



**UNIVERSITY OF THE PACIFIC,  
McGEORGE SCHOOL OF LAW  
COMMUNITY LEGAL SERVICES PROGRAM**

Statement of Revenues and Expenses

Year Ended June 30, 2010

(With Independent Auditors' Report Thereon)

**UNIVERSITY OF THE PACIFIC,  
McGEORGE SCHOOL OF LAW  
COMMUNITY LEGAL SERVICES PROGRAM**

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## **Independent Auditors' Report**

Board of Regents  
University of the Pacific  
Stockton, California:

We have audited the accompanying statement of revenues and expenses of the University of the Pacific, McGeorge School of Law Community Legal Services Program (the "Program") for the year ended June 30, 2010. This financial statement is the responsibility of the University of the Pacific's management. Our responsibility is to express an opinion on this financial statement 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 statement of revenues and expenses is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of the Pacific's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and expenses, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of revenues and expenses presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of complying with the reporting requirements of the California State Bar Association, as described in Note 1 to the statement of revenues and expenses and only includes revenues from grants from the Legal Services Trust Fund Program administered by the California State Bar Association. Accordingly, the presentation is not intended to be a complete presentation of the results of operations of the Program.

In our opinion, the statement of revenues and expenses referred to above presents fairly, in all material respects, the excess of expenses over revenues of the University of the Pacific, McGeorge School of Law Community Legal Services Program for the year ended June 30, 2010 in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the statement of revenues and expenses taken as a whole. The supplementary information included on page 4 is presented for purposes of additional analysis and is not a required part of the statement of revenues and expenses. Such information has been subjected to the auditing procedures applied in the audit of the statement of revenues and expenses and, in our opinion, is fairly stated, in all material respects, in relation to the statement of revenues and expenses taken as a whole.

This report is intended solely for the information and use of the University of the Pacific and the California State Bar Association, and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

December 17, 2010

**UNIVERSITY OF THE PACIFIC,  
McGEORGE SCHOOL OF LAW  
COMMUNITY LEGAL SERVICES PROGRAM**

Statement of Revenues and Expenses

For the Year Ended June 30, 2010

|   |  |                            |
|---|--|----------------------------|
| Revenues:                                 |  |                            |
| Grants                                    |  | \$ <u>69,941</u>           |
| Expenses:                                 |  |                            |
| Personnel:                                |  |                            |
| Staff                                     |  | 503,259                    |
| Students                                  |  | 55,477                     |
| Fringe benefits                           |  | <u>150,526</u>             |
| Total personnel and fringe benefits       |  | 709,262                    |
| Indirect costs                            |  | <u>324,067</u>             |
| Total expenses                            |  | <u>1,033,329</u>           |
| Excess of expenses over revenues (note 4) |  | <u><u>\$ (963,388)</u></u> |

See accompanying notes to statement of revenues and expenses

**UNIVERSITY OF THE PACIFIC,  
McGEORGE SCHOOL OF LAW  
COMMUNITY LEGAL SERVICES PROGRAM**

Notes to Statement of Revenues and Expenses

For the Year Ended June 30, 2010

**(1) Basis of Accounting**

The accompanying statement of revenues and expenses is prepared in accordance with U.S. generally accepted accounting principles in the format required by the California State Bar Association. Such presentation only includes revenues from grants from the Legal Services Trust Fund Program administered by the California State Bar Association.

**(2) Grant Income**

Grant income is recognized when the related expenses are incurred.

The University of the Pacific, McGeorge School of Law (the School) has obtained two grants for the Community Legal Services Program. These grants are as follows:

| <u>Grantor</u>                                    | <u>Purpose</u>                              | <u>Amount</u> | <u>Term</u>                             |
|---|---|---------------|---|
| Legal Services Trust Fund –<br>IOLTA Grant        | Provide civil legal<br>services to the poor | \$ 34,241     | July 1, 2009 – June 30, 2010            |
| Legal Services Trust Fund –<br>Equal Access Grant | Provide civil legal<br>services to the poor | 35,300        | October 1, 2009 –<br>September 30, 2010 |

The Community Legal Services Program is funded, in part, by grants from the Legal Services Trust Fund Program administered by the California State Bar Association. The grant funding is used to provide civil legal services without charge to persons who are indigent.

As of June 30, 2010, the unspent portion of the Equal Access Grant awarded for the period October 1, 2009 through September 30, 2010, amounted to \$8,825. Included in the grant income for the year ended June 30, 2010 is \$9,225 related to the Equal Access Grant for the period October 1, 2008 through September 30, 2009.

**(3) Fringe Benefits and Indirect Costs**

Fringe benefits, except student benefits, and indirect costs are recorded at a federally approved percentage of payroll expense of 29.8% and 58.0%, respectively. Student benefits are limited to workers' compensation, which is recorded at 1.0% of the related payroll expense.

**(4) McGeorge Contribution, Related Party**

The excess of expenses over revenues is funded by the School.

**UNIVERSITY OF THE PACIFIC,  
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COMMUNITY LEGAL SERVICES PROGRAM**

Supplementary Information

Reconciliation of Gross Expenses to Program Expenses

For the Year Ended June 30, 2010

Reconciliation of gross expenses related to the University of the Pacific, McGeorge School of Law Community Legal Services Program:

|                 | <b>Gross<br/>Expenses</b> | <b>Non-Program<br/>Expenses</b> | <b>Net<br/>Program<br/>Expenses*</b> |
|-----------------|---------------------------|---------------------------------|--------------------------------------|
| Staff           | \$ 592,126                | \$ 88,867                       | \$ 503,259                           |
| Students        | 55,477                    | —                               | 55,477                               |
| Fringe benefits | 177,008                   | 26,482                          | 150,526                              |
| Total personnel | 824,611                   | 115,349                         | 709,262                              |
| Indirect costs  | 375,610                   | 51,543                          | 324,067                              |
| Total expenses  | \$ 1,200,221              | \$ 166,892                      | \$ 1,033,329                         |

\* Pursuant to the grant agreements, direct “program expenses” are expenditures for free civil legal services to indigent persons in California.

See accompanying independent auditors’ report.