Pro Bono Net, Inc.

Financial Statements
December 31, 2007 and 2006

Pro Bono Net, Inc.
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Independent Auditors' Report

To the Board of Directors
Pro Bono Net, Inc.

We have audited the accompanying statements of financial position of Pro Bono Net, Inc. (the "Company") as of December 31, 2007 and 2006, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro Bono Net, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Weiser LLP

New York, N.Y.
June 18, 2008

Pro Bono Net, Inc.
Statements of Financial Position
December 31, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Assets						
Current assets						
Cash and cash equivalents	$ 830,923	$ 295,008	$ 1,125,931	$ 549,422	$ 542,573	$ 1,091,995
Program receivables	226,898	-	226,898	122,340	-	122,340
Contributions receivable	-	362,000	362,000	-	520,000	520,000
Prepaid expenses	21,903	-	21,903	17,584	-	17,584
Total current assets	1,079,724	657,008	1,736,732	689,346	1,062,573	1,751,919
Software, furniture and equipment, net	503,472	-	503,472	255,277	-	255,277
Deposit	10,672	-	10,672	10,672	-	10,672
Total assets	$ 1,593,868	$ 657,008	$ 2,250,876	$ 955,295	$1,062,573	$ 2,017,868
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued expenses	$ 136,526	$ -	$ 136,526	$ 150,263	$ -	$ 150,263
Deferred revenue	163,209	-	163,209	-	-	-
Total current liabilities	299,735	-	299,735	150,263	-	150,263
Commitments						
Net Assets						
Unrestricted	1,294,133	-	1,294,133	805,032	-	805,032
Temporarily restricted	-	657,008	657,008	-	1,062,573	1,062,573
Total net assets	1,294,133	657,008	1,951,141	805,032	1,062,573	1,867,605
Total liabilities and net assets	$ 1,593,868	$ 657,008	$ 2,250,876	$ 955,295	$1,062,573	$ 2,017,868

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

Pro Bono Net, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Contributions	$ 203,810	$ 865,000	$ 1,068,810	$ 162,268	$ 625,000	$ 787,268
Corporate sponsorship	129,308	-	129,308	75,000	-	75,000
Donated software	90,774	-	90,774	22,500	-	22,500
Donated goods and services	461,850	-	461,850	235,156	-	235,156
Interest and other income	30,983	3,625	34,608	39,048	-	39,048
Program fees	679,848	-	679,848	613,603	-	613,603
Product subscription fees	65,451	-	65,451	-	-	-
Net assets released from restriction	1,274,190	(1,274,190)	-	909,002	(909,002)	-
Total support and revenue	2,936,214	(405,565)	2,530,649	2,056,577	(284,002)	1,772,575
Expenses						
Program services	2,181,043	-	2,181,043	1,669,820	-	1,669,820
Management and general	173,261	-	173,261	127,833	-	127,833
Fund raising	92,809	-	92,809	30,659	-	30,659
Total expenses	2,447,113	-	2,447,113	1,828,312	-	1,828,312
Change in net assets	489,101	(405,565)	83,536	228,265	(284,002)	(55,737)
Net assets						
Beginning	805,032	1,062,573	1,867,605	576,767	1,346,575	1,923,342
Ending	$ 1,294,133	$ 657,008	$ 1,951,141	$ 805,032	$1,062,573	$ 1,867,605

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

Pro Bono Net, Inc
Statements of Functional Expenses
Years Ended December 31, 2007 and 2006

	2007				2006			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Account								
Legal services - donated	$ 215,150	$ -	$ -	$ 215,150	$ 168,755	$ -	$ -	$ 168,755
Salaries	622,446	94,506	47,606	764,558	530,199	82,291	13,020	625,510
Payroll taxes and benefits	131,401	19,229	9,615	160,245	106,144	16,234	2,498	124,876
Depreciation and amortization	354,570	-	-	354,570	267,834	-	-	267,834
Rent	64,827	9,487	4,743	79,057	59,979	9,173	1,411	70,563
Consulting fees	70,809	-	5,825	76,634	91,676	-	10,632	102,308
Professional and other fees	25,225	3,691	1,846	30,762	25,462	3,894	599	29,955
Travel and meals	29,607	-	-	29,607	27,754	-	-	27,754
Conventions and seminars	25,984	-	-	25,984	17,910	-	-	17,910
Marketing and advertising	241,361	35,321	17,661	294,343	59,574	9,111	1,402	70,087
Office expenditures and stationery	45,586	6,671	3,336	55,593	23,033	3,523	542	27,098
Website maintenance	82,728	-	-	82,728	26,873	-	-	26,873
Website hosting	66,769	-	-	66,769	67,361	-	-	67,361
Telephone	13,972	2,045	1,022	17,039	12,611	1,929	297	14,837
Insurance	7,249	1,061	530	8,840	6,763	1,034	159	7,956
Grants for project partners	174,821	-	-	174,821	173,665	-	-	173,665
Miscellaneous	8,538	1,250	625	10,413	4,227	644	99	4,970
	$ 2,181,043	$ 173,261	$ 92,809	$ 2,447,113	$ 1,669,820	$ 127,833	$ 30,659	$ 1,828,312

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

Pro Bono Net, Inc.
Statements of Cash Flows
Years Ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Change in net assets	$ 83,536	$ (55,737)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	354,570	267,834
Donated website software	(90,774)	(22,500)
Changes in operating assets and liabilities:		
Increase in program receivables	(104,558)	(84,090)
Increase in contributions receivable	158,000	(30,000)
(Increase) decrease in prepaid expenses	(4,319)	458
(Decrease) increase in accounts payable and accrued expenses	(13,737)	117,903
Increase in deferred revenue	163,209	-
Net cash provided by operating activities	545,927	193,868
Cash flows from investing activities		
Redemption of short-term investment	-	402,903
Acquisitions of software and computer equipment	(511,991)	(283,813)
Net cash (used in) provided by investing activities	(511,991)	119,090
Net increase in cash and cash equivalents	33,936	312,958
Cash and cash equivalents		
Beginning of year	1,091,995	779,037
End of year	$ 1,125,931	$ 1,091,995

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

1. Summary of Significant Accounting Policies

Organization

Pro Bono Net, Inc. ("PBN" or the "Company") is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Based in New York City, PBN works in close partnership with nonprofit legal organizations across the United States and Canada, to increase access to justice for the millions of poor people who face legal problems every year without help from a lawyer. PBN does this by (i) supporting the innovative and effective use of technology by the nonprofit legal sector, (ii) increasing participation by volunteers, and (iii) facilitating collaborations among nonprofit legal organizations and advocates working on similar issues or in the same region.

Founded in 1998, PBN has developed a broad base of support from foundations, law firms, corporate sponsors and nonprofit partners alike, to build web platforms that offer powerful and sophisticated online tools to pro bono and legal aid advocates, and to provide critical legal information and assistance directly to the public. Its model has been adopted in 30 states. PBN programs include:

- Probono.net (www.probono.net) is a national, online resource for legal aid and pro bono attorneys, law professors and students, and related social services advocates. Members include more than 35,000 advocates from hundreds of public interest organizations and private firms.

- LawHelp (www.lawhelp.org) is an online resource that helps low and moderate-income people locate free legal aid programs in their communities, answers to questions about their legal rights, court information, links to social service agencies, and more.

- NPADO (www.npado.org) is a collaborative national effort to provide online legal document assembly for poverty law and court access to justice programs across the country. The NPADO system increases opportunities for self-represented litigants to achieve justice on their own and improves efficiency for legal aid, pro bono and courts-based access to justice programs.

- Pro Bono Manager (www.probono.net/pbm) is a customized, hosted web application to increase law firms' pro bono program management capacity.

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 and disclosure of contingent 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.

Cash and Cash Equivalents
The Company considers all highly liquid investments, purchased with an original maturity of three months or less, to be cash equivalents. Liquid investments purchased with an original maturity greater than three months, but less than twelve months, are considered to be short-term investments.

The Company's cash is concentrated with one bank whose balances at December 31, 2007 exceeded FDIC insurance by approximately $719,000.

Software, Furniture and Equipment
Costs related to the development of internal use software other than those incurred during the application development stage are expensed as incurred. Costs incurred during the application development stage are capitalized and amortized over the estimated useful life of the software. The software and computer equipment are being amortized on a straight-line basis over three years.

Furniture is being depreciated on a straight-line basis over seven years.

Deferred Revenues
The Company recognizes revenues as earned. Amounts received in advance of the period in which services is rendered are recorded as a liability. Deferred revenues represent such amounts received for product subscription fees and program fees.

Net Assets
The net assets of the Company and changes therein are classified and reported as follows:

Unrestricted
Funds that are undesignated by donors or for which restriction have expired and are available for general purposes are used for the general activity of the Company.

Temporarily Restricted
Temporarily restricted net assets consist of resources, the use of which has been restricted by donors. The release of net assets from restrictions results from either the satisfaction of the restricted purposes specified by the donors, or from the passage of time.

Purpose restrictions, grants restricted to specific geographic or subject area initiatives (e.g. civil rights, immigration, new business plans) at December 31, 2007 and 2006 amounted to $519,508 and $1,012,573, respectively. Time restrictions at December 31, 2007 and 2006 amounted to $137,500 and $50,000, respectively.

Permanently Restricted
A donor-imposed restriction that stipulates that resources be maintained permanently but permits the Company to use or expend part or all of the income from donated assets. The Company has no permanently restricted net assets.

2. Contributions

The Company reports gifts of cash and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets 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. Temporarily restricted contributions that have been restricted by the donor will be reclassified to unrestricted net assets when the restriction expires.

Contributions of Goods and In-Kind Services
Amounts are reported in the financial statements for voluntary donations of services if those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation.

The Company recognizes the contribution of goods and certain donated services, such as web software, legal services, advertising and website hosting at fair market value. The fair market value of software costs were based on information received from the donor and have been capitalized. Donated legal services and advertising have been recognized as revenue and expense in the statement of activities. Advertising costs for Pro Bono Manager and website hosting services were donated per corporate sponsorship agreements. The fair market values for such services have been recognized as corporate sponsorship revenue and related expenses in the statement of activities.

3. Software, Furniture and Equipment

Software, furniture and computer equipment consists of the following:

	December 31,	
	2007	2006
Website software	**$ 2,928,568**	$ 2,354,205
Computer equipment	**96,934**	68,532
Furniture	**4,901**	4,901
	3,030,403	2,427,638
Less accumulated depreciation and amortization	**2,526,931**	2,172,361
	$ 503,472	$ 255,277

4. Bank Line of Credit

The Company has an available line of credit with a bank for an amount not to exceed $250,000 that expires on June 30, 2008. The line bears interest at a floating rate of prime plus one-half of one percent. At December 31, 2007, the Company has no borrowings outstanding. The line is secured by the assets of the Company.

5. Commitments

The Company leases office space for two locations under a month-to-month tenancy agreement and an operating lease expiring July 31, 2008. Minimum future obligation under the lease is $41,601.

Rent expense charged to operations for the years ended December 31, 2007 and 2006 amounted to $79,057 and $70,563, respectively.

6. 401(k) Plan

The Company maintains a 401(k) Plan available to all of its employees who elect to contribute. No matching contributions were made by the Company for the years ended December 31, 2007 and 2006.

7. Other Concentration

The Company received temporarily restricted grants from two sources, which accounted for 82% of contributions receivable at December 31, 2007. A temporarily restricted grant from one source accounted for 67% of contributions receivable at December 31, 2006.