior period adjustment was recorded to properly account for donated artwork. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the financial statements of Public Law Center for the year ended December 31, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Law LLP". The signature is written in a cursive, flowing style.

May 3, 2019
Irvine, California

PUBLIC LAW CENTER
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(with comparative information as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents (note 2)	\$ 1,008,638	592,605
Contributions receivable	48,535	40,965
Grants receivable (note 5)	277,801	175,323
Prepaid expenses	80,674	54,186
Other assets	25,000	25,000
TOTAL CURRENT ASSETS	<u>1,440,648</u>	<u>888,079</u>
PROPERTY AND EQUIPMENT:		
Land	263,640	263,640
Buildings	336,360	336,360
Furniture and equipment	163,881	181,040
TOTAL PROPERTY AND EQUIPMENT	763,881	781,040
LESS ACCUMULATED DEPRECIATION	<u>(293,346)</u>	<u>(287,538)</u>
NET PROPERTY AND EQUIPMENT	<u>470,535</u>	<u>493,502</u>
TOTAL ASSETS	<u>\$ 1,911,183</u>	<u>1,381,581</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (note 2)	\$ 215,212	112,210
Deferred revenue	141,667	285,723
Deposits payable	4,611	11,161
Current portion of note payable (note 6)	8,642	8,262
TOTAL CURRENT LIABILITIES	<u>370,132</u>	<u>417,356</u>
NON-CURRENT LIABILITIES:		
Note payable (note 7)	172,373	181,015
TOTAL LIABILITIES	<u>542,505</u>	<u>598,371</u>
NET ASSETS:		
Without donor restrictions	1,294,843	716,495
With donor restrictions (note 4)	73,835	66,715
TOTAL NET ASSETS	<u>1,368,678</u>	<u>783,210</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,911,183</u>	<u>1,381,581</u>

See accompanying notes to the financial statements

PUBLIC LAW CENTER
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018
(with comparative information for December 31, 2017)

	Without Donor	With Donor	Totals	
SUPPORT AND REVENUES:	Restrictions	Restrictions	2018	2017
Contributions:				
Contributed services (note 2)	\$ 10,345,344	-	10,345,344	11,202,323
Other contributions	479,929	7,870	487,799	198,654
Total contributions	10,825,273	7,870	10,833,143	11,400,977
Grant income (note 3)	3,101,070	-	3,101,070	2,571,152
Special events, net (note 13)	637,889	-	637,889	596,433
Interest	281	-	281	204
Miscellaneous	316,605	-	316,605	306,116
Support provided by expiring restrictions	750	(750)	-	-
TOTAL SUPPORT AND REVENUES	14,881,868	7,120	14,888,988	14,874,882
EXPENSES:				
Program services	13,036,306	-	13,036,306	13,628,966
Supporting services:				
Management and general	930,743	-	930,743	685,712
Fundraising	336,471	-	336,471	190,107
Total supporting services	1,267,214	-	1,267,214	875,819
TOTAL EXPENSES	14,303,520	-	14,303,520	14,504,785
INCREASE (DECREASE) IN NET ASSETS	578,348	7,120	585,468	370,097
NET ASSETS AT BEGINNING OF YEAR,				
AS RESTATED (note 14)	716,495	66,715	783,210	413,113
NET ASSETS AT END OF YEAR	\$ 1,294,843	73,835	1,368,678	783,210

See accompanying notes to the financial statements

PUBLIC LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018
(with comparative information for December 31, 2017)

	PROGRAM SERVICES	SUPPORTING SERVICES					
		Management and General	Fund - Raising	Supporting Services Total	Totals		
	Operations				2018	2017	
Salaries and wages:							
Lawyers	\$ 1,118,734	309,030	88,973	398,003	1,516,737	1,306,997	
Paralegals	253,487	97,253	6,865	104,118	357,605	304,918	
Non-lawyers	67,918	245,234	90,692	335,926	403,844	370,651	
Contributed services:							
Lawyers	8,332,740	4,720	-	4,720	8,337,460	9,853,382	
Paralegals	308,194	-	-	-	308,194	193,860	
Non-lawyers	1,699,690	-	-	-	1,699,690	1,155,081	
Payroll taxes	104,221	47,156	13,503	60,659	164,880	145,781	
Fringe benefits	229,366	103,779	29,719	133,498	362,864	292,842	
Contracted services	437,152	54,162	92,125	146,287	583,439	434,689	
Office supplies and maintenance	49,393	10,905	2,840	13,745	63,138	64,285	
Dues and subscriptions	22,440	2,084	-	2,084	24,524	18,507	
Seminars and training	43,997	-	-	-	43,997	30,040	
Other	20,063	5,242	341	5,583	25,646	25,334	
Insurance	32,015	1,715	112	1,827	33,842	28,661	
Equipment maintenance	63,863	16,686	1,086	17,772	81,635	63,963	
Utilities	18,054	4,717	307	5,024	23,078	22,847	
Telephone	26,913	7,032	457	7,489	34,402	30,394	
Fundraising	-	-	8,083	8,083	8,083	5,159	
Litigation	77,909	-	-	-	77,909	12,914	
Interest expense	6,574	1,718	112	1,830	8,404	8,767	
Rent	52,916	13,825	900	14,725	67,641	56,082	
Bad debt	-	-	-	-	-	9,000	
Library	49,675	-	-	-	49,675	43,667	
Total expenses before depreciation	13,015,314	925,258	336,115	1,261,373	14,276,687	14,477,821	
Depreciation	20,992	5,485	356	5,841	26,833	26,964	
Total expenses	\$ 13,036,306	930,743	336,471	1,267,214	14,303,520	14,504,785	

See accompanying notes to the financial statements

PUBLIC LAW CENTER
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018
(with comparative information as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 585,468	370,097
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used for) operating activities:		
Depreciation expense	26,833	26,964
(Increase) decrease in contributions receivables	(7,570)	6,795
(Increase) decrease in grants receivable	(102,478)	(113,186)
(Increase) decrease in prepaid expenses	(26,488)	(9,883)
Increase (decrease) in accounts payable and accrued liabilities	103,002	35,994
Increase (decrease) in deferred revenue	(144,056)	(35,277)
Increase (decrease) in deposits payable	(6,550)	9,150
Total adjustments	<u>(157,307)</u>	<u>(79,443)</u>
Net cash provided by (used for) operating activities	<u>428,161</u>	<u>290,654</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(3,866)</u>	<u>(29,784)</u>
Net cash provided by (used for) investing activities	<u>(3,866)</u>	<u>(29,784)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on note payable	<u>(8,262)</u>	<u>(7,899)</u>
Net cash provided by (used for) financing activities	<u>(8,262)</u>	<u>(7,899)</u>
Net increase (decrease) in cash and cash equivalents	416,033	252,971
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>592,605</u>	<u>339,634</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,008,638</u>	<u>592,605</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for:		
Interest	<u>\$ 8,404</u>	<u>8,767</u>

There were no significant noncash capital, investing, or financing activities in 2018 and 2017.

See accompanying notes to the financial statements

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

(1) Organization

On July 7, 1981, Public Law Center (the “Center”) began providing free civil legal assistance services to low income individuals who qualify for services. The Center also utilizes significant time donated by private attorneys and staff resources to provide services.

(2) Summary of Significant Accounting Policies

Basis of Accounting – The Center uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Center considers all unrestricted highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The following items on the Statement of Financial Position were considered cash and cash equivalents for purposes of the Statement of Cash Flows as of December 31, 2018:

Demand Deposits	<u>\$ 1,008,638</u>
Total	<u>\$ 1,008,638</u>

These accounts may, at times, exceed federally insured limits. As of December 31, 2018, the Center had \$632,478 in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Center has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Property and Equipment – The Center capitalizes all furniture and equipment expenditures in excess of \$1,000. Fixed assets consist of furniture and equipment and are stated at cost and depreciated using the straight-line method with an estimated useful life of five years. The Center also has one building, with an estimated useful life of 30 years.

Accrued Vacation – Included in accounts payable and accrued liabilities at December 31, 2018 is \$129,000 for accrued vacation.

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Summary of Significant Accounting Policies (continued)

Net Assets – The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions and Contributed Services – Cash contributions, pledges and interest income are recognized in the period received or earned. Contributed materials and other noncash contributions are reflected in the accompanying statements at their estimated market values at date of receipt. Contributed services are recognized if the services received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by contribution. During the year ended December 31, 2018 the Center had 27,099 volunteer attorneys, law clerk and paralegal hours that have been included in the Statement of Activities in an amount aggregating \$10,345,344. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value.

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Summary of Significant Accounting Policies (continued)

Statement of Functional Expense Allocation – The cost of providing the Public Law Center’s programs and other activities is summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits and payroll taxes are allocated for program staff based on time records kept by staff and for non-program staff by analysis of their activities.
- Contributed services, contracted services, and dues and subscriptions are allocated based on the nature of the expenditure.
- Office supplies and maintenance, insurance, equipment maintenance, utilities, telephone, interest expense, rent and depreciation and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Public Law Center.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Public Law Center generally does not conduct its fundraising activities in conjunction with its other activities.

Income Tax Status – The Center qualifies as a tax-exempt organization under Section 501(c)(3) as described in Sections 509(a)(1), 170(b)(1)(A)(vi) of the Internal Revenue Code (the “Code”) and 23701(d) of the California Revenue and Taxation Code, accordingly, there is no provision for federal income taxes or California franchise tax. In addition, the Center qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable. The Center evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

The Center’s federal Return of Organization Exempt from Income Tax (Form 990) for the fiscal years ended 2015, 2016 and 2017 are subject to IRS examination, generally for four years after filing. As of the date of this report, the Center’s fiscal year 2018 return had not yet been filed.

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Summary of Significant Accounting Policies (continued)

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Data – Selected information regarding the prior year has been included in the accompanying financial statements. Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's prior year financial statements, from which this selected financial data was derived.

(3) Grant Income

The Center received grants and contributions from private sources, such as law firms and charitable organizations, and from public sources to provide general legal assistance to indigent clients, including undocumented immigrants. Grant income earned during the years ended December 31, 2018 is as follows:

<u>Grantor/Contributor</u>	
The State Bar of California	\$ 1,140,100
CA Department of Social Services	475,500
Cal OES	301,881
US District Court	143,875
Hoag Memorial Hospital	120,000
Mission Hospital	120,000
CA Dept of Social Services - Immigration	109,255
Immigrant Legal Resource Ctr	97,500
County of Orange	88,775
California Endowment	92,083
Weingart Foundation	85,000
Equal Justice Works	73,651
Community Service Programs	42,962
City of Santa Ana Housing	29,273
OCBA Charitable Fund	25,000
Program for Torture Victims	20,625
Swayne Family Foundation	20,000
Other	<u>115,590</u>
Total Grant Income	<u>\$ 3,101,070</u>

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(4) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2018:

Purpose restrictions, available for spending:	
Network for Good	\$ 300
Total purpose restricted net assets	<u>300</u>
Time restrictions:	
Art donation, to be sold after being held for three years	25,000
Contributions receivable	<u>48,535</u>
Total time restricted net assets	<u>73,535</u>
Total net assets with donor restrictions	<u>\$ 73,835</u>

(5) Grants Receivable

Receivables from grant awards consisted of the following at December 31, 2018:

<u>Grantor/Contributor</u>	
CA Department of Social Services	\$ 130,725
Cal OES	42,506
County of Orange	21,273
City of Santa Ana Housing	20,498
Mission Hospital	20,000
CA Dept of Social Services - Immigration	17,210
Equal Justice Works	10,259
Program for Torture Victims	6,875
UCLA	3,000
Institute for Healthcare Advancement	2,576
US Vets - Los Angeles	1,250
Community Services Programs	1,000
Legal Aid Society of Orange County	<u>629</u>
Total Grants Receivable	<u>\$ 277,801</u>

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(6) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are as follows:

Financial assets:

Cash and cash equivalents	\$ 1,008,638
Contributions receivable	48,435
Grants receivable	<u>277,801</u>
Total financial assets	1,334,874

Less financial assets held to meet donor-imposed restrictions:

Purpose and time-restricted net assets	<u>(73,835)</u>
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Amount available for general expenditures within one year	<u><u>\$ 1,261,039</u></u>
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As part of the liquidity management plan, the Center's Board of Directors have approved investment of cash in excess of daily requirements in short term FDIC insured investments. The Center also maintains a revolving line of credit of \$100,000 with Wells Fargo Bank to cover short-term cash needs.

(7) Note Payable

On December 31, 2003, the Center entered into an agreement with the Orange County Bar Association ("OCBA") to purchase the building and land where the Center is currently located. OCBA loaned the Center a 30-year non-interest bearing principal sum of \$500,000 due December 31, 2033. If the Center fails to pay any portion of the unpaid balance of principal when due, the balance will bear interest at a rate of 5%. Installments of \$1,389 are due on the 1st day of each month. The present value of this loan was calculated to be \$274,111 based on an interest rate of 4.5%. The difference of \$225,889 was accounted for as a contribution to the Center at December 31, 2003. As of December 31, 2018 the outstanding balance was \$181,015.

Pursuant to the terms of the note, all amounts of principal and interest reflected in the table below could be declared due and payable under certain circumstances, which include, without limitation, a default on the note by the Public Law Center or the sale of the building and land that secure the note.

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(7) Note Payable (continued)

The annual requirements to amortize outstanding liabilities of the Center as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 8,642	8,025	16,667
2020	9,039	7,628	16,667
2021	9,454	7,213	16,667
2022	9,888	6,778	16,666
2023	10,342	6,324	16,666
Thereafter	133,650	33,154	166,804
Note Payable	<u>\$181,015</u>	<u>69,122</u>	<u>250,137</u>

(8) Commitments and Contingencies

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Center for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(9) Retirement Plans

In February 2008, the Public Law Center created a 403(b) salary deferral plan whereby employees may contribute up to \$18,000, as allowed under Internal Revenue Service regulations. The plan features an employer match of 3% for employees with six months to three years of tenure and 4% for those who have worked over three years of tenure. During the year ended December 31, 2018, the Public Law Center contributed \$45,085 to various employee retirement accounts.

(10) Supplemental Fringe Benefits

The Center provides a number of supplemental income benefits to their fellows through the Equal Justice Works (AmeriCorps) grant. These benefits are processed through the Center's payroll and are to cover student loans and housing. During 2018, the Center provided \$28,585 to fellows through this grant.

(11) Lease Commitments

In February 2012, the Public Law Center entered into a lease agreement for office space on a month-to-month basis for \$5,423 a month. During 2018, the Center recorded \$67,641 in rental expenditures related to this lease.

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(12) Commitments and Contingencies

Wells Fargo Bank extended a \$100,000 business line of credit to Public Law Center which may be drawn on at the discretion of the Center. As of December 31, 2018, the Center had not utilized this financial instrument and there was no amount outstanding.

(13) Special Events

	Volunteers for <u>Justice Dinner</u>	Halloween <u>Bash</u>	<u>Other</u>	<u>Total</u>
Special event revenue	\$ 779,709	50,045	14,000	843,754
Less direct expenses	<u>(179,959)</u>	<u>(25,906)</u>	-	<u>(205,865)</u>
Net support from special event	<u>\$ 599,750</u>	<u>24,139</u>	<u>14,000</u>	<u>637,889</u>

(14) Prior Period Adjustments

Change in Accounting Principles - The organization implemented FASB ASU No. 2016-14 in the current year, applying changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources.

Art Donation – The organization received an art donation in 2016 with a value of \$25,000 that was restricted by the donor to be held for three years before being sold. In the prior year art was accounted for in deferred revenue. This amount has been reclassified as net assets with donor restriction.

These changes have the following effect on net assets at December 31, 2017:

	As Originally <u>Presented</u>	After Adoption of <u>ASU 2016-14</u>
Unrestricted net assets	\$ 716,495	-
Temporarily restricted net assets	41,715	-
Permanently restricted net assets	-	-
Net assets without donor restrictions	-	716,495
Net assets with donor restrictions	<u>-</u>	<u>66,715</u>
 Total net assets at beginning of year, as restated	 <u>\$ 758,210</u>	 <u>783,210</u>

PUBLIC LAW CENTER
NOTES TO FINANCIAL STATEMENTS

(Continued)

(15) Subsequent Events

Subsequent events have been evaluated by management through May 3, 2019, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.